

**VEDA Overview and
Discussion on H.398**

**Senate
Committee on
Finance**

April 2025



VEDA

- Formed in 1974 as an **instrumentality** of the state to provide financing for economic development in Vermont
- **Mission Statement:**
 - To contribute to Vermont's economic vitality by providing a broad array of financing programs to eligible businesses that create jobs and help advance Vermont's public policy goals*
- Governed by 15-member board. Five are ex-officio and 10 are appointed by the Governor

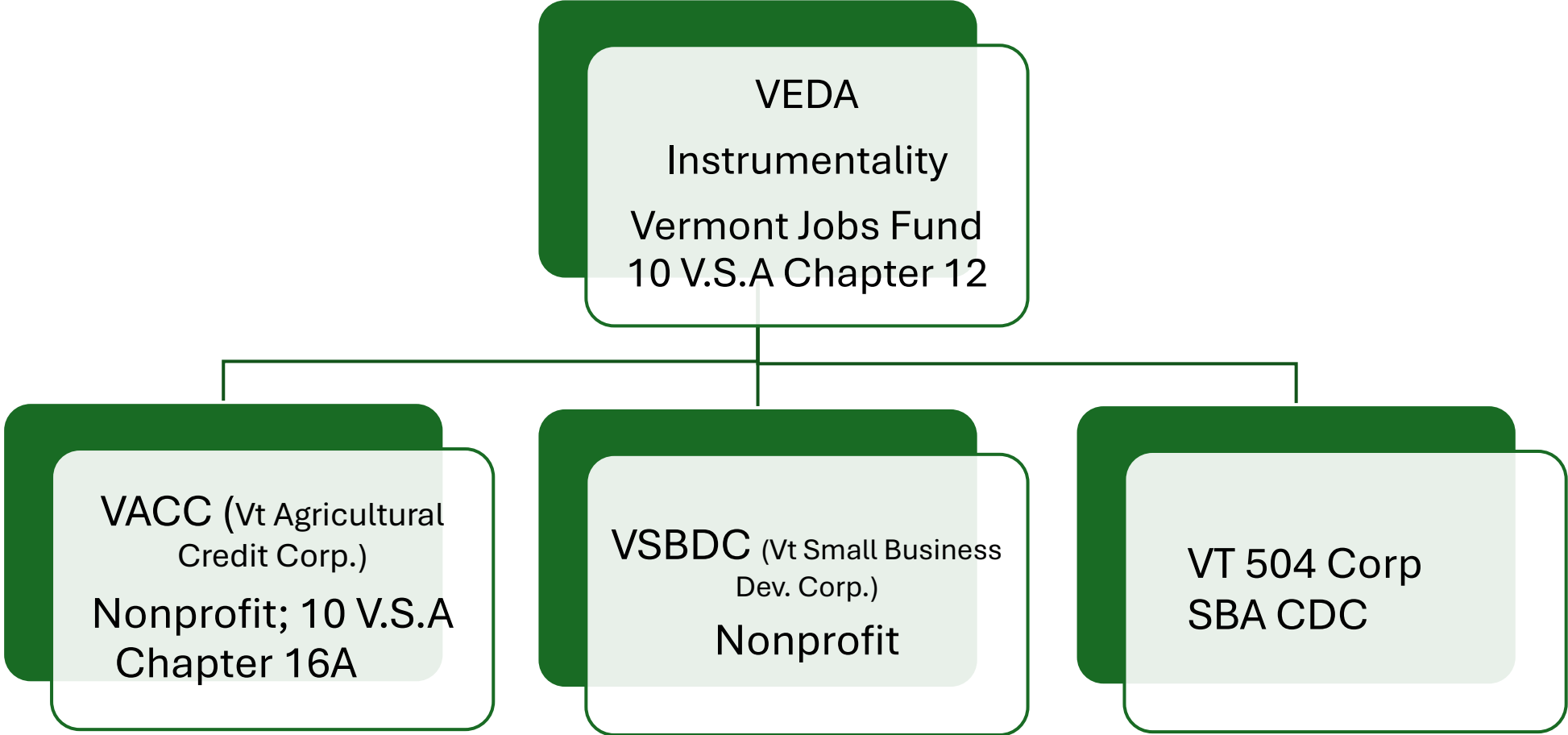
VEDA

- Main office: 58 East State Street, Montpelier



- Satellite offices: Burlington & Middlebury
- Loan portfolio of approximately \$280 million
- Staff of 41 finance professionals

VEDA's loan programs are operated from four entities/funds:



FAQ: Where does VEDA get its funding to make loans?

