Vermont Economic Overview

VERMONT

AGENCY OF COMMERCE & COMMUNITY DEVELOPMENT

United States - Vermont Comparison

United States

Income and Poverty
Median Household Income
$77,719
S1901 | 2023 American Community Survey 1-Year Estimates

Education
Bachelor's Degree or Higher
36.2%
S1501 | 2023 American Community Survey 1-Year Estimates

Employment
Employment Rate
60.6%
DP03 | 2023 American Community Survey 1-Year Estimates

Health
Without Health Care Coverage
7.9%
S2701 | 2023 American Community Survey 1-Year Estimates

Vermont

Income and Poverty
Median Household Income
$81,211
S1901 | 2023 American Community Survey 1-Year Estimates

Education
Bachelor's Degree or Higher
43.7%
S1501 | 2023 American Community Survey 1-Year Estimates

Employment
Employment Rate
63.2%
DP03 | 2023 American Community Survey 1-Year Estimates

Health
Without Health Care Coverage
3.4%
S2701 | 2023 American Community Survey 1-Year Estimates

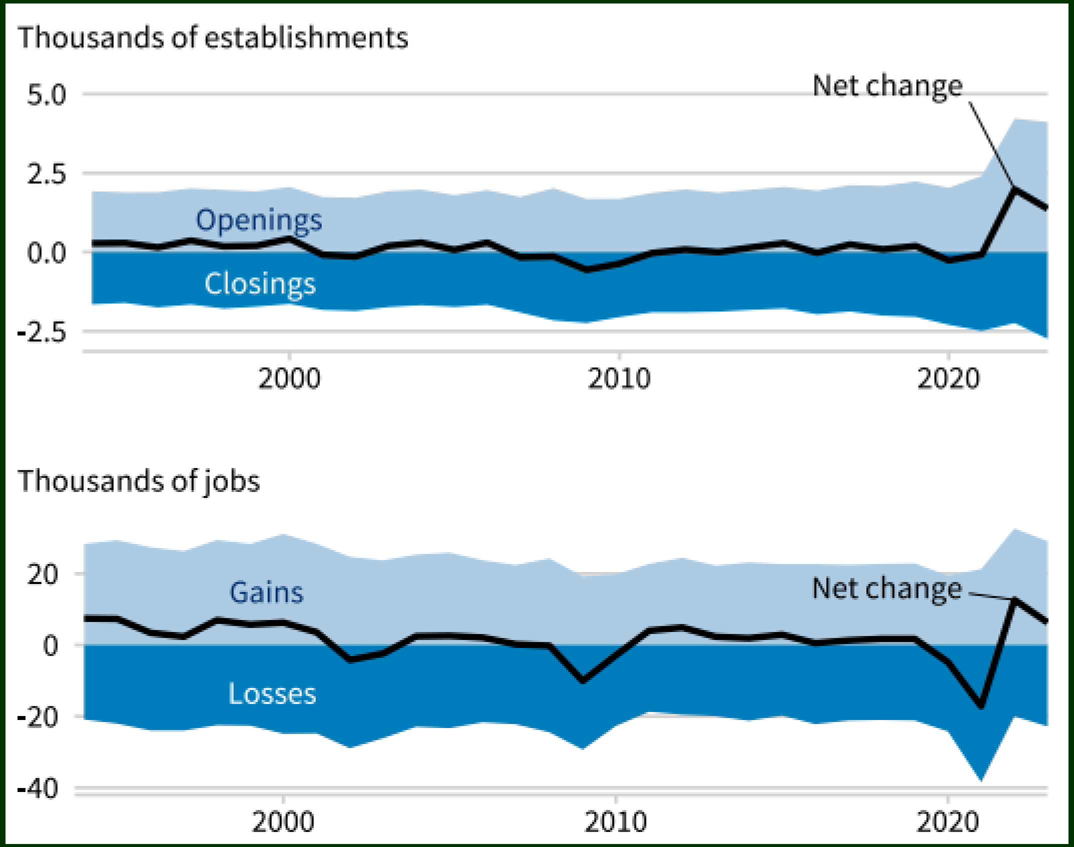
Business Establishments & Employment

Vermont has seen a recent increase in new businesses and employment

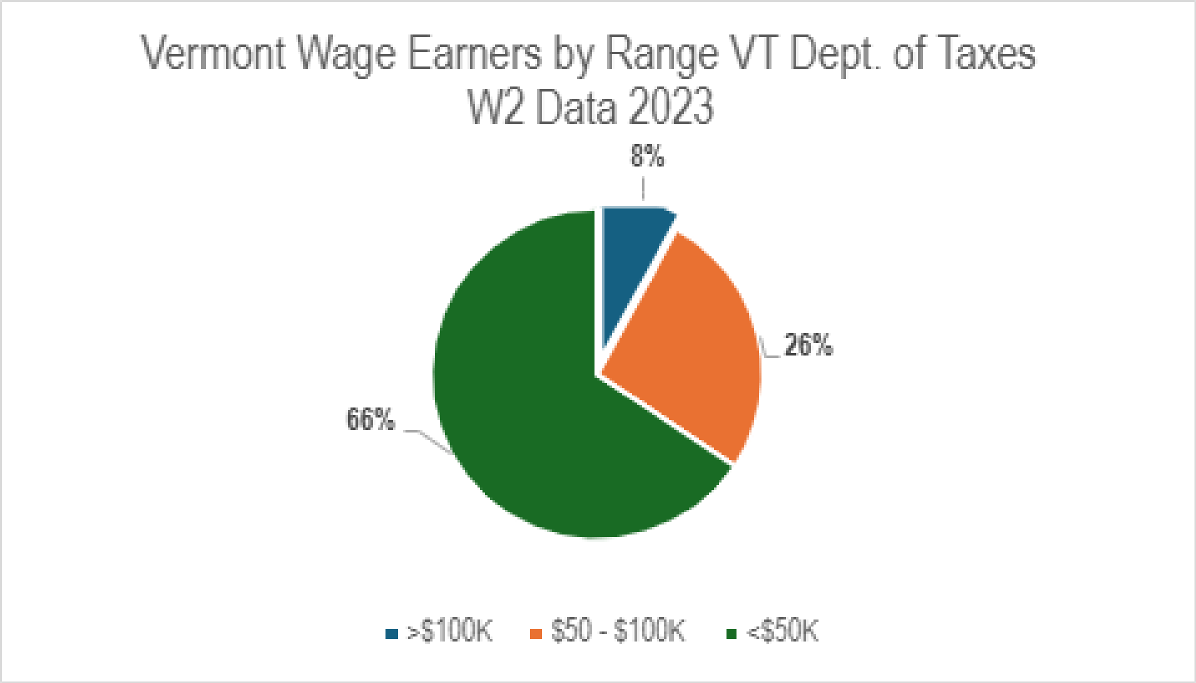
Net New Establishments:
Between March 2022 and March 2023, Vermont saw a net increase in the number of new business establishments equal to 1,374.

