VERMONT LEGISLATIVE
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Fiscal Note
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S.327 – An act relating to economic development

As recommended by the Senate Committee on Finance, Draft 1.1[1]

Bill Summary

This bill proposes allocating part of appropriations to several State agencies and departments to support economic development programs. The bill itself does not contain any appropriations but allocates part of appropriations that would be made in the fiscal year 2027 budget bill. The bill would also expand the Downtown and Village Center Tax Credit Program, sets up two new study groups, extends the number of allowable meetings for the Convention Center Task Force, and repeals the sunset language for the Vermont Economic Growth Incentive Program (VEGI).

Fiscal Impact

The bill itself does not contain any appropriations but allocates part of appropriations that would be made in the fiscal year 2027 budget bill for certain economic development programs. In several instances the amounts referenced are equal to those in the Governor's recommended budget. In others, they are additive. In total, the bill allocates approximately $8.3 million General Fund for these programs, approximately $4.2 million more than the Governor's recommended budget.

The bill also authorizes an additional eight meetings for the Convention Center Task Force which does include per diem eligible members. The cost of these per diems in fiscal year 2027 would be approximately $9,600, but it should be noted that while these the Task Force held meetings in fiscal year 2026, actual per diem expenses were $0.

Lastly, the bill would repeal the VEGI sunset and make the program permanent. The 2025 VEGI annual report shows that approximately $2.2 million in incentives were paid in 2023.

[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.*

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.

Table 1: **Proposed Allocations of Funding**

Section	Program	Agency	Allocations of Funding as Recommended by S.327
2	Downtown and Village Center Tax Credit	DHCD	$3,500,000
3	Vermont Law School's Small Business Law Center	DED	$100,000
3	Vermont Small Business Development Center	ACCD	$539,000
3	Microbusiness Development Program	DCF-OEO	$594,000
3	Professionals of Color	ACCD	$200,000
4	VOREC	DFW	$200,000
5	International Trade Division	ACCD	$150,000
6	Brownfields	DED	$3,000,000
Total			**$8,283,000**

Background and Details

Section 2: Downtown and Village Center Tax Credit

Section 2 would increase the maximum amount of Downtown and Village Center Tax Credits that can be issued each year. These credits, which are currently capped at $3 million annually, can be used to reduce income tax liability or sold to banks or insurance companies to obtain cash, debt reduction, or favorable loan terms. Credits are available for rehabilitating historic properties, façade improvements, code compliance, and flood mitigation projects within designated downtown or villages centers. This section increases the amount that can be issued each year to $3.5 million, which represents $500,000 of forgone revenue beyond current law to the General Fund beginning in fiscal year 2027 and recurring in future years.

Section 3: Expanding Services for Small Businesses

Section 3 would authorize the use of funds for several economic development programs but does not make appropriations.

This section allocates $100,000 of the fiscal year 2027 appropriation to the Department of Economic Development (DED) to support the Vermont Law and Graduate School's public education offerings and free legal support to small businesses though the Vermont Small Business Center.

This section also allocates $539,000 of the fiscal year 2027 appropriation to DED for a grant to the Vermont Small Business Center to assist Vermonters with starting, acquiring, and growing businesses. These funds would be used for business advising and educational workshops for entrepreneurs and small business owners. This allocation is intended to be inclusive of the Governor's recommended base General Fund appropriation of $388,889 for these purposes.

This section also allocates $594,000 of the fiscal year 2027 appropriation to the Department for Children and Families' Office of Economic Opportunity (DCF-OEO) to support the Vermont Community Action Partnership's microbusiness development program. This allocation is intended to be inclusive of the Governor's recommended one-time General Fund appropriation of $493,339 for these purposes.

Lastly, this section allocates $200,000 of the fiscal year 2027 appropriation to DED for a grant to the Vermont Professionals of Color Network to support workforce and business development services it provides to BIPOC business communities. This allocation is intended to be additive to the Governor's recommended base General Fund appropriation of $60,000 for these purposes.

Section 4: Vermont Outdoor Recreation Economic Collaborative (VOREC)
Section 4 would allocate $200,000 of the fiscal year 2027 appropriation to the Department of Forests, Parks and Recreation (FPR) to VOREC to conduct an outdoor recreation economic impact study to provide the State with information on how to better support the outdoor recreation industry. This allocation is intended to be additive to the Governor's recommended one-time General Fund appropriation of $500,000 for VOREC.

Section 5: International Business Office
Section 5 would allocate $150,000 of the fiscal year 2027 appropriation to DED to the International Business Office to continue support of the Office's initiatives, including further developing the economic relationship between Vermont and Taiwan. This allocation is intended to match the Governor's recommended amount but adds language to direct the Office to explore the economic relationship with Taiwan.

Section 6: Brownfields
Section 6 would allocate $3,000,000 of the fiscal year 2027 appropriation to DED for brownfields remediation and redevelopment. This allocation is intended to be additive to the Governor's recommended appropriations, which did not include appropriations for brownfields remediation.

Section 7: Business Resources and Growth Inventory Study
Section 7 would task DED, in consultation with stakeholders, to study how the State can better enable and support growth of Vermont businesses. DED would be required to submit a report to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs by December 15, 2026. This section is not expected to have a fiscal impact.

Section 8: Convention Center and Performance Venue Task Force
Section 8 would grant the Convention Center and Performance Venue Task Force permission to meet an additional eight times. Per diem-eligible members of the Task Force include two legislators and five other individuals. The approximate cost would be $9,600 in fiscal year 2027. However, the Task Force met six times in fiscal year 2026 and actual per diem costs were $0.

Section 9: Vermont Economic Growth Incentive (VEGI) Program Sunset Repeal
Section 9 would repeal the sunset of Vermont Economic Progress Council's (VEPC) authority to issues awards through VEGI. This authority is currently scheduled to sunset on January 1, 2027. This repeal would make VEPC's ability to award incentives permanent.

From the 2025 VEGI annual report, the value of incentives paid in 2023 was approximately $2.2 million. This represents a tax expenditure because it is foregone revenue to the General Fund.[2] If the authority to award new incentives were to sunset, the $2.2 million in incentives paid would be expected to decrease.

[2] https://legislature.vermont.gov/assets/Legislative-Reports/2025-VEGI-Annual-Report-FINAL.pdf?_gl=1*18bdjcz*_ga*NzEzMTM0OTY2LjE3Njc2Mjc4OTE.*_ga_V9WQH77KLW*czE3NzM2NzExOTAkbzQ5JGcxJHQxNzczNjcxMTk4JGo1MiRsMCRoMA

Section 10: Culinary Institute Study

Section 10 would task the Office of Workforce Strategy and Development to engage with stakeholders to determine how to best establish a new culinary institute in Vermont. The Office would be required to submit a report to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs by December 1, 2026. This section is not expected to have a fiscal impact.

Section 11: Connecting Vermont to New York Study

Section 11 would task the Vermont Association of Planning and Development Agencies, in consultation with stakeholders, to study short- and long-term solutions to connect the people and economies of Vermont and New York. The Association would be required to submit a report to the General Assembly by January 15, 2027. This section is not expected to have a fiscal impact.