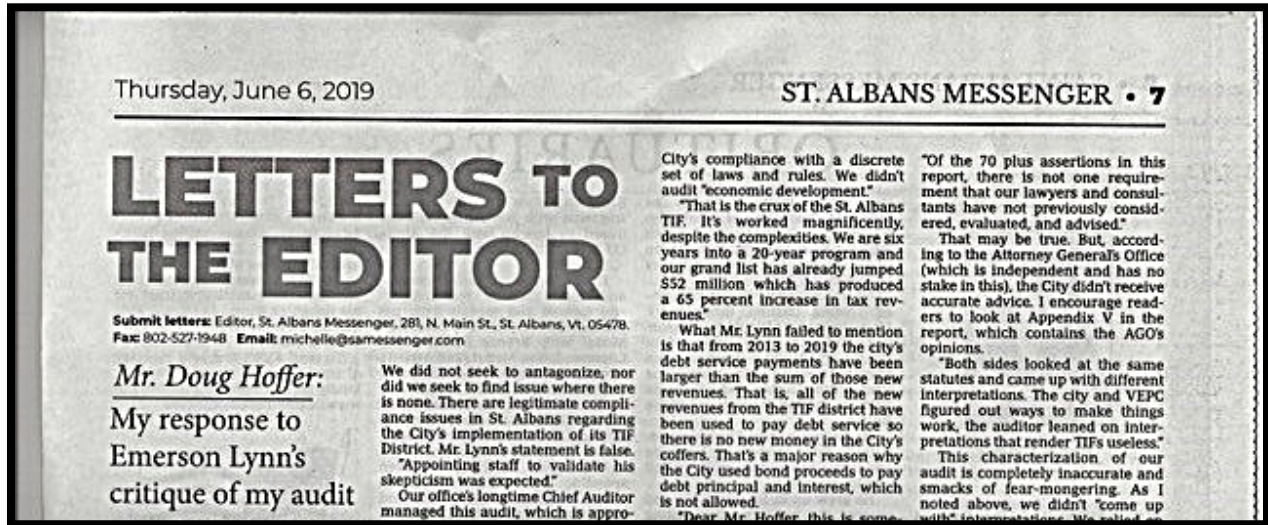


The St. Albans Messenger does not post all its content online. This commentary is not available on the paper's website, so we present it here.

State Auditor Doug Hoffer



My office recently released an audit report concerning the City of St. Albans' implementation of its Tax Increment Financing (TIF) district. The Messenger subsequently published an editorial by Emerson Lynn that included numerous statements that are false, not supported by evidence, or are misrepresentations of the facts and our work. I want to set the record straight for the residents of Franklin County.

Contrary to Mr. Lynn's overarching allegations, I think TIF can be used to strengthen downtowns. However, my office's audit, as required by the Legislature, focused solely on the City's compliance with TIF laws and rules, rather than development outcomes. Below are numerous quotes by Mr. Lynn followed by my responses.

"Mr. Hoffer has long questioned the value of the TIF program, or economic incentive programs in general. "

*Questioning the cost-effectiveness of taxpayer-funded programs is my job. I have questioned the extent to which an audit can determine the cost-effectiveness of certain incentive programs, including TIF.*

The title "was purposefully antagonistic; his form of 'gotcha' journalism."

*The title comes directly from the findings and conclusions of the audit. We did not seek to antagonize, nor did we seek to find issue where there is none. There are legitimate compliance issues in St. Albans regarding the City's implementation of its TIF District. Mr. Lynn's statement is false.*

“Appointing staff to validate his skepticism was expected.”

*Our office’s longtime Chief Auditor managed this audit, which is appropriate because she has conducted numerous TIF audits and is one of the most knowledgeable people in the state on this subject. It is noteworthy that previous TIF district audits, which also found incidents of non-compliance, were conducted before I took office. Therefore, Mr. Lynn’s remark is way off base. And for the record, the Chief Auditor was hired by former State Auditor (now State Senator) Randy Brock and I’m lucky to have her.*

“The City and VEPC offered articulate and compelling arguments in opposition to the auditor’s bias and his conclusions.”

*We included the comments from the City and VEPC and responded to the issues raised. This is all presented side-by-side in Appendices VII and IX, so readers can easily see that the City’s arguments are not supported by the facts.*

“Economic development doesn’t come with a precise script. It’s about figuring out what works, and what doesn’t, something that is intensely complicated when dealing with revitalizing downtowns.”

*Implementing a TIF is not about “figuring out what works” at the expense of Vermont laws. It’s important for TIF districts to adhere to the laws and rules because these programs derive their benefits from the use of public funds. We audited the City’s compliance with a discrete set of laws and rules. We didn’t audit “economic development.”*

“That is the crux of the St. Albans TIF. It’s worked magnificently, despite the complexities. We are six years into a 20-year program and our grand list has already jumped \$52 million which has produced a 65 percent increase in tax revenues.”

*What Mr. Lynn failed to mention is that from 2013 to 2019 the city’s debt service payments have been larger than the sum of those new revenues. That is, all of the new revenues from the TIF district have been used to pay debt service so there is no new money in the City’s coffers. That’s a major reason why the City used bond proceeds to pay debt principal and interest, which is not allowed.*

“Dear Mr. Hoffer, this is something to build upon, not tear down.”

*There is not one word in the report about the value or efficacy of TIF as a tool. The report only deals with the City’s compliance with the rules.*

Mr. Lynn referred to the audit as “less than objective.”

*Mr. Lynn has provided no evidence to support this allegation. While editorial page writers are not bound by the same professional standards as auditors, shouldn’t we expect Mr. Lynn to back up his assertions?*

“Of the 70 plus assertions in this report, there is not one requirement that our lawyers and consultants have not previously considered, evaluated, and advised.”

*That may be true. But, according to the Attorney General’s Office (which is independent and has no stake in this), the City didn’t receive accurate advice. I encourage readers to look at Appendix V in the report, which contains the AGO’s opinions.*

“Both sides looked at the same statutes and came up with different interpretations. The city and VEPC figured out ways to make things work, the auditor leaned on interpretations that render TIFs useless.”

*This characterization of our audit is completely inaccurate and smacks of fearmongering. As I noted above, we didn’t “come up with” interpretations. We relied on AGO opinions and the plain language of the statutes and rules. More importantly, identifying evidence of non-compliance does not “render TIFs useless.” On the contrary, it calls on the City to cure the problems and move on to improve the integrity of the program. As I said in the press release, the mistakes “are not fatal.” Mr. Lynn appears to have missed that along with the main points of the audit.*