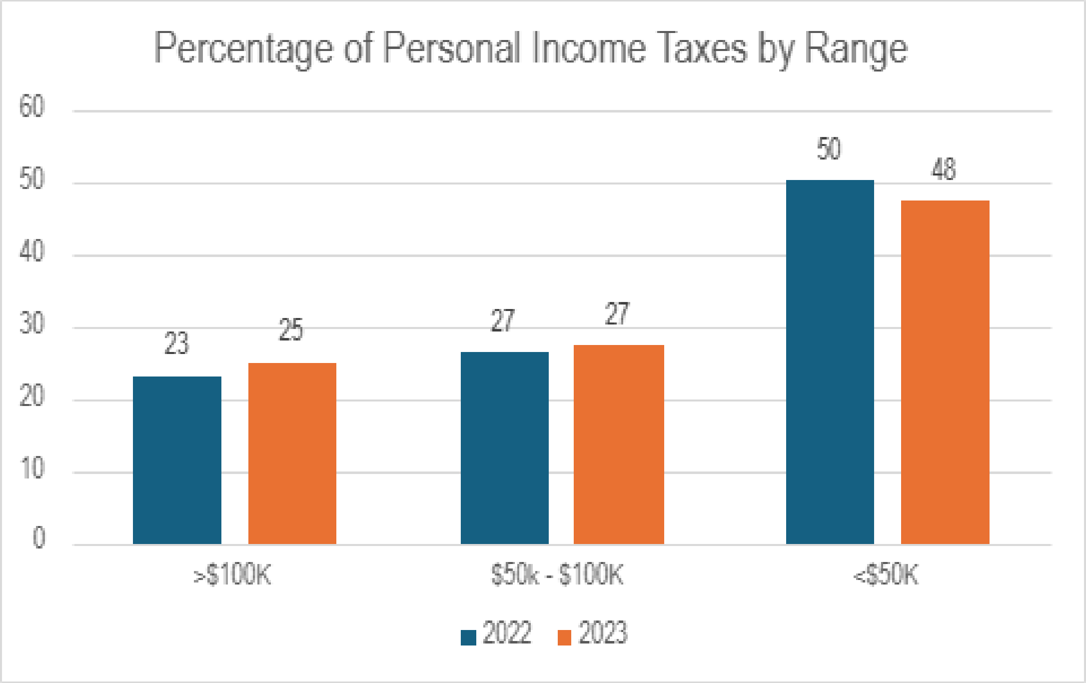
Employment:
During the same period, Vermont business added 6,300 net new jobs.

[Source: SBA 2024 Vermont Small Business Profile.]



Wages & Income





Source: VT Dept. of Taxes
(Adjusted Gross Income)

The Heart of Vermont's Priorities

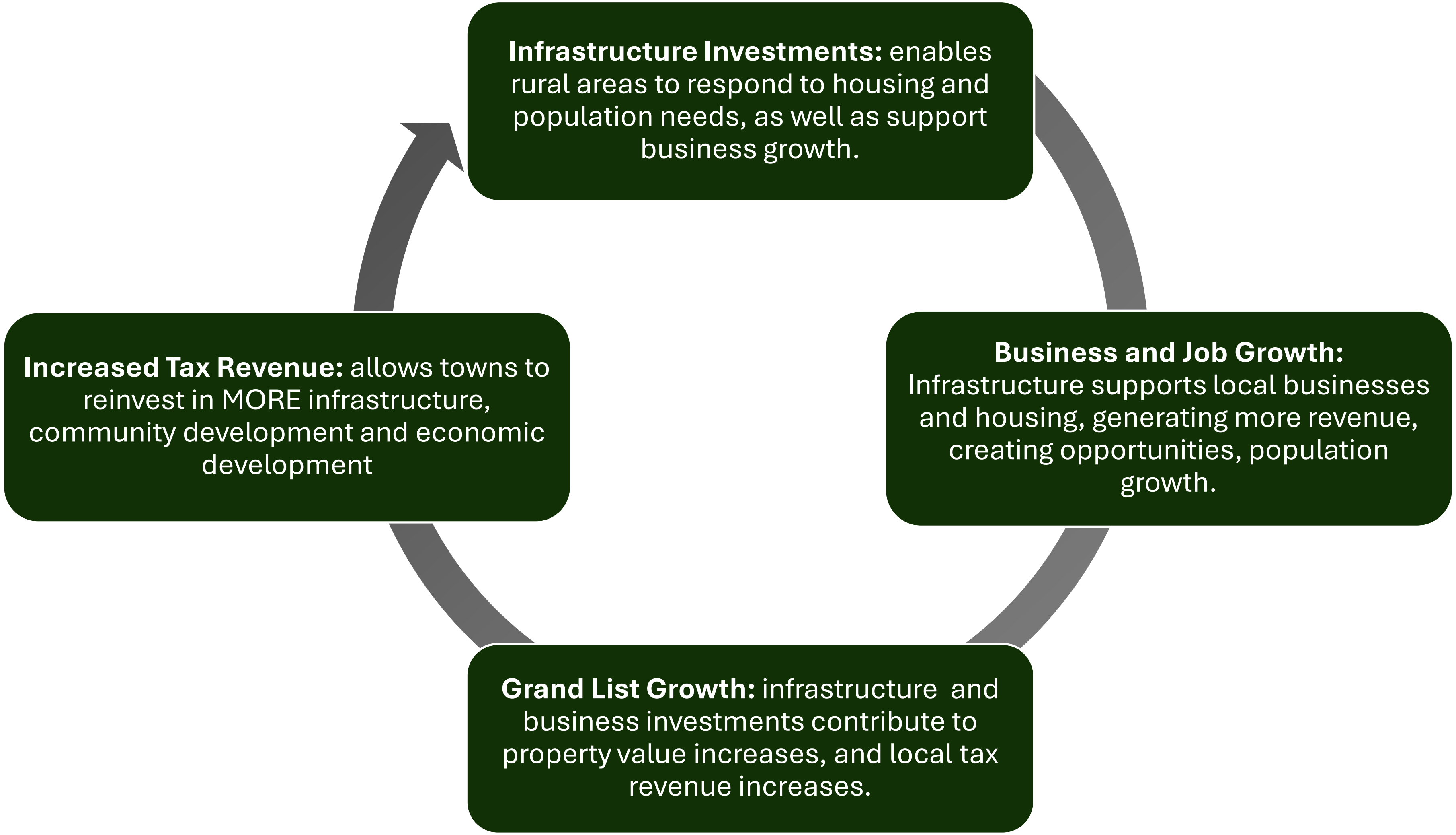
Economic Development: The Core of Public Safety, Affordability, and Housing

