



AGENCY OF COMMERCE AND COMMUNITY DEVELOPMENT

FY2021 Senate Testimony Supplemental

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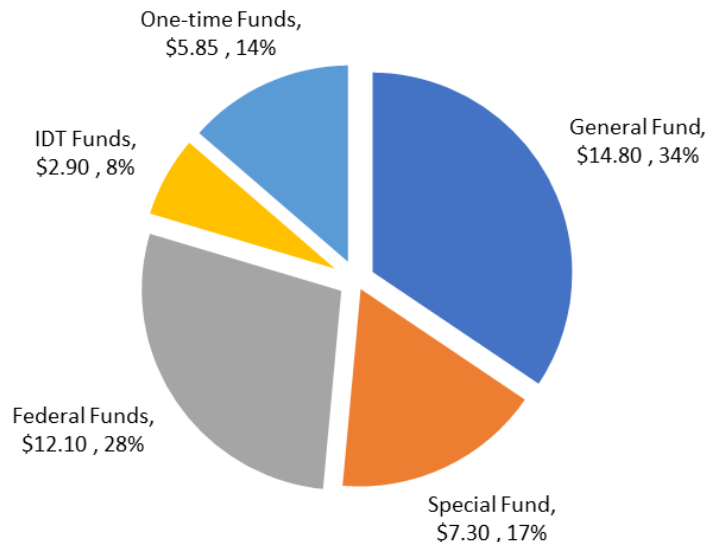
Agency of Commerce & Community Development

FY 2021 Governor's Recommend Budget

MISSION: To help Vermonters improve their quality of life and build strong communities.

The Agency is engaged in activities that generate revenue to the State general fund. Our work with existing and new businesses, downtowns and communities, marketing the state for tourism, preservation of the Vermont brand and what makes us special, is all part of what generates income to state government. We are the income side of the state general ledger. Investments in ACCD are investments in income generating activity.

Governor's Recommended Budget
FY 2021 (\$43 million)



FY 2021 SUMMARY & HIGHLIGHTS

- Total ACCD staff 80
- 2.1% increase in General Fund – Salary and Fringe Benefit Changes

FY2021 One Time Expenditures:

- Clean Grid Optimization Acceleration **\$2.25M**
 - ❖ Grant/investment fund to stimulate growth-stage climate economy businesses
- Technology-based Economic Development **\$1M**
 - ❖ Encourage research and development through technical assistance/grant program
- Community Investment Package
 - ❖ VT Housing Incentive Program **\$1M**
Create housing provider grants to bring unsafe, blighted and vacant rental units up to code and back online
 - ❖ Better Places Crowd Granting Program **\$250K**
Leverage funding from private foundations and individuals for place-making projects
 - ❖ Municipal planning assistance **\$350K**
funding for municipal planning grants, regional planning commissions, and developers/landlords to create housing opportunities
- Marketing expansion
 - ❖ Tourism marketing **\$500K**
 - ❖ Economic development marketing **\$250K**
 - ❖ Outdoor Recreation marketing **\$250K**

TOTAL FY2021 One-Time Expenditures: **\$5.85M**

Agency of Commerce and Community Development

SECRETARY Lindsay Kurrle
DEPUTY SECRETARY Ted Brady

Comprehensive Agency Strategies



Illuminate the Vibrancy of Vermont

Market Vermont effectively to increase the number of people visiting, living, and working here.



Deploy a 21st Century Workforce

Develop a continuum of education and job re/training to enable a robust, modern workforce.



Ensure Housing for All

Increase the availability and affordability of housing for all Vermonters.



Accelerate Business Growth & Recruitment

Grow/scale existing businesses and recruit new businesses via a network of technical assistance, access to capital and increased deal flow.



Strengthen Vibrant Regional Economies & Ecosystems

Focus on place-making to develop and celebrate a shared vision across regional communities and economies, and provide the tools to build and maintain modern infrastructure.

2020 Initiatives					
Community Investment Package (H. 782)		\$1 M Vermont Housing Incentive Program <ul style="list-style-type: none"> Create housing provider grants to bring unsafe, blighted and vacant rental units up to code and back online 	\$350,000 Make Developing Housing in Designated Centers Easier <ul style="list-style-type: none"> Best practice zoning to encourage small scale residential development \$300,000 for municipal planning assistance for inclusive housing development \$50,000 for missing middle housing developer and landlord training 	\$1.4 M Increase the Downtown and Village Center Tax Credit <ul style="list-style-type: none"> Set a new \$4 million annual cap, the largest increase to the Downtown and Village Center Tax Credit in history 	\$250,000 'Better Places' Crowd-Granting Program <ul style="list-style-type: none"> Establish a framework to leverage funding from private foundations and individuals for 'placemaking' in designated centers
Accelerate Business Growth and Recruitment (H. 642, H. 641, H. 676)		\$1 M Capital Investment Loan Pilot Program <ul style="list-style-type: none"> \$1 million appropriation for the Capital Investment Loan Pilot Program, a new convertible VEDA loan product to encourage small businesses to create jobs in Vermont Sets specific job and capital expenditure targets, that if met, reduce the loan 	\$3 M Vermont Investment Incentive Program <ul style="list-style-type: none"> Create a new incentive that encourages regionally-significant businesses to continue to invest in Vermont Will allow businesses with at least 100 employees, who are also projecting \$20 million in capital expenditures or more, to apply for an "investment incentive" Reserves \$3 million for the new program 	\$1 M Technology Based Economic Development <ul style="list-style-type: none"> Stimulates research and development in Vermont high-tech companies Encourages Vermont small businesses to apply for federal Small Business Innovation Research grants with a matching program 	\$3.15 M Clean Grid Modernization Growth Incentive <ul style="list-style-type: none"> Enact recommendations from Governor Scott's Climate Commission to grow climate businesses \$2 million seed capital fund \$250,000 clean grid optimization pilot \$400,000 in deferred revenue from tax incentives \$500,000 to facilitate a new fully-refundable R&D tax credit
Market Vermont		\$250,000 Economic Development Marketing Program <ul style="list-style-type: none"> Continue and expand the ThinkVermont campaign and other worker recruitment efforts 	\$500,000 Increase Vermont Department of Tourism and Marketing Promotional Budget	\$250,000 Promotion of Outdoor Recreation Opportunities <ul style="list-style-type: none"> Promotion of fishing and hunting license sales and state park visitation 	
Strengthen Regional Economies (H. 642, H. 782)		Zero General Fund Project Based Economic Development Financing (H. 642) <ul style="list-style-type: none"> A new small, rural town financing mechanism that supports the creation of basic infrastructure tied to smaller economic development opportunities 		Zero General Fund Enact Act 250 and Permitting Reforms <ul style="list-style-type: none"> Act 194 industrial park master permitting recommendations Act 250 exemptions for designated downtowns, villages and centers (H. 782) 	
Miscellaneous		<ul style="list-style-type: none"> Purchase the Main Street Redevelopment Site in Newport City to facilitate construction of a new court house and multi-use building (\$1.5 million capital bill appropriation) (Capital Bill) \$25,000 for the USS Vermont Commissioning (Budget Adjustment) Enable the Northern Border Regional Commission to utilize, and fully pay for, Vermont's benefit system to attract talent (no cost) Modernize the New Worker Relocation Grant Program to include remote workers (no cost) (S. 256) Exempt housing in federally designated Opportunity Zones from capital gains taxes when used for primary residences 4 			

