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H.496

Introduced by Representatives Stevens of Shoreham, Branagan of Georgia,

Burke of Brattleboro and Taylor of Barre City

Referred to Committee on

Date:

Subject: Agriculture; forestry; economic development

Statement of purpose: This bill proposes to strengthen Vermont's working landscape by adopting programs and providing technical and financial support to the agriculture, forestry, and value-added business sectors.

An act relating to preserving Vermont's working landscape

It is hereby enacted by the General Assembly of the State of Vermont:

~~Sec. 1. FINDINGS~~

~~The general assembly finds:~~

~~(1) Vermont has been at the forefront of the local foods movement for several years, and this movement has been led by the private sector. The state now has an opportunity to capitalize on this movement's economic development potential.~~

~~(2) Vermonters overwhelmingly identify the "working landscape" as one of the aspects of Vermont that they value the most.~~

1 ~~(3) Vermont leads the nation in farmers' markets, direct local food sales~~  
2 to consumers, and organic farm and community-supported agriculture  
3 entrepreneurism. There are more farms today than 10 years ago, but most of  
4 these farms do not provide a livable family income and need help to thrive  
5 and grow.

6 (4) Most job growth is seen in the small business sector, especially in  
7 rural areas. Entrepreneurs who start small and are ready to advance to the next  
8 level can add jobs if the necessary support is offered.

9 (5) The farm to plate report identified a gap in the investment arena for  
10 working lands enterprises. Notably, there is a lack of public investment,  
11 particularly from the state, in this area.

12 (6) The state of Vermont has recognized the need to better coordinate  
13 economic development services and investments, as well as the need to assist  
14 entrepreneurs with navigating the regulatory process.

15 (7) The forest products sector has long been neglected with regard to  
16 economic development in Vermont. Despite this, there is both market  
17 potential and entrepreneurial spirit in this sector.

18 (8) Working lands typically bring benefits to a community and also cost  
19 local municipalities less on a per-acre basis. As such, municipalities should be  
20 able to designate areas that will be working lands and offer local benefits to  
21 enterprises on these lands.

1 ~~(9) Vermont has a long history of smart growth land use policies. The~~  
2 ~~state also needs to focus on what happens around the growth centers, so that~~  
3 ~~our rural areas can also thrive.~~

4 ~~(10) Vermont has experienced a major disaster with Tropical Storm~~  
5 ~~Irene this past year. Now is the time to build resiliency and focus on our~~  
6 ~~strengths, such as our working lands economy and our small businesses.~~

7 ~~(11) Vermont has a strong green brand and aspires to be a Green~~  
8 ~~Economy leader. The foundation of that economy must be a strong farm and~~  
9 ~~forest sector.~~

10 Sec. 2. BUILD A MAJOR CAMPAIGN TO CELEBRATE THE WORKING  
11 LANDSCAPE OF VERMONT

12 (a) Creation and purpose:

13 (1) The Vermont working lands enterprise board shall build a major  
14 campaign to celebrate the working landscape of Vermont.

15 (2) The working landscape campaign shall engage Vermonters in  
16 celebrating the foundational role working lands play in the culture, economy,  
17 health, and heritage of the state, and the campaign shall connect all existing  
18 Vermont branding efforts by highlighting the central role of the working  
19 landscape in the Vermont brand for all Vermont products.

20 (3) The campaign shall also focus on marketing the working landscape  
21 brand to attract and inspire business development. As a key brand element, the

1 ~~working landscape distinguishes Vermont products, supports their sales,~~  
2 ~~attracts tourism, and celebrates Vermont's leadership in the national movement~~  
3 ~~to advance food systems and as a model for innovative natural resource~~  
4 ~~economy. The marketing campaign shall promote Vermont as the "beckoning~~  
5 ~~country" to attract entrepreneurs; to build farm, food system, and forest~~  
6 ~~products businesses in Vermont; and to encourage the youth of Vermont to~~  
7 ~~participate in this economy.~~

8 (b) The goals of the campaign shall be:

9 (1) To build Vermont's reputation as the national leader in food systems  
10 development and innovative natural resource economy entrepreneurship.

11 (2) To increase value and sales of the products of the natural resource  
12 economy both in-state and as regional, national, and international exports from  
13 Vermont.

14 (3) To attract a new generation of entrepreneurs to the farm, food  
15 systems, forest, and value-added chains as a foundation for rural job creation  
16 and working lands conservation.

17 (c) Brand structure and investment. Working with the state marketing  
18 officer and commissioner of tourism and marketing, the Vermont working  
19 lands enterprise board shall commission the design and implementation of a  
20 national brand campaign documenting Vermont's leadership in the working  
21 landscape and "green economy" designed to celebrate Vermont's natural

1 ~~assets, successful businesses, land ethic, and values, and to highlight the~~  
2 opportunities for business development support through the Vermont working  
3 lands enterprise fund.

4 Sec. 3. 6 V.S.A. §§ 4603–4606 are added to chapter 207 to read:

5 § 4603. VERMONT WORKING LANDS ENTERPRISE FUND

6 There is created a special fund in the state treasury to be known as the  
7 “Vermont working lands enterprise fund.” The fund shall be administered by  
8 the Vermont working lands enterprise board created in section 4604 of this  
9 title, and expenditures from the fund shall be made consistent with the duties  
10 and authority of the board to promote agriculture and forest product  
11 development and to benefit “working lands” pursuant to sections 4605 and  
12 4606 of this title. The fund shall be composed of moneys from time to time  
13 appropriated to the fund by the general assembly or received from any other  
14 source, private or public, approved by the board. Unexpended balances and  
15 any earnings shall remain in the fund for use in accord with the purposes of  
16 this chapter.

17 § 4604. VERMONT WORKING LANDS ENTERPRISE BOARD

18 (a) Creation and purpose. There is created a Vermont working lands  
19 enterprise board, which for administrative purposes shall be attached to the  
20 agency of agriculture, food and markets. The purposes of the board shall  
21 include:

1 ~~(1) to coordinate the working lands development efforts of the agencies~~  
2 ~~of agriculture, food and markets, of commerce and community development,~~  
3 ~~and of natural resources, and of the statutory authorities with state resources to~~  
4 ~~systematically advance entrepreneurship, business development, job creation,~~  
5 ~~and working land use regulation;~~

6 ~~(2) to contribute to economic development while also protecting and~~  
7 ~~sustaining ecological services and recreation, scenic, and other public values of~~  
8 ~~land;~~

9 ~~(3) to coordinate working lands enterprise development efforts to bring~~  
10 ~~a stronger capacity to both farm and forest development, as well as the value~~  
11 ~~chains in these industries, particularly by driving more effective support to~~  
12 ~~value-added development and wrapping together public and private resources;~~

13 ~~(4) to recognize and coordinate the continuum of working lands~~  
14 ~~enterprises, from local foods systems entities to dairy and diversified~~  
15 ~~agriculture products, forest-based maple syrup production, timber and~~  
16 ~~value-added wood manufacturing, in order to maximize contributions of the~~  
17 ~~working landscape to sustainable economic development, energy development,~~  
18 ~~and key ecological management issues;~~

19 ~~(5) to support the entrepreneurial development of new land-based and~~  
20 ~~value-added businesses, the expansion of small businesses and potential high~~

1 ~~growth enterprises, and the provision of infrastructure that will spur business~~  
2 success and rural prosperity:

3 (6) to partner with the department of forests, parks and recreation and  
4 the agency of commerce and community development and leverage technical  
5 assistance and resources from other state agencies, state-funded authorities,  
6 and nonprofit entities to serve as the center point for working landscape  
7 enterprise development in Vermont; and

8 (7) to provide a clearinghouse of support for enterprise innovation and  
9 growth in the food, forest products, renewable energy, and sustainable farm  
10 and forest transition sectors, while creating, recognizing, and supporting  
11 investment opportunities in those sectors.

