



VERMONT LEGISLATIVE
Joint Fiscal Office

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Fiscal Note

March 18, 2025

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S.122 – An act relating to economic and workforce development

As recommended by the Senate Committee on Economic Development, Housing and General Affairs^{1,i}

Bill Summary

This bill would make several appropriations to support existing economic and workforce development programs aimed at providing assistance to small businesses in Vermont. The bill would also expand the Downtown and Village Center Tax Credit Program to provide a higher cap in the total value of credits that can be awarded annually.

This bill expands the Downtown and Village Center Tax Credit Program and appropriates funds to support existing economic and workforce development programs.

Fiscal Impact

This bill would appropriate \$3.95 million from the General Fund in fiscal year 2026 for workforce and economic development programs. The bill would also increase the cap on the total value of Downtown and Village Center Tax Credit annual awards from \$3.0 million to \$5.0 million annually. This will result in an additional \$2.0 million in forgone revenue in the General Fund annually.

Background and Details

The following sections have a fiscal impact.

Section 1

Section 1 would increase the total amount of credits that can be awarded annually under the Downtown and Village Center Tax Credit Program from \$3.0 million to \$5.0 million annually. These credits are awarded to developers for qualifying historic rehabilitation, façade improvement, code improvement, and flood mitigation projects. These credits can then be claimed against the awardees' personal or corporate income tax liability, or, as is often done, the credits can be sold to a bank or insurance company. The bank or insurance company can then claim the credit against their bank franchise or insurance premium tax liability.

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.*

All of the tax types that these credits can be used to offset go into the General Fund. Therefore, this change would result in an additional \$2.0 million in forgone revenue to the General Fund annually.

Section 2

Section 2 would make the following appropriations from the General Fund in fiscal year 2026:

\$300,000 to the Department of Economic Development (DEC) to support the Vermont Law and Graduate School's public education offerings and free legal support to small businesses through its Vermont Small Business Law Center.

\$350,000 from the General Fund to DEC to continue the support of the Vermont Professionals of Color Network. The Network provides workforce and business development services to Black, Indigenous, and People of Color (BIPOC) business communities.

\$688,889 to the Vermont Small Business Development Center to continue its work helping Vermonters start, acquire, and grow businesses. The funds will be used to increase business advising and educational workshops.

\$100,000 to the Vermont Sustainable Jobs Fund Program to create a business resource guide directed towards small businesses. The resource guide will be a magazine-style annual guide featuring profiles of Vermont business service organizations, an interactive website to be a digital home for the guide's content, and an artificial intelligence platform to compliment the website.

\$581,000 to the Vermont Small Business Development Center to support the Vermont Community Action Partnership's microbusiness development program.

\$120,000 to the Vermont Small Business Development Center to provide executive business skills training and coaching support to owners of small businesses with 20 or fewer employees. The Center will contract with the Vermont Sustainable Jobs Fund and the Vermont Manufacturing Extension Center to provide skills training and coaching services.

Section 3

Section 3 would appropriate \$1,071,800 from the General Fund to the Vermont Arts Council in fiscal year 2026 to match the estimated federal contribution. This appropriation represents a \$68,737 increase over what was included in the Governor's recommended fiscal year 2026 budget.

This section would also appropriate \$120,000 from the General Fund to the Vermont Arts Council to support the Vermont film and creative industry initiative, which will build the basic industry structure to grow Vermont's film and creative media sector. The funds will be used to build and maintain an online database of film and creative media assets and opportunities and to support a part-time staff position within the Vermont Arts Council to manage the database.

Section 4

Section 4 would appropriate \$250,000 from the General Fund to the Department of Forests, Parks and Recreation in fiscal year 2026 to support the Vermont Outdoor Business Alliance's Climate and Circularity Outdoor Business Program. This program provides sustainability and innovation technical assistance to Vermont's outdoor sector for business planning and adaptations. The funds will be used to provide technical assistance to outdoor businesses, manage small group workshops and consultation, and to coordinate industry events.

Section 5

Section 5 would appropriate \$350,000 from the General Fund to DEC in fiscal year 2026 to support the International Trade Division's initiatives. These include hiring international recruitment consultants, developing advanced site selection data and mapping tools, expanding Vermont's presence at trade shows, and sponsoring events that align with the State's economic development goals.

Section 6

Section 6 would establish the Vermont-Ireland Trade Commission within the State Treasurer's Office to advance bilateral trade and investment between Vermont and Ireland. The Commission will be comprised of 10 members including three appointed by the Governor, three appointed by the Speaker of the House, three appointed by the Senate Committee on Committees, and the State Treasurer or designee. Each member, aside from the Treasurer or designee, will serve four-year terms.

The Commission is authorized to raise funds through direct solicitation or other fundraising, accept donations, grants, and bequests to defray administrative expenses and to carry out its purpose. The Commission is authorized to hold six meetings annually for which its members will be eligible to receive per diem compensation. The expected cost of this per diem compensation is estimated to be approximately \$13,000 in fiscal year 2026. There is no appropriation for this expense in the bill.

Section 10

Section 10 would create the Convention Center and Performance Venue Task Force to explore the feasibility of building a of a convention center or performance venue in Vermont. The Task Force would be comprised of one member of the House, one member of the Senate, the Secretary of Commerce and Community Development or designee, the President of the Vermont Chamber of Commerce or designee, the Chief Executive Officer of the Lake Champlain Chamber of Commerce or designee, and the President of the Regional Development Corporations or designee.

The Task Force will be authorized to receive per diem compensation for up to eight meetings. The cost of this per diem compensation is estimated to be approximately \$6,000 in fiscal year 2026 and is not appropriated for in the bill.

Appendix: Summary of Appropriations

| Section | Agency | Program | Bill Appropriation | Source |
|---------|--|--|-----------------------|--------------|
| 2a | Department of Economic Development | Vermont Law and Graduate School | \$300,000 | General Fund |
| 2b | Department of Economic Development | Vermont Professionals of Color Network | \$350,000 | General Fund |
| 2c | Vermont Small Business Development Center | Assistance starting, acquiring, and growing businesses | \$688,889 | General Fund |
| 2d | Vermont Sustainable Jobs Fund | Business resource guide for small businesses | \$100,000 | General Fund |
| 2e | Department of Economic Development | Microbusiness support | \$581,000 | General Fund |
| 2f | Vermont Small Business Development Center | Coaching services | \$120,000 | General Fund |
| 3a | Vermont Arts Council | Federal matching | \$1,071,800 | General Fund |
| 3b | Vermont Arts Council | Film and creative industry initiative | \$120,000 | General Fund |
| 4 | Department of Forest, Parks and Recreation | Vermont Outdoor Business Alliance Climate and Circularity Outdoor Business Program | \$250,000 | General Fund |
| 5 | Department of Economic Development | International Trade Division | \$350,000 | General Fund |

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| Total | \$3,950,931 |
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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.