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James S. Johnson
 City Clerk, City of Newport, VT

**City of Newport, Vermont
 Industrial and Commercial Tax Stabilization Policy
 December 20, 2010**

1. Statement of Purpose

One of the major objectives of the Newport City Council is to promote and encourage commercial and industrial development with the City of Newport. Tax stabilization is an incentive for businesses and or developers considering locating, relocating developing and expanding within the City of Newport or for business owners to aid new businesses moving into their building.

2. Authority to Grant Tax Stabilization

The authority to grant tax stabilization falls under Vermont State Statute 24 V.S.A. § 2741. Municipal corporations; property values fixed by contract. No tax stabilization agreement can be for more than 10 years as per statute and may only include the municipal portion of the taxes. If the commercial/industrial business wishes to have the state education tax stabilized it must apply for stabilization with the Vermont Economic Progress Council (VEPC).

3. Criteria and Eligibility for Tax Stabilization

In order for a project to qualify for tax stabilization it must meet the following criteria.

- a) Create new jobs.
- b) Create new commercial/industrial establishments or modify existing spaces.
- c) Improve aesthetics or eliminate blight on the exterior of an existing structure.
- d) Does not have a negative impact on municipal, public safety or infrastructure.
- e) Meets all current local zoning by-laws and pertinent state regulations.
- f) Applicant must be in good standing with the City of Newport, State of Vermont and the Internal Revenue Service with respect to all taxes and not under indictment, incarceration or parole.

4. General Criteria and Eligibility

The following general and specific criteria shall be used by the City Council in making determinations on eligibility and application.

- a) All applications for tax stabilization shall be presented to the City Council prior to the commencement of construction (which shall include renovations, remodeling repairs, etc. in case of existing buildings).
- b) All additions to stabilized or non-stabilized buildings for which stabilization applications are received, shall be handled as new construction with only the addition considered.
- c) Owners of properly zoned existing buildings may seek stabilization of the increase in assessment of the building(s) resulting from repairs, renovations, or remodeling.
- d) In addition, the City Council must find that the project proposal shall receive a minimum score of 20 points based upon an evaluation by the City Council in accordance with the following scoring system:

1) Size:

1000 sq. ft minimum	3 points
For each additional 1000 sq. ft. up to 10,000 sq. ft. .5 points per 1000 sq. ft.	4.5 points max
Over 10,000 sq. ft. -- 1 point per 10,000 sq. ft.	20 points max

2) Cost:

For new construction (building or addition)	
\$300,000 minimum construction cost (excluding land/utilities/site)	5 points
For each full \$100,000 additional up to \$1,000,000 add	1 point
Over \$1,000,000 add .5 points per million	20 points max
For renovations	
\$100,000 minimum cost (excluding utility and site work)	3 points
For each full \$100,000 additional up to \$1,000,000 add	1 point
Over \$1,000,000 add 1 point for every \$500,000	1 point

3) Machinery and Equipment:

Minimum cost new - \$100,000 4 points

For each full \$100,000 add 1 point

4) Jobs:

For each new permanent (excluding construction) job created (including retained jobs only if applicant certifies that jobs would be lost immediately if project is not completed). 3 points / job

For each job created which is 2 times the minimum wage prevailing in the state of Vermont add 2 points / job

5) Diversification:

If industrial start would, in the opinion of the City Council, diversify the industrial employment base* **OR** new or expanded industry would create markets for or be a significant supplier to existing Orleans County area industries **OR** industry is identified as a "target industry" in the Newport City Municipal Plan add 5 points

**Generally, the diversification test is met if the proposed industry type currently employs less than 5% of the covered workforce in the Orleans County.*

6) Impacts – Municipal

If the project will, over the long run, demand unusual, excessive, or unreasonable burdens on City services for police, fire, water, sewer, traffic, or roadways, and no plan for compensation or mitigation is made between the developer and City deduct <6 points>

7) Impacts - Environmental:

If the project will cause degradation to the physical and natural environment of the City through discharges to the air, water, or groundwater, or by emission of noise, dust, vibration, radio interferences, threat of chemical or biological release deduct <2-8 points>

8) Exclusionary Criteria:

If the project is offensive to the public values or is contrary to the ordinances and by-laws of the City of Newport, is incompatible with the City Plan, or would create an unreasonable nuisance or disturbance to neighboring landowners, no tax stabilization shall be granted.
Under normal circumstances retail trade will be allowed unless

it is a clear public nuisance.

