



VERMONT LEGISLATIVE
Joint Fiscal Office

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Fiscal Note

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S.327 – An act relating to economic development

As recommended by the House Committee on Commerce and Economic Development, Draft 4.2¹

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, and provides authorization for rounding cash transactions.

Fiscal Impact

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.

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 make VEPC's ability to award incentives permanent.

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.

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

² https://legislature.vermont.gov/assets/Legislative-Reports/2025-VEGI-Annual-Report-FINAL.pdf?_gl=1*18bdjcz*_ga*NzEzMTM0OTY2LjE3Njc2Mjc4OTE.*_ga_V9WQH77KLW*cze3NzM2NzExOTAkbzQ5JGcxJHQxNzczNjcxMTk4JGo1MiRsMCRoMA