

Agency of Commerce and Community Development
Summary of Agency & Legislative Economic Development Initiatives
Updated 02-27-2018

A. Housing / Tax Credit Items

1. Increase the State Downtown and Village Tax Credit program. **\$250,000**
2. Encourage investments in underutilized downtown housing by offering homeowners a tax credit for making upgrades to their homes (three pilot communities in one year tax credits). **\$625,000**
3. Help working Vermonters purchase their first home by doubling the state's investment and the number of state-supported down payment assistance grants/loans through the Vermont Housing Finance Agency (\$125,000 additional tax credit per year for 5 years generating more than \$600,000 in funding). **\$125,000**

B. Items within the base ACCD budget

1. ThinkVermont Innovation Initiative (see attached DRAFT of H.767 for detail) **\$400,000**
2. VOREC – VT Outdoor Recreation Initiative – Pilot project grant program. (See Rural ED Bill for details). **\$100,000**

C. Proposed Budget Adjustment / Now Set-aside Funded Initiative

1. Thinkvermont MOVE initiative (see attached Executive Summary dated 2-27-18). **\$2.5M**

D. Other items without direct / known budget impact

1. Modernize the Vermont Employment Growth Incentive. **Within existing authorized VEGI spending cap**
2. Reward businesses making energy efficiency upgrades by enabling them to retain their Energy Efficiency Charge and expand eligible uses of those fund through a self-administered energy efficiency program. **No direct cost**
3. Encourage innovative firms to do research and development in Vermont by making Vermont's existing, budgeted Research and Development Tax Credit partially refundable. **No change to budget, only the mechanism to receive the funding.**
4. Encourage unique public private partnerships by authorizing state agencies to enter into public private partnerships as 35 other states currently allow (currently in the Transportation Bill). **No direct cost**

ThinkVermont MOVE (Motivate Out-of-State Visitors and Entrepreneurs)

Executive Summary - Updated February 27, 2018

ThinkVermont MOVE (Motivate Out-of-State Visitors and Entrepreneurs) is a core strategy in the Governor's proposed interagency workforce plan to increase the number and skill level of available workers in Vermont. The interagency workforce plan includes three principal strategies:

1. Increase the Labor Participation Rate of Vermonters
2. Recruit and Relocate More Workers to Vermont
3. Assist Employers in Accessing and Retaining Qualified Workers

ThinkVermont/MOVE is the external, out-of-state recruitment and relocation initiative (strategy 2 above). It is a bold, sophisticated, and measurable initiative to identify, target and relocate working age individuals, families and entrepreneurs to Vermont. Vermont is the safest and healthiest state in the nation, with one of the best public education systems, and world-class outdoor recreation opportunities. This plan proposes to aggressively leverage these attributes by micro-targeting workforce age Americans in markets where Vermont's values and brand are best known. This recruitment effort will expand our tax base and reverse Vermont's current demographic trends.

Why Now? The urgent need to change the trajectory of our demographics drives this initiative. Consider this:

- We have 23,000 fewer people under the age of 20 than we did in the year 2000;
- We now have nearly 30,000 more over the age of 65 than we did in that same year;
- Outside of Chittenden County, we are just three to four years from having just one worker for every retiree, child or dependent of the state.

Measuring Success: Using data-driven digital tactics, we expect measurable results including:

- Net increase in new tax filers
- Number of individual recruitments, employers served, new job applicants, and new hires
- Net increase in rooms and meals tax revenue

There are two components of this initiative - Recruiting and relocation workers; and Incentives.

Recruit and Relocate Workers (\$1.25M)

The Vermont brand is iconic. We are known for our maple syrup production and exceptional skiing. Less known, and equally important, is our supportive entrepreneurial environment, thriving tech industry, robust manufacturing sectors, and more. Through digital tools and a surgically precise social media strategy, we can hyper-target people who are most likely to consider moving to Vermont (i.e. people who grew up here but moved away, people who studied here for college, people with a drop of Vermont in them), using fewer dollars and with measurable results. Tactics include:

