VERMONT LEGISLATIVE
Joint Fiscal Office
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Fiscal Note
April 28, 2026
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S.327 – An act relating to economic development

As recommended by the House Committee on Ways and Means, Draft 2.2[1]

Bill Summary

This bill, as recommended, would require new studies on economic development, repeal the sunset language for the Vermont Employment Growth Incentive Program (VEGI), authorize additional meetings for the Convention Center Task Force, provides authorization for rounding cash transactions, and authorizes municipalities to approve Commercial Property-Assessed Clean Energy Districts (C-PACE).

Fiscal Impact

The bill would repeal the VEGI sunset, making the program permanent, and lower the final approval cap from $10 million to $5 million. The 2025 VEGI annual report shows that approximately $2.2 million in incentives were paid in 2023. The bill also includes an estimated $9,600 in per diem costs.

Background and Details

Section 7: Business Resources and Growth Inventory Study

Section 7 would task the Department of Economic Development (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 Task Force

Section 8 would grant the Convention Center and Performance Venue Task Force permission to meet an additional eight times and extends the expiration of the Task Force from December 1, 2026 until July 1, 2027. 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 Employment Growth Incentive (VEGI) Program Sunset Repeal

Section 9 would repeal the sunset of Vermont Economic Progress Council's (VEPC) authority to issue awards through VEGI. This authority is currently scheduled to sunset on January 1, 2027. This repeal would

[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.*
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make VEPC's ability to award incentives permanent. This bill also lowers the cap on final approvals from $10 million to $5 million while still allowing an annual $5 million increase to the cap contingent on Joint Fiscal Committee approval. This would make the total contingent cap equal to $10 million. VEGI has not exceeded $10 million in final approvals since 2010.

The VEGI program provides performance-based cash incentives to businesses that are expanding in or relocating to Vermont. Businesses can earn incentives for creating new qualifying jobs, increasing payroll, and making capital investments in excess of their background growth. To qualify, businesses have to show that the expansion or relation would not happen without the incentive and demonstrate that the new activity will generate more tax revenue than it costs the State.

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 forgone 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.

Section 10a: Culinary and Hospitality Education Study

Section 10a would task the Department of Labor, in collaboration with the Vermont Chamber of Commerce, to engage with stakeholders to determine how to best develop postsecondary educational programs in the fields of culinary arts and hospitality. 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 10b: Hospitality and Culinary Apprenticeship Pilot Report

Section 10b would task the Department of Labor with establishing and maintaining a two-year hospitality and culinary apprenticeship pilot program to develop and evaluate a new registered apprenticeship program specific to accommodation and food services. The Department would implement the program using existing State and federal funds to the extent practicable and may seek grant or funding as such funds become available. The Department would be tasked with producing a report on the creation and results of this pilot program by December 15, 2026, submitted to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs. There are no funds appropriated to the Department for this work, and it is not expected to have a fiscal impact.

Section 12a-b: Rural Industry Development Grant Program

Sections 12a-b would move Rural Industry Development Grant from session law into statute. The Program provides grant funding through local development corporations to support business relation and expansion effort. Eligible uses include the purchase, demolition, and renovation of property for industrial use. Currently, grants may not exceed $1 million or 20% of the total project cost. This bill would cap grants at the lesser of $1 million or 50% of the total project cost. It would also allow grants to exceed $1 million in instances where the property is classified as a federally impacted property.

Sections 13a-b: Nickel Rounding

Sections 13a-b authorize businesses to round the final amount to the nearest nickel for cash transactions. If the final digit of the amount due is $0.01, $0.02, $0.06, or $0.07 they may round down. If the final digit of the amount due is $0.03, $0.04, $0.08, or $0.09 they may round up. This does not apply to electronic and other non-cash payments, payment of wages, rebates or cash disbursements, or transactions governed by federal law that prohibits rounding. All applicable taxes and fees associated with cash transactions will still be calculated and remitted on the non-rounded amount. While this change would affect cash transactions,

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

it is not expected to have a fiscal impact to the State.

Sections 14a-f: Commercial Property-Assessed Clean Energy Districts

Sections 14a-f would allow legislative bodies of towns, cities, or incorporated villages to establish themselves as commercial property-assessed clean energy districts (C-PACE). This would allow commercial property owners to secure private financing for clean energy projects.

Under this construct, the loans would be tied to the property rather than the property owner, and payments would be made via municipal property taxes. In addition to regular annual municipal property taxes commercial property owners that use this financing mechanism would have an amount added to their bill that would pay off the loan. This would mean that if the property owner sold or was dispossessed in some other way, the loan would still be connected to the property allowing more assurance to lenders of it being paid in full. Whoever purchased the property would still have payments for the loan added to their municipal property tax bills.

This would allow borrowers to receive longer term loans at lower interest rates. Municipalities are authorized to charge fees for administering a C-PACE district and education property taxes would be unaffected. This program is not expected to have any fiscal impact to the State.