Economic growth funds essential public services and infrastructure, supporting well-resourced law enforcement and community programs

Expanding the economy increases job opportunities and wages, reducing cost burdens on families and supporting a balanced cost of living.

A strong economy attracts investment in housing developments, addressing shortages and making housing more accessible.

Building Prosperity: Strategic Investments and Growth Drive Tax Revenue



Brownfields Revitalization Fund (BRF)

VERMONT
AGENCY OF COMMERCE & COMMUNITY DEVELOPMENT

Background

The Governor's FY26 budget proposes $2,000,000 of one-time BRF funding.

A "brownfield" is real property, the expansion, redevelopment, or reuse of which may be complicated by the release or threatened release of a hazardous material. For-profit, non-profit, and municipalities are eligible to apply. State-owned sites are not eligible.

BRF was expanded in 2021 (Act 74, FY22 appropriations bill) tasking ANR and ACCD to collaboratively deploy $25M in general fund dollars for the characterization and remediation of brownfields sites. Funding split $14M ANR (BERA projects) and $11M ACCD (cleanup projects, $1M of which subgranted to RPCs for site characterization).

Another $6M in general funding followed in 2022 and $8M in 2023.

There is no minimum grant amount. Applicants may apply for up to 90% of the cost of implementing the approved Corrective Action Plan (CAP). Once awarded, if the actual costs of remediation are less than the estimates, the grantee may only draw 90% of the actual CAP expenditures and the award amount will be reduced.

Additional Information:

- Interactive Data Dashboard
- Awards to Date
- FAQs

Application Review

In addition to the considerations outlined within 10 V.S.A. § 6654; grant applications will be evaluated based on the project merits.

All applications shall include, at a minimum:

- Statement of Need describing the need this project will address. Include data to demonstrate the need and cite the source of the data.
- Population Served including number and demographic characteristics of those served.
- Results including a description of the measurable proposed impacts of the project, with at least three performance measures that will be tracked and reported. Wherever possible, include baselines and goals for each performance measure.
- Budget including all proposed project funding by sources and uses.
- Special Considerations describing any other information that might assist the State in its selection.

