

Senate Committee on Economic Development, Housing, and General Affairs Meeting Notes
Week of 2/4/2022 to 2/10/2022

Friday 2/4/2022

S.202 An act relating to supporting creative sector businesses and cultural organizations

- Legislative counsel David Hall walked the committee through the language of S.202.
 - The bill provides \$17.5M of ARPA fund money to implement a recovery grant program specifically for Vermont creative sector businesses.
 - \$10M will cover operational costs affected by COVID.
 - \$2M will allow for public health programming adaptations (online sales, touchless ticketing, etc.)
 - \$4M will allow for public health facility adaptations (HVAC upgrades, hand sanitizer, etc.)
 - \$500k will go toward marketing.
 - \$250k will go toward staffing Vermont Art Council's CreateVT Action Plan.
 - \$750k will go toward utilizing vacant storefronts for artist housing/studio space.
 - These will be competitive grants.
- Karen Mittelman, Executive Director of Vermont Arts Council joined to discuss the need for this bill.
 - The creative sector sees a continued need for COVID recovery. Omicron was especially destabilizing, performing arts venues saw many cancellations that they had already put funds toward.
 - Re-engaging the community is a difficult, expensive task.
 - These funds can act as a "bridge to the other side." Businesses hope to be there soon, but they are not there yet.
- Ms. Mittelman discussed the eligibility structure, which is based on a similar effort in Colorado.
 - Businesses will need to show a loss of income/financial harm related to COVID as defined in ARPA guidelines; a profit loss statement; 3 years of financial statements; an accounting of other assistance received; and evidence of good standing with the state.
 - Award amounts will be determined by a tier-based flat amount (in CO, businesses with \$50k in losses will automatically get \$10k, but will likely be restructured for VT).
- Sen. Sirotkin liked the targeted nature of the program and asked if it is beneficial for the creative sector to have a special program outside of other recovery grant programs.
 - Ms. Mittelman said that after 2 years of pandemic assistance experience, she has found it to be much more beneficial to have a right-sized program for the creative sector specifically.
- Sen. Brock asked if the film industry was covered under this program.

- Ms. Mittelman said it was.
- Sen. Brock said he had a bill to restart the Vermont Film Commission, and wondered if that should be included with S.210.
 - Sen. Sirotkin said he hoped both would be included in the Omnibus Economic Bill.
- The entire committee is supportive of the bill.
- Sen. Sirtokin asked how VT has done with aid distribution to the creative sector compared to other states.
 - Ms. Mittelman said states have been all over the place, but Vermont has been struggling a bit to do so effectively. She hopes this bill will help with that.

Tuesday 2/8/2022

- Joined by David Hall of the Legislative Council, the committee for a walkthrough of the draft 3.1 of S.263.
- Chairman Sirotkin finds it important to emphasize the immaturity of this bill – “a kitchen sink draft”.
- Appropriations section of the bill has had the most unanimity, yet Chairman Sirotkin wants to go deeper on this section – Chairman Sirotkin wants to clear up language surrounding the timing of paying out of money.
- Questions about how to define Net Fiscal Impact – Hall states that there is no definition but can be conceptualized by what it measures – accounts for increased job productivity, transportation costs, and school costs.
- In reference to ERG, Chairman Sirotkin wants to know what other programs there are for distressed towns in VT – these towns could be given priority waiting. Next week the committee will meet about this next week
- New program – Neighborhood Development Area Tax Credit – 5-year tax credit plan
- Space in bill for Build to Scale program – hear from Matt Dunne about Center on Rural Innovation
- Space in bill for Vermont COVID Worker Relief Fund – from Main Street Alliance

Wednesday 2/9/2022

Economic Recovery Loan Program

- Joined by Commissioner Cassie Polhemus of VEDA, Commissioner Austin Davis of Lake Champlain Chamber, and Talena Companion of the Vermont Association of Wedding Professionals
- Chairman Sirotkin states he sees VEDA as the administration’s improved substitute for existing grant money that has been ineffective in application
- Companion and Polhemus are convinced that VEDA is a worthy program