12 (b) Organization of board. The board shall be composed of the following  
13 members:

14 (1) the secretary of agriculture, food and markets;

15 (2) the secretary of commerce and community development;

16 (3) the commissioner of forests, parks and recreation;

17 (4) the executive director of the Vermont sustainable jobs fund;

18 (5) the manager of the Vermont economic development authority;

19 (6) the executive director of the Vermont housing conservation board;

20 (7) three individuals appointed by the Vermont agricultural and forest  
21 products development board;

1 ~~(8) three individuals appointed by the sustainable agriculture and forest~~  
2 ~~products council; and~~

3 ~~(9) one individual who shall serve as chair and who shall be appointed~~  
4 ~~by the governor.~~

5 ~~(c) The board may elect officers, establish one or more committees or~~  
6 ~~subcommittees, and adopt such procedural rules as it shall determine necessary~~  
7 ~~and appropriate to perform its work.~~

8 ~~(d) Meetings shall be held at the call of the chair or at the request of three~~  
9 ~~members. A majority of the sitting members shall constitute a quorum and~~  
10 ~~action taken by the board under the provisions of this chapter may be~~  
11 ~~authorized by a majority of the members present and voting at any regular or~~  
12 ~~special meeting.~~

13 ~~(e) Private sector members shall be entitled to a per diem authorized under~~  
14 ~~32 V.S.A. § 1010 for each day spent in the performance of their duties, and~~  
15 ~~each member shall be reimbursed from the fund for his or her reasonable~~  
16 ~~expenses incurred in carrying out his or her duties under this chapter.~~

17 § 4605. DUTIES OF THE VERMONT WORKING LANDS ENTERPRISE

18 BOARD

19 (a) In general.

20 (1) The board shall determine the specific allocation of funds for the  
21 implementation of its mission and systematically combine the programmatic

1 ~~offerings from the organizations represented in service to working lands~~  
2 ~~enterprises.~~

3 ~~(2) The board shall have sole power to oversee investments, grants, and~~  
4 ~~the provision of technical assistance, and shall have the authority to~~  
5 ~~commission a fiscal agent to manage funds and other services the board deems~~  
6 ~~appropriate to fulfill its mission.~~

7 ~~(b) Business investment and technical assistance. To expand the number~~  
8 ~~and success of working lands enterprises as foundations for the future, the~~  
9 ~~board shall have the authority to provide significant investment in~~  
10 ~~capitalization and technical assistance in three key focus areas:~~

11 ~~(1) Emerging enterprise services for start-up, expanding, and changing~~  
12 ~~farm, forest and value-added businesses, including:~~

13 ~~(A) a menu of grants, loans, and financial packaging of existing~~  
14 ~~funding sources; and~~

15 ~~(B) technical and regulatory assistance.~~

16 ~~(2) Growth enterprise services, provided to a small number of~~  
17 ~~high-growth enterprises each year, including:~~

18 ~~(A) financial packaging of state, federal, philanthropic equity,~~  
19 ~~and market capital for high growth enterprises or networked clusters~~  
20 ~~of enterprises; and~~

1 ~~(B) an ombudsman to help land-based enterprises through~~  
2 ~~development processes with regulatory assistance, site location assistance, and~~  
3 ~~other systematic development support.~~

4 (3) Infrastructure investment through grants and loans for strategic  
5 infrastructure that supports:

6 (A) production, marketing, and distribution systems;

7 (B) lead-in strategic investment in support of infrastructure  
8 development; and

9 (C) research and product development, patenting, and production to  
10 spur innovative farm, forest, and value-added enterprises.

11 (c) Conservation investment. The board shall have the authority to invest,  
12 through the Vermont housing and conservation board, in the perpetual  
13 conservation of working land connected to a land-based enterprise when that  
14 investment can be combined with other enterprise services in a timely manner  
15 to promote job creation and the development or expansion of the enterprise.

16 (d) Investment criteria.

17 (1) The board shall have the authority to make investments to:

18 (A) directly advance private sector business development and job  
19 creation;

20 (B) support the economy that sustains working lands;

1 ~~(C) contribute to or sustain ecological services, including clean~~  
2 ~~water, clean air, carbon sequestration, and wildlife habitat;~~

3 ~~(D) directly support private sector entrepreneurship and investment~~  
4 ~~and capture new market opportunities; and~~

5 ~~(E) advance strategic development opportunities as it shall determine,~~  
6 ~~and as informed by the best economic cluster and systems analysis available,~~  
7 ~~including work of the farm to plate program and other sector analyses.~~

8 ~~(2) The board shall give highest priority for investment to enterprises~~  
9 ~~with a direct land link, such as investments in agricultural processing on an~~  
10 ~~operating farm, or where those enterprises, although not on a farm or forest~~  
11 ~~tract, directly add value to farm and forest products and therefore provide~~  
12 ~~economic foundation for those farm or forest operations.~~

13 ~~(e) Additional duties; oversight and administration. The board shall have~~  
14 ~~the authority:~~

15 ~~(1) to administer the Vermont working lands enterprise fund created in~~  
16 ~~section 4603 of this title;~~

17 ~~(2) to approve designation of a farm or forest parcel as “working lands”~~  
18 ~~and to approve geographic areas that have been delineated in a duly adopted~~  
19 ~~municipal plan as “working lands enterprise areas”;~~

1 ~~(3) to approve designation of parcels as “working lands” under~~  
2 subsection 4606(b) of this title for a farm or forest parcel in a town that does  
3 not offer a community designation;

4 ~~(4) to administer and oversee the policy, program, and funding benefits~~  
5 available to “working lands,” as provided in subsection 4606(c) of this title.

6 § 4606. WORKING LANDS DESIGNATION

7 (a) The Vermont working lands enterprise board shall manage the working  
8 lands enterprise area and working lands designation process. The board shall  
9 review and approve geographic areas that have been delineated in a duly  
10 adopted municipal plan as “working lands enterprise areas,” and by approving  
11 the designation of individual farm or forest parcels as “working lands.”

12 (b) Designation of “working lands enterprise areas.” When considering  
13 whether to approve a geographic area as a “working lands enterprise area,” the  
14 board shall determine the following:

15 (1) Settlement pattern. That the area is characterized by a settlement  
16 pattern predominately composed of productive farmland; forestland; other  
17 natural resource lands; existing farm and forest enterprises; limited,  
18 low-density residential development; and a lack of commercial and industrial  
19 land uses other than those that are incidental to farming and forestry.

20 (2) Municipal commitment. That the area is supported by a municipal  
21 commitment to working lands, which may include zoning and associated land

1 ~~use and development standards intended to promote forest based and~~  
2 ~~agricultural land uses, and capital investment, conservation, and infrastructure~~  
3 ~~and public facility policies and programs intended to maintain the economic~~  
4 ~~viability of farm and forestlands and discourage conversion to incompatible~~  
5 ~~land uses and development.~~

6 ~~(c) Designation of a parcel as "working lands." A "parcel" may include~~  
7 ~~multiple parcels under common ownership or long-term control, including~~  
8 ~~tenancy arrangements, by the applicant, and operated as a single farm or~~  
9 ~~silvicultural enterprise. When considering whether to approve a farm or forest~~  
10 ~~parcel as "working lands," the board shall determine the following:~~

11 ~~(1) Productivity. That the parcel is integral to a farm or forest enterprise~~  
12 ~~characterized by physical attributes that will promote long-term productivity.~~  
13 ~~Current site productivity, physical attributes, and condition of the land,~~  
14 ~~including soils, parcel location, operability, access, configuration of parcel,~~  
15 ~~drainage patterns, access to water, infrastructure, proximity to transportation,~~  
16 ~~and proximity to markets.~~

17 ~~(2) Management. That the parcel is integral to a farm or forest~~  
18 ~~enterprise that either has demonstrated a history of sound management or will~~  
19 ~~be subject to a management plan, that will help to ensure long-term viability.~~  
20 ~~In reaching this determination, the board shall consider the management~~  
21 ~~history and current land and business management plan.~~

1 ~~(3) Durability. That the parcel and associated farm or forest enterprise,~~  
2 due to its location, landowner commitment, and the availability of other  
3 supporting programs and policies, has a high potential to contribute to the  
4 state's economy for the long term. In reaching this determination, the board  
5 will consider such indicators as future management and enterprise plans, the  
6 circumstances in the surrounding landscape, and legal commitments such as  
7 long-term management agreements, conservation easements, agricultural and  
8 forestry leases, and commitments to resell as farm or forestland. Parcels  
9 located in a "working lands enterprise area" as delineated in a duly adopted  
10 municipal plan and approved by the board shall be presumed by the board to  
11 have met this criterion.