Furthermore, projects will be prioritized as follows:

- Projects that have an approved Corrective Action Plan.
- Projects that have demonstrated re-use opportunities with itemized impacts.
- Projects in which an award from this program will fill a funding gap that allows the project to move forward or to completion

Town of Hardwick - Hardwick, Caledonia Co.
25 full-time employees. Reused infrastructure, on a site vacant.

157 South Champlain Street, LLC, Burlington, Chittenden Co.
48 units of housing (10 affordable/38 market rate) meeting Burlington and Efficiency VT energy standards; will include car share and EV parking spots.

650 Main Street LLC - Bennington, Bennington Co.
Development of a vacant building into 39 housing units as well as spaces for commercial ventures, the Bennington Senior Center, Meals on Wheels programs, and a childcare center anticipating 27 jobs will be created.

Community Development Support Inc., Brattleboro, Windham Co.
First floor shared office space (BDCC & SBDC), 19 net new affordable housing units, nine of which with project-based vouchers from VT State Housing Authority, community park.

For a complete list of projects, visit: [Brownfields Revitalization Fund – State Program Awards | Agency of Commerce and Community Development]

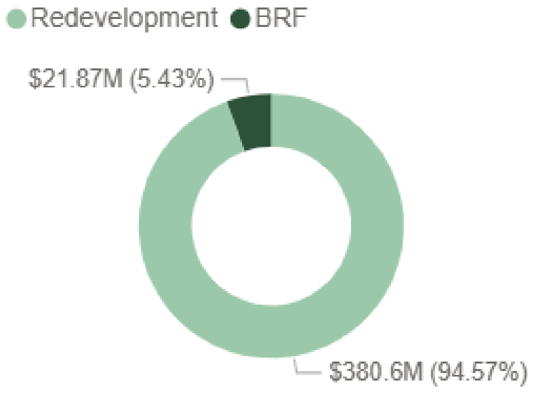
VERMONT

AGENCY OF COMMERCE & COMMUNITY DEVELOPMENT
DEPARTMENT OF ECONOMIC DEVELOPMENT

Brownfields Revitalization Fund - State Program

Note: This includes applications that are under review. Residual funds are redeployed and awarded to other eligible projects as they become available.

Updated February 10, 2025



TOTAL PROJECT AWARDS

$21,867,747

PROJECTS

42

TOTAL REDEVELOPMENT FUNDING LEVERAGED

$380,596,328

JOBS CREATED

831

NEW HOUSING UNITS

706

INVESTMENT PER HOUSING UNIT

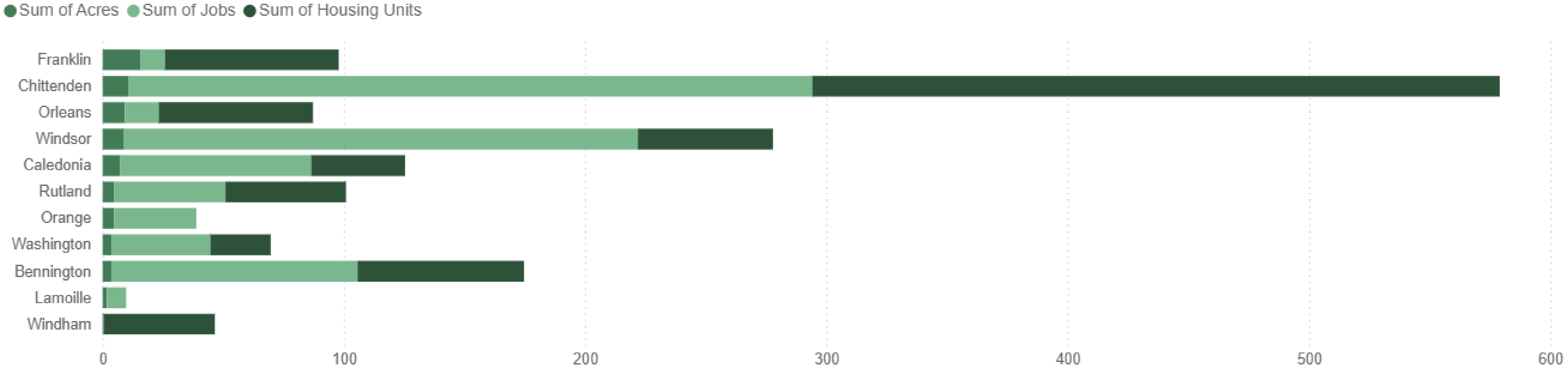
$30.97K

ACRES CLEANED

71.45

HOUSING UNITS, ACRES, AND JOBS BY COUNTY

Click on each county below to see location-specific data.