FY2021 Governor's Initiatives

One-Time Initiatives		
Agency	General Fund	Initiative
ACCD-VDTM	1,000,000	Aggregated marketing fund: economic development marketing (\$250k), tourism marketing (\$500k), and promotion of outdoor recreation (\$250k)
ACCD-ADMIN and DPS	250,000	Grid optimization pilot program
ACCD-ADMIN	2,000,000	Capital special fund to provide financial and technical assistance to clean grid companies
ACCD-DED	1,000,000	Technology-based economic development package through ThinkVT Innovation Fund. Includes \$200k in SBIR Advantage Program, \$400k in SBIR Phase I & II Matching Grants, \$100k in Technology Acceleration Program, \$300k in Industry Research Partnership with UVM
ACCD-DHCD	300,000	Inclusive housing development assistance to regional planning commissions (\$150k) and municipal planning grants (\$150k)
ACCD-DHCD	50,000	Missing Middle housing developer and landlord training
ACCD-DHCD	250,000	Better Places Grant Program for community revitalization
ACCD-DHCD	1,000,000	Vermont Housing Incentive Program
<i>ACCD One-time Expenditures Total</i>	5,850,000	
VEDA	1,000,000	VEDA convertible loan program for capital investment and payroll growth.
<i>One-time Expenditures Total</i>	6,850,000	

Foregone Revenue		
Agency		Initiative
ACCD-DHCD	100,000	Opportunity Zone Housing Pilot
ACCD-DED	400,000	Corporate tax deductions for clean grid optimization companies
ACCD-DED	500,000	Refundable R&D tax credit for battery & energy storage research and manufacturing
ACCD-DED	3,000,000	Vermont Investment Incentive Program
ACCD-DHCD	1,400,000	Expand the Downtown and Village Center Tax Credit Program, with new added focus on rental housing stock
<i>ACCD Base-funded Expenditures Total</i>	5,400,000	
VDOL	300,000	Vermont Relocation Assistance Program
<i>Base-funded Expenditures Total</i>	5,700,000	

Agency of Commerce and Community Development

SECRETARY

Lindsay Kurrle

DEPUTY SECRETARY

Ted Brady

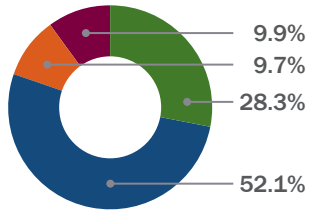
STAFF: 80 (FY 2020)



FY 2021

TOTAL BUDGET

\$37,050,730



- \$10,467,280 Department of Economic Development
- \$19,309,220 Department of Housing and Community Development
- \$3,597,399 Department of Tourism and Marketing (includes Chief Marketing Office)
- \$3,676,831 Administration

FY 2019 Major Department Highlights

<p>Department of Economic Development STAFF: 22</p>	 \$5.0 M FY 2021 Proposed General Fund Appropriation	 371 New Vermonters (140 remote workers; 231 family members)	 41 Business Creations	 94 Business Expansions	 1,638 Vermont Employees Approved for Training
<p>Department of Housing and Community Development STAFF: 32</p>	 \$2.9 M FY 2021 Proposed General Fund Appropriation	 \$19.6 M Program Dollars Invested	 \$160.9 M Total Dollars Leveraged	 5,199 Housing Units Created or Preserved	
<p>Department of Tourism and Marketing STAFF: 9</p>	 13.5 M Visitors (includes overnight, day and drive-through visitors)	 \$2.9 B Visitor Spending at Attractions, Lodging and Dining Establishments	 \$374 M Total Tax Revenue Generated by Tourism Activity	 32,484 Jobs in the Tourism Industry	

FY 2021

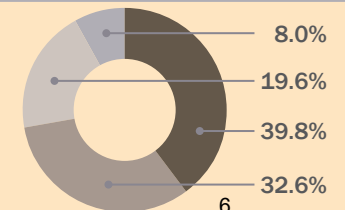
PROPOSED GENERAL FUND APPROPRIATION:

\$14.8 M

BUDGET

\$37,050,730

- General Funds \$14,754,816
- Federal Funds \$12,074,736
- Special Funds \$7,275,305
- All Other Funds \$2,945,873



Fiscal Year 2021 Budget Changes by Dept. - Administration By Fund

	General \$\$	Interdept'l Transfer \$\$	Federal \$\$	Total \$\$
Approp #1, Administration FY 2020 Approp	3,677,790	20,000	-	3,697,790
	-	-	-	-
Approp #1, FY 2020 Approp Amended	3,677,790	20,000	-	3,697,790
<u>Personal Services</u>				
Salary increase, prior year PAYACT	47,745	-	-	47,745
Benefits increase, attributable to PAYACT	16,821	-	-	16,821
Retirement increase	7,198	-	-	7,198
Position shift from HCD to Administration -salary, paid for with operating reductions below	51,543	-	-	51,543
Position shift from HCD to Administration -benefits, paid for with operating reductions below	23,838	-	-	23,838
Salary increase, staffing changes	25,590	-	-	25,590
Benefits increase, staffing and benefit plan changes	16,570	-	-	16,570
Salary change - VDTM Restructuring - CMO Program and ThinkVT Director shift to VDTM	(252,834)	-	-	(252,834)
Fringe Benefit change - VDTM Restructuring - CMO Program and ThinkVT Director shift to VDTM	(144,791)	-	-	(144,791)
Total CMO Program Salary/Benefit shift to VDTM	(397,625)	-	-	(397,625)
Total Salary/Fringe Benefits Change	(208,320)	-	-	(208,320)
Workers Compensation - net increase	4,449	-	-	4,449
Workers Compensation change -VDTM Restructuring - CMO Program shift to VDTM	(774)	-	-	(774)
Contracted services change -VDTM Restructuring - CMO Program shift to VDTM	-	(15,759)	-	(15,759)
Contracted services -reduction	(6,000)	-	-	(6,000)
Contracted services -VT Outdoor Recreation -Northern Border Regional Commission -new	-	-	175,500	175,500
Reduced vacancy savings	2,083	-	-	2,083
Total Personal Services Change	(208,562)	(15,759)	175,500	(48,821)
<u>Operating</u>				
Internal Service Fees -net increase -Insurances/VISION/ADS Allocated Fee/HR Services	13,521	-	-	13,521
National Life Rent -decrease due to floor space reduction	(96,928)	-	-	(96,928)
VDTM Restructuring - CMO Program operating shift to VDTM	(23,596)	(4,241)	-	(27,837)
Operating reductions to meet salary and benefit increases -sponsorships, equip/software purch, travel	(32,352)	-	-	(32,352)
Base reduction in ADS projections of Agency IT costs required to cover balance of salary/benefit increases	(55,735)	-	-	(55,735)
Total Operating Change	(195,090)	(4,241)	-	(199,331)
<u>Grants</u>				
VT Sustainable Jobs Fund support increase	11,693	-	-	11,693
VT Outdoor Recreation grants -Northern Border Regional Commission -new	-	-	215,500	215,500
Total Grants Change	11,693	-	215,500	227,193
Total Additions/(Reductions) FY 2020 to reach Governor's Recommend	(391,959)	(20,000)	391,000	(20,959)
Approp #1 ACCD Administration FY 2021 Governor Recommend	3,285,831	-	391,000	3,676,831
Total VDTM Restructuring	(421,995)	(20,000)	-	(441,995)

Department of Housing and Community Development

COMMISSIONER

Josh Hanford

STAFF: 32 (FY 2020)



Summary of
FY 2019 Impacts

\$19.6 M
PROGRAM DOLLARS
INVESTED

\$160.9 M
TOTAL DOLLARS
LEVERAGED

154
NEW JOBS
CREATED

5,199
HOUSING UNITS
CREATED OR
PRESERVED

FY 2019 Major Department Highlights

Vermont Community Development Program

Administers annual federal allocation of Community Development Block Grants through a statewide competitive grant program addressing local needs in the areas of housing, economic development, public infrastructure and services.