12 (4) Land use compatibility. That the parcel and associated farm or  
13 forest enterprise is compatible with prevailing municipal and regional planning  
14 and land use policies. In reaching this determination, the board shall consider  
15 municipal zoning designations, municipal and regional growth center  
16 designations, and existing or planned public investments. A parcel located  
17 within a working lands designation area delineated in a municipal plan shall  
18 automatically meet this determination.

1 ~~Sec. 4. 24 V.S.A. § 4382 is amended to read:~~

2 § 4382. THE PLAN FOR A MUNICIPALITY

3 (a) A plan for a municipality may be consistent with the goals established  
4 in section 4302 of this title and compatible with approved plans of other  
5 municipalities in the region and with the regional plan and shall include the  
6 following:

7 \* \* \*

8 (12) Working lands designation. To the extent the governing body  
9 determines it to be appropriate for the municipality, a designation of  
10 geographic parcels of land in the municipality as “working lands enterprise  
11 areas,” or of a designation of parcels as “working lands,” based on the criteria  
12 set forth in 6 V.S.A. § 4606 and on such other criteria the municipality may  
13 adopt. Parcels designated as “working lands enterprise areas” or “working  
14 lands” by the municipality:

15 (A) may be eligible for municipal benefits that the municipality  
16 makes available to “working lands”; and

17 (B) upon final approval of the “working lands” designation by the  
18 Vermont working lands enterprise board pursuant to 6 V.S.A. § 4606, may be  
19 eligible for investment, technical, and regulatory assistance, and such other  
20 state benefits made available to “working lands.”

21 \* \* \*

1 ~~Sec. 5. 10 V.S.A. chapter 15 is amended to read:~~

2 CHAPTER 15. VERMONT HOUSING AND CONSERVATION

3 TRUST FUND

4 \* \* \*

5 § 302. POLICY, FINDINGS, AND PURPOSE

6 (a) The dual goals of creating affordable housing for Vermonters, and  
7 conserving and protecting Vermont's agricultural ~~land~~ and forestland, historic  
8 properties, important natural areas, and recreational lands are of primary  
9 importance to the economic vitality and quality of life of the state.

10 (b) In the best interests of all of its citizens and in order to improve the  
11 quality of life for Vermonters and to maintain for the benefit of future  
12 generations the essential characteristics of the Vermont countryside, Vermont  
13 should encourage and assist in creating affordable housing and in preserving  
14 the state's agricultural ~~land~~ and forestland, historic properties, important  
15 natural areas, and recreational lands.

16 (c) It is the purpose of this chapter to create the Vermont housing and  
17 conservation trust fund to be administered by the Vermont housing and  
18 conservation board to further the policies established by subsections (a) and (b)  
19 of this section.

1 ~~§ 303. DEFINITIONS~~

2 As used in this chapter:

3 (1) "Board" means the Vermont housing and conservation board  
4 established by this chapter.

5 (2) "Fund" means the Vermont housing and conservation trust fund  
6 established by this chapter.

7 (3) "Eligible activity" means any activity which will carry out either or  
8 both of the dual purposes of creating affordable housing and conserving and  
9 protecting important Vermont lands, including activities which will encourage  
10 or assist:

11 (A) the preservation, rehabilitation or development of residential  
12 dwelling units which are affordable to lower income Vermonters;

13 (B) the retention of agricultural land for agricultural use, and of  
14 forestland for silvicultural use;

15 (C) the protection of important wildlife habitat and important natural  
16 areas;

17 (D) the preservation of historic properties or resources;

18 (E) the protection of areas suited for outdoor public recreational  
19 activity;

1 ~~(F) the development of capacity on the part of an eligible applicant to~~  
2 ~~engage in an eligible activity.~~

3 \* \* \*

4 § 311. CREATION OF THE VERMONT HOUSING AND  
5 CONSERVATION BOARD

6 (a) There is created and established a body politic and corporate to be  
7 known as the "Vermont housing and conservation board" to carry out the  
8 provisions of this chapter. The board is constituted a public instrumentality  
9 exercising public and essential governmental functions, and the exercise by the  
10 board of the powers conferred by this chapter shall be deemed and held to be  
11 the performance of an essential governmental function of the state. The board  
12 is exempt from licensure under 8 V.S.A. chapter 73 ~~of Title 8.~~

13 (b) The board shall consist of the following 11 members:

14 (1) The secretary of agriculture, food and markets or his or her designee.

15 (2) The secretary of human services or his or her designee.

16 (3) The secretary of natural resources or his or her designee.

17 (4) The executive director of the Vermont housing finance agency or his  
18 or her designee.

19 (5) Three public members appointed by the governor with the advice  
20 and consent of the senate, who shall be residents of the state and who shall be  
21 experienced in creating affordable housing or conserving and protecting

1 ~~Vermont's agricultural land and forestland, historic properties, important~~  
2 natural areas, or recreational lands, one of whom shall be a representative of  
3 lower income Vermonters and one of whom shall be a farmer as defined in  
4 32 V.S.A. § 3752(7).

5 (6) One public member appointed by the speaker of the house, who shall  
6 not be a member of the general assembly at the time of appointment.

7 (7) One public member appointed by the senate committee on  
8 committees, who shall not be a member of the general assembly at the time of  
9 appointment.

10 (8) Two public members appointed jointly by the speaker of the house  
11 and the president pro tempore of the senate as follows:

12 (A) One member from the nonprofit affordable housing organizations  
13 that qualify as eligible applicants under subdivision 303(4) of this title who  
14 shall not be an employee or board member of any of those organizations at the  
15 time of appointment.

16 (B) One member from the nonprofit conservation organizations  
17 whose activities are eligible under subdivision 303(3) of this title who shall not  
18 be an employee or member of the board of any of those organizations at the  
19 time of appointment.

20 \* \* \*

1 ~~§ 321. GENERAL POWERS AND DUTIES~~

2 \* \* \*

3 (d) On behalf of the state of Vermont, the board shall seek and administer  
4 federal farmland protection and forestland conservation funds to facilitate the  
5 acquisition of interests in land to protect and preserve in perpetuity important  
6 farmland for future agricultural use and forestland for future silvicultural use.  
7 Such funds shall be used to implement and effectuate the policies and purposes  
8 of this chapter. In seeking federal farmland protection and forestland  
9 conservation funds under this subsection, the board shall seek to maximize  
10 state participation in the federal wetlands reserve program ~~in order~~ and such  
11 other programs as is appropriate to allow for increased or additional  
12 implementation of conservation practices on farmland and forestland protected  
13 or preserved under this chapter.

14 \* \* \*

15 § 324. STEWARDSHIP

16 If an activity funded by the board involves acquisition by the state of an  
17 interest in real property for the purpose of conserving and protecting  
18 agricultural ~~land~~ or forestland, important natural areas, or recreation lands, the  
19 board, in its discretion, may make a one-time grant to the appropriate state  
20 agency or municipality. The grant shall not exceed ten percent of the current

1 ~~appraised value of that property interest and shall be used to support its proper~~  
2 management or maintenance or both.