Strategic Projects for Advancing Rural Communities (SPARC)

VERMONT
AGENCY OF COMMERCE & COMMUNITY DEVELOPMENT

Background

SPARC is a municipal financing tool to help communities fund infrastructure, housing, and economic development projects. It drives strategic investment in critically needed projects throughout Vermont. Strategic partnerships between municipalities and investment partners make housing and economic projects financially feasible.

SPARC addresses critical statewide needs by leveraging our limited resources effectively to:

- Address housing demand (particularly in rural areas),
- aid flood-impacted communities with recovery and mitigation efforts,
- expand infrastructure,
- boost local economies,
- and more!

More Housing
Expand access to housing via projects that create new and rehabilitated units.

Economic Growth
An economic boost to areas that have historically been challenged by limited municipal capacity.

Environmental Resilience
Address climate challenges by creating long-term solutions for flood-impacted areas.

Infrastructure Investment
Build and maintain infrastructure that serves both current and future community needs.

Funding Mechanism

- The debt incurred by the investment partner or the town to build a project or to extend infrastructure can be partially repaid with the increment in tax revenue created by the improved property in the proposed project.

- Municipalities and an investment partner, would apply for this incentive by submitting their Community Agreement (CA) to Vermont Economic Progress Council (VEPC). The agreement and partnership would be structured in a way that would allow the municipality to defer the benefit of the increment in increased taxes because of the agreed-upon benefit is to go to the investment partner.

- In this model, towns would alternatively be able to make project-based infrastructure investments to spur development and keep the increment for debt service for that infrastructure project.

Needs vs. Reality ⟹ **Collaboration** ⟹ **Approval** ⟹ **Construction** ⟹ **Rebate** ⟹ **Community Growth**

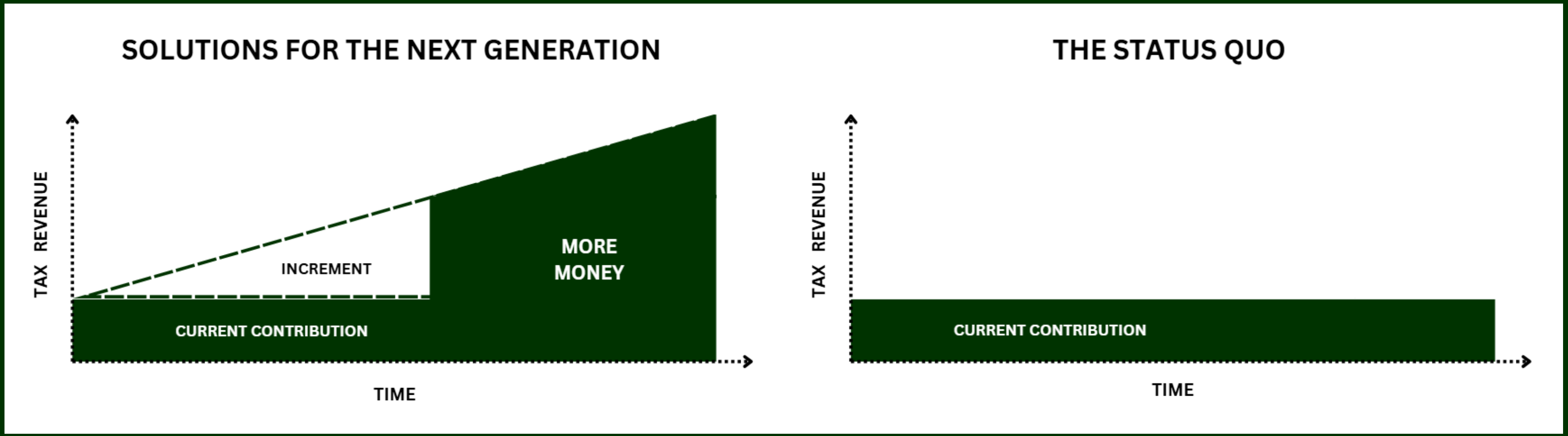
Needs vs. Reality	Collaboration	Approval	Construction	Rebate	Community Growth
Municipality wants growth, but project doesn't pencil out.	Municipality and investment partner create CA.	VEPC reviews the CA.	New property tax revenue.	Portion of incremental tax revenue to investment partner.	New homes, community vibrancy, and grand list growth!