* Based on 2.2 Persons per Household Assisted

\$7.7 M
Program Dollars
Invested

\$92 M
Total Dollars
Leveraged

11,849
Low-Income
Vermonters Assisted*

143
Housing Units
Created

Community Planning and Revitalization

Provides training, technical assistance, and funding, and coordinates regional planning efforts, to help communities incent smart growth and working landscapes to bring new vitality to their community centers.

** Based on Populations of Communities Assisted

\$5.9 M
Program Dollars
Invested

\$82.9 M
Total Dollars
Leveraged

247,175
Vermonters
Reached**

262
Communities
Served

Historic Preservation

The Division for Historic Preservation (VDHP) is dedicated to identifying, preserving, and interpreting historic resources on behalf of the citizens of the state and promoting them as significant components of our communities.

\$5.2 M
Program Dollars
Invested

\$18.1 M
Total Dollars
Leveraged

63,655
Annual Number of
Visitors at State-owned
Historic Sites

94
Historic Properties
Assisted

Housing

Coordinates state housing policy through the VT Housing Council and HUD Consolidated Plan. Administers the statutory requirements of the Mobile Home Park Program and administers the VT Charitable Housing Tax Credit.

\$72,000
Program Dollars
Invested

\$131,869
Total Dollars
Leveraged

10,694
Vermonters
Served*

4,861
Housing Units
Preserved

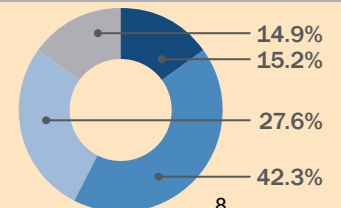
FY 2021

PROPOSED GENERAL
FUND APPROPRIATION:

\$2.9 M

BUDGET
\$19,309,220

- General Funds \$2,938,012
- Federal Funds \$8,164,967
- Special Funds \$5,329,955
- All Other Funds \$2,876,286



Fiscal Year 2021 Budget Changes by Dept. - Housing and Community Development

By Fund

	General \$\$	Special \$\$	Federal \$\$	Interdept'l Transfer \$\$	Total \$\$
Approp #1 Housing and Community Development: FY 2020 Approp	2,753,913	5,185,233	7,883,744	453,001	16,275,891
					-
Approp #1, FY 2020 Approp Amended	2,753,913	5,185,233	7,883,744	453,001	16,275,891
<u>Personal Services</u>					
Salary Base	126,333	2,247	(98,502)		30,078
Benefits Base	56,179	1,477	(49,985)		7,671
Temporary Employees - base increase (Historic Sites)		26,739			26,739
Retirement Benefit Allotment	(9,760)				(9,760)
Unfunded Position shift to Administration from HCD - Salary Savings	(63,896)				(63,896)
Unfunded Position shift to Administration from HCD - Benefits Savings	(27,340)				(27,340)
Request for Review - Salary Impact	55,196	152	14,058		69,406
Request for Review - Benefits Impact	38,442	54	15,116		53,612
Total Salary/Fringe Benefit Change	175,154	30,669	(119,313)	-	86,510
Workers Compensation - base increase	5,228	1,486	2,666		9,380
Other Personal Services	737	14,687	127,649		143,073
Contracted 3rd Party Services	755	76,156		54,286	131,197
Vacancy Turnover Savings Increase (4% of all Salaries & Benefits)	(8,838)				(8,838)
Total Personal Services Change	173,036	122,998	11,002	54,286	361,322
<u>Operating</u>					
Internal Service Fees - Insurances base increase	(4,736)	4,455	8,315		8,034
Internal Service Fees - VISION/ISD base increase	(369)		306		(63)
Internal Service Fees - ADS Allocated Fee base increase	2,826		(480)		2,346
Net Operating Changes	10,342	(1,053)	(38,826)		(29,537)
Total Operating Change	8,063	3,402	(30,685)	-	(19,220)

	General \$\$	Special \$\$	Federal \$\$	Interdept'l Transfer \$\$	Total \$\$
Grants					
CVOEO-First Stop Program	3,000				3,000
Community Planning & Revitalization, VW Mitigation Funds from Agency of Natural Resources				2,422,000	2,422,000
Community Planning & Revitalization, Municipal Parcel Mapping from VTrans				(23,001)	(23,001)
Community Planning & Revitalization, Electric Vehicle Charging Equipment from Agency of Natural Resources				(30,000)	(30,000)
Downtown Transportation Fund, Grant Awards		(1,148)			(1,148)
Historic Preservation - Windham Mitigation, Grant Awards		20,250			20,250
Community Development Disaster Recovery Buyout Program Grants		(780)			(780)
Community Development Block Grant (22005)			906		906
Community Development Block Grant - Program Income (22060)			300,000		300,000
Total Grants Change	3,000	18,322	300,906	2,368,999	2,691,227
Total Additions/(Reductions) FY 2020 to reach Gov Rec	184,099	144,722	281,223	2,423,285	3,033,329
Approp #1 FY 2021 Governor Recommend	2,938,012	5,329,955	8,164,967	2,876,286	19,309,220

Community Investment Package



WHAT: The [community investment package](#) helps the state tackle its housing, revenue, and demographic challenges by aligning state and local regulations with new funding to increase housing quality, supply, and affordability within Vermont’s downtowns, villages, and neighborhoods.

WHY: Jobs are going unfilled, employees are driving farther and farther from work to find homes they can afford, and the most vulnerable among us are struggling to find or maintain the foundation to well-being – a decent, warm, dry, safe, and secure place to call home.

A recent survey by the Department of Housing and Community Development found that high land and construction costs, unnecessarily complicated regulations (local zoning and Act 250), limited water and wastewater infrastructure, and too few tools or incentives to help cities and towns support new development have constrained the market’s ability to meet Vermont’s housing needs.

Aligning regulations and funding within Vermont’s walkable centers will create more housing opportunities, supercharge successful community revitalization efforts, help expand the workforce, and ensure the state’s economy can meet its full potential.

WHO: The proposal aims to help first-time homebuyers and renters; downsizing older adults; middle-income and workforce Vermonters (80–120% AMI); employers seeking workers and workforce housing; struggling downtowns, villages, and neighborhoods; landowners and homebuilders; and state and municipal revenue.

HOW: The package takes a comprehensive approach to address Vermont’s housing, revenue, and demographic challenges. Specifically, the proposal:

- 1** Speeds permitting for new and rehabilitated housing units by exempting certain state designated centers from Act 250 and state water and wastewater connections permits.
- 2** Provides new tools, funding, and training to help municipalities adopt ‘housing ready’ bylaws.
- 3** Trains the next generation of builders and landlords to help jump-start housing investment in all counties.
- 4** Makes rental housing in state designated Neighborhood Development Areas eligible for Downtown and Village Center Tax Credits.
- 5** Offers new grants to bring unsafe, blighted, and vacant rental units up to code and back online.
- 6** Eliminates the capital gains on the sale of improved homes located within federally designated Opportunity Zones.
- 7** Establishes a framework to leverage funding for ‘placemaking’ projects within state designated centers.



Exempt State Designated Downtowns and Neighborhoods from Act 250 Review

WHAT: Reduce double-permitting by eliminating state Act 250 review in state designated downtowns and neighborhood development areas; and transition existing Act 250 permits to municipal review in these locations.