3 \* \* \*

4 Sec. 6. REPEAL

5 3 V.S.A. § 2104 (central planning office) is repealed in its entirety.

6 Sec. 7. 3 V.S.A. § 2202(a) is amended to read:

7 (a) An agency of administration is created. The agency shall consist of the  
8 following:

- 9 (1) The department of finance and management;
- 10 (2) The department of human resources;
- 11 (3) The department of buildings and general services;
- 12 (4) The department of libraries;
- 13 (5) The department of taxes;
- 14 (6) The department of information and innovation.
- 15 (7) The office of planning coordination.

16 Sec. 8. 3 V.S.A. § 2295 is added to read:

17 § 2295. OFFICE OF PLANNING COORDINATION

18 (a) Purpose. An office of planning coordination is created within the  
19 agency of administration to:

- 20 (1) Assist the development cabinet in fulfilling its duties under section  
21 2293 of this title to assure collaboration and consultation among state agencies

1 ~~and departments as necessary to support and encourage Vermont's economic~~  
2 development while also conserving and promoting its traditional settlement  
3 patterns, the working economy of the rural landscape, strong communities, and  
4 a healthy environment.

5 (2) Facilitate and support coordinated state agency planning,  
6 development, funding, and implementation programs that foster sustainable  
7 growth and development, target state infrastructure investments, and promote  
8 the state's communities and working landscape consistent with state planning  
9 and development goals under 24 V.S.A. § 4302, working lands designations  
10 under 6 V.S.A. § 4606, and downtown, village, and growth center designations  
11 under 24 V.S.A. chapter 76A.

12 (3) Strengthen and support collaborative and coordinated state, regional,  
13 and municipal planning under 24 V.S.A. chapter 117 and section 4020 of this  
14 title as necessary to ensure consistent and integrated planning and public policy  
15 development at all levels of government.

16 (4) Improve the consistency, efficiency, and effectiveness of state  
17 planning, funding, and regulatory programs and processes through the  
18 identification of redundant, inconsistent, ineffective, or unnecessary policies,  
19 programs, and permitting requirements.

1 ~~(5) Serve as a clearinghouse for economic, demographic, land use,~~  
2 ~~infrastructure, and other information and analyses that support state agency,~~  
3 ~~regional, and municipal planning.~~

4 ~~(6) Promote opportunities for direct citizen involvement in all state~~  
5 ~~agency planning initiatives and programs.~~

6 ~~(b) State planning director. The office of planning coordination shall be~~  
7 ~~under the direction of a state planning director, who shall be appointed by and~~  
8 ~~report directly to the secretary of the agency.~~

9 ~~(c) Powers and duties. The office of planning coordination shall:~~

10 ~~(1) Staff the development cabinet established under section 2293 of this~~  
11 ~~title.~~

12 ~~(2) In collaboration with state agencies, the joint fiscal office, the~~  
13 ~~Vermont state data center, the Vermont center for geographic information, and~~  
14 ~~regional planning commissions, develop and maintain a technical database of~~  
15 ~~information to support statewide planning and policy development.~~

16 ~~(3) Prepare and periodically update statewide economic, demographic,~~  
17 ~~and housing projections and forecasts for use in state agency, regional, and~~  
18 ~~municipal planning.~~

19 ~~(4) Prepare or contract for and oversee surveys, research, studies, and~~  
20 ~~reports for use in formulating public policy, as directed by the governor,~~  
21 ~~secretary, or development cabinet.~~

1 ~~(5) Identify areas of critical state concern and areas of regional~~  
2 ~~significance as defined by regional planning commissions under 24 V.S.A.~~  
3 ~~§ 4345a for incorporation in state agency, regional, and municipal plans.~~

4 ~~(6) Coordinate and monitor state agency, department, and other state~~  
5 ~~board or commission planning initiatives and programs that affect land use and~~  
6 ~~development, to include the technical review of proposed state plans for~~  
7 ~~compatibility with adopted state and regional plans and consistency with state~~  
8 ~~planning and development goals under 24 V.S.A. § 4302.~~

9 ~~(7) Monitor regional planning commission planning programs to include~~  
10 ~~the technical review of proposed regional plans, plan amendments, and~~  
11 ~~required reports under 24 V.S.A. § 4345a for compatibility with adopted state~~  
12 ~~and regional plans and for consistency with state planning and development~~  
13 ~~goals under 24 V.S.A. § 4302.~~

14 ~~(8) Represent the state in binational, federal, or interstate planning~~  
15 ~~initiatives and programs, as directed by the governor or secretary.~~

16 ~~(9) Review proposed state transportation and capital improvement~~  
17 ~~programs and proposed state infrastructure investments for conformance with~~  
18 ~~adopted state planning and development policies and with state working lands~~  
19 ~~and downtown, village, and growth center designations.~~

1 ~~(10) Facilitate and coordinate the interagency review of proposed~~  
2 ~~development proposals and state infrastructure investments, as directed by the~~  
3 ~~development cabinet.~~

4 (11) Facilitate public participation in the development and review of  
5 state agency plans and programs.

6 (12) Prepare and present annually to the secretary of administration, the  
7 development cabinet, and the general assembly a report that summarizes the  
8 status of state agency planning, including the status of state and regional plans  
9 and state infrastructure investments reviewed by the office under this section,  
10 and that sets forth state planning objectives and benchmarks for the coming  
11 year.

12 (13) Accept, contract for, and administer under this section for its  
13 objectives and purposes any contributions, capital grants, appropriations, gifts,  
14 services, and other financial assistance from or for any person having an  
15 interest in planning and development, this state, and the United States, and any  
16 of their agencies, political, or administrative subdivisions, and  
17 instrumentalities.

18 (14) Perform such other acts as may be necessary or appropriate to carry  
19 out its purpose and duties under this section, including other duties as the  
20 governor or secretary may assign.

1 ~~Sec. 9. 3 V.S.A. § 4020 is amended to read:~~

2 § 4020. STATE AGENCY PLANNING AND COORDINATION

3 (a) State agencies that have plans or programs or take actions affecting land  
4 use and development, as determined by ~~executive order of the governor~~, the  
5 office of planning coordination, shall ~~engage in a continuing planning process~~  
6 ~~to assure~~ ensure that those plans, programs, and actions are consistent with the  
7 goals established in 24 V.S.A. § 4302 and compatible with other adopted state  
8 and regional plans and approved municipal plans, as those terms are defined in  
9 ~~that section~~ 24 V.S.A. § 4350. ~~This planning process~~ State agency planning  
10 processes shall be coordinated, in a manner established by ~~executive order of~~  
11 ~~the governor~~ the office of planning coordination, with the planning process of  
12 other agencies and of regional and municipal entities of the regions in which  
13 the programs and actions are to have effect.

