2022 LEGISLATIVE SESSION
RDCs of VT Priorities

The Regional Development Corporations of Vermont have been at the forefront supporting businesses navigating these unprecedented times. A clear lesson is that businesses will innovate and adapt to survive. The degree to which we support their efforts, by providing the tools they need and avoiding additional burdens, will largely determine how our economy recovers in the coming years. The RDC's have identified specific areas where we feel the State and their partners can effectively provide support that will accelerate growth and drive innovation.

1. Funding Priorities for a Recovering Economy:

Workforce Recruitment and Development: The availability of a robust and skilled workforce to fill existing and future employment vacancies remains a challenge and an ongoing impediment to economic resiliency and growth in Vermont. Training alone will not make the difference. We need to bring more potential workers to Vermont and develop creative solutions to re-engage those who have chosen to or are forced to disengage from the workforce. The RDCs of Vermont have applied to the EDA's Good Jobs Challenge. The proposal will provide capacity at each RDC to better connect employers, training providers, and wrap-around services to all potential employees to fill open positions. The RDCs encourage state investment in this regionally managed workforce system through an increase in the RDC annual grants to fund workforce navigators for each region to undertake activities outside the potential EDA grant including regional relocation efforts, immigration and refugee resettlement, Pipeline & Pathways programs, and Stay-to-Stay and Welcome Wagon programs.

RDC Base Funding: The RDCs of Vermont are extremely grateful to the General Assembly and the Administration for the state grants that partially support our operations. We also appreciate the NBRC funding added to our grants in FY22 to support creation of regional priority project lists. However, the base state grants to RDCs have remained level for almost 10 years while demand for services at the regional level has substantially increased and we are being asked to take on additional responsibilities. The RDCs respectfully request that the base funding for the RDC grants be increased from $108,508 to $200,000 per RDC per year by FY25. The proposal would increase total funding to the RDCs, through the ACCD budget, from $1,302,096 in FY22 to $2,400,000 in FY25.

Workforce Housing: Housing continues to be a critical need for Vermont's workforce, imposing another barrier to the recruitment of families and workers to Vermont. Workforce housing development for our teachers, manufacturing, healthcare, and other workers continues to lag behind demand. Funding should be increased for the development of affordable workforce housing (in addition to subsidized housing) and for innovative programs such as Financial Institution-Business partnerships that provide down payment assistance to workers. Also, Act 250 requirements should be relaxed or waived for workforce housing planned for state designated areas through changes such as the municipal pre-approval provisions suggested in H.278.

Childcare/Early Childhood Education: Safe, reliable childcare and education must continue to be a priority for policy makers. The ability of business to maintain a workforce relies on available, accessible, and affordable early childhood education and childcare programs. This is also a key investment in the future generation of Vermonters and economic growth. The RDCs of Vermont support the 2022 Let's Grow Kids policy agenda.

2. Priorities for Business Resilience and Growth:

Extend and Increase the New Relocating Worker Program: The Relocating Worker Program is the only program Vermont offers to attract new workers to Vermont. The RDCs of Vermont support extending this program and adding funds to it in the next budget. Also, make the program more flexible by eliminating the use of a static occupational list to determine eligibility.

Enact Changes to Direct lending Program Requested BY VEDA: VEDA has suggested several productive changes to the Subchapter 5 lending program, including increasing the maximum loan size and expanding the eligibility criteria. These changes will assist with COVID-19 recovery and rebuilding and contribute to overall economic growth. The RDCs strongly recommend approval of these changes that will expand our economic development toolbox.

Remove the Tax on Military Pensions: The RDCs support the termination of the tax on military pensions. This measure would assist businesses to retain and recruit the critical military retiree demographic in the workforce.

Reduce Tax Complexity for Manufacturing Inputs: The RDCs support expanding the sales and use tax exemption for manufacturing machinery and equipment to exempt equipment that is part of an integrated production process, as proposed by H.437.

Add funding to and Amend the Capital Investment Program: The RDCs were pleased that the General Assembly funded one round of the CIP at $10.5 million. The first round was very oversubscribed, and some great projects will not get funded. We request that another $30 million be allocated in FY23 and that the cost-benefit modeling be converted to one of the factors in the grant decision process instead of the net revenue benefit being used as the grant amount determinant.

Extend the Energy Savings Account program: The program expires at the end of fiscal 2022. The RDCs of VT recommend that this program be extended or made permanent. This pilot has proven to be highly effective, reducing the cost of energy efficiency projects for major employers. The businesses involved see a quicker payback on energy investments through this program and the State experiences accelerated carbon reduction. The pilot pointed out some adjustments that need to be made including more flexible deadline (primarily due to supply chain disruptions) and the possibility of developing a "credit" account so that investments can be made ahead of the accumulation of power charges.

Project-based TIF: Many smaller municipalities have single development/redevelopment projects that could benefit from the Tax Increment Financing model, but they do not have the staff capacity, nor do they need to establish a TIF District that encompasses an entire state designated area. Project-based TIF allows smaller communities to accomplish important, transitional economic and community development projects that add incremental property tax revenue and new jobs. The RDCs encourage the enactment of the Project-based TIF concept.

Vermont Employment Growth Incentive (VEGI): The VEGI program is one of the few business and employment growth incentive programs Vermont offers. The RDC's of Vermont encourage thoughtful consideration of statutory changes to improve program transparency and appropriate access to program data and information, while protecting the integrity of the program and proprietary business information. This could include incorporating information into the VEPC Annual Report that provides detail on the incentive amounts paid to a company that met program targets. The RDCs also recommend decoupling the VEGI Wage Threshold from the state's Minimum Wage and choosing a different metric for the program wage requirement, such as the wage requirement used for the Vermont Training Program.