

1 Introduced by Committee on Economic Development, Housing and General
2 Affairs

3 Date:

4 Subject: Commerce and trade; conservation and development; economic
5 development; business growth; task force; VEGI

6 Statement of purpose of bill as introduced: This bill proposes to increase the
7 downtown and village center tax credit program to \$5,000,000.00 annually;
8 expand services to small businesses by allocating funds that will support the
9 Vermont Law and Graduate School's business law center, increase business
10 advising with the Vermont Small Business Development Center, and support
11 the Vermont's Community Action Partnership's microbusinesses development
12 program; allocate funds to support the International Business Office,
13 brownfields remediation and redevelopment, and a comprehensive outdoor
14 study by Vermont Outdoor Recreation Economic Collaborative; create a task
15 force to study business development in Vermont; and repeal the prospective
16 repeal of the Vermont Employment Growth Incentive program.

17 An act relating to economic development

1 It is hereby enacted by the General Assembly of the State of Vermont:

2 Sec. 1. PURPOSE

3 This act proposes to strengthen and support Vermont's businesses and
4 promote long-term economic growth by investing in the economic
5 development and vitality of its downtowns and village centers, providing key
6 financial support, technical assistance, and incentives for Vermont businesses
7 of all sizes and at all stages of development.

8 Sec. 2. 32 V.S.A. chapter 151, subchapter 11J is amended to read:

9 Subchapter 11J. Vermont Downtown and Village Center Tax Credit Program

10 * * *

11 § 5930ee. LIMITATIONS

12 Beginning in fiscal year 2010 and thereafter, the State Board may award tax
13 credits to all qualified applicants under this subchapter, provided that:

14 (1) the total amount of tax credits awarded annually, together with sales
15 tax reallocated under section 9819 of this title, does not exceed ~~\$3,000,000.00~~
16 \$5,000,000.00;

17 (2) a total annual allocation of ~~no~~ not more than 30 percent of these tax
18 credits in combination with sales tax reallocation may be awarded in
19 connection with all of the projects in a single municipality;

20 (3) façade tax credits shall not be available for projects that qualify for
21 the federal rehabilitation tax credit;

(4) no credit shall be allowed under this subchapter for the cost of acquiring any building or interest in a building;

(5) credit under any one subsection of 5930cc of this subchapter may not be allocated more often than once every two years with respect to the same building; and

(6) credit awarded under section 5930cc of this subchapter that is rescinded or recaptured by the State Board shall be available for the State Board to award to applicants in any subsequent year, in addition to the total amount of tax credits authorized under this section.

* * *

Sec. 3. EXPANDING SERVICES FOR SMALL BUSINESSES

(a) Expanding legal services. Of monies appropriated to the Department of Economic Development in fiscal year 2027, \$300,000.00 shall be allocated for the purpose of supporting the Vermont Law and Graduate School's public education offerings and free legal support to small businesses through its Vermont Small Business Law Center, which include:

(1) individual and group educational trainings and consultations;

(2) an ongoing webinar series on legal basics for startups; and

(3) an attorney referral program.

(b) Business advising. Of monies appropriated to the Department of Economic Development in fiscal year 2027, \$689,000.00 shall be allocated for

1 a grant to the Vermont Small Business Development Center for the purpose of
2 supporting the continuation of its work in helping Vermonters start, acquire,
3 and grow businesses. The funds shall also be used to increase business
4 advising and educational workshops to meet increasing demands of
5 entrepreneurs and small business owners post pandemic. This increase of
6 \$300,000.00 from the Governor’s suggested budget will allow the Center to
7 serve an additional 200 Vermont entrepreneurs and business owners through
8 no-fee, one-to-one advising to help them start businesses, add and retain jobs,
9 increase sales, export products, and prepare their ownership succession plan to
10 transfer ownership for the business to continue to operate in Vermont.

11 (c) Microbusiness support. Of monies appropriated to the Department for
12 Children and Families in fiscal year 2027, \$594,000.00 shall be allocated to the
13 Office of Economic Opportunity for the purpose of supporting the Vermont
14 Community Action Partnership’s microbusiness development program.

15 Sec. 4. VERMONT OUTDOOR RECREATION ECONOMIC

16 COLLABORATIVE

17 Of monies appropriated to the Department of Forests, Parks and Recreation
18 in fiscal year 2027, \$200,000.00 is allocated to the Vermont Outdoor
19 Recreation Economic Collaborative to conduct a comprehensive outdoor
20 recreation economic impact study that will provide the State with information

1 on how it can better support and benefit from the \$2.1 billion dollar outdoor
2 recreation industry.

3 Sec. 5. INTERNATIONAL BUSINESS OFFICE; APPROPRIATION

4 Of monies appropriated to the Department of Economic Development in
5 fiscal year 2027, \$150,000.00 shall be allocated to the International Business
6 Office for the purpose of continuing to support the Office's initiatives.