14 \* \* \*

15 \* \* \* Estate Taxes \* \* \*

16 Sec. 10. 32 V.S.A. § 7442a(d) is amended to read:

17 (d) All values shall be as finally determined for federal estate tax purposes,  
18 except for land designated as working lands under 6 V.S.A. § 4606, which  
19 shall be valued at its use value appraisal as that term is defined in 32 V.S.A.  
20 § 3752(12), provided that the land in question has been designated as working  
21 lands for five years prior to the death of the decedent and continues to be

1 ~~designated as working lands for 10 years after the transfer of the estate. The~~  
2 ~~department of taxes may recapture any tax due under this section if land~~  
3 ~~designated as working lands loses that designation within 10 years after the~~  
4 ~~transfer of the estate.~~

5 \* \* \* Capital Gains \* \* \*

6 Sec. 11. 32 V.S.A. § 5811(21) is amended to read:

7 (21) "Taxable income" means federal taxable income determined  
8 without regard to Section 168(k) of the Internal Revenue Code and:

9 (A) Increased by the following items of income (to the extent such  
10 income is excluded from federal adjusted gross income):

11 (i) interest income from non-Vermont state and local obligations;

12 (ii) dividends or other distributions from any fund to the extent  
13 they are attributable to non-Vermont state or local obligations; and

14 (iii) the amount in excess of \$5,000.00 of state and local income  
15 taxes deducted from federal adjusted gross income for the taxable year, but in  
16 no case in an amount that will reduce total itemized deductions below the  
17 standard deduction allowable to the taxpayer; and

18 (B) Decreased by the following items of income (to the extent such  
19 income is included in federal adjusted gross income):

- 1 ~~(i) income from United States government obligations;~~
- 2 (ii) with respect to adjusted net capital gain income as defined in
- 3 Section 1(h) of the Internal Revenue Code: either the first \$5,000.00 of
- 4 adjusted net capital gain income; or 40 percent of adjusted net capital gain
- 5 income from the sale of assets held by the taxpayer for more than three years;
- 6 or 80 percent of adjusted net capital gain income from the sale of products and
- 7 materials of production derived directly from land designated as working lands
- 8 under 6 V.S.A. § 4606, except not adjusted net capital gain income from:
- 9 (I) the sale of any real estate or portion of real estate used by
- 10 the taxpayer as a primary or nonprimary residence; or
- 11 (II) the sale of depreciable personal property other than farm
- 12 property and standing timber; or stocks or bonds publicly traded or traded on
- 13 an exchange, or any other financial instruments; regardless of whether sold by
- 14 an individual or business; and provided that the total amount of decrease under
- 15 this subdivision (21)(B)(ii) shall not exceed 40 percent of federal taxable
- 16 income; and
- 17 (iii) recapture of state and local income tax deductions not taken
- 18 against Vermont income tax.

1 ~~Sec. 12. 6 V.S.A. chapter 162 is amended to read:~~

2 CHAPTER 162. AGRICULTURAL DEVELOPMENT

3 Subchapter 1. Vermont Agricultural Innovation Center

4 § 2961. DEFINITIONS

5 As used in this subchapter:

6 (1) ~~“Center” means the Vermont agricultural innovation center~~ “Board”  
7 means the Vermont working lands enterprise board established in section 4604  
8 of this title.

9 (2) “Value-added agricultural product” means any agricultural  
10 commodity or product that has been changed, produced, or segregated such  
11 that the market for the product has expanded and where the greater portion of  
12 the revenue derived from the value-added activity accrues to the producer of  
13 the commodity or product.

14 § 2962. ~~ESTABLISHMENT OF VERMONT AGRICULTURAL~~  
15 ~~INNOVATION CENTER~~

16 (a) ~~The Vermont agricultural innovation center is hereby established.~~

17 (b) ~~The Vermont agricultural innovation center shall be administered by a~~  
18 ~~board consisting of 13 members with no more than four members representing~~  
19 ~~in a primary capacity any one agricultural sector. The board shall comprise the~~  
20 ~~following:~~

1 ~~(1) The secretary of agriculture, food and markets, who shall serve as~~  
2 ~~chair; and~~

3 ~~(2) The following four members appointed by the governor: One~~  
4 ~~member from a group representing each of the four highest grossing~~  
5 ~~commodities produced in Vermont as determined on the basis of annual gross~~  
6 ~~cash sales. These four commodity groups presently include the dairy industry,~~  
7 ~~the maple industry, the livestock industry, and the produce industry;~~

8 ~~(3) The following eight members appointed by the speaker of the house~~  
9 ~~and the committee on committees of the senate:~~

10 ~~(A) One representative from each of the two largest membership-~~  
11 ~~based agricultural organizations in Vermont;~~

12 ~~(B) Six members with knowledge of or experience in the production~~  
13 ~~or marketing of value-added agricultural products.~~

14 ~~(c) The Vermont agricultural innovation center's powers are vested in the~~  
15 ~~board, and a quorum shall consist of seven members. No action of the board~~  
16 ~~shall be considered valid unless the action is supported by a majority vote of~~  
17 ~~the members present and voting and then only if at least seven members vote~~  
18 ~~in favor of the action.~~

19 ~~(d) Any vacancy occurring among the members of the board shall be filled~~  
20 ~~by the respective appointing authority pursuant to this section. A board~~  
21 ~~member may be reappointed, provided that no board member, except the~~

1 ~~secretary of agriculture, food and markets, may serve more than two~~  
2 ~~consecutive three-year terms. Each member of the board shall serve a three-~~  
3 ~~year term, except:~~

4 ~~(1) the governor shall appoint initially one member to a one-year term,~~  
5 ~~one member to a two-year term, and two members to a three-year term;~~

6 ~~(2) the speaker of the house shall appoint initially two members to a~~  
7 ~~one-year term, one member to a two-year term, and one member to a three-~~  
8 ~~year term; and~~

9 ~~(3) the committee on committees shall appoint initially one member to a~~  
10 ~~one-year term, two members to a two-year term, and one member to a three-~~  
11 ~~year term.~~

12 ~~(e) Board members whose membership is not supported by their employer~~  
13 ~~or association may receive per diem and reimbursement for travel as provided~~  
14 ~~in 32 V.S.A. § 1010 to the extent that funds are available. [Repealed.]~~

15 § 2962a. PURPOSE; POWERS AND DUTIES

16 (a) To achieve the purposes of this subchapter, the ~~Vermont agricultural~~  
17 ~~innovation center board~~ shall:

18 (1) Promote agriculture and the business of agriculture in Vermont,  
19 including the production or marketing of value-added agricultural products.

20 (2) Coordinate with federal and state agencies and private sources to  
21 make financial resources available to the center for distribution of financial

1 ~~assistance for the promotion of agriculture, including the production or~~  
2 ~~marketing of value-added agricultural products.~~

3 (3) Administer federal grant monies for the production or marketing of  
4 value-added agricultural products. Grant monies shall be administered in  
5 accordance with their terms which may include:

6 (A) Technical assistance, including technical, engineering, and  
7 product research services;

8 (B) Assistance in marketing, market development, and business  
9 planning, including advisory services with respect to leveraging capital assets;

10 (C) Organizational, outreach, and development assistance to increase  
11 the viability, growth, and sustainability of businesses engaged in the  
12 production or marketing of value-added agricultural products;

13 (D) Studies that analyze the feasibility of facilities, including  
14 processing facilities, for use by potential producers or marketers of  
15 value-added products in order to determine the size that optimizes construction  
16 and other cost efficiencies.

17 (b) ~~The agricultural innovation center board~~ may:

18 (1) consult, contract, or coordinate with the Vermont economic  
19 development authority or other agricultural funders to provide financial  
20 assistance for purposes authorized by this subchapter;

1 ~~(2) support the establishment of partnerships for the promotion and~~  
2 development of agriculture in the state, including the production or marketing  
3 of value-added agricultural products;

4 ~~(3) support local initiatives to produce or market value-added~~  
5 agricultural products;

6 ~~(4) pursue and coordinate access to regional and local revolving loan~~  
7 funding and all state, federal, and private funding that is available for the  
8 development of agriculture and value-added agricultural products;

9 ~~(5) receive and accept grants, gifts, loans, or contributions from any~~  
10 source subject to the provisions of 32 V.S.A. § 5;

11 ~~(6) use the services and staff of the agency of agriculture, food and~~  
12 markets to assist in the performance of the center's duties with the concurrence  
13 of the secretary of agriculture, food and markets;

14 ~~(7) contract for support, technical, or other professional services~~  
15 necessary to complete the work of the center.

16 § 2962b. INTERAGENCY COOPERATION AND ASSISTANCE

17 Other departments and agencies of state government shall assist and  
18 cooperate with the ~~center~~ board and shall make available to it information and  
19 data as needed to assist the center in carrying out its duties. Nothing in this  
20 section shall be construed to waive any privilege or protection otherwise  
21 afforded to the data and information under exemptions to the public records act

1 ~~or under other laws due solely to the fact that the information or data are~~  
2 shared with the ~~center~~ board pursuant to this section.