9) Historic Structures or Designated Downtown

Projects involving the preservation of historic structures and or are located in the designated downtown will be awarded an additional 10 points.

5. Tax Stabilization Agreements may be structured as follows:

- a) Three year tax stabilization agreement for new or existing projects under \$1,000,000 based solely on the increase in assessed valuation due to the project:

Year 1: Taxed at 25% of the current assessed value of the real property
Year 2: Taxed at 50% of the current assessed value of the real property
Year 3: Taxed at 75% of the current assessed value of the real property
Year 4: Taxed at 100% of the current assessed value of the real property

- b) Five year tax stabilization agreement for new or existing projects between \$1,000,000 and \$10,000,000 based solely on the increase in assessed valuation due to the project:

Year 1: Taxed at 10% of the current assessed value of the real property
Year 2: Taxed at 20% of the current assessed value of the real property
Year 3: Taxed at 40% of the current assessed value of the real property
Year 4: Taxed at 60% of the current assessed value of the real property
Year 5: Taxed at 80% of the current assessed value of the real property
Year 6: Taxed at 100% of the current assessed value of the real property

- c) Ten year tax stabilization agreement for new or existing projects greater than \$10,000,000 based solely on the increase in assessed valuation due to the project:

Year 1: Taxed at 10% of the current assessed value of the real property
Year 2: Taxed at 20% of the current assessed value of the real property
Year 3: Taxed at 30% of the current assessed value of the real property
Year 4: Taxed at 40% of the current assessed value of the real property
Year 5: Taxed at 50% of the current assessed value of the real property
Year 6: Taxed at 60% of the current assessed value of the real property
Year 7: Taxed at 70% of the current assessed value of the real property
Year 8: Taxed at 80% of the current assessed value of the real property
Year 9: Taxed at 90% of the current assessed value of the real property
Year 10: Taxed at 100% of the current assessed value of the real property

6. Application and Approval

- a) The applicant shall submit a letter of interest to the City Manager, prior to the start of the project and/or issuance of a zoning permit. The letter of interest must include project location, plans, estimated project cost, projected employment data and any other information that demonstrates the need for tax stabilization.

- b) Applicants for tax stabilization agreements will be invited to meet with the City Council to discuss any type of agreement before the applicant undertakes the construction of a new facility or the expansion of an existing facility. No retroactive agreements will be considered; however, applicants who commence construction of a new facility or the expansion or renovation of an existing facility during a given tax year shall be entitled to apply for stabilization prior to the start of the next tax year.
- c) The City Council shall be responsible for approving tax stabilization. All projects shall be required to obtain all applicable federal, state and local project permits.

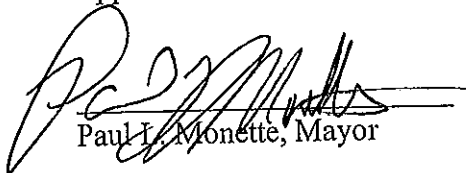
7. Cancellation of Agreement

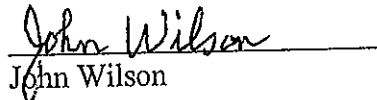
If prior to the termination of the stabilization agreement the property is used for other than commercial or industrial purposes the City shall have the right to cancel the agreement.

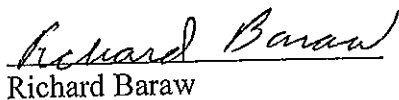
If all or part of the real property is transferred to a new owner, and that owner uses the property for other than commercial/industrial uses or there is a loss of jobs, the City shall have the right to cancel the agreement.

Such cancellations may result in the City seeking repayment of the full taxes which would have been billed without stabilization, less the amount actually paid during the actual period of stabilization, or imposing other remedies as described under the terms of the contract or by operation of law.

Approved this 20th day of December 2010 by the Newport City Council

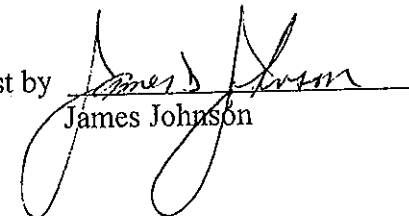

Paul J. Monette, Mayor


John Wilson


Richard Baraw


Timothy Delabruere


Denis Chenette

Attest by  City Clerk
James Johnson