



Background

Act 194 of 2017 recognized that industrial development is a key factor in the health of rural economies and charged the Agency of Commerce to study ways to promote industrial park development. To understand the challenges for rural industrial development, the Agency convened a working group and led outreach efforts that identified effective regulatory and financial incentives. The working group met five times between June and November. They:

- Evaluated the regions' future land use plans;
- Mapped important industrial development-serving infrastructure;
- Surveyed Vermont's Regional Planning Commissions and Development Corporations on regional needs and priorities;
- Studied three rural industrial parks as development case studies;
- And issued a [report](#) to the General Assembly.

Working Group

- Department of Housing and Community Development
- Department of Economic Development
- Natural Resources Board
- Agency of Natural Resources
- Regional Development Corporations
- Regional Planning Commissions
- Town of Johnson (municipal representative)
- Department of Public Safety
- Vermont Natural Resources Council
- Vermont Economic Development Authority

Key Findings

- **Industrial Jobs Are Good Jobs.** Manufacturing offers jobs with higher wages and salaries than many other sectors; the average annual manufacturing wage in Vermont was \$58,004 compared to \$46,186 for all sectors (2017).
- **Business-Ready Sites Are Scarce.** The regions report that turn-key industrial buildings in locations served by water, wastewater, and other infrastructure are in highest demand. Opportunities are missed when these sites are not readily available.
- **Industrial Parks Grow Opportunity.** Industrial parks are important to regional economies and reflect real opportunities and shared priorities to grow small, medium, start-up, entrepreneurial, and locally owned production, processing, warehousing, distribution, and repair industries, such as farm and food products, artisanal makers, renewable energy technologies, and forest products.
- **Start-ups Need a Leg Up.** Obtaining construction approval and absorbing permit costs can be unfamiliar and challenging for start-ups and small-to-medium firms, especially if Act 250 criteria findings have not been previously addressed by an industrial park's master plan permit.
- **New Incentives Are Needed.** The existing master plan permit allows an applicant to obtain as many or as few findings as possible for large and complex projects (like industrial subdivisions), but it does not provide compelling incentives to pre-clear criteria earlier in the process – which would make development more predictable, less time consuming, and less costly.

Recommendations

The working group recommends minor changes to Act 250, Natural Resources Board rules, development fees, and funding incentives that uphold Vermont's environmental values and turn untapped potential into business-ready industrial park sites across the state.

- 1. Permit Amendment Process:** Update [NRB Rule 21](#) (Master Plan and Partial Review) to state that if the District Commission has issued affirmative findings on all criteria in a master plan permit, and a subsequent phase remains within the impact budget and the time period specified by the master plan permit for build-out, then the default procedure is that the permit amendment for construction approval will be processed as an administrative amendment.
- 2. Master Plan Permit Benefit for Existing Industrial Parks:** Modify [NRB Rule 21](#) (Master Plan and Partial Review) to state that an applicant may seek a master plan decision regarding future phases of a phased development even if some portion of the development has already been built, provided that the existing development complies with Act 250.
- 3. Permit Fees:** Amend the Act 250 [fee statute](#) to clarify that the fee for review of a master plan permit application is limited to \$0.10 per \$1000 of total estimated construction costs. The full permit fee of \$3.12 to \$7.40 per \$1000 would only be assessed at the time and to the extent the applicant seeks construction approval.
Establish a more robust process for permit fee reduction requests that includes specific criteria to reward best practice, time limits, and appeal rights.
Authorize fee refunds if construction costs come in below the initial estimates on which the fee was based.
Provide the Agency of Natural Resources and the Department of Public Safety similar authority to provide a developer utilizing the Act 250 master plan permit process with a fee rebate.
- 4. Funding for Pre-development Costs:** Enable VEDA to provide developers of rural industrial parks with predevelopment loans through VEDA's industrial park loan program ([10 V.S.A. §231](#)). Developers would receive loans with deferred principal payments for pre-development costs associated with the Act 250 master plan permit process. Loans would be repaid when a portion of the park is sold by the developer.
- 5. Commitment to Broad Economic Challenges:** Sustain and expand efforts to meet the broad economic challenges identified as constraints to industrial development in Vermont, including: workforce availability, affordable housing access, social problems, childcare access, and affordable capital.

