



VERMONT LEGISLATIVE Joint Fiscal Office

1 Baldwin Street • Montpelier, VT 05633-5701 • (802) 828-2295 • <https://ljfo.vermont.gov>

Fiscal Note

March 27, 2025

Chris Rupe, Associate Fiscal Officer; Pat Titterton, Senior Fiscal Analyst

H.398 – An act relating to the Vermont Economic Development Authority

As passed by the House¹

Bill Summary

This bill proposes numerous changes and technical updates to laws pertaining to the Vermont Economic Development Authority (VEDA). The bill also establishes a Vermont Disaster Recovery Loan Fund to enable VEDA to provide loans and other forms of financial assistance to businesses and agricultural enterprises after disasters.

Fiscal Impact

The Disaster Recovery Loan Fund proposed in the bill would provide financial assistance through a revolving loan program, at a limited interest rate necessary to cover the costs of administering the Fund, and any excess of revenues over expenses shall be deposited in the Fund.

As introduced, the bill would have appropriated \$2,000,000 in fiscal year 2025 from the General Fund to the Department of Economic Development for a grant to VEDA to establish a disaster relief fund for use by businesses and agricultural enterprises following a natural disaster. The House, upon recommendation of the Committee on Appropriations, removed this appropriation to instead reflect it in the fiscal year 2026 appropriations bill. It is possible that future demands on the fund could require additional capitalization in future years.

Background and Details

Disaster Recovery Loan Fund

Section 1 would establish within VEDA the Vermont Disaster Recovery Loan Fund. This Fund would enable VEDA to provide loans and other forms of financial assistance to businesses and agricultural enterprises after disasters. This is a revolving loan program, and any excess revenues over expenses derived from the program would be deposited in the Fund.

VEDA would be required to consult with the Secretary of Commerce and Community Development and the Secretary of Agriculture in determining whether funds shall be made available following a disaster event

¹ The Joint Fiscal Office (JFO) is a nonpartisan legislative office dedicated to producing unbiased fiscal analysis – this fiscal note is meant to provide information for legislative consideration, not to provide policy recommendations.

impacting areas of the State. A consultation shall not be required in the event of a disaster declaration declared by the Governor or president.

VEDA would be required to establish policies and procedures for the Fund, and financing programs necessary to ensure timely delivery of financial assistance after a disaster. VEDA would be required to limit the interest rates charged for loans provided from the Disaster Recovery Loan Fund to rates necessary to cover the costs of administering the Fund; therefore, administrative costs are expected to be funded by the program.

Appropriation

As introduced, Section 3 would have amended Act 113, Sec. B.1100(h) to appropriate \$2,000,000 General Fund in fiscal year 2025, on a one-time basis, to the Department of Economic Development for a grant to VEDA to establish a disaster relief fund for use by businesses and agricultural enterprises following a natural disaster. The House removed this appropriation from the bill because the appropriation is reflected in H.493, the fiscal year 2026 appropriations act. H.493 would fund this program by redirecting \$2,000,000 from the \$7,000,000 appropriation to the Business Emergency Gap Assistance Program in fiscal year 2025.

It is possible that future demands on the fund could require additional capitalization in future years beyond this initial \$2,000,000 appropriation.

ⁱ *The full fiscal note history is available on the fiscal tab of the bill page on the General Assembly website and can be pulled up through a bill number search on the JFO page.*