- VEDA funds its lending activities by borrowing from other financial institutions. VEDA **relends** its borrowed funds at interest rates sufficient to cover VEDA's borrowing and operating costs and ensure sustainability of the Authority.
- The State of Vermont provides its **Moral Obligation (MO)** to VEDA's private lenders as credit enhancement, enabling VEDA to obtain lower interest rates on its debt. The State has authorized \$181 million in MO to VEDA to pledge to its lenders.
- VEDA also borrows from the State under the Treasurer's "**10% for Vermont**" program, from the **USDA /RD** under its Intermediary Relending Program (**IRP**) and has a line of credit from **CoBank** to support agricultural lending.

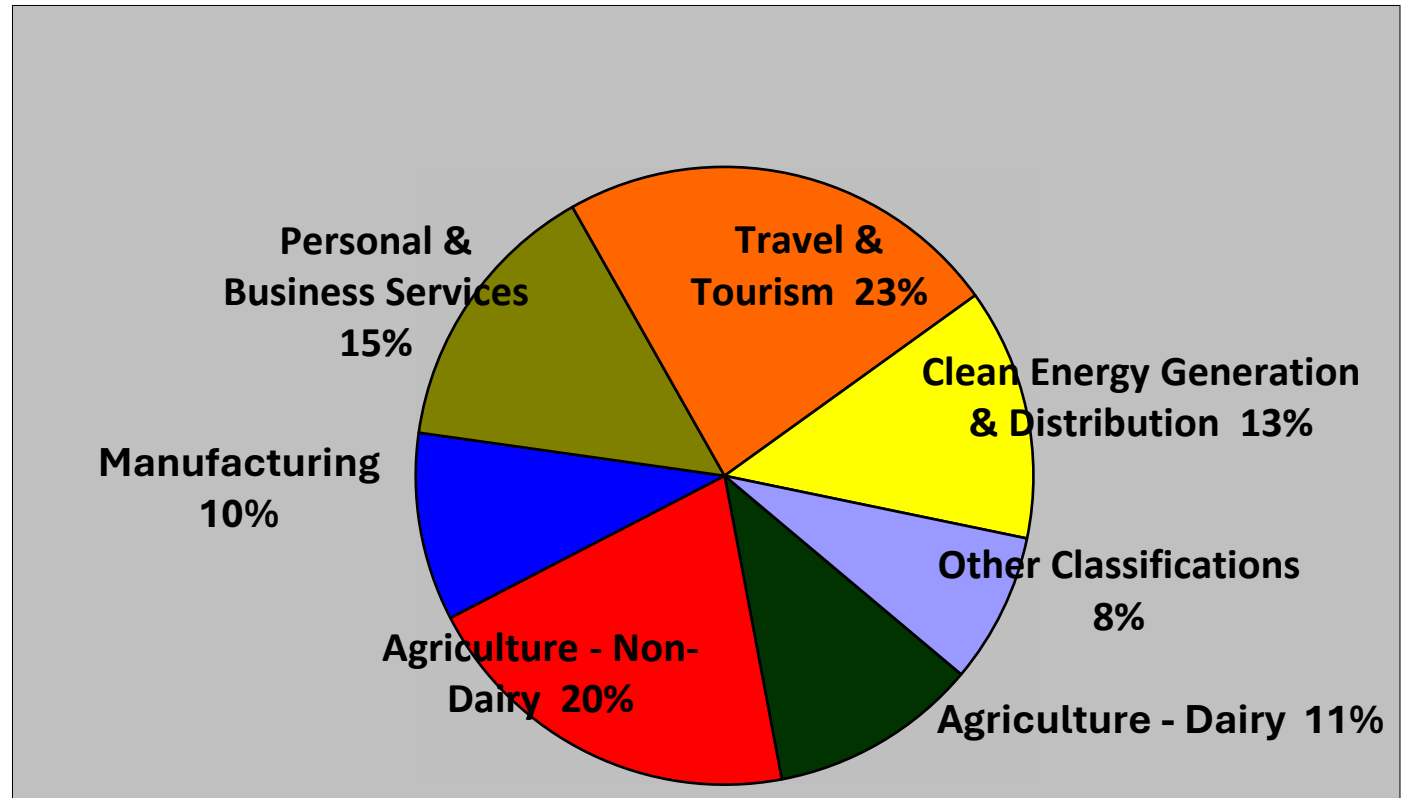
FAQ: Does VEDA's lending cover the entire state?

