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GENERAL ASSEMBLY
HOUSE COMMITTEE ON COMMERCE
AND ECONOMIC DEVELOPMENT

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MEMORANDUM

To: Rep. Toll, Chair, House Committee on Appropriations
From: Rep. Botzow, Chair, House Committee on Commerce and Economic
Development
Date: April 26, 2017
Subject: S.135; Priorities for Economic Development Appropriations

On behalf of the Committee on Commerce and Economic Development, thank you for the opportunity to provide input concerning potential appropriations for economic development in fiscal year 2018.

Process

The Committee completed its review of, and voted in favor of, strike-all proposals of amendments to: (1) S.135, An act relating to promoting economic development; and (2) S.34, An act relating to cross-promoting development incentives and State policy goals. Together these bills contain ten sections that either express the intent of the General Assembly to provide funding for an activity subject to available resources, or provide legal authority to take certain action. After adopting the proposals of amendment, the Committee undertook a process to rank its priorities for economic development spending in fiscal year 2018. The results of that process are as follows:

1. Increase the Downtown Tax Credit (tax expenditure) – S.135, Sec. H.8
2. Heating Fuel and Service Workforce Training Pilot Project – S.135, Sec. E.4
3. Economic Development Marketing – S.135, Sec. M.2
4. Microbusiness Development Program – S.135, Sec. L.1
5. Green Mountain Secure Retirement Plan – S.135, Secs. C.1–C.2
6. Career Pathways Coordinator – S.135, Sec. E.3
7. Climate Economy Business Accelerator Program – S.135, Secs. K.1–K.2
8. Small Business Development Center – S.135, Sec. M.1
9. Financial Education, Coaching, and Credit Building – S.135, Sec. L.2
10. Rural Economic Development Initiative – S.34, Secs. 1–2.

Of these priorities, three do not require direct appropriations:

- (1) Increasing the downtown tax credit by \$200,000, a tax expenditure that does result in foregone revenue.
- (2) Heating Fuel and Service Workforce Training Pilot Project, for which S.135 specifies that the Department of Labor has authority to use existing private, federal, and State funding.

(3) Green Mountain Secure Retirement Plan, per diem compensation for members of the Public Retirement Study Committee provided from the Treasurer's budget.

Priorities for Direct Appropriations in FY 2018

Based on the foregoing, should funding be available in the fiscal year 2018 budget for economic development, the Committee supports the following priorities, in the following amounts, in the following order of preference:

1. Economic Development Marketing - \$250,000

Building on the work funded by the fiscal year 2017 appropriation of \$200,000, this \$250,000 in funding for economic development marketing would enable the Department of Economic Development to begin implementation of its marketing plan to attract and retain residents and businesses.

2. Microbusiness Development Program - \$100,000

In addition to base funding for the Program included in the current proposed budget, the Committee recommends an additional one-time appropriation of \$100,000 to the Microbusiness Development Program, which provides free business technical assistance and access to capital for Vermonters with low income. The Committee further recommends that the General Assembly receive a report on the increased impact of this additional investment in the program in order to evaluate whether to increase base funding for the Program in future years.

3. Career Pathways Coordinator - \$150,000

Sec. E.3 of S.135 authorizes the creation of a new position within the Agency of Education, the Career Pathways Coordinator, who will serve directly under the State Director for Career Technical Education, and whose duties will be to serve as the interagency point person for the development of a State-approved Career Pathways System; address funding, governance, and access to career technical education in Vermont; and develop necessary data, indicators, and outcomes to evaluate success of the system. Based on discussions with the Agency of Education on the costs associated with creating the position, the Committee recommends an appropriation of \$150,000.

Beyond these priorities, should additional funding become available, the Committee further supports the following:

4. Climate Economy Business Accelerator Program - \$150,000

5. Small Business Development Center - \$150,000

6. Financial Education and Training - \$200,000

7. Rural Economic Development Initiative - \$200,000