3 \* \* \*

4 § 2966. AGRICULTURAL AND FOREST PRODUCTS DEVELOPMENT  
5 BOARD; ORGANIZATION; DUTIES AND AUTHORITY

6 (a) Purpose. The purpose of this section is to create a permanent Vermont  
7 agricultural and forest products development board that is authorized and  
8 empowered as the state's primary agricultural and forest products development  
9 entity.

10 (1) The board is charged with:

11 (A) optimizing the agricultural and silvicultural use of Vermont lands  
12 and other agricultural resources;

13 (B) expanding existing markets and identifying and developing new  
14 profitable in-state and out-of-state markets for food, fiber, forest products, and  
15 value-added agricultural products, including farm-derived renewable energy;  
16 and

17 (C) identifying opportunities and challenges related to infrastructure,  
18 product development, marketing, training, research, and education.

19 (2) The board shall:

20 (A) review existing strategies and plans and develop, implement, and  
21 continually update a comprehensive statewide plan to guide and encourage

1 ~~agricultural and forest products development and new and expanded markets~~

2 for agricultural and forest products;

3 (B) advise and make recommendations to the secretaries of relevant  
4 state agencies, the governor, the director of the state experiment station, the  
5 University of Vermont extension service, and the general assembly on the  
6 adoption and amendment of laws, regulations, and governmental policies that  
7 affect agricultural development, land use, access to capital, the economic  
8 opportunities provided by Vermont agriculture and forest products, and the  
9 well-being of the people of Vermont;

10 (C) monitor and report on Vermont's progress in achieving the  
11 agricultural economic development goals identified by the board; and

12 (D) balance the needs of production methods with the opportunities  
13 to market products that enhance Vermont agriculture and forest products.

14 (b) Board created. The Vermont agricultural and forest products  
15 development board is hereby created. The exercise by the board of the powers  
16 conferred upon it in this section constitutes the performance of essential  
17 governmental functions.

18 (c) Powers and duties. The board shall have the authority and duty to:

19 (1) meet, at least quarterly, to conduct such business and take such  
20 action as is necessary to perform the duties set forth in this section;

- 1 ~~(2) design and conduct an ongoing public engagement process, which~~  
2 may include taking testimony and receiving information from any party  
3 interested in the board's activities;
- 4 (3) gain information through the use of experts, consultants, and data to  
5 perform analysis as needed;
- 6 (4) request services from state economists, state administrative agencies,  
7 and state programs;
- 8 (5) obtain information from other planning entities, including the  
9 ~~farm to plate~~ farm to plate investment program;
- 10 (6) serve as a resource for and make recommendations to the  
11 administration and the general assembly on ways to improve Vermont's laws,  
12 regulations, and policies in order to attain the goals of the comprehensive  
13 agricultural economic development plan; and
- 14 (7) develop an annual operating budget, and
- 15 (A) solicit any grants, gifts, or appropriations necessary to implement  
16 the budget pursuant to 32 V.S.A. § 5;
- 17 (B) expend any monies necessary to carry out the purposes of this  
18 section.
- 19 (d) Comprehensive agricultural and forest products economic development  
20 plan.

1 ~~(1) Using information available from previous and ongoing agricultural~~  
2 ~~and forest products development planning efforts, such as the farm-to-plate~~  
3 ~~farm to plate investment program's strategic plan, and the board's own data~~  
4 ~~and assumptions, the board shall develop and implement a comprehensive~~  
5 ~~agricultural and forest products economic development plan for the state of~~  
6 ~~Vermont. The plan shall include, at minimum, the following:~~

7       (A) an assessment of the current status of agriculture and silviculture  
8 in Vermont;

9       (B) current and projected workforce composition and needs;

10       (C) a profile of emerging business and industry sectors projected to  
11 present future agricultural and forest products economic development  
12 opportunities, and a cost-benefit analysis of strategies and resources necessary  
13 to capitalize on these opportunities;

14       (D) a profile of current components of physical and social  
15 infrastructure affecting agricultural and forest products economic development;

16       (E) a profile of government-sponsored programs, agricultural and  
17 forest products economic development resources, and financial incentives  
18 designed to promote and support agricultural and forest products economic  
19 development, and a cost-benefit analysis of continued support, expansion, or  
20 abandonment of these programs, resources, and incentives;

1 ~~(F) the use of the Vermont brand to further agricultural and forest~~  
2 ~~products economic development;~~

3 (G) the enhancement and expansion of out-of-state marketing of  
4 Vermont products; and

5 (H) any additional issues as the board determines appropriate.

6 (2) Based on its research and analysis, the board shall establish in the  
7 plan a set of clear strategies with defined and measurable outcomes for  
8 agricultural and forest products economic development, the purpose of which  
9 shall be to guide long-term agricultural and forest products economic  
10 development policymaking and planning.

11 (3) Within one year of its first meeting, the board shall present the plan  
12 to the governor and the house committee on agriculture, the senate committee  
13 on agriculture, the house committee on commerce and economic development,  
14 and the senate committee on economic development, housing and general  
15 affairs as the Vermont comprehensive plan for agricultural economic  
16 development.

17 (4) The board shall conduct a periodic review and revision of the  
18 comprehensive agricultural and forest products economic development plan as  
19 often as is necessary in its discretion, but at minimum every five years, to  
20 ensure the plan remains current, relevant, and effective for guiding and  
21 evaluating agricultural and forest products economic development policy.

1 ~~(5) The board shall within one year of adopting the plan develop~~  
2 benchmarking standards to measure progress in meeting the plan's goals and  
3 outcomes.

4 (e) Annual report. The board shall make available a report, at least  
5 annually, to the administration, the house committee on agriculture, the senate  
6 committee on agriculture, the house committee on commerce and economic  
7 development, the senate committee on economic development, housing and  
8 general affairs, and the people of Vermont on the state's progress toward  
9 attaining the goals and outcomes identified in the comprehensive agricultural  
10 and forest products economic development plan.

11 (f) Composition of board.

12 (1) The board shall be composed of ~~12~~ 15 members. In making  
13 appointments to the board pursuant to this section, the governor, the speaker of  
14 the house, and the president pro tempore of the senate shall coordinate their  
15 selections to ensure, to the greatest extent possible, that the board members  
16 selected by them reflect the following qualities:

17 (A) proven leadership in a broad range of efforts and activities to  
18 promote and improve the Vermont agricultural and forest products economy  
19 and the quality of life of Vermonters;

20 (B) demonstrated innovation, creativity, collaboration, pragmatism,  
21 and willingness to make long-term commitments of time, energy, and effort;

1 ~~(C) geographic, gender, ethnic, social, political, and economic~~  
2 diversity;

3 (D) diversity of agricultural and forest products enterprise location,  
4 size, and sector of the for-profit agricultural and forest products business  
5 community members; and

6 (E) diversity of interest of the nonprofit or nongovernmental  
7 organization community members.

8 (2) Members of the board shall include the following:

9 (A) ~~four~~ five members appointed by the governor:

10 (i) a person with expertise in rural economic development issues;

11 (ii) an employee of a Vermont postsecondary institution

12 experienced in researching issues related to agriculture;

13 (iii) a person familiar with the agricultural tourism industry; ~~and~~

14 (iv) an agricultural lender; and

15 (v) a person who is a business owner or professional in the forest  
16 products industry.

17 (B) ~~four~~ five members appointed by the speaker of the house of  
18 representatives:

19 (i) a person who produces an agricultural commodity other than  
20 dairy products;

1 ~~(ii) a person who creates a value added product using ingredients~~  
2 substantially produced on Vermont farms;

3 (iii) a person with expertise in sales and marketing; ~~and~~

4 (iv) a person representing the feed, seed, fertilizer, or equipment  
5 enterprises; and

6 (v) a person who is a business owner or professional in the forest  
7 products industry.