- Companion is encouraged by \$10 M grant for the government, yet she notes the importance of requiring housing and entertainment for best application of maintenance funds provided
- Companion mentions the threat of more investment in Airbnb's, rather than the hospitality sector - a huge loss of revenue for VT economy
- Companion asks that the committee give flexibility to Polhemus and VEDA to be able to develop programs to tourism, logging properties, Wedding event spaces, tent-rental companies
 - Incredibly difficult to find a program that can facilitate the unique needs of all these distinct business models
- Chairman Sirotkin applauds the cooperation between VEDA and VAWP
- Sen. Clarkson asks if Companion fully supports the VEDA plan as it's being developed or is she giving VEDA leeway to change program when appropriate
 - Companion did not give complete support for the program
 - Companion does support give VEDA the authority to do grants – it could effectively work as a grant
- Chairman Sirotkin mentions that \$3.5 B in assistance has come into business sector – in the scheme of things and states that the business sector has been treated well
 - Companion counters and states that VT's growth track has been significantly stunted - in comparison to VT's neighbor - NH, a state that did not close in the same way VT did
- Chairman Sirotkin asks how VEDA compares to PPP - Companion states that this program will not have as many parameters as PPP did
- Davis seconds what Companion stated previously – he emphasizes that Restaurant Recovery Fund and it's oversubscription
- Sen. Clarkson mentions that the Senate and House was going to write a letter to the administration about how over 600 restaurants were overlooked
- Polhemus of VEDA reports there have not been any alterations to the program – she states that in order for the program to be successful, it must be flexible
- Chairman Sirotkin reasons there's a possibility one business could swallow up the funds – he asks if there's a cap on the amount of money a business can receive – Polhemus states currently the cap is \$1.5 M, yet this could change
- Sen. Clarkson asks if the program is for both for-profit and non-profit and Polhemus states that it is
- Polhemus reiterates that VEDA does not do grants, but VEDA can forgive loans early when conditions are met – this is a much easier path instead of making a new program

S.33 - An act relating to project-based tax increment financing districts

- The committee met to discuss what to do about S.33, which passed the Senate last session, but stalled in the House.

- It is the committee's hope to attach S.33 to the Omnibus Economic Development bill, thinking that may help it pass.
- Abbie Sherman, Executive Director of the Vermont Economic Progress Council, joined to refresh the committee's memory about the contents of S.33.
 - The core of it is the creation of a project-based program for TIF districts, with the language easing the administrative burdens for municipalities and making it easier for them to meet eligibility criteria.
- Sen. Sirotkin noted that the administration is enthusiastic about this bill so that smaller communities can better utilize TIF.
 - Current language does not make it easy for smaller projects to meet eligibility.
- Ms. Sherman noted several towns that have expressed their support to her: Westford, Johnson, Hardwick, Poultney, and Swanton.
 - The Agency of Natural Resources has also noted interest.
 - Sen. Clarkson said that these towns should make their case to their House members.
- Legislative Counsel Rebecca Wasserman joined to remind the committee what happened with S.33 last session.
 - The Senate passed language that would allow for 10 project-based TIFs with no more than 3 per year, no more than 1 per municipality, and a project cap of \$5M.
 - House Commerce stripped the project-based language out and only kept some language that would "clean up" the current TIF statute.
 - This passed out of House Commerce, but died in Ways and Means.
- Sen. Sirotkin asked if House Commerce was supportive of the project-based language.
 - Level of support in House Commerce was unclear. The committee seemed to think that Commerce may have stripped the language at the request of Ways and Means.
- Ms. Wasserman said that the lack of action in Ways and Means may have been due to a time crunch at the end of last year's session.
- Sen. Sirotkin is inclined to not make any substantive changes to S.33, attach it to the Omnibus Economic Development bill, and give it another shot. He is confident in the work the committee did to develop the bill last session.
 - He wondered if any developments since the passage of ARPA and IIJA would necessitate any major changes to the bill, but neither Ms. Sherman nor Ms. Wasserman suggested that was the case.

Thursday 2/10/2022

S.263 - An act relating to supporting economic development (Omnibus Economic Development)

- Comm. Joan Goldstein of the Department of Economic Development joined the committee to discuss the Grand List Value Enhancement program the administration is proposing for S.263
- Essentially, the program will carve out \$30M of ARPA money to go to towns that have seen a decline or stagnation in their Grand List value over the past ten years. The administration would like this to work as a subset of the Capital Investment program.
- Sen. Sirotkin is curious why Grand List enhancement/Capital Investment is such a focus. Are there not other places that could be more “transformational”?
 - Comm. Goldstein said it may be subtle, but these projects will be transformational in the long term for businesses and communities. The administration is supportive of addressing a broad set of issues in a “transformational” way. Capital Investment is just part of the bigger picture.
 - Sen. Clarkson agreed with Comm. Goldstein enthusiastically.
- Sen. Sirotkin would like to continue discussions about what amount is going into which “pots of money” in this effort to be broadly transformational. He is skeptical of sticking hard and fast to certain proposed dollar amounts.
- The committee did not make objections to the overall purpose and structure of the program, and seemed open to rolling it into the Capital Investment program, rather than create a new separate program.