

Stimulus Package

	<u>Year 1</u>	<u>Total</u>
Housing		
VHFA	\$17.4M	\$17.4M
Includes:		
\$10M Bond purchased by retirement funds for Mobile Home Program		
\$7.4M Bond purchased by retirement funds for Homeowner Assistance		
State Moral Obligation bond guarantee on the next two bond issuances of VHFA to help decrease borrowing costs and ultimately lower costs for homeowner		
 BISHCA		
60 day grace period/Mortgage Assistance Program		
 Urban Homesteads ¹	\$0.28M	\$0.28M
 New Neighborhoods Initiative	\$22.0M	\$95.8M
 Transportation		
Additional Funds for Road, Bridge and Culvert Rehabilitation and Preventative Maintenance	\$10.0M	\$80M
 Sales Tax Holiday¹		
Sales Tax Independence Weekend	\$1.9M	\$1.9M
1 Week on Energy Star appliances	\$0.1M	\$0.1M
 Employer Support		
Low interest loans (now 2.25%) 36 Mo. Rate for business expansion or start-up loans	\$18M	\$18M
 Manufacturing Tax Credit in High Unemployment areas ¹	\$0.5M	\$0.5M
 Opportunity Zones ²	N/A	N/A
Increase timber offerings on state lands ²	N/A	N/A
VEGI	Ongoing	Ongoing
 Total	\$70.2M³	\$214M

¹ Will require General Fund monies.

² No cost and although it will have an economic benefit we would rather be conservative and wait until operational to estimate benefit.

³ FY 2009 impact to General Fund is \$2.780 million. This represents a small fraction of the approximately \$1.2 billion FY'09 General Fund budget.

Further Details

Housing

New Neighborhoods Initiative

The New Neighborhoods Initiative streamlines regulatory systems, creates incentives for communities to approve new construction, and complements the existing low-income housing network.

- The ongoing economic stimulus benefit of this plan is estimated at \$22 million in FY 2009 and over \$95 million cumulative through FY 2011.

VHFA

The Vermont Housing Finance Agency (VHFA) has opportunities to provide an economic stimulus to Vermonters at a time when market conditions are making it more difficult to buy a home and for VHFA to obtain adequate low interest financing.

- The retirement funds would purchase \$10 million of VHFA bonds at a rate of return of 5 to 5.25% that will in turn support VHFA's Mobile Home program. Estimated number of homes that will be purchased is 100.
- The retirement funds would purchase \$7.4M of VHFA bonds at a rate of return of 5.3%. The monies derived from these bonds will support homebuyers' down payments, closing or minor repair costs to facilitate homeownership.
- The next two VHFA bond issues will be supported by the moral obligation of the State (\$30-60 million) resulting in mortgage rate reductions.

Urban Homesteads

All throughout Vermont's downtowns there are buildings with thriving commercial space on the first floor but underutilized space on the upper floors. By providing Urban Homestead tax incentives, first-time homeowners can invest in these spaces—helping to significantly increase economic activity in our downtowns and village centers.

Transportation

Additional Funds for Road, Bridge and Culvert Rehabilitation and Preventative Maintenance Through Bonding and Reduced TF transfers.

This additional bonding and other new funds will be spent directly in Vermont on materials and labor, and is an opportunity to perform preventative work that will lower future costs of repair.

- \$10M per year in new bonding for five years.
- Reduce transportation fund transfer to general fund by \$4.5 million every year starting in FY 2010 through FY 2013 leaving \$15 million for Public Safety in FY2013.
- Total additional funding (new bonding revenue plus reduced TF transfers less debt service) for transportation over five years will be over \$80 million.

Sales Tax Holidays

Sales Tax Holiday for all Purchases

This stimulus will support retail activity in Vermont.

- Two days at a projected cost of \$1.9M to the General Fund.

Sales Tax Holiday for Energy Star Rated Appliances

This stimulus will support retail activity and reduce energy use and emissions.

- One week at a projected cost of \$100K to the General Fund.

Employer Support

VEDA

The Vermont Economic Development Authority (VEDA) can provide an economic stimulus by offering low interest loans to businesses for business expansion or start-up. Loans of \$18M can be offered at a subsidized variable rate of Wall Street Journal (WSJ) Prime less 3.00% (currently 2.25%). The subsidies would last for three years. This subsidy will cost \$1.26M, to be paid by VEDA. From the state's cash flow, the state will loan VEDA the money to operate this program and the General Fund will be repaid; no appropriation is needed for this purpose.

Forests, Parks and Recreation

As part of the economic stimulus package, the Department of Forests, Parks and Recreation will continue to increase the amount of timber offered on state land each year. This will benefit the forestry industry in Vermont.

Manufacturers Operating in Economically Weak Areas

A tax credit for manufacturers of tangible personal property operating in areas with March unemployment rates of 7.5% or greater would stimulate the economy of those regions.

- A tax credit of 2% of wages paid between July 1, 2008 and June 30, 2009 at a projected cost of \$500K to the General Fund.

Opportunity Zones

Opportunity Zones are industrial facilities that have been vacant for five years or more and have been designated by the Regional Development Corporation and certified by the Vermont Economic Progress Council. An income tax credit would be given on income derived from leases after the individual or entity has renovated the property.