8 (C) ~~four~~ five members appointed by the committee on committees of  
9 the senate:

10 (i) a representative of Vermont's dairy industry who is also a dairy  
11 farmer;

12 (ii) a person with expertise in land planning and conservation  
13 efforts that support Vermont's working landscape;

14 (iii) a representative from a Vermont agricultural advocacy  
15 organization; ~~and~~

16 (iv) a person with experience in providing youth with educational  
17 opportunities enhancing understanding of agriculture; and

18 (v) a person who is a business owner or professional in the forest  
19 products industry.

1 ~~(3) The secretary of agriculture, food and markets or his or her designee~~  
2 shall be a nonvoting, ex officio member. The secretary may provide staff  
3 support from the agency of agriculture, food and markets as resources permit.

4 (4) The secretary of commerce and community development or his or  
5 her designee shall be a nonvoting, ex officio member.

6 (g) Governance.

7 (1) Eight members of the board shall constitute a quorum, and an action  
8 of the board shall be taken by a majority of those members present and voting.

9 (2)(A) The chair of the board shall be elected by the board from its  
10 membership at the first meeting.

11 (B) The chair shall serve for the duration of his or her member term,  
12 until his or her earlier resignation, or until his or her unanimous removal by the  
13 governor, the speaker of the house, and the president pro tempore of the senate.

14 (C) A chair may be reappointed, provided that no individual may  
15 serve more than two consecutive terms as chair.

16 (3) Each member of the board shall serve a three-year term, except:

17 (A) the governor initially shall appoint one member to a one-year  
18 term, one member to a two-year term, and two members to a three-year term;

1 ~~(B) the speaker of the house initially shall appoint two members to a~~  
2 one-year term, one member to a two-year term, and one member to a three-  
3 year term; and

4 (C) the committee on committees initially shall appoint one member  
5 to a one-year term, two members to a two-year term, and one member to a  
6 three-year term.

7 (4) Any vacancy occurring among the members shall be filled by the  
8 respective appointing authority pursuant to this subsection, and shall be filled  
9 for the balance of the unexpired term. A member may be reappointed,  
10 provided that no individual may serve more than two consecutive three-year  
11 terms.

12 (h) Compensation. Members who are not state employees or whose  
13 membership is not supported by their employer or association may receive per  
14 diem and reimbursement for travel to the extent funding is available.

15 Sec. 13. 6 V.S.A. chapter 209 is amended to read:

16 CHAPTER 209. SUSTAINABLE AGRICULTURE AND FOREST  
17 PRODUCTS

18 § 4701. SUSTAINABLE AGRICULTURE AND FOREST PRODUCTS  
19 RESEARCH AND EDUCATION PROGRAM

20 (a) The purpose of this section is to promote research and education that  
21 will encourage the development and use of economically and ecologically

1 ~~sound sustainable agriculture and silviculture practices such as organic~~

2 methods, biological control, integrated pest management, soil improvement,

3 cultivation, harvesting and irrigation techniques, and transportation and

4 marketing innovations, through:

5 (1) The control of pests and diseases of agricultural importance through  
6 alternatives that reduce or eliminate the use of pesticides and petrochemicals.

7 (2) The production, processing, and distribution of food and fiber in  
8 ways that consider the interactions among soils, plants, water, air, animals,  
9 tillage, machinery, labor, energy, and transportation to enhance the viability of  
10 agricultural soils, public health, and resource conservation.

11 (3) The expansion of marketing opportunities and promotion of products  
12 produced through the practice of sustainable agriculture which will encourage  
13 the purchase of Vermont grown foods and promote regional food security.

14 (4) The coordination of research and education activities on sustainable  
15 agriculture and silviculture among private and public agencies and individuals  
16 within Vermont.

17 (b) A sustainable agriculture and forest products council is established, to  
18 be chaired by the secretary of agriculture, food and markets. The council shall  
19 include the commissioner of education and representatives, appointed by the  
20 secretary of agriculture, food and markets, of the college of agriculture at the  
21 University of Vermont, the extension service at the University of Vermont,

1 ~~Vermont Technical College and farm organizations, and a representative of the~~

2 low input sustainable agriculture program of the United States Department of  
3 Agriculture. The council shall meet on call of the secretary and shall make  
4 recommendations regarding:

5 (1) Goals and priorities for ongoing public and private research of  
6 particular relevance to Vermont agriculture and silviculture, and for the  
7 coordination of research and demonstration projects on sustainable agriculture  
8 and silviculture.

9 (2) The dissemination of research results, the identification of future  
10 research needs and other useful information on sustainable agriculture and  
11 silviculture.

12 (3) The use of state-owned lands, participating farmer managed land,  
13 and land owned by the University of Vermont and state colleges system for  
14 continuing research on sustainable agriculture and silviculture practices.

15 (4) Techniques for financing the integration of sustainable agriculture  
16 and silviculture practices into farming operations.

17 (5) The teaching of sustainable agriculture and silviculture practices in  
18 schools at the elementary, secondary, and postsecondary levels.

19 (c) The secretary of agriculture, food and markets is authorized to apply  
20 for, accept, and make use of grants from public and private sources to achieve  
21 the objectives of this section, in accordance with the provisions of 32 V.S.A.

1 ~~§ 5. In awarding grants, preference shall be given to individuals, especially~~  
2 ~~farmers, conducting on-farm research.~~

3 (d) By January 15, annually, the council shall prepare a report for  
4 distribution to participating organizations and the public summarizing  
5 developments in sustainable agriculture and silviculture in Vermont and  
6 nationally. The report shall also make recommendations for future activities  
7 that will promote the objectives of this section.

8 § 4710. VERMONT FARM VIABILITY ENHANCEMENT PROGRAM

9 \* \* \*

10 (b) The farm viability enhancement program shall be assisted by an  
11 ~~advisory board consisting of ten members who shall include:~~

12 (1) ~~The secretary of agriculture, food and markets. The secretary shall~~  
13 ~~serve as chair of the board;~~

14 (2) ~~The commissioner of economic development or designee;~~

15 (3) ~~The manager of the Vermont economic development authority or~~  
16 ~~designee;~~

17 (4) ~~The director of the University of Vermont extension service or~~  
18 ~~designee;~~

19 (5) ~~The executive director of the Vermont housing and conservation~~  
20 ~~board or designee;~~

1 ~~(6) Four Vermont farmers appointed by the secretary of agriculture,~~  
2 ~~food and markets in consultation with the Vermont housing and conservation~~  
3 ~~board. The four farmers shall serve two year terms, except for the first year,~~  
4 ~~two farmers chosen by the chair shall serve one year terms; and~~

5 ~~(7) A person who has expertise in agricultural economics, financing, or~~  
6 ~~business planning appointed by the secretary the Vermont housing and~~  
7 ~~conservation board created in 10 V.S.A. § 11.~~

8 ~~(c) Members of the advisory board established in subsection (b) of this~~  
9 ~~section other than ex officio members shall be entitled to per diem expenses~~  
10 ~~pursuant to 32 V.S.A. § 1010 for each day spent in the performance of their~~  
11 ~~duties, and each such member shall be reimbursed from the fund created by~~  
12 ~~this section for his or her reasonable expenses incurred in carrying out his or~~  
13 ~~her duties under this section. [Repealed.]~~

14 ~~(d) In consultation with the advisory board, the The secretary of~~  
15 ~~agriculture, food and markets and the Vermont housing and conservation board~~  
16 ~~shall establish grant criteria, performance goals, evaluative measures, and other~~  
17 ~~criteria to implement the program. The grant criteria shall include at least the~~  
18 ~~following requirements:~~

19 ~~(1) the application is developed in consultation with the producers who~~  
20 ~~use or would use the program and will address their needs;~~

1 ~~(2) the use of the funds is likely to succeed in improving the economic~~  
2 viability of the farm and the farm's producers;

3 (3) the producers are committed to participating in the program; and

4 (4) an evaluation shall be completed by enrolled farmers in conjunction  
5 with the teams

6 \* \* \*

7 (f) In collaboration with the Vermont housing and conservation board, the  
8 secretary of agriculture, food and markets shall report in writing to the senate  
9 and house committees on agriculture on or before January 31 of each year with  
10 a report on the activities and performance of the farm viability enhancement  
11 program. At a minimum, the report shall include an evaluation of the program  
12 utilizing the performance goals and evaluative measures established in  
13 ~~consultation with the advisory board~~ pursuant to subsection (b) of this section.

