

Vermont Legislative Joint Fiscal Office

One Baldwin Street • Montpelier, VT 05633-5701 • (802) 828-2295 • Fax: (802) 828-2483

DRAFT-FISCAL NOTE

Date: March 16, 2021

Prepared by: Graham Campbell

H.159: An act relating to creating the Better Places Program – As Passed by House Commerce and Economic Development

<https://legislature.vermont.gov/Documents/2022/WorkGroups/House%20Commerce/Bills/H.159/Drafts,%20Amendments,%20and%20Legal%20Documents/H.159~David%20Hall~%20Draft%2008.1,%2003-12-2021,%20As%20Recommended%20by%20the%20Committee%20on%20House%20Commerce%20and%20Economic%20Development~3-12-2021.pdf>

Summary

The bill creates, alters, or provides funding for many economic development programs in the State. It makes a number of appropriations, including but not limited to tourism promotion, the creation of a new technology based economic development program, a microbusiness business development program, a BIPOC business network program, and Vermont State Colleges scholarships. The bill also creates a Better Places Program within the Department of Housing and Community Development designed to improve public spaces within communities. Finally, the bill expands the existing Downtown and Village Center tax credit program by increasing its annual cap and expanding the program to Neighborhood Development Areas (NDAs).

Fiscal Impact

The fiscal impact of the bill is largely associated with the appropriations in the various sections as well as the expansion of the Downtown and Village Center Tax program in sections 8 and 9.

Appropriations: \$26.175 million in FY2022

The bill makes a number of appropriations in FY2022 from the General Fund.

Section 1 appropriates \$1 million from the General Fund to the Department of Tourism and Marketing for the promotion of Vermont's tourism industry.

Section 2 appropriates \$1 million from the General Fund to the Agency of Commerce and Community Development to develop a Technology Based Economic Development Program.

This appropriation is divided between the following:

- \$200,000 to provide technical assistance to first-time applicants pursuing a federal SBIR or STTR grant.

- \$400,000 to provide a 50 percent State matching grant, up to \$50,000, for businesses that receive a receive a federal SBIR/STTR Phase I or Phase II grant.
- \$200,000 for a matching grant to Vermont businesses that purchase technical assistance from Vermont higher education institutions.
- \$200,000 for a pass-through grant to the University of Vermont Office of Engagement.

Section 4 appropriates \$75,000 to the Vermont Department of Labor from the General Fund to hire a consultant on or before September 2021. The consultant is tasked with the design, implementation, and costs of an integrated postsecondary career and technical education system.

Section 15 appropriates \$300,000 for the Agency of Commerce and Community Development for a two-year contract with a foreign trade representative to improve Canada-Vermont business ties.

Section 16 of the bill appropriates \$20.5 million to the Vermont State College System for a number of different scholarship programs including:

- \$4 million to provide scholarships Vermonters transferring from out-of-state institutions or returning to school after exiting in 2020–2021. These scholarships vary depending upon the status of the student at a VSC institution.
- \$3 million to provide scholarships for individuals who have completed some amount of schooling but are seeking to finish their degrees.
- \$2 million in scholarships for graduate students completing degrees in education or mental health counseling.
- \$2 million for scholarships for undergraduates majoring in education or allied health.
- \$5.5 million for full tuition scholarships for students majoring in critical occupation majors.
- \$3 million in scholarships for Vermonters whose employment was impacted by the COVID-19 public health emergency.

Section 17 appropriates \$2.2 million for the creation of a microbusiness development program within Department for Children and Families, Office of Economic Opportunity.

Section 18 appropriates \$100,000 is appropriated from the General Fund to the Agency of Commerce and Community Development to convene BIPOC businesses, organizations, and community leaders.

Section 20 appropriates \$1 million for the Entrepreneurs Seed Capital Fund for early stage risk capital for Vermont businesses that have experienced economic disruption from the COVID-19 pandemic.

Tax Expenditures: \$1.75 million reduction in FY 2022 General Fund revenues

Sections 8 and 9 make alterations to the Downtown and Village Center Tax credit program.

Section 8 expands eligibility for the credits beyond designated downtowns and village centers to Neighborhood Development Areas (NDAs). The expansion of the eligibility itself is not estimated to reduce revenues because the amount of tax credits that can be issued per year is still limited.

Section 9 increases the annual cap for the program from \$3 million to \$4.75 million. Tax credits available to NDAs are limited to \$750,000 per year. **This section is expected to reduce General Fund revenues by \$1.75 million in FY2022 and in future years.**