WHY: Encouraging development and reinvestment in our downtowns and adjoining neighborhoods helps revitalize our historic centers, supports small businesses, attracts private investment, employers and workers, improves access to jobs, increases property values and is responsive to the needs generated by the state's demographic shifts.

Municipalities that qualify for downtown and neighborhood development designation have demonstrated the capacity to guide development consistent with their community goals and standards. This can make Act 250 review redundant.

Exempting certain designated centers from Act 250 review means housing and commercial development within designated downtowns and neighborhoods will be less expensive and more predictable.

WHO: When municipal planners were asked what state benefit (other than funding) would be most beneficial to state designated centers, the top response was to eliminate Act 250 review in those areas. Doing so would help level the playing field with greenfield developments and allow small-scale home builders, developers, and businesses to secure permits more efficiently. The proposal aims to help first-time homebuyers and renters; downsizing older adults; middle-income and workforce Vermonters (80–120% AMI); employers seeking workers and workforce housing; struggling downtowns, villages, and neighborhoods; landowners and homebuilders; and state and municipal revenue.

HOW: Update the Act 250 statute to eliminate the need for a permit and enhance municipal review in state designated downtowns and neighborhood development areas in the following ways:

- No development will be subject to Act 250 permitting in state designated downtown and neighborhood development areas.
- Update the local development review requirements for designated downtowns to ensure the local development review process adequately guides development.
- Improve the requirements for designated neighborhood development areas to better address flood resilience in vulnerable places.

FUNDING: No new funding needed. This will be part of a larger Act 250 reform package that may include a funding request to support other components of the bill.

For more information, please contact:

Chris Cochran: chris.cochran@vermont.gov

802-595-5410



One Stop State and Municipal Water/Wastewater Service Connections

WHAT: Create a process for one stop, municipal permitting of new connections to municipal water and wastewater systems and statewide maps of municipal water and sewer systems.

WHY: Currently a state issued wastewater system and potable water supply permit is necessary for any new building that connects to a municipal sewer or water line – in addition to obtaining a local approval, unless the municipality has undertaken a process to issue state permits through partial delegation. To date, only two municipalities have chosen delegation. The proposed change in statute allows municipalities to approve a sanitary sewer service line and a water service line from a building to the collection line or water main to reduce cost, time, and complexity in the permitting process. The proposed change would also result in statewide maps of water and sewer service area lines, facilities, and service areas.

WHO: This will benefit landowners engaged in development within municipalities that choose to meet minimum standards for the safe regulation of sewer and water connections by eliminating the need for both local and state applications, reducing any additional time and cost caused by interaction with two separate review authorities, and mapping water and sewer lines, facilities, and service areas.

HOW: This section proposes a change to statute, establishing a relatively simple process for the Secretary of the Agency of Natural Resources to grant municipalities, through registration rather than delegation, the authority to review and approve sanitary sewer service lines and water service lines. The legislation also requires that municipalities map water and sewer lines and service areas if/when they update their 8-year plans.

FUNDING: No new funding will be requested.



Modernize Municipal Regulations for Inclusive Housing

WHAT: Expand small-scale and ‘missing middle’ residential development opportunities in state designated downtowns and neighborhood development areas; provide technical assistance to municipalities to help them adopt zoning that welcomes inclusive housing; offer training for missing middle developers and landlords to grow the next generation of local housing providers.

WHY: Vermont’s housing supply is mismatched with demand. While high construction costs contribute to this mismatch, surveys and studies have also shown that 1970s style suburban and auto-oriented zoning frequently require excessive land and parking requirements to create new housing and these outdated zoning regulations subject small multi-unit projects to outsized review. These regulations can delay, limit, or block the types of housing needed for young workers looking to move to Vermont, increase the cost living, and they can lead to gentrification.

New funding and training is needed to help communities adopt more inclusive housing regulations – especially in places where transportation, public services, and utilities are present, affordable, and sustainable. Providing tools and resources to create more opportunities for safe and conveniently located homes in areas with jobs and services helps protect the vulnerable and makes Vermont more affordable.

WHO: This package builds a big tent of stakeholders ready to benefit from more homes – from the 20-something looking for rental housing near work, to the downsizing senior wanting a new downtown apartment, to the employer who can’t fill open jobs because of a lack of adequate housing. For municipalities, welcoming more homes grows the grand list, helps maintain population to support commercial and social vitality, and – most importantly – improves the affordability and financial solvency of municipal infrastructure that’s becoming increasingly harder to sustain without federal support. Farmers, foresters, smart-growth advocates, and conservationists can also appreciate that encouraging more development in these areas eases development pressures on working lands and natural areas.

HOW: Rental properties within neighborhood development area designations receive tax credits to improve the quality and habitability of units. [Modern housing ready bylaws and guidance](#) (available this spring) and additional funds for municipal planning grants and regional planning commissions would help cities and towns take steps to modernize their zoning. New training developed in partnership with consulting experts and non-profit partners would help create a new generation of landlords and small-scale developers working to ensure the new tax credits and grants improve the quality of housing in all of Vermont’s fourteen counties.

FUNDING: \$300,000 – Municipal planning assistance for inclusive housing development
\$50,000 – Missing middle housing developer and landlord training



Expand Tax Credits and Improve Rental Housing

WHAT: Expand the successful [downtown and village center tax credit program](#) to support the improvement of rental housing in neighborhood development areas; and strengthen community flood preparedness by providing tax credits to floodproof buildings within flood hazard areas.

WHY: The downtown and village tax credits are a proven way to jump start the revitalization seen in Vermont's historic centers. These investments in community vitality support small businesses, attracts private investment, employers and workers, improves access to jobs, and increases property values. Expanding this existing program to improve rental housing would increase the supply, quality, and flood resilience of rental housing in and around Vermont's historic centers.

WHO: The proposal would help community supported enterprises, small businesses and employers, private and non-profit housing, and commercial property developers. Enhancing the tax credits to increase private investment in existing housing stock, helps attract younger Vermonters seeking housing opportunities near work, downsizing older adults wanting to live closer to shops and services, employers struggling to fill open jobs because of a lack of adequate housing, and help qualified owners flood proof their property. For municipalities, stimulating rental housing investment increases the value of the grand list, improves flood readiness, helps maintain the population needed ensure their long-term vitality and viability, and makes the operation of schools, and the repair and maintenance of municipal infrastructure, more affordable.

HOW: Amend the tax laws to enable rental properties within neighborhood development areas to qualify for downtown and village center tax credits; and expand tax credit-eligible building improvements to include flood mitigation work within special flood hazard areas.

FUNDING: Increase the cap by \$1.4M, for a total of \$4M.

For more information, please contact:

Chris Cochran: chris.cochran@vermont.gov

802-595-5410



Small Grants to Rehabilitate Rental Housing

WHAT: The Vermont Housing Incentive Program (VHIP) aims to incentivize small-scale, private apartment owners to re-invest in rental units that have been closed due to housing quality concerns. By providing grants to be matched with private investments, VHIP will allow for the owners of blighted and vacant units to make the necessary safety and weatherization improvements to increase the availability of affordable housing units to middle-income households. The program will be available to landlords with holdings of four or fewer units who agree to maintain affordable rental rates for at least five years after completion of the rehabilitation.

WHY: Vermont has some of the oldest housing stock in the country. This is especially true of our rental housing. Of Vermont's rental housing stock, 80% is more than 40 years old, and nearly half of these units are more than 80 years old.