- Yes
- VEDA is Vermont's **statewide** economic development financing lender
- **Over \$2.8 billion** has been lent throughout all 14 counties since VEDA was created 50 years ago.
- Refer to pages 4 and 5 of [VEDA's Fiscal Year 2024 Annual Report](#) to find data on all counties

FAQ: What types of businesses, industry sectors and loan purposes are eligible for VEDA funding?

- For profits
- Not-for-profits
- Partnerships
- Corporations
- Sole Proprietorships
- Start-ups
- Expansions
- Renovations
- New Construction
- Acquisitions
- Real Estate
- Machinery & Equipment
- Working Capital
- Other....

VEDA's Loan Portfolio Composition at 12/31/24

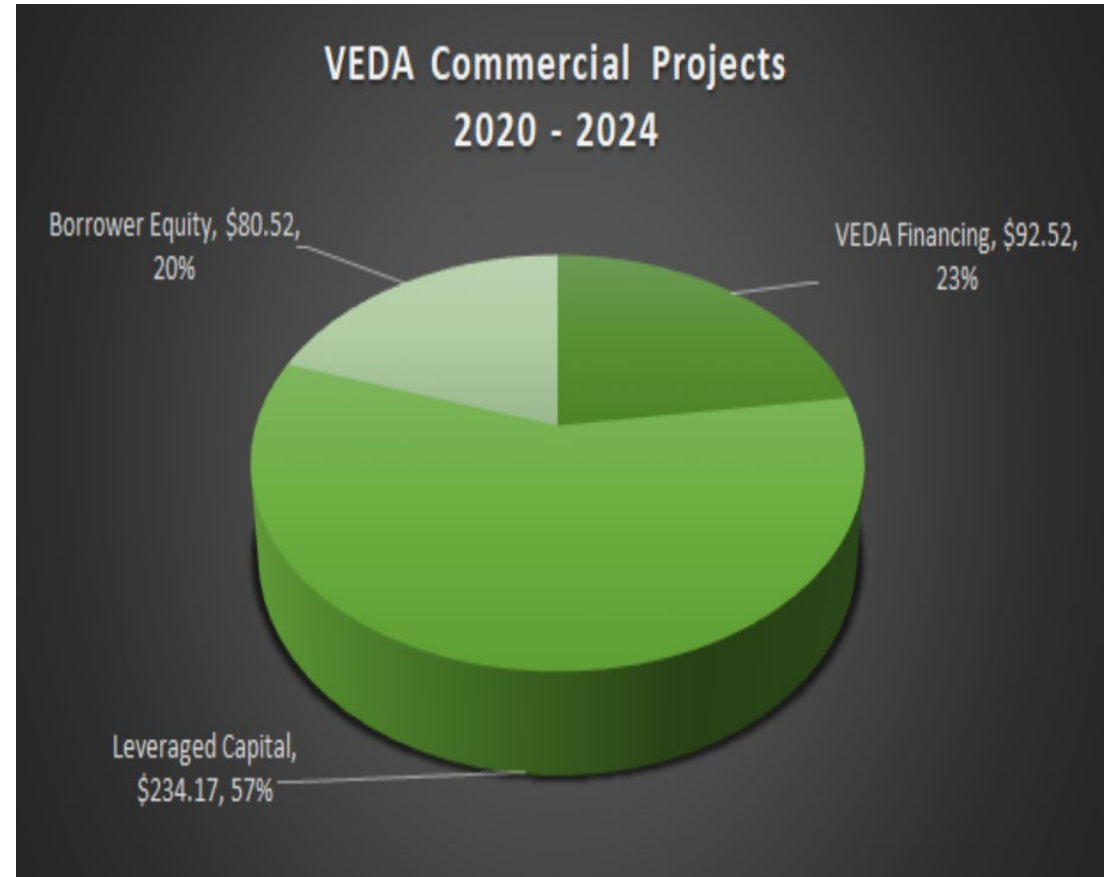


FAQ: What types of Projects are not eligible for VEDA financing?

- **Housing** (with exceptions for mixed use properties with <50% housing and long-term care facilities)
- **Investment real estate** (with exceptions for local and regional development corporations – Subchapter 3 of VEDA's statute)

FAQ: Does VEDA compete with private lenders such as banks and credit unions?

