



VERMONT LEGISLATIVE
Joint Fiscal Office

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Fiscal Note

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H.775 – An act relating to creating tools for housing production

As passed by the House of Representatives¹

Bill Summary

This bill as recommended would create various policy tools to support housing development in Vermont, including:

- *Section 1:* allowing municipalities to issue revenue bonds for public improvements that benefit a limited area of the municipality;
- *Section 2:* increasing the cap for the “10% for Vermont” program to 12.5% of the State’s average cash balance – of the increase, up to 1% could be used for bulk purchasing of off-site constructed housing;
- *Section 4:* creating an off-site construction accelerator pilot that would explore purchasing, regulation, and permitting of modular homes;
- *Section 7:* requiring municipalities to include with their municipal plans an identification and analysis of existing and projected housing needs; and

The bill would allow for additional lending of the State’s average cash balance through the Treasurer’s credit facilities.

Fiscal Impact

Increasing the amount of the State’s cash balance invested through credit facilities would result in forgone interest income starting in fiscal year 2028 (interest rates on loans offered by the Treasurer are lower than the average return on short-term investments of the State’s cash balance).

Based on estimates of the average State cash balance, an extra \$30 million could be awarded to housing projects by increasing lending from 10% of the State’s cash balance to 12.5%. This could result in up to \$600,000 in forgone interest income annually. However, this should be considered a maximum potential impact – it often takes time for awardees to draw down funds, and it would take a few years for this capacity to be fully realized. The Treasurer does not expect to issue any loans from the expanded facility in fiscal year 2027.

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.*

Background and Details

The current 10% for Vermont program makes low interest loans primarily for various housing projects. Interest rates range from 1% to 2.5%, depending on the length of loan term/amortization. The amount of money available to lend is currently capped at 10% of the State's average cash balance.

The potential capacity for the program has increased substantially in recent years, largely due to increases in federal funds received by the State in the wake of the COVID-19 pandemic. The average cash balance was \$321.5 million in fiscal year 2020 but increased to \$2.2 billion in fiscal year 2023, before decreasing to \$1.6 billion in fiscal year 2025 as more federal funds were spent down. The Local Investment Advisory Committee (LIAC), which oversees the 10% for Vermont program, has authorized a cap of \$120 million for the 10% credit facility, assuming an estimated \$1.2 to \$1.5 billion average cash balance through fiscal year 2027.²

The increase in the State's average cash balance has increased interest income available to the General Fund. Between fiscal year 2022 and fiscal year 2025, interest income available to the General Fund increased from \$2.3 million to \$58.6 million. The January 2026 Consensus Revenue forecast estimates that the General Fund will have \$27.5 million in available interest income in fiscal year 2027.

In the absence of future significant one-time federal funding, the State's average cash balance is expected to decrease. As that happens, the amount of money that could be awarded through credit facilities would also decrease, potentially limiting the fiscal impact of this bill. As such, the figures presented above should be considered maximum potential fiscal impacts.

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.

² <https://www.vermonttreasurer.gov/sites/treasurer/files/20250609%20LIAC%20meeting%20minutes%20draft%201.docx>