Does SPARC take money from the Ed fund?

- No, SPARC, just like TIF, only uses **NEW** incremental tax revenue. This is money that would not have existed to begin with, so therefore cannot be "taken away."

- What is the incremental tax revenue?
  - The property taxes associated with the new investments made at the property. This is the amount that exceeds what the property was worth pre-project

- SPARC, and TIF, **GROW** the education fund. **We can get shovels in the ground right now to build housing, while growing the grand list to contribute MORE to the education fund. This is a win-win.**



Community Agreements

- A Community Agreement (CA) is a binding legal contract negotiated between municipalities and investment partners. These agreements help investment partners offset the significant costs that currently prohibit building.

- CAs make projects financially viable and enable municipalities to attract new investment without raising taxes.

- Municipalities can negotiate with investment partners to return a portion of the incremental property taxes to offset eligible costs. The percentage-based model would adjust to actual tax increment levels, ensuring fiscal responsibility and protecting municipalities from underperforming projects. This would be outlined in the CA.

- The Vermont Economic Progress Council (VEPC) would approve CAs and monitor all projects. VEPC would coordinate with the administration's economist to verify the financial capacity and project viability (same as TIF). Part of this exercise may entail the underwriting analysis from the investment partner's financial institution.

Municipalities

- SPARC addresses the capacity issues that are preventing smaller municipalities from taking advantage of TIF. The smaller project size will result in a much less administrative requirements, and municipalities can contract and pay for administrative assistance with SPARC.

- By offering tax rebates based on the actual increment generated, municipalities protect themselves from underperforming developments instead of fixed-dollar agreements, which carry more significant financial risks. The investment partner is on the hook to make the municipality whole.

- SPARC empowers municipalities to allocate a percentage of incremental property tax revenue back to an investment partner via a CA for a specific project for a defined period of time/number of years.

- Municipalities can also forego a CA and keep the increment for debt service rather than going to an investment partner. By making project-based infrastructure investments (like water/wastewater), secondary and tertiary development will be spurred.

- The investment partner assumes the risk associated with the project.

Project Example: Fair Haven

Project Example: Fair Haven

GRAND LIST GROWTH			
	Total Tax Revenue	**Education Fund Contribution**	**Notes**
Vacant Lot	$12,821	$6,923	
Completed Project (50 units, avg. ~1500sq ft)	$417,522	$226,714	$350k home value, 2.9823 tax rate
Increase	$404,701	$219,791	33x more than the vacant lot

We can get shovels in the ground right now to build housing, while growing the grand list to contribute MORE to the education fund. This is a win-win.

PROJECT FEASIBILITY						
	Total	**Per Unit**	**Annual**	**Rebate %**	**Total Rebate**	**Notes**
Cost to Build	$34,800,000	$870,000				$30M construction, $4.8M water/sewer/roads
Incremental Tax Revenue			$404,701	90%	$7,284,618	20 years
Cost to Build (SPARC)	$26,705,980	$534,120				

TIF Statute Updates

There are necessary updates to the TIF statute to adjust for this model.