- No – For commercial projects VEDA partners with other lenders, generally in a subordinate lien position. For agricultural projects VEDA is typically the sole lender
- For commercial projects VEDA is generally limited to funding up to a maximum of 40% of the project costs
- For every \$1 of VEDA funding, historically \$3 to \$4 in other funding has gone into the projects



Jobs Impacted FY 2020-2024

	2020	2021	2022	2023	2024	5 Year Totals
# Borrowers	396	779	112	309	107	1,703
# Financings	408	845	127	319	122	1,821
\$ Closings	\$43 mil	\$67 mil	\$78 mil	\$76 mil	\$54 mil	\$317 mil
# Jobs	3,605	5,992	2,176	4,162	2,061	17,997

Average Compensation Data FY 2020-2024

	2020	2021	2022	2023	2024	5YR AGG
BLS National Avg Wage (w/o Benefits)	\$29.47	\$30.73	\$32.36	\$29.86	\$31.48	\$30.78
Jobs Impacted	1,131	1,259	1,769	1,245	1,353	6,756
Average Wage (w/o Benefits)	\$31.25	\$37.65	\$27.63	\$26.81	\$28.51	\$30.37
Average Benefits (% Payroll)	10%	14%	18%	14%	18%	15%
Average Wage (w/ Benefits)	\$38.13	\$34.38	\$42.92	\$32.49	\$33.64	\$36.31

Other Programs (Affiliate and Off Balance Sheet):

- Conduit bond issuer of tax-exempt private activity and 501(c)(3) revenue bonds.
- SBA 504 lender via VEDA's SBA Certified Development Corporation (CDC) Vermont 504 Corporation (loans sold on secondary market)
- SBA Community Advantage Lender (loans guaranteed by SBA)
- Administer and service several loan programs for the State with combined assets under management of about \$44 million.
 - Drinking Water State Revolving Fund (ANR)
 - Clean Energy Development Fund (DPS)
 - State Infrastructure Bank (AoT)
 - Brownfield Revitalization Fund (ACCD)
 - Clean Water State Revolving Loan Fund (DEC)

VEDA's Disaster Responses

- Tropical Storm Irene Flood Loans:
 - Deployed \$18 million to 350 businesses impacted by flooding
- Pandemic Response:
 - Full and partial payment deferrals made on VEDA loans
 - Deployed over \$45 million in PPP loans to 941 businesses
 - Deployed an additional \$18.5 million in forgivable loans to 201 business funded by Vermont's ARPA funding
- In addition to these responses, VEDA, through VACC, has implemented several emergency response programs during dairy down cycles.

STATE SMALL BUSINESS CREDIT INITIATIVE (SSBCI): Funding from US Treasury

- VEDA is VT's implementing entity for \$58.9 million in SSBCI funding reauthorized under the Biden Administration American Rescue Plan (ARPA)
- VEDA is using 50% to subsidize interest rates on SSBCI eligible projects
- The remaining 50% is allocated for venture capital investments to be managed by third party VC fund managers
- SSBCI funds are granted to the states and remain in the state in perpetuity

SSBCI Loan Funding to Date:

- The approximately \$29 million allocated to debt has been fully committed by VEDA. Recycled cash from loan repayments is now being deployed.
- Interest subsidies range from between 1% to 2% below VEDA's normal interest rates
- SSBCI funds have supported approximately 160 projects statewide totaling over \$147 million, resulting in a leverage of SSBCI funds of approximately 5x to date.
- Approximately 2000 FTEs impacted by SSBCI loan funds to date.

SSBCI Venture Capital Funding to Date:

- Four fund managers selected via RFP process
- Three fund managers have executed agreements and begun investing:
 - Fresh Tracks (Green Mtn. Fund): \$9.5 million allocation; \$1.6 million invested to date
 - CORI (Green Mtn. Accelerator Fund): \$3.0 million allocation; \$300,000 invested to date
 - Features Capital SSBCI Fund: \$3.5 million allocation: \$600,000 invested to date

H.389 – An Act Relating to VEDA:

- Proposes technical updates to VEDA's statute
- Creates a “Disaster Recovery Loan Fund” within VEDA
- Codifies the Vermont Sustainable Jobs Strategy

H.398 – An Act Relating to VEDA: Disaster Recover Loan Fund

- Establishes a “Disaster Recovery Loan Fund” within VEDA
- Funding to come from redirecting \$2.0 million from the Business Emergency Gap Assistance Program (BEGAP)
- Would create a permanent revolving loan fund available for businesses, including agricultural and forestry businesses
- Requires VEDA to consult with the Secretaries of ACCD and VAAFV to decide if funds should be used following a disaster. No consultation required if Governor or President of U.S declares a disaster