14 The report should assess potential demand for the program over the succeeding  
15 three years. Further, the agency of agriculture, food and markets and the  
16 Vermont housing and conservation board shall describe in their annual budget  
17 submissions plans to develop adequate state, federal, and private funds to carry  
18 out this initiative.

19 \* \* \*

1 ~~Sec. 14. APPROPRIATIONS~~

2 ~~(a) The amount of \$350,000.00 is appropriated from the general fund to the~~  
3 ~~Vermont working lands enterprise board established in Sec. 3 of this act to~~  
4 ~~design and implement the Vermont working landscape marketing campaign~~  
5 ~~established in Sec. 2 of this act.~~

6 ~~(b) The amount of \$1,850,000.00 is appropriated from the general fund to~~  
7 ~~the Vermont working lands enterprise fund established in Sec. 3 of this act in~~  
8 ~~the amounts and for the purposes as follows:~~

9 ~~(1) \$500,000.00 for enterprise grants to entrepreneurs, including grants~~  
10 ~~to leverage private capital, jump-start new businesses, help beginning farmers~~  
11 ~~access land, and support diversification projects that add value to farm and~~  
12 ~~forest commodities. This initial sum is intended to fund an enterprise grant~~  
13 ~~pilot program, and it is the intent of the general assembly to commit additional~~  
14 ~~investment in subsequent years upon demonstration of success of the program.~~

15 ~~(2) \$350,000.00 for wraparound services to growth companies,~~  
16 ~~including technical assistance, business planning, financial packaging, and~~  
17 ~~other services required by companies ready to transition to the next stage of~~  
18 ~~growth. This initial sum is intended to fund a growth company services pilot~~  
19 ~~program, and it is the intent of the general assembly to commit additional~~  
20 ~~investment in subsequent years upon demonstration of success of the program.~~

1 ~~(3) \$1,000,000.00 for state infrastructure investments, including~~  
2 ~~investment in private and nonprofit sectors for creative diversification projects,~~  
3 ~~value-added manufacturing, processing, storage, distribution, and collaborative~~  
4 ~~ventures. This initial sum is intended to fund an infrastructure investment pilot~~  
5 ~~program, and it is the intent of the general assembly to commit additional~~  
6 ~~investment in subsequent years upon demonstration of success of the program.~~

7 (c) The amount of \$350,000.00 is appropriated from the general fund to the  
8 agency of agriculture, food and markets to provide funding for the positions of  
9 Vermont working landscape development director, agriculture development  
10 director, forest products development director, Vermont working landscape  
11 designation program director, and support staff and for fiscal management and  
12 operations costs. The agency shall utilize the funds appropriated to prepare for  
13 the full duties of the Vermont working lands enterprise board, the services  
14 envisioned, and the programs to be offered and to build the infrastructure  
15 necessary to start the pilot program and support the new board as it begins its  
16 work. It is the intent of the general assembly to increase this initial annual  
17 investment over time to include a regulatory ombudsman for agriculture and  
18 forest products enterprises and a deputy secretary of agriculture with specific  
19 duties related to economic development.

20 (d) The amount of \$300,000.00 is appropriated from the general fund to the  
21 office of planning coordination to provide funding for the position of planning

1 ~~director and for support staff. The office of planning coordination shall utilize~~  
2 ~~the funds to support the work of the development cabinet and to coordinate~~  
3 ~~state, regional, and local planning.~~

4 ~~(e) The amount of \$150,000.00 is appropriated from the general fund to the~~  
5 ~~Vermont sustainable jobs fund to advance the new farm to plate network and~~  
6 ~~support the costs of feasibility studies and predevelopment of projects.~~

7 Sec. 15. EFFECTIVE DATE

8 ~~This act shall take effect on passage.~~

~~Sec. 1. 6 V.S.A. chapter 207 is amended to read:~~

~~CHAPTER 207. PROMOTION AND MARKETING OF VERMONT FOODS  
AND PRODUCTS~~

~~Subchapter 1. Agricultural Practices and Production~~

~~\* \* \*~~

~~Subchapter 2. The Vermont Working Lands Enterprise Program~~

~~§ 4603. LEGISLATIVE FINDINGS~~

~~The general assembly finds:~~

~~(1) The report issued by the Council on the Future of Vermont indicates~~  
~~that over 97 percent of Vermonters polled endorsed the value of the “working~~  
~~landscape” as key to our future.~~

~~(2) Vermont’s unique agricultural and forest assets—its working~~  
~~landscape—are crucial to the state’s economy, communities, character, and~~

~~culture. These assets provide jobs, food and fiber, energy, security, tourism and recreational opportunities, and a sense of well-being. They contribute to Vermont's reputation for quality, resilience, and self-reliance.~~

~~(3) Human activity involving Vermont's agricultural and forestland has been integral to the development of Vermont's economy, culture, and image. Sustainable land use will need to balance economic development demands with the other services the land provides, many of which have economic benefits beyond the agriculture and forest product sectors. Some of these benefits include clean air and water, recreational opportunities, ecosystem restoration, scenic vistas, and wildlife habitat.~~

~~(4) The agriculture and forest product sectors are similar and share many of the same challenges. There are potential benefits to be realized by the joining of these sectors in development planning and coordination, making policy decisions, and leveraging economic opportunities.~~

~~(5) The agriculture and forest product sectors provide renewable and harvestable products that form the basis of Vermont's land-based economy. The conversion of these raw commodities into value-added products within our borders represents further economic and employment opportunities.~~

~~(6) Vermont is in the midst of an agricultural renaissance and is at the forefront of the local foods movement. The success has been due to the efforts~~

~~of skilled and dedicated farmers, creative entrepreneurs, and the strategic investment of private and public funds.~~

~~(7) State investment in a given industry or economic sector is often essential to stimulate and attract additional private and philanthropic investment. The combination of public, private, and foundation support can create enterprise opportunities that any one of them alone cannot. Grants issued as a result of No. 52 of the Acts of 2011 helped create jobs and economic activity in the agricultural sector. They also leveraged private and foundation investments.~~

~~(8) Vermont's land-based economy has proven to be a driver for Vermont's ongoing economic recovery.~~

~~(9) Value-added and specialty Vermont products are a growing source of revenue for Vermont's agricultural producers, many of whom have benefited from the existing infrastructure requirements of commodity producers. Both export and instate markets are necessary options for the agriculture and forest product sectors' economic development.~~

~~(10) The Vermont brand is highly regarded both nationally and internationally. Forest management is seen as crop management by those active in the forest product industry. An actively managed forest is a healthy and productive one.~~

~~(11) Vermont's agriculture and forest product sectors have not been perceived or treated as businesses by the traditional business and lending communities. They often lack available capital and financial package options that match their stage of development.~~

~~(12) Financial service and workforce development programs need to be customized to meet the unique needs of Vermont's agriculture and forest product sectors. Landowner education and labor skills training are also important for future productive management of forestlands.~~

~~(13) Scale is an important determining factor for the successful development of businesses that utilize Vermont's agriculture and forest products. Other limiting factors include labor and transportation costs, support services, resource base, and the regulatory environment.~~

~~(14) Workers' compensation, health care, energy