1. **Lift the cap on two projects per county and the maximum number of TIFs VEPC can authorize statewide.**

   - The statute currently limits the creation of six new TIF districts. Currently, two are being utilized, and four remain to be created. This new capability needs to co-exist in municipalities that already have TIF districts.

2. **Additionally, the timeline of a district should be updated to begin on April 1 of the year it receives VEPC approval.**

   - It is currently April 1 of the year when it receives municipal approval, usually months before VEPC approval.

Record of Success (Education Fund Contribution)

The cumulative incremental contribution to the Education Fund is expected to be $60 million.

TIF District	(Pre-TIF) Annual Education Fund Contribution	(Post-TIF) Annual Education Fund Contribution	Retention Period Ends
Winooski Downtown	$516,000	$2,200,000	2024
Milton Town Core	$1,489,989	$2,900,000	2031
Burlington Downtown	$2,621,097	$4,800,000	2036
Hartford Downtown	$440,538	$1,400,000	2036
St. Albans Downtown	$709,634	$3,500,000	2033
So. Burlington Town Center	$515,443	$4,900,000	2037
Killington	$234,646	$5,100,000	2044

Record of Success (Grand List Growth)

The grand list value has collectively increased by nearly $600 million.

TIF District	Year Created	Original Taxable Value (OTV)	Taxable Value FY23	Change	Notes
Burlington Waterfront	1996	$ 42,412,900	$ 151,534,832	$ 109,121,932	
Newport City	1998	$ 48,500	$ 2,954,200	$ 2,905,700	Value on 2014 GL (end of district)
Milton North/South	1998	$ 26,911,147	$ 75,495,119	$ 48,583,972	Value for 2021
Winooski Downtown	2000	$ 25,065,900	$ 104,305,700	$ 79,239,800	
Milton Town Core	2008	$ 124,186,560	$ 231,863,630	$ 107,677,070	
Burlington Downtown	2011	$ 170,006,600	$ 284,908,309	$ 114,901,709	
Hartford Downtown	2011	$ 33,514,500	$ 68,689,200	$ 35,174,700	
St. Albans Downtown	2012	$ 123,049,450	$ 180,566,868	$ 57,517,418	
Barre City Downtown	2012	$ 51,046,870	$ 60,871,055	$ 9,824,185	
So. Burlington Town Center	2012	$ 35,387,700	$ 67,229,280	$ 31,841,580	
Killington	2022	$ 12,989,730	$ 12,989,730	N/A	
TOTAL		**$ 644,619,857**	**$ 1,241,407,923**	**$ 596,788,066**	

TIF Before/After: Winooski

TIF Before/During: Winooski

What's the difference?

	TIF	SPARC
Who Receives the Tax Increment	A municipality uses incremental property taxes (the additional taxes generated by the new development) to pay off public infrastructure improvements like roads, water systems, or other services.	A portion of the tax increment goes to the investment partner to help offset prohibitive project costs or to the municipality to offset infrastructure costs.
Purpose	To improve public infrastructure to make areas more attractive for private investment over time. The town keeps control of the revenue and spends it on public works.	To support grand list growth by enabling strategic investments in communities of all sizes. Specifically, by making it financially feasible for projects to be built without needing to wait for large public infrastructure projects to be funded.
Financial Risk	The municipality takes on financial risk because it issues bonds to fund public improvements upfront, relying on future tax revenues to pay off that debt.	The risk is low for municipalities when collaborating with an investment partner because they only rebate taxes based on the actual tax increment generated by the project. There are no fixed-dollar obligations or upfront borrowing risks for the town. *
Targeted Projects	Large-scale public projects with multiple parcels and broad economic development.	Single projects. Ex. Multi-family housing, mixed use building, etc.
Flexibility	It is more structured and usually longer-term since it involves borrowing for large public projects.	Customizable to individual projects. Community Agreements can be negotiated based on project needs and timelines, lasting 10-20 years, depending on the project.

* If a municipality uses SPARC for infrastructure improvements, it would take on the risk of keeping the increment for debt service.