WHO: Of Vermont's rental housing units, only 17% are subsidized or otherwise publicly supported. The remaining 83% of Vermont's rental housing stock is held by private landlords and has not benefited from recent investments made to increase our affordable housing stock. Many of these landlords are not professional property managers and are low-moderate income earners themselves.

In many areas of the state the cost of these important investments requires rental rates that are not affordable to households in the middle-income brackets. Offering small grants, coupled with attractive loan terms, has proven to be a cost-effective way to incentivize small-scale rental property owners to invest in underutilized and poor-quality housing stock. This not only adds quality rental units affordable to middle-income households but represents an important investment in the existing buildings in our communities.

HOW: VHIP will be administered by the Department of Housing and Community Development (DHCD). Modeled after a successful pilot program undertaken in Bennington, owners of four or fewer rental units can apply for grants for necessary health, safety, and weatherization improvements on vacant rental units. Grants will require a two-to-one match of private funds and the improved units are to be rented at rates affordable to households making 80% or less of the area median income. Specific application parameters and monitoring is to be determined by DHCD in consultation with the Home Ownership Centers.

FUNDING: \$1M in grant funds.



Tax Incentives to Spur Housing Investment within Opportunity Zones

WHAT: Expand the personal income tax exemption for any capital gain realized from the sale of a primary residence within Vermont's [17 federally designated opportunity zones](#) where the buyer intends to use it as their primary residence.

WHY: Vermont's housing stock is among the oldest in the nation and many Vermont communities with [federally designated opportunity zones](#) lack resources to reverse neighborhood disinvestment trends. This proposal aims to help tackle this challenge by exempting homeowner improvements from capital gains. This would promote investment new and existing residential housing stock and simulate construction activity – an important part of the economy that pays living wages and generates tax revenues. It would also enhance federal investment incentives within Vermont's 17 opportunity zones.

WHO: While the proposed tax credits and grants help rental property owners, this incentive is aimed at homeowners who sell new or improved housing within Vermont opportunity zones. This is a benefit already enjoyed by Vermonters who sell their primary residence and expanding it would help create new and rehabilitate existing owner-occupied housing in these areas. For municipalities, stimulating housing investment within the opportunity zone increases the value of the grand list, helps maintain the population needed to ensure their long-term vitality and viability, and makes the operation of schools and the repair and maintenance of municipal infrastructure more affordable. It also helps employers who struggle to fill open jobs because of a lack of adequate housing.

HOW: Amend the tax laws to exempt any capital gain included in the taxpayer's adjusted gross income from the sale of homes located within a federally designed opportunity zone sold to a person who occupies the home as their primary residence.

FUNDING: There are just under 22,000 residential parcels in opportunity zones around Vermont. Creating this exemption is expected to reduce personal income tax revenues from an estimated 300 real estate transactions. Forgone revenue is estimated at less than \$100,000.



Create Better Places Grant Program to Spark Community Revitalization

WHAT: Establish a scalable, 50/50 matching community grant program that strategically coordinates the efforts of several funders who support place-based economic development projects like walking and biking trails, public art, parks, and farmers markets.

WHY: Existing grant programs have incompatible timelines and administrative requirements which often means it can take several years to secure the funding needed to launch projects. The Better Places proposal aims to simplify the funding process by creating a one-stop-shop for funders to collaborate and provide communities a more nimble, flexible source to quickly fund, and launch local placemaking projects.

WHO: This proposal supports local leaders across the state working on projects to improve the livability and quality of life in their communities. The [new funding platform is aimed at smaller 'quick build' projects](#), that create a shared community focus, help build social capital, and empower local leaders. Tackling small projects together can restore confidence, rebuild capacity, and renew local pride of place – critical elements proven to spark larger community transformations that attract businesses, new workers, residents, and visitors to Vermont.

HOW: Through a partnership between state, nonprofit, and philanthropic organizations, the Better Places proposal utilizes an innovative 'crowdgranting' funding model to support community development efforts in Vermont's downtowns, villages, and neighborhoods. Specifically, the proposal:

- Establishes enabling legislation to create the Better Places program to accelerate local projects that improve streets and parks, walking and biking trails, and vacant properties.
- Streamlines and integrates grantmaking of multiple funders so residents, businesses, and community organizations achieve more immediate results.
- Empowers local leaders to play an active role in shaping their communities, building social capital, local pride, and community leadership.

FUNDING: \$250,000 in grant funds will leverage an additional \$250,000 from program partners and private philanthropies.

For more information, please contact:

Chris Cochran: chris.cochran@vermont.gov

802-595-5410

General Assembly Members

Senator Sirotkin, Chittenden County
Senator Cummings, Washington County
Representative Marcotte, Newport
Representative Kimbell, Woodstock
Representative Stevens, Waterbury
Representative Sheldon, Middlebury

Non-Profit Housing Developers

Nancy Owens and Kathy Beyer, Housing Vermont
Cindy Reid and Miranda Lescaze, Cathedral Square
Ludy Biddle, Neighborworks of Western Vermont
Jen Hollar, VHCB
Andrew Winter, Twin Pines Housing
Maura Collins and Seth Leonard, VHFA
Chris Donnelly and Amy Demetrowitz, Champlain
Housing Trust
Erhard Mahnke, Vermont Affordable Housing Coalition
Tyler Maas, Vermont State Housing Authority

For-Profit Housing Developers

Chris Snyder, Snyder Homes
Erik Hoekstra, Redstone Development
Katie Buckley, M+S Development

Municipal Leaders and Regional Planners

Sharon Murray, Front Porch Community Planning
Charles Baker and Regina Mahony, CCRPC
Meagan Tuttle, City of Burlington/VPA
Peter Gregory and Kevin Geiger, TRORC
Alex Weinhagen, Town of Hinesburg/VPA
Catherine Dimitruk, NRPC
Tasha Wallis and Seth Jenson, LCRPC
David Snedeker, NVDA
Steve Lotspeich, Waterbury
Dominic Cloud and Chip Sawyer, City of St. Albans
Jeff Wennberg, City of Rutland
Jessie Baker, City of Winooski
David Rugh, Stitzel, Page + Fletcher/VPA
Elaine Haney, Essex
Jim Jutras, Essex Junction
Justin Rabidoux, City of South Burlington
Charles Safford, Stowe
Peter Elwell and Sue Fillion, Brattleboro
Miro Weinberger, Burlington
William Fraser, Montpelier
Mary Ann Goulette, West Rutland

State House Advocates

Vermont Mayors Collation
Paul Bruhn and Liz Gamache, Preservation Trust of Vermont
Andrew Brewer, DRM
Kelly Stoddard Poor and Philene Taormina, AARP
Gwynn Zakov and Karen Horn, VLCT
Nancy Lynch, Vermont Association of Realtors
Tom Torti and Austin Davis, Lake Champlain Chamber of
Commerce
Adam Necrason, Necrason Group
Brian Shupe, Jon Groveman and Kate McCarthy, Vermont
Natural Resources Council
Charles Martin, Vermont Chamber of Commerce
Sandra Levine, Conservation Law Foundation
Chris D'Elia, Vermont Bankers Association
Angela Zaikowski, VT Landlords Association

Sister Agencies

Matt Chapman, Bryan Redmond, Rob Evans, and Billy Coster,
ANR
Greg Boulbol and Evan Meenan, NRB
Douglas Farnham, Department of Taxes

