Omnibus Economic Development Bill
Senate Economic Development, Housing and General Affairs Committee
Betsy Bishop, President, Vermont Chamber of Commerce
February 1, 2022

Vermont Bridge Grant Program
ACCD reported that there have been hundreds of users that started an application to the Economic Recovery Bridge Grant that never hit the submit button. There is still a need for these business assistance funds, but the level of complexity and high bar for eligibility have kept this program out of reach for many. We do not agree with moving the remaining money to the Capital Investment Program. While we support the CIP, we don't think it should be funded with money intended for small businesses that have continued unmet need. The following solutions are recommended:

1. Eliminate tax loss and 3-month fixed expenses as the limiting factors.
    a. Tax loss
        - A tax loss isn't always a good indicator of the impact a business felt.
        - When a small business owner or sole proprietor showed a slightly positive tax year what isn't seen is that last year, they didn't take a salary and deferred payments on expenses for their business to stay afloat. Even though their revenue suffered a severe decline, that choice meant they were shut out of the program.

    b. Fixed monthly expenses
        - These didn't include things like property tax or business loans that are often driving fixed expense costs.
        - Very complicated, individual situations. Examples…
            - Small business owner often bundling utilities, making it hard to break out expenses.
            - With so many small businesses in Vermont, determining the percentage of home vs. business expenses can be challenging to untangle
            - Some expenses (property taxes, utilities) are covered by lease payments and not expressed in detail, they are paid directly by a landlord and therefore bills are not available to present
2. Grants should be provided to Vermont based, for-profit businesses that are open at the time of application and include those in operation on or before February 15, 2020.
3. Return to the unmet need calculation which worked well in Rounds 1 & 2. Specifically:
    a. Set the threshold of a 25 percent or greater reduction in total sales comparing pre-pandemic numbers to the latest time period through last May, remaining consistent with your legislation last session.

b. Compare revenue for the 8-month period from October 1, 2020 to May 31, 2021 to the 8-month period from October 1, 2020. Take that differential and add it to the to February 29, 2020 & March 1, 2019 - May 31, 2019. It sounds complex but it's not. <u>This compares a period of time that is pre-pandemic to the ongoing impact.</u>
c. For new businesses, this would be adjusted for a 3-month period of time, similar to round 2 of these grants.
d. Limit the grant award to the amount to of revenue loss over the 8-month period from October 1, 2020 to May 31, 2021 minus federal assistance received.
e. Increase the value of the grant to $300,000
f. ACCD should utilize VEDA and the RDCs as application reviewers again. They did this in the previous round, and it worked well for all involved and it would speed up deployment of the remaining ERG funds/
g. While we believe it should be targeted to hospitality businesses (lodging, restaurants, wedding businesses) we understand the difficulty in this.

VEDA PPP-like Program
We don't see the need for this program at this time. Businesses don't need more debt right now. This is a new, loan program and is not an equivalent alternative to an existing grant program. These businesses have been through three rounds of grant applications with ACCD. While there are challenges, the process, portals, contacts are known. Trying to substitute a new program will only increase confusion and frustration. While we haven't seen the details, there will likely be criteria for spending these loans on certain expenses before the can be converted to grants. This isn't needed. Businesses have debts, mounting bills, deferred maintenance. Many owners have reduced their income to power through this pandemic and their personal financial health is suffering as is their mental health. Many of you received an email on this topic from Justin Barrett of Piece Meal Pies in WRJ. The need is still very real. They need the grants to fill unmet need not for new spending.

Capital Investment Program (CIP)
Regarding, the Capital Investment Program (CIP), we support it but, we should not take the ERG money for it. Instead, we suggest using the $20 million the Administration has proposed for the new VEDA program and put it into the CIP.

New and Remote Worker Incentive Program
We definitely agree we need to remove the short-term occupation list. We support the $6 million appropriation. If we can begin building the base budget for this program we can build a sustained effort, removing the uncertainty of the availability of the grants and amounts. Overall, this will improve the program and allow for a robust marketing effort to support it.

Relocation Marketing & Network Capacity Building
We held an Economic Conference this week with 400 attendees that focused on recruiting and retaining people of color to Vermont. Our speakers provided some great insights about how important it is to not only recruit new Vermonters, but also retain them. We are supporting the Declaration of Inclusion as a way for towns to demonstrate their commitment to be a welcoming and inclusive community. In addition to recruiting workers to Vermont, we need to build capacity for communities to foster a sense of belonging.

This proposal does both by setting aside money for marketing and for funding the informal, volunteer network. Many of the chambers across the state, would make excellent partners in this effort to take a lead and follow it through. However, like so many small businesses they are often under-resourced. Providing them with capacity grants and direction can be a win-win. There are several roles here that may need to be detailed.

- Clearly, ACCD would focus on lead generation with their targeted marketing effort.
- Chambers, RDCs and other partners could focus on following up on region specific inquiries but there should also be an effort for a non-region-specific inquiry. For instance, someone may want to move here and be a nurse but not necessarily have a destination in mind.
- Many chambers have been involved in the Stay-to-Stay program and doing it quite well while others need capacity grants to be able to hire resources to dedicate effort to the task.

Grand List Enhancement Program
In concept, we love this idea of funding transformative redevelopment projects to spark economic growth, but I haven't seen the details so I cannot comment fully just yet. The news that there are over 150 towns in Vermont with less than 1% of grand list growth over the last 10 years is disheartening. We have so many reasons to celebrate Vermont, but this one statistic combined with are severely depleted workforce, combine for a dismal picture of our future. If this investment of ARPA funds can spur true economic growth to bring long-term opportunities to the regions of our state that most need it, we certainly are supportive. Value can be increased with new construction and upgrading and expanding existing properties and since much of the Grand List is residential, this relates to our housing crisis and efforts to build and renovate. Infrastructure increases performance of land to support homes, services, and commercial activities, and determines the nature of the property tax base. The Vermont Futures Project has targeted a growing grand list as one of their six targets because a broad, strong, and growing property tax base will keep up with State budget growth and reduce the tax burden.