7 Sec. 6. BROWNFIELDS ALLOCATION

8 Of monies appropriated to the Department of Economic Development in
9 fiscal year 2027, \$3,000,000.00 shall be allocated for brownfields remediation
10 and redevelopment.

11 Sec. 7. BUSINESS RESOURCES STUDY

12 The Commissioner of Economic Development and the Commissioner of
13 Tourism and Marketing, in consultation with stakeholders, shall:

14 (1) identify the in-state and out-of-state resources available to businesses
15 at each stage of development, including start-up, early-stage, middle-stage, and
16 mature businesses;

17 (2) determine how the resources identified in subdivision (1) of this
18 section are currently promoted and marketed to businesses; and

19 (3) provide a written report summarizing the findings made pursuant to
20 this section to the Business Development Task Force set forth in Sec. 8 of this
21 act on or before October 1, 2026.

1 Sec. 8. TASK FORCE TO ADDRESS BUSINESS DEVELOPMENT IN
2 VERMONT; REPORT

3 (a) Creation. There is created the Business Development Task Force for
4 the purpose of identifying how Vermont can better enable and support business
5 growth through every stage of development. The Task Force shall identify:

6 (1) what resources are currently available to businesses at all stages of
7 development and what additional resources are needed to promote growth;

8 (2) how Vermont can improve access to capital for small businesses;
9 and

10 (3) how to improve succession planning for mature businesses.

11 (b) Membership. The Task Force shall be composed of the following
12 members:

13 (1) one current member of the House of Representatives, who shall be
14 appointed by the Speaker of the House;

15 (2) one current member of the Senate, who shall be appointed by the
16 Committee on Committees;

17 (3) the State Treasurer or designee;

18 (4) the Commissioner of Economic Development or designee;

19 (5) the Executive Director of the Vermont Small Business Development
20 Center or designee;

1 (6) the Executive Director of the Vermont Community Action

2 Partnership or designee;

3 (7) the President of the Vermont Chamber of Commerce or designee;

4 (8) the Executive Director of the Vermont Futures Project or designee;

5 (9) the Chief Executive Officer of Hula or designee;

6 (10) the President of the Vermont Regional Development Corporations

7 or designee; and

8 (11) three members, appointed by the Governor, as follows:

9 (A) a business owner of a start-up company;

10 (B) a business owner or manager of a middle-stage company; and

11 (C) a business owner or manager of a mature company.

12 (c) Powers and duties. The Task Force, in determining how to better
13 enable business growth and development in Vermont, shall do the following:

14 (1) analyze the report sent by the Commissioner of Economic
15 Development and the Commissioner of Tourism and Marketing pursuant to

16 Sec. 7 of this act;

17 (2) based upon the analysis conducted pursuant to subdivision (1) of this
18 subsection:

19 (A) create an inventory of resources that would serve businesses for

20 each stage of development; and

1 (B) determine, in consultation with stakeholders, how best to market
2 and communicate the inventory of resources created pursuant to subdivision

3 (A) of this subdivision (2) to Vermonters and the business community;

4 (3) determine the State’s role in accessing capital, including:

5 (A) the investment environment in the New England region;

6 (B) the availability of tax credits to leverage private capital; and

7 (C) ensuring support of the current Tech Hub designation;

8 (4) identify ways to offer investor education to high net worth
9 individuals interested in investing in Vermont businesses; and

10 (5) address any other related issues as determined by the Task Force.

11 (d) Assistance. The Task Force shall have the administrative, technical,
12 and legal assistance of the Agency of Commerce and Community
13 Development and the technical assistance of the Joint Fiscal Office.

14 (e) Reports. On or before November 15, 2026, the Task Force shall submit
15 an interim report to the House Committee on Commerce and Economic
16 Development and the Senate Committee on Economic Development, Housing
17 and General Affairs with an update on its work pursuant to subsection (c) of
18 this section. On or before November 15, 2027, the Task Force shall submit a
19 final written report to the House Committee on Commerce and Economic
20 Development and the Senate Committee on Economic Development, Housing

1 and General Affairs with its findings and any recommendations for legislative
2 action.

3 (f) Meetings.

4 (1) The legislative members of the Task Force shall call the first
5 meeting of the Task Force to occur on or before August 1, 2026.

6 (2) The Task Force shall select a chair from among its members at the
7 first meeting.

8 (3) A majority of the membership shall constitute a quorum.

9 (4) The Task Force shall cease to exist on December 31, 2027.

10 (g) Compensation and reimbursement.

11 (1) For attendance at meetings during adjournment of the General
12 Assembly, a legislative member of the Task Force serving in the member's
13 capacity as a legislator shall be entitled to per diem compensation and
14 reimbursement of expenses pursuant to 2 V.S.A. § 23 for not more than eight
15 meetings. These payments shall be made from monies appropriated to the
16 General Assembly.

17 (2) Other members of the Task Force shall be entitled to reimbursement
18 of expenses as permitted under 32 V.S.A. § 1010 for not more than eight
19 meetings. These payments shall be made from monies appropriated to the
20 Agency of Commerce and Community Development.