Others

Eli Spevak, Orange Splot, Oregon
State Treasure Beth Pearce

Better Places Stakeholders

Kelly Stoddard Poor, AARP Vermont
Michele Bailey, Amy Cunningham, and Karen Mittleman,
Vermont Arts Council
Maura Carroll and Abby Friedman, VLCT
Sarah Waring and Chelsea Bardot Lewis, Vermont
Community Foundation
Beth Rusnock, National Life Foundation
Liz Gamache and Lisa Ryan, Preservation Trust of Vermont
Jenna Koloski and Paul Costello, Vermont Council of Rural
Development
Rebecca Sandborn Stone, Bethel Revitalization Initiative
Katherine Sims, Northeast Kingdom Collaborative
Shelby Semmes, Trust for Public Land
Kate McCarthy, Vermont Natural Resources Council
Karen Yacos, Local Motion
Ben Doyle, USDA-Rural Development
Suzanne Kelley, Department of Health
Alissa Matthews, Agency of Agriculture, Food, and Markets
Jackie Cassino and Jon Kaplan, VTrans
Jessica Savage, ANR - FPR
Gary Toth, Project for Public Spaces
The states of Michigan, Indiana, and Massachusetts

For more information, please contact:

Chris Cochran: chris.cochran@vermont.gov
802-595-5410

Department of Economic Development

COMMISSIONER

Joan Goldstein

DEPUTY COMMISSIONER

Brett Long

STAFF: 22 (FY 2020)



Summary of
FY 2019 Impacts

371
NEW
VERMONTERS

\$28.1 M
VEGI GRANT
DISBURSEMENTS

\$8.9 M
TIF GENERATED
INCREMENTAL REVENUE

1,638
VERMONT EMPLOYEES
APPROVED FOR
TRAINING

FY 2019 Major Department Highlights

Remote Worker Grant Program (2019)

The Remote Worker Grant Program provides an incentive to individuals who move to Vermont and work remotely for their employers. Reimbursable expenses include moving costs and job-related expenses such as connectivity costs and specialized tools and equipment.



371

New Vermonters
(140 remote workers;
231 family members)



\$3,571

Average Grant
Amount



68

Vermont towns from
39 states and the UK



5,165

Total Application
Downloads (plus 5,344
FAQ downloads)

Vermont Economic Progress Council

Independent council of citizens and legislators that serves as an approval and authorization body for the Vermont Employment Growth Incentive (VEGI) program and the Tax Increment Financing (TIF) District program.



\$28.1 M

Qualifying Direct New
Payroll, Total (VEGI 2017)



579

Qualifying Direct New
Jobs, Total (VEGI 2017)



\$8.9 M

Total Incremental
Revenue (TIF 2018)



\$6.3 M

Public Infrastructure
Investment (TIF 2018)

Vermont Training Program (VTP)

Funding available to employers to defray a portion of the expenses of training personnel. Can be vendor training or on the job.

* Statewide median wage 6.2%



\$1.2 M

General Fund
Appropriation



60

Total Businesses
Served



1,638

Vermont Employees
Approved for Training



10.4%

Median Wage Increase
from FY18 to FY19 *

Procurement Technical Assistance Center (PTAC)

Team of 7 located throughout the state to help businesses secure contracts from local, state, and federal government.



\$840,278

Federal Award and
General Fund Match



\$168 M

Total Dollar Value of
Contracts Assisted



2,304

Hours of Counseling Time
for Client Support



3,503

Number of Contracts Won

Captive Insurance

Market to global businesses to domicile their captive insurance company in Vermont.



\$530,350

Special Funds
(FY19)



\$26.13 M

Taxes and Fees
Generated (2018)



22

Captives Licensed
(2019)



560

Number of
Active Captives

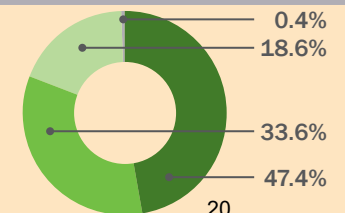
FY 2021

PROPOSED GENERAL
FUND APPROPRIATION:

\$5 M

BUDGET
\$10,467,280

- General Funds \$4,958,161
- Federal Funds \$3,518,769
- Special Funds \$1,945,350
- All Other Funds \$45,000



Fiscal Year 2021 Budget Changes by Dept. - Economic Development

By Fund					
	General \$\$	Special \$\$	Federal \$\$	Interdept'l Transfer \$\$	Total \$\$
Approp #1, Economic Development FY 2020 Approp	4,942,394	1,645,350	3,708,366	45,000	10,341,110
					-
Approp #1, FY 2020 Approp Amended	4,942,394	1,645,350	3,708,366	45,000	10,341,110
<u>Personal Services</u>					
Salary change	(7,461)	102,537	(66,483)		28,593
Fringe Benefit change	(12,480)	30,158	(33,275)		(15,597)
NBRC Capacity Award - Salary change	(33,678)		33,678		-
NBRC Capacity Award - Fringe Benefit change	(13,784)		13,784		-
Retirement Increase Allotment	3,657	1,273	2,897		7,827
Total Net Salary/Fringe Changes	(63,746)	133,968	(49,399)	-	20,823
Workers Compensation - base increase	3,171	528	673		4,372
Other Personal Services	8,004		19,314		27,318
Contracted 3rd Party Services	5,450	(21,897)	(62,679)		(79,126)
Vacancy Turnover Savings	16,287				16,287
Total Personal Services Change	(30,834)	112,599	(92,091)	-	(10,326)
<u>Operating</u>					
Internal Service Fees - base increase (Insurances, VISION, ADS Allocated Fee)	8,939	24,344	(1,869)		31,414
NBRC Dues	47,462				47,462
Net Operating changes	(8,420)	123,057	(95,637)		19,000
Total Operating Change	47,981	147,401	(97,506)	-	97,876
<u>Grants</u>					
Grant reduction - Job Zones	(1,380)				(1,380)
Grant increase - Newport Economic Development EB-5 Settlement (\$20,000 per year for 5 years). Misc Fines & Fees Special Fund (21054).		40,000			40,000
Total Grants Change	(1,380)	40,000	-	-	38,620
Total Additions/(Reductions) FY 2021 to reach Gov Rec	15,767	300,000	(189,597)	-	126,170
Approp #1 FY 2021 Governor Recommend	4,958,161	1,945,350	3,518,769	45,000	10,467,280

GROWING THE ECONOMY

Helping Job Creators Survive & Grow

Technology Based Economic Development (TBED)

Program



- **WHAT:** This proposal would create a Technology-Based Economic Development (TBED) program to strengthen Vermont’s economic base by creating a climate where technology-based businesses can thrive. This program would:
 1. Help provide Vermont small businesses doing R&D research an advantage in applying for federal Small Business Innovation Research (SBIR) grants;
 2. Help accelerate a business’s time to market by providing matching grants to companies awarded federal SBIR grants;
 3. Create greater collaboration between industry and higher education in order to keep our existing tech and advanced manufacturing companies relevant in an ever-changing global market; and
 4. Ensure a healthy pipeline of new technologies coming out of our research institutions and further our goal of seeding more high-tech companies in Vermont by providing grant support to early stage technologies with commercial potential.

- **WHY:** The opportunity exists for Vermont to take a long-term view towards strengthening its economic base by creating an environment where technology-based businesses can thrive. Vermont has an opportunity to tip the scale towards technology and advanced manufacturing sector jobs with higher than average wages.