1. **Targets Identification Technology (\$100,000):** We will build messaging profiles for key demographics and individual prospects in Vermont's core markets – New England and Mid-Atlantic states and other regions— and prioritize sectors such as health care, technology, and hospitality, and target mid-career professionals and remote workers living out of state who have the professional capital or resources to work from anywhere and choose to relocate to Vermont. Individuals will have a known affinity for Vermont and have reached a key milestone in their lives that inspires them to swap their urban lifestyle for one that Vermont offers.
2. **Digital, Social, and Paid Media and Relocation Technology (\$250,000):** Our recruitment efforts will position Vermont in the national conversation as an east coast destination for Millennials who value outdoor recreation, local food and beverage, and who are ready to put down roots or seize the opportunity

to advance quickly in their careers due to Vermont's upcoming wave of retirements. Using the digital marketing and social media strategies deployed by our tourism and marketing department, we will send targeted messages about Vermont's opportunities. Additionally, ThinkVermont.com/JOBS will be constructed to host employment opportunities, labor market information, and links to state and local career, education, and training resources, etc. We will use communication tools to facilitate communication and information exchange between interested "future Vermonters" and the Vermont Department of Labor relocation specialists, such as customized job notifications.

3. **Economic Development Core Marketing (\$250,000):** Continuing the foundational messaging, outreach, ThinkVermont.com portal development, and other tactics outlined in the State's Economic Development Marketing Plan.
4. **Earned Media (\$50,000):** Our assets and recruitment efforts create a compelling package that will earn media coverage. We will host journalists from top-tier national media outlets and trade publications and highlight stories to secure positive press coverage in national and trade media like Forbes, Bloomberg Businessweek, Fast Company, National Public Radio, and CNN that will serve to shine a light on Vermont as the home of globally-competitive businesses, and as the safest and healthiest state in the nation with an excellent education system.
5. **Economic Development Tourism: Recruit & Convert Visitors to Residents (\$250,000):** Because of their strong affinity for Vermont, visitors represent an obvious target audience for our ThinkVermont MOVE recruitment effort to live, work or build a business in Vermont. Thirteen million people visit Vermont each year, many repeat visitors, and many who express an interest in living here permanently. No state is positioning itself as a place to live and work specifically to its visitors, especially the younger demographic. Additionally, when visitors are in state, we will deploy an onsite activation strategy to leverage ski resorts, breweries, distilleries, lodging properties, and attractions to convince visitors that Vermont is also an ideal place to live and work. Tactics include:
 - a. **Stay-to-Stay Weekends (\$100,000):** This targeted program will bring qualified participants interested in moving to Vermont for 3-day weekends connecting them to communities, jobs, employers, entrepreneurs, and neighbors -- while increasing rooms and meals tax revenue. Partnering with local chambers and young professional networks, we will launch pilot Stay-to-Stay weekends in Bennington/Shires, Brattleboro and Rutland. This program will increase rooms and meals tax revenues and create a list of potential residents that we can engage with and track. Investments include receptions, incentives for return visits, and media / advertising.
 - b. **Local Ambassadors (\$50,000):** The Ambassador training program will educate hospitality and tourism workers to appropriately engage guests with ThinkVermont messaging.
 - c. **Arrival Hubs (\$50,000):** We will create and install video and print displays in airports, train stations, and welcome centers to engage guests with ThinkVermont messaging.
 - d. **Video Contest (\$10,000):** Create and promote a contest encouraging Vermonters to create videos about why visitors should relocate to Vermont.
 - e. **Visitor Engagement (\$30,000):** We will deploy ThinkVermont material, videos and incentives at ski resorts, breweries, distilleries, attractions, etc. and host recruitment tables during holidays and weekends.
 - f. **Lead Generation Campaign (\$10,000):** We will launch a postcard/email campaign in partnership with Vermont's lodging properties, so visitors can sign up to receive relocation incentives by email.
6. **Relocation Specialists & Technology (\$350,000):**

Relocation Specialists: We will use current job placement specialists at the Department of Labor (VDOL) to serve as relocation agents who will provide personalized, concierge service to assist interested “future Vermonters” in finding employment and helping individuals or families become residents. VDOL’s relocation agents will also partner with the Chambers of Commerce, Vermont National Guard, and sector-specific recruitment organizations, to support specific recruitment and relocation initiatives.

Because VDOL staff already have employment expertise and duties under the federal Wagner-Peyser Act, we propose that the state provide \$350,000 in state funds to leverage the investment and allow specialists to expand services, performing work outside of the scope of the federal program. We must strictly account for the work of employees using federal funds; this state funding permits employees to charge the portion of their time performing work not allowable by federal program regulations.