1 Sec. 8. 2025 Acts and Resolves No. 65, Sec. 3 is amended to read:

2 Sec. 3. TASK FORCE TO EXPLORE DEVELOPMENT OF
3 CONVENTION CENTER AND PERFORMANCE VENUE

4 * * *

5 (f) Meetings.

6 * * *

7 (5) The Task Force shall meet not more than ~~six~~ 14 times.

8 * * *

9 Sec. 9. 2016 Acts and Resolves No. 157, Sec. H.12, as amended by 2022

10 Acts and Resolves No. 164, Sec. 5, 2023 Acts and Resolves No. 72, Sec. 39,

11 and 2024 Acts and Resolves No. 176, Sec. 1, is further amended to read:

12 Sec. H.12. ~~VEGI; REPEAL OF AUTHORITY TO AWARD INCENTIVES~~

13 ~~Notwithstanding any provision of law to the contrary, the Vermont~~
14 ~~Economic Progress Council shall not accept or approve an application for a~~
15 ~~Vermont Employment Growth Incentive under 32 V.S.A. chapter 105,~~
16 ~~subchapter 2 on or after January 1, 2027. [Repealed.]~~

17 Sec. 10. 32 V.S.A. chapter 105, subchapter 2 is amended to read:

18 Subchapter 2. Vermont Employment Growth Incentive Program

19 § 3330. PURPOSE; FORM OF INCENTIVES; ENHANCED INCENTIVES;

20 ELIGIBLE APPLICANT

21 * * *

1 (b) Form of incentives; enhanced incentives.

2 (1) The Vermont Economic Progress Council may approve an incentive
3 under this subchapter in the form of a direct cash payment in annual
4 installments.

5 (2) The Council may approve the following enhanced incentives:

6 (A) an enhanced incentive for a business in a labor market area with
7 higher than average unemployment or lower than average wages pursuant to
8 section 3334 of this title; ~~and~~

9 (B) an enhanced incentive for an environmental technology business
10 pursuant to section 3335 of this title; and

11 (C) [Repealed.]

12 (D) an enhanced incentive for an employee-owned business pursuant
13 to section 3335a of this title.

14 * * *

15 § 3331. DEFINITIONS

16 * * *

17 (9) “Qualifying job” means a new, permanent position in Vermont that
18 meets each of the following criteria:

19 (A) The position is filled by:

20 (i) a non-owner employee who regularly works at least 35 hours
21 each week; or

* * *

Except as otherwise provided for an environmental technology business ~~in~~
pursuant to section 3335 of this title or an employee-owned business pursuant
to section 3335a of this title, to calculate the business's potential share of new
revenue growth, the Council shall multiply the new revenue growth determined
under subdivision (1) of this subsection by 80 percent.

* * *

§ 3335. ENHANCED INCENTIVE FOR ENVIRONMENTAL
TECHNOLOGY BUSINESS

* * *

§ 3335a. ENHANCED INCENTIVE FOR EMPLOYEE-OWNED
BUSINESSES

(a) As used in this section, “employee-owned business” means the
following:

(1) an “employee stock ownership plan,” which means an employee
stock ownership plan as defined in 26 U.S.C. § 4975(e)(7), as may be
amended; or

(2) a “worker cooperative,” which means:

(A) an eligible worker-owned cooperative as defined in 26 U.S.C.
§ 1042(c), as may be amended;

(B) a worker cooperative organized under 11 V.S.A. chapter 8; or

(C) an organization that meets the following criteria:

(i) employees of the organization constitute a majority of
its membership;

(ii) members of the organization hold a majority of the
voting power;

1 (iii) members of the organization have the authority to elect a
2 majority of the board of directors on the basis of one person, one vote; and

3 (iv) the organization allocates a majority of its allocated earnings
4 and losses to members on the basis of:

5 (I) patronage;

6 (II) capital contributions; or

7 (III) a combination of subdivisions (I) and (II) of this
8 subdivision (2)(C)(iv); and

9 (3) seeks an incentive for economic activity in Vermont pursuant to this
10 subchapter.

11 (b) The Council shall consider and administer an application from an
12 employee-owned business pursuant to the provisions of this subchapter, except
13 that:

14 (1) the business's potential share of new revenue growth shall be 90
15 percent; and

16 (2) to calculate qualifying payroll, the Council shall:

17 (A) determine the background growth rate in payroll for the
18 applicable business sector in the award year;

19 (B) multiply the business's full-time payroll for the award year by 20
20 percent of the background growth rate; and

(c) The purpose of the enhanced incentive for employee-owned businesses is to support the growth of these locally owned and controlled businesses, which typically provide higher wages and benefits to their employees.

Sec. 11. EFFECTIVE DATES

This act shall take effect on July 1, 2026, except that this section (effective dates) and Sec. 8 (convention center task force) shall take effect on passage.