- **WHO:** The TBED Program will help Vermont small businesses looking to commercialize new technologies developed through research and development activity. It will help existing tech and advanced manufacturing companies in Vermont remain relevant in the market by strengthening collaboration between industry and higher-ed. And in the long-term it will help Vermonters who want the opportunity to work at companies on the cutting edge of innovation. This will help raise the median wage, lower the overall tax burden, and keep Vermont competitive in the national and global economies. For example:

Whiteout Solutions, Lyndonville: Christine Heinrich and Matt Clark, co-founders of a Lyndonville based technology startup were interested in applying for an SBIR grant through the USDA to further development of their custom software and machine learning technologies. Their software combined with remote sensing technologies deployed on UAV’s has multiple applications that would be useful to the forestry and wood products industry. Unfortunately, they lacked the experience required to navigate the federal SBIR grant process. They would have greatly benefited from the technical assistance that would be available through our TBED proposal and the matching grants to accelerate their time to market.

Benchmark Space Systems, South Burlington: Ryan McDevitt co-founded Benchmark Space Systems to provide the most cost-effective propulsion solution for small scale satellites. The technology is based on research the co-founders were working on as researchers at the University of Vermont. Since leaving UVM to found their company, they have been able to successfully apply for a phase I and phase II SBIR grants through the United States Air Force to further development of their satellite propulsion technology. These SBIR awards have brought over 700 thousand dollars to the company, helped them raise over \$2mm in private investment and they have grown the business to 11 employees, several of whom are recent UVM grads and others they've attracted from out of state with significant experience working large aerospace contractors. Vermont is now home to a company on the cutting edge of what's been estimated to be a 20-billion-dollar industry. We hope to help cultivate more companies like benchmark through our TBED proposal.

- **HOW:** The Administration has shared enabling legislation with the House Commerce and Senate Economic Development Committees.
- **FUNDING:** The Governor's proposed budget directs \$1,000,000 to the ThinkVT Innovation Fund to support this work.

###

GROW THE ECONOMY

Revitalizing County Economic Centers Project Based Tax Increment Financing



- **WHAT:** The creation of a program that enables Vermont’s rural communities to be approved to use municipal and education tax increment from select parcels to fund qualifying infrastructure projects (i.e.; stormwater, wastewater, brownfield remediation and redevelopment, transportation enhancements) that will spur specific private development. This tool will provide the gap funding to get necessary public improvement projects over the finish line that otherwise wouldn’t be able to move forward.
- **WHY:** This program is sized for rural communities. TIF District designations have been a powerful tool for our regional economic drivers but the required level of planning and execution on a larger scale can be difficult especially for smaller communities. This new program will expand the opportunity for financing public improvements with tax increment more equitably to rural communities. Project based economic development will be simpler and easier to implement, administer, and monitor – and will allow rural municipalities around Vermont, where we know development is the hardest, to advance key community driven development and redevelopment opportunities.
- **WHO:** Small, rural communities, rural industrial parks, village centers and downtowns who are outside of a designated TIF district. Communities that are looking to spark economic development and redevelopment in their communities and have a project that needs funding to do so.

The small town of Westford has a population of 2,200. Their designated village center has a stagnant grand list and they struggle to create a sense of place for its citizens with a center that is underutilized and underdeveloped. The barrier is a lack of wastewater capacity. Westford has invested in the land to build a wastewater facility and done the necessary planning and design. They know the cost and have identified resources that could help pay for this project, but they know that there will be a gap and the small community cannot afford the user fees that it would take to bridge that gap. If the community could use incremental tax revenues from the three parcels in the Village Center that are targeted for private development, they could successfully complete this project.

- **HOW:** Infrastructure improvements increase the value of the property. The increase value produces additional increment to fund the improvements.
- **FUNDING:** While the infrastructure debt is being repaid, the entire Original Taxable Value, or base level of annual property taxes generated within the District goes to the Education Fund. For Districts created and approved by VEPC after 2017, up to 70 percent of the increased property tax revenue is retained by the municipality to finance infrastructure

debt. A minimum of 30% of the increased revenue is sent to the Education Fund. After 20 years, the grand list value of the properties within the TIF District are substantially increased because the infrastructure investment supports and enables increased private sector investment. From that point forward, the base and the entire increase in property tax revenue are paid to the Education Fund in perpetuity.

###

GROWING THE ECONOMY

Helping Job Creators Survive & Grow

Vermont Investment Incentive Program



-
- **WHAT:** The creation of a new “investment incentive” program. Modifications to Vermont’s current business incentive language, will allow businesses with at least 100 employees, who are also targeting \$20 million in capital expenditures or more, to apply for a “investment incentive.”
 - **WHY:** As large businesses invest in their capital equipment and expansion of facilities they may not necessarily need to or are able to add to their current headcount. This new incentive would help Vermont retain these large businesses, maintain significant payroll and economic value and encourage concurrent capital improvements in the predominantly rural reaches of the state.
 - **WHO:** These firms are located within virtually all Vermont counties and are the anchor businesses in Vermont’s rural towns – providing integral economic and workforce support. Many of the companies eligible for this program are multi-state and multinational firms, and this is intended to incentivize the corporate headquarters of these firms to continue to make investments here in Vermont, rather than those other states.
 - **HOW:** Enabling legislation has been shared with the House Commerce and Senate Economic Development Committees.

Firms with at least 100 employees and who are poised to spend at least \$20mm in capex over the next 5 years would be eligible. The business is required to maintain (within 10%) their base payroll in order to stay active in the program. Authorization for the for the incentive will be based on modeling, and then capex targets will be required to be met and maintained.

- **FUNDING:** \$3,000,000 is included in the Governor’s proposed budget.

###

GROW THE ECONOMY

Helping Job Creators Survive & Grow

Clean Grid Optimization Acceleration



- **WHAT:** Encourage companies that focus on energy storage, demand control, grid monitoring, distributed generation and generation control to start and grow in Vermont.
- **WHY:** As the Vermont Council on Rural Development’s Vermont Climate Change Economy Council stated: “Vermont has a tremendous opportunity to systematically advance economic activity that addresses the challenge of climate change by reducing and mitigating carbon impacts while spurring innovation and creativity, encouraging entrepreneurship, attracting youth and building jobs for the future.” Vermont’s mix of start-up and mature clean grid companies, a grid-optimization-enabling regulatory environment, and a collection of clean grid-savvy utilities make the sector an obvious target for growth.
- **WHO:** An example of potential benefiting firms include:
 - Packetized Energy: A small 10-person, Burlington-based firm that evolved out of the University of Vermont is poised to revolutionize virtual battery storage – using software and smart appliances to better manage energy usage.
 - Northern Reliability: The Waterbury-based company employs 21 people making energy storage systems for customers across the globe.
 - Dynapower: Employing approximately 200 people in South Burlington, the firm specializes in power conversion solutions – including energy storage systems.
- **HOW:** The Clean Grid Optimization Acceleration package would encourage companies to start and scale here by making research and development activities eligible for a fully-refundable research and development tax credit; encouraging these companies to grow here by providing \$2 million in capital and technical assistance; encouraging climate economy corporations to do business here by eliminating the corporate income tax; and creating a pilot program that enables these companies to deploy their technologies in cooperation with utilities. The mix of incentives balances retention and recruitment, targeting non-Vermont businesses for recruitment and incumbent growth stage businesses operating in Vermont - where most of the job creation is likely to happen.
- **FUNDING:**
 - \$2 million in one-time funding for the Agency of Commerce and Community Development to create the innovative capital special fund
 - \$250,000 in one-time funding to support pilot projects that expand grid optimization technologies
 - \$500,000 in deferred annual revenue to fund and cap the R&D tax credit
 - \$400,000 in deferred annual revenue from corporate income tax from new and existing clean grid optimization companies operating in Vermont

Department of Tourism and Marketing

COMMISSIONER

Heather Pelham

STAFF: 9 (FY 2020)



Summary of 2018 Impacts

13.5 M

AVERAGE ANNUAL VISITORS

\$2.9 B

VISITOR SPENDING

\$374 M

TAX REVENUE GENERATED

\$1,457

TAX SAVINGS TO EVERY VERMONT HOUSEHOLD

32,484

JOBS IN THE TOURISM INDUSTRY

2018 Economic Impact

Tax Revenue

Vermont's tourism industry is a crucial part of our economy. The tax revenue tourism generates contributes to the General Fund and reduces the tax burden on Vermont residents. The total tax revenue generated includes rooms and meals, sales and gasoline taxes attributed to visitors, income tax from Vermonters employed in the sector, and property taxes paid by second-home owners.



