

Representative Michael Marcotte
Chair, House Committee on Commerce and Economic Development
CC: House Committee on Commerce and Economic Development
Vermont State House
115 State Street
Montpelier, VT 05633-5301

February 25, 2021

Chair Marcotte,

Thank you for the opportunity to discuss with you the numerous economic development proposals your committee is considering. For the purposes of this testimony, our testimony is based on [draft request 21-0863 – draft 1.1 by David Hall dated 2/16/2021- 07:37 PM](#). For ease of testimony, we've categorized our testimony into three categories;

- Tourism and marketing
- Downtown development
- Workforce, talent, and business development

Tourism and Marketing

We are supportive and appreciative of the findings in Section 1 as well as the proposal in Sections 2-4 of the draft creating the **Tourism Marketing and Promotion Fund** and seeding it with \$1 million. As you know, the Lake Champlain Chamber has long been a proponent of making investments in our destination marketing efforts.

We see tourism and destination marketing from a holistic picture involving developing relationships with individuals outside of Vermont, bringing them here for work or play, and maintaining that relationship to relocate the person or business interests to the state eventually. From our perspective, Vermont has been living off the interest of early earned, paid, and incidental marketing and a concerted effort must be made to catch up to the marketing efforts of competing states who in recent years have invested heavily in destination marketing.

The proposal in Sections 2-4 represents a very modest step in that direction by utilizing 69% of meal and rooms tax revenues above targets. Such a fund is long overdue, and we are

excited by the prospect. We would note that we particularly like this method of funding new items, a counter-cyclical method in which programs are paid into during good times, which we have put forth in other proposals over the years.

Finally, as a side note, we know this is not ready for prime time, however, we would like to work with this committee following this session to discuss future legislation enabling municipal charter changes to create **Tourism Investment Districts**, as some of our competing markets have done.

Downtown development

Vermont's downtowns are key to the future of our brave little state's vitality, and we would say are crucial to meeting the state's environmental goals. We'd like to take a moment to appreciate you including the \$25 million that the Governor proposed for brownfield mitigation in your appropriations letter. **Brownfield** mitigation is an integral part of downtown revitalization and a significant hurdle to infill in many locations.

The pieces of legislation incorporated into this bill and present in H.84, H.129, and H.159 are essential to creating and sustaining vibrant Vermont downtowns.

We've been a longtime proponent of the **Better Places Program** (also contained in H.159) established and funded in Sections 12 and 13 as we agree with the findings of Section 11. The funds will be particularly important as Vermonters who have done a fantastic job avoiding public spaces this last year, and are now suffering from mitigation fatigue, seek to experience new liberty afforded by the vaccine. We foresee this place-making program assisting in the still necessitated COVID risk mitigation while also making investments in our communities that will last beyond the pandemic.

Similarly, we are supportive of the provisions of Section 16, expanding eligibility for **downtown tax credits** to neighborhood development areas (NDAs), and the reasonable and modest increase in the cap for these credits contained in Section 17.

Not included in the draft legislation I am working on are provisions related to **project-based tax increment financing (TIF) districts** in H.129, which we were also asked to speak to today. We support this proposal on the basis that extending eligibility to this tool to smaller communities is a form of equitable economic development. I would add many communities in our region, including my home community, have greatly benefited from

TIF districts. A scaled-down, more approachable form of the program will make the benefits of TIF more available to smaller communities.

All of these items together set up our downtowns for success and make for a great package. To that end, we think there is one more piece to the puzzle germane to the bill that you might consider, **removing areas of enhanced designation from Act 250's jurisdiction.** Such a change would help communities capitalize on all of these proposals as they quickly move to revitalize and recover from the pandemic by building affordable housing and dense, walkable downtown. This narrow change to Act 250 is pretty ubiquitously agreed upon; however, it keeps getting hung up in the larger Act 250 debate. We would assert that this narrow change brings with it positive environmental benefits by driving development into downtowns with plenty of reviews and therefore is less suited to a conversation in the natural resources committees and better suited to economic development and housing committee. Given that, this would be a reasonable adjustment to move separately from the larger Act 250 discussion.

Workforce, talent, and business development

We see no issues with the **Relocated Worker Program** changes, consolidated under Sections 7-10, and including it in base funding. We'd suggest taking this opportunity to eliminate the wage requirement, reference to occupation lists, and location criteria. Every corner of the state, every occupation, and jobs at every wage level need people. We understand that there is a desire to exclude our state's larger, more metropolitan areas, specifically the Lake Champlain Region, however, there is a body of research that points to human migration being tied to such areas and having spillover effects to the surrounding area.

Finally, we want to extend a warm welcome, and all of these complicated criteria are not the warm welcome we hope to extend. The Lake Chamber does a great deal of relocation work and our primary concern is always the needs of the relocated individual; this objective requires collaboration across the state to find them the best fit.

We might suggest that while these funds are typically administered on a first-come-first-serve basis, we'd suggest holding a portion of the available funding specifically for BIPOC people to relocate to our state. For reasons we've previously discussed around economic recovery grants, a first-come-first-serve program is potentially not conducive to equitable access to this community. Such a change may help Vermont attract further diversity. I think that the Administration will request that as well.

We are supportive of the **International Business Attraction and Investment Program** established in Section 21 and funding under at a modest \$300,000 in Section 22. The Lake Champlain Chamber has a long track record of engaging with our neighbor to the north and spoke with this committee about the more urgent need to rekindle relationships with this trade partner after the border is reopened. Ideally, we would see additional funding and FTEs to include a full scope of trade, cultural, tourism, and workforce outreach across the border.

As many of you know, the Lake Chamber has done a great deal of work in this area over the last decade and we're building increasing movement before the pandemic, established good relationships in Montreal with Canadian companies, bringing jobs to the NEK, hosting business-to-business meetings for companies across the border, and leading trade missions based on value-added and clean technology to compete with the Plattsburgh market as a landing location for Quebec companies.

There is no shortage of opportunity when we look to the north and the Lake Chamber is interested in exploring navigators in the future that can bridge similarly subtle cultural differences that can make a difference in attracting FDI and satellite presences for Quebecois companies. We especially look forward to infrastructure issues around the border crossing and transportation being resolved in the near future.

One item not in the bill which I would like to touch on is that of the **Vermont Seed Fund Recapitalization**. Over the past decade, the Lake Champlain Chamber has maintained a close relationship with the Vermont Center for Emerging Technologies and this fund has been a complementary effort to our programming for start-ups and tech innovation such as the Launch VT program. The impressive way this capital has been able to leverage funds will especially be needed in the coming years as the need for early-stage capital will be even more important to the Vermont ecosystem as investors have understandably become more risk-averse.

We are excited at the prospects of the **Technology-Based Economic Development** proposal in Section 14 and funded in Section 14. Many entities such as the Lake Champlain Chamber's Launch VT program and VCET, as previously discussed, have been involved in efforts to commercialize new technologies. We look forward to the Department of Economic Development and the University bringing such stakeholders in the process to complement the existing ecosystem of Vermonters attempting to attract, retain, and create the anchor employers of tomorrow.



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In conclusion, thank you again for the opportunity to discuss with you the numerous economic development proposals your committee is considering. We see all of these proposals as a fantastic use of one-time funds to seed funds that will have long-lasting impacts and make infrastructure investments that will help Vermont's recovery from the pandemic and parallel recession.

Sincerely,

A handwritten signature in black ink, appearing to read "Austin Robert Davis".

Austin Robert Davis
Government Affairs Manager