H.398 – An Act Relating to VEDA: Technical updates to VEDA's Statute

- Contains many technical updates, reorganization of certain sections, and language clarifications to bring VEDA's statute up to date with current lending terminology and practices.
- Deletes references to repealed sections and programs
- Adds flexibility on how long a loan can be outstanding

H.398 – An Act Relating to VEDA: Vermont Sustainable Jobs Strategy

- [10 V.S.A. § 280a](#): Authorizes VEDA to create or modify financing programs as long as the project receiving the funding and the financing program meet the criteria in the Vermont Sustainable Jobs Strategy adopted under section 280b of this title.
- [10 V.S.A. § 280b](#): Authorizes the Governor, with advice of Secretary of ACCD, to adopt a Vermont sustainable jobs strategy.
- The actual strategy is not in statute.

Vermont Sustainable Jobs Strategy:

The Vermont Sustainable Jobs Strategy

1. Any industrial, commercial or agricultural enterprise or endeavor, operating for-profit or not-for-profit, seeking to be declared an eligible facility or eligible project for purposes of obtaining financial assistance under one or more of the public financing programs of the Authority must be able to demonstrate to the satisfaction of the Authority that it will materially support the achievement of the following objectives of the Sustainable Jobs Strategy:

- (a) create or sustain employment opportunities for Vermonters in proportion to the amount of financial assistance requested;
- (b) provide quality employment at wage and benefit levels sufficient to permit a reasonable standard of living by community standards, and at levels which may contribute to bringing Vermont's average wage up to or above 100% of the national average wage rate;
- (c) promote employment opportunities in economically disadvantaged areas and communities of the state;
- (d) advance the overall growth of wealth in the Vermont economy by promoting the production and sale of goods and services with a substantial Vermont content and those which utilize Vermont's unique human and natural resource base, to markets outside of the state and nation, including visitors to, and travelers through, the state;
- (e) assist the development of a business infrastructure that will contribute to sustainable economic development, to include the provision of necessary services such as shipping, warehousing, communications, repair and maintenance, technical services, distribution, dependent care, etc., particularly when an in-state capability in these areas can replace services heretofore provided by out-of-state suppliers;
- (f) encourage economic development projects that reduce, mitigate or eliminate the pollution of land, air or water; or those which will interdict material within the state which, having served its intended purpose, would otherwise enter the solid waste disposal stream and which will cause the diversion of such material to useful purposes, or which will reuse or recycle any such post-consumer material;

(g) encourage commercial activity in the traditional downtown areas of the state, and to promote the preservation through appropriate commercial adaptation of suitable buildings or structures which are historically or aesthetically significant;

(h) encourage economic development projects which are consistent with and sensitive to, the needs of the communities in which such projects are located;


(i) promote entrepreneurial activity, recognizing that some of those that are the small businesses of today will be the large employers of tomorrow;

(j) aid in the achievement of the economic development and business growth strategies adopted by the Vermont Economic Progress Council and the Vermont Economic Development Department, wherever possible providing assistance to those categories of enterprise which may be designated as especially desirable for Vermont.

2. The Authority may adopt such policies and procedures as it deems necessary to define further any term or criterion used in this section, or to set specific standards by which to measure the extent to which any proposed project meets the requirements of this section.

3. This strategy acknowledges that no proposal for financial assistance from the Authority is likely to meet all of the criteria listed above in Section 1, but may meet several to some degree, others to an exceptional degree and some not at all. In deciding whether to provide financial assistance to an applicant, the Authority, after determining that a project meets its credit underwriting standards, shall take into account the above criteria, the overall benefit of the project to the state, to the community in which it is proposed to be located, the amount of assistance requested and the availability of Authority resources to fund the request.

Approved May 26 1999


Howard Dean, M.D., Governor

ADDITIONAL RESOURCES:

- VEDA's Website: <https://www.veda.org/>
- VEDA's Annual Reports: <https://www.veda.org/about-veda/annual-reports/>
- Documentary on VEDA: [https://www.veda.org/hubfs/WEBSITE_CONTENT/50th/veda50%20\(360p\).mp4](https://www.veda.org/hubfs/WEBSITE_CONTENT/50th/veda50%20(360p).mp4)
- VEDA Borrowers' Stories: <https://www.veda.org/borrower-stories/>
- VEDA's Statute: <https://legislature.vermont.gov/statutes/chapter/10/012>

THANK YOU!



VEDA.org