\$113 M

Rooms and Meals Tax Revenue Generated by Tourism Activity



\$374 M

Total Tax Revenue Generated by Tourism Activity



\$1,457

Tax Relief Per Year Per Vermont Household from Tax Revenue by Visitor Spending



100%

Percentage of Vermont Households Benefited (256,629 Households)

Visitation

Tourism visitation consists of guest activity at attractions, outdoor recreation, and lodging and dining establishments. Data shows that visitation trends remain strong, bringing economic activity to communities throughout the state and improving the bottom line of thousands of local businesses.



13.5 M

Visitors (includes overnight, day and drive-through visitors)



\$2.9 B

Visitor Spending at Attractions, Lodging and Dining Establishments



8.1 M

Overnight Stays (lodging, second homes, campgrounds and family)



42%

Visitors Who Stay in Overnight Lodging (30% stay in second homes)

Employment

Visitor spending supports the salaries of over 10% of Vermont's workforce. Tourism generates personal and business income that circulates through our communities via day-to-day commerce at local businesses. Tourism-related jobs include occupations in over 30 NAICS classifications and self-employment.



32,484

Jobs in the Tourism Industry



\$1.1 B

Wages Paid in the Tourism Industry)



10%

Percentage of Vermont's Workforce

Reach

Local businesses throughout the state, from cheesemakers to breweries to farm operations, in addition to attractions, outdoor recreation, lodging and dining establishments, benefit from visitor spending, impacting communities statewide. Resources such as the Stay and Play Directory and Events Calendar on VermontVacation.com help individual properties and communities reach the largest possible audience.



900+

Vermont Businesses Listed in the VermontVacation.com Stay and Play Directory



3,861

Events Posted on the VermontVacation.com Events Calendar (FY19)



2,560

Number of Event Venues Represented on the Events Calendar (FY19)



236

Vermont Communities Represented in Events Calendar

FY 2021

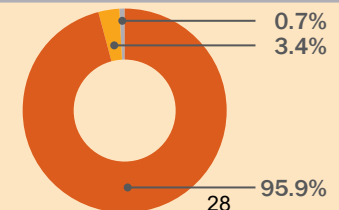
PROPOSED GENERAL FUND APPROPRIATION:

\$3.6 M

BUDGET

\$3,597,399

- General Funds [operational] \$3,450,932
- Pass-through Grants \$121,880
- All Other Funds \$24,587



Fiscal Year 2021 Budget Changes by Dept. - Tourism and Marketing By Fund

	General \$\$	Interdept'l Transfer \$\$	All other \$\$	Total \$\$
Approp #1 Tourism and Marketing: FY 2020 Approp	3,083,118	4,587	-	3,087,705
				-
Approp #1, FY 2020 Approp Amended	3,083,118	4,587	-	3,087,705
<u>Personal Services</u>				
Salary change	24,235			24,235
Fringe Benefit change	21,577			21,577
Total Salary/Benefit base change	45,812			45,812
Salary change - FY20 new position from position pool	54,705			54,705
Fringe Benefit change - FY20 new position from position pool	39,708			39,708
Total Salary/Benefit FY20 new position from position pool	94,413			94,413
Retirement Increase Allotment	5,374			5,374
Salary change - VDTM Restructuring - shift from ACCD Administration	252,834			252,834
Fringe Benefit change - VDTM Restructuring - shift from ACCD Administration	144,791			144,791
Total Salary/Benefit Shift from ACCD Administration	397,625			397,625
Total Department Salary/Benefit Change	543,224	-	-	543,224
Workers Compensation - base increase	1,638			1,638
Workers Compensation - VDTM Restructuring - shift from ACCD Administration	774			774
				-
Contracted 3rd Party Services - VDTM Restructuring - shift from ACCD Administration		20,000		20,000
Contracted 3rd Party Services	5,261			5,261
				-
Total Personal Services Change	550,897	20,000	-	570,897
<u>Operating</u>				
Internal Service Fees - base increase (Insurances, VISION, ADS Allocated Fee)	10,100			10,100
				-
Net Operating changes - VDTM Restructuring - shift from ACCD Administration	23,596			23,596
Net Operating changes	(94,899)			(94,899)
Total Operating Change	(61,203)	-	-	(61,203)
Total Additions/(Reductions) FY 2021 to reach Gov Rec	489,694	20,000	-	509,694
Approp #1 Tourism and Marketing FY 2021 Governor Recommend	3,572,812	24,587	-	3,597,399

GROW THE ECONOMY

Revitalizing County Economic Centers

Increase Overall Funding for State Marketing of: Economic Development, Tourism and Outdoor Recreation



- **WHAT:** Increase the State’s investment in selling Vermont as a place to live, work and play by \$1,000,000.
- **WHY:** Vermont has the smallest tourism and marketing budget in New England, the second smallest tourism budget in the country, and no on-going budget for economic development to market the state to businesses and potential residents. Vermont’s tourism industry brings \$2.8 billion into our economy and supports 32,000 jobs, nearly 10 percent of the state’s workforce. In 2017 the sector contributed \$391 million in tax revenue – the equivalent of a \$1,450 reduction in tax costs per Vermont household. Additionally, hunting, fishing and related activities contribute roughly \$117 million Vermont’s Gross Domestic Product. Increased resources for marketing would allow the Agency of Commerce and Community Development (ACCD) to scale targeted advertising to bring visitors and potential residents to the state, promote our fishing and hunting opportunities to support the stewardship of our natural landscape, launch new recruitment tools on ThinkVermont.com to help reverse our state’s demographic slide and embark on more onsite activation and earned/owned media activities to make the case that Vermont is the ideal place to live, work, recreate and do business.

It would also allow the Departments of Fish and Wildlife and Forests Parks and Recreation, in coordination with ACCD, to expand a current digital marketing campaign encouraging Vermonters and visitors to engage in outdoor recreation, an effort which is already showing results, for example in increases in non-resident fishing license sales. This effort will encourage State Parks visitation through targeted direct marketing to ensure a continuation of recent record levels of attendance, as well as encourage use of parks not yet operating at full capacity.

- **WHO:** An increase in the investment of marketing funds will allow ACCD to support existing businesses, attract new businesses and expand Vermont’s workforce by attracting and retaining people to the state. An increase in funding to market Vermont as a global tourism destination will attract more visitors, bring economic activity to our rural communities and sustain our iconic brand. An increase in the ability to conduct outreach campaigns will tout and promote Vermont’s quality of life, including our great schools and outdoor recreation opportunities, and expanded partnerships with colleges and universities, will help connect employers with available employees and convert visitors to residents.

Smaller, locally owned businesses benefit disproportionately from the marketing of Vermont's hunting and fishing opportunities, and from visitations to Vermont's State Parks. That is because these activities typically occur in more rural and isolated parts of the state where economic opportunities have historically lagged.

- **HOW & FUNDING:** The Governor's proposed budget includes a \$1,000,000 appropriation in the Agency of Commerce and Community Development's base budget for FY21.

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