Recruitment Incentives: Sweetening the Deal (\$1.25M)

Millennials are the largest working demographic nationwide. Vermont has many attributes desirable for young professionals and families: we are the safest, healthiest state with a competitive public education system. We will target these young professionals and families with messaging and incentives to create a more appealing transition and to demonstrate our commitment to them. The results will reverse our population decline and put more children in our schools. Tactics include:

Incentivize Resettling in Vermont (\$750,000): Allocated to the Vermont Housing Finance Agency so they can more than double the size of the existing down payment assistance program. The funding will be used, in part, to make \$5,000 grants to families purchasing their first Vermont home, a change to the existing program that requires the purchase to be a “first home.”

Relocation Incentive (\$250,000): To further incentivize out-of-state worker relocation to Vermont, we will offer a relocation reimbursement. Those who move to Vermont will be eligible to receive \$500 as reimbursement for their relocation expenses when they file their state income tax return the year following their move to Vermont. New Vermonters will be tracked using a new check box on the Vermont income tax return. (\$250,000 serves 500 people)

Referral Bonus (\$250,000): The program will provide an incentive to any Vermonter who refers an out-of-state worker who ultimately relocates to Vermont. The Vermonter who makes the referral will be eligible for the incentive when they refer an out-of-state person to Vermont’s online recruitment portal. When that previously out-of-state person demonstrates residency by filing a Vermont income tax return with earned income, the Vermonter that made the referral will receive once they claim the award with proof of referral. The mechanism will include a letter to all new tax filers from the tax department making them aware of the eligibility for the relocation funds with an enclosed claim form where they name the person who had referred them. (\$250,000 at \$500 per referral equates to 500 bonuses)

Self-Sustaining Funding

We anticipate that these efforts will boost rooms and meals tax revenues beyond the average annual increase. To ensure the sustainability of ThinkVermont MOVE, we propose the following steps:

1. Determine the 5-year average increase in rooms and meals revenue.
2. Hold that amount harmless.
3. Allocate new revenue above the average to sustaining ThinkVermont MOVE by deploying it as follows:
 - a. Use the first \$300,000 in new revenue for a 10-year period to pay down Vermont Life debt.
 - b. Use the next \$250,000 to continue targeted and economic development marketing.

- c. Use the next \$120,000 to continue to employ relocation agents.
- d. Use any additional revenue for additional implementation of other ThinkVermont MOVE strategies.

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* * * ThinkVermont Innovation Initiative * * *

THINKVERMONT INNOVATION INITIATIVE

(a)(1) The ThinkVermont Innovation Initiative is created to be responsive to the growth needs of Vermont's small businesses by funding innovative strategies that accelerate small business growth. Used in this section, "small business" means those with twenty (20) or fewer employees.

(2) The Initiative will enable the State to invest in projects with grants that can be accessed more quickly and with fewer restrictions than traditional federal initiatives.

(b) In fiscal year 2019, the amount of \$400,000.00 is appropriated from the General Fund to the Agency of Commerce and Community Development to implement the ThinkVermont Innovation Initiative pursuant to this section.

(c)(1) The Secretary of Commerce and Community Development shall award grants through a competitive request for proposals on an established schedule.

(2) Each grant shall be designed to provide seed capital for not more than two fiscal years.

(3) The Secretary shall reserve not less than 10 percent of the funding for micro-grants of less than \$10,000.00.

(4) The Secretary shall require that each recipient provide a one-to-one funding match from a source outside State government, except for micro-grants awarded, which require a twenty-five percent match.

(5) The Secretary, in consultation with the Vermont Economic Progress Council, shall have the authority to award grants for projects that meet one or more of the following criteria:

(A) swiftly and directly connect workforce training, not eligible for funding in other state or federal programs, to the immediate needs of employers to fill job vacancies or otherwise support small business growth;

(B) enable or promote remote workers locating in Vermont, including deploying or enhancing facilities that attract small companies and remote workers such as innovation, maker, or coworking spaces with special emphasis on those that promote colocation of nonprofit, for-profit, and government assets;

(C) enable or promote deployment of broadband telecommunications connectivity;

(D) initiatives that leverage economic development funding outside State government such as the federal New Market Tax Credit program and Small Business Innovation Research (SBIR) grants;

(E) initiatives that grow Vermont's aerospace and aviation or aviation technology sector;

(F) and; initiatives that provide small business technical assistance to new and growing small businesses.

(d)(1) The Secretary shall adopt measures to evaluate each initiative that to determine its impact, including job growth measured at one-, three-, and five-year intervals.