



# VERMONT LEGISLATIVE Joint Fiscal Office

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## Fiscal Note

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### **H.398 (Act 26) – An act relating to the Vermont Economic Development Authority**

As Enacted<sup>1i</sup>

#### **Bill Summary**

This bill makes numerous changes and technical updates to laws pertaining to the Vermont Economic Development Authority (VEDA). The bill also establishes a Vermont Disaster Recovery Loan Fund to enable VEDA to provide loans and other forms of financial assistance to businesses, including agricultural and forest product enterprises, after disasters.

#### **Fiscal Impact**

The Disaster Recovery Loan Fund created in the bill will provide financial assistance through a revolving loan program, at a limited interest rate necessary to cover the costs of administering the Fund, and any excess of revenues over expenses shall be deposited in the Fund.

Act 27 (2025), the fiscal year 2026 appropriations act, appropriates \$2,000,000 in fiscal year 2025 from the General Fund to the Department of Economic Development for a grant to VEDA to fund this program. It is possible that future demands on the fund could require additional capitalization in future years.

#### **Background and Details**

##### **Disaster Recovery Loan Fund**

Section 1 establishes within VEDA the Vermont Disaster Recovery Loan Fund. This Fund will enable VEDA to provide loans and other forms of financial assistance to businesses, including agricultural and forest product enterprises, after disasters. This is a revolving loan program, and any excess revenues over expenses derived from the program would be deposited in the Fund.

VEDA is required to consult with the Secretary of Commerce and Community Development, Secretary of Agriculture, Food and Markets, and Commissioner of Forests, Parks and Recreation in determining whether funds shall be made available following a nondeclared disaster event impacting areas of the State. A consultation shall not be required in the event of a disaster declaration declared by the Governor or President.

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<sup>1</sup> 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.

VEDA is required to establish policies and procedures for the Fund, and financing programs necessary to ensure timely delivery of financial assistance after a disaster. VEDA is required to limit the interest rates charged for loans provided from the Disaster Recovery Loan Fund to rates necessary to cover the costs of administering the Fund; therefore, administrative costs are expected to be funded by the program.

In determining whether to issue financial assistance from the Disaster Recovery Loan Fund, VEDA shall consider whether a business has received disaster recovery financial assistance from the State for the same disaster event.

### **Appropriation**

As introduced, Section 3 of the bill would have amended Act 113, Sec. B.1100(h) to appropriate \$2,000,000 General Fund in fiscal year 2025, on a one-time basis, to the Department of Economic Development for a grant to VEDA to establish a disaster relief fund for use by businesses and agricultural enterprises following a natural disaster. This appropriation was removed from the bill to instead be reflected in H.493 (Act 27 of 2025), the fiscal year 2026 appropriations act, which funds this program by redirecting \$2,000,000 from the \$7,000,000 appropriation to the Business Emergency Gap Assistance Program in fiscal year 2025.

It is possible that future demands on the fund could require additional capitalization in future years beyond this initial \$2,000,000 appropriation.

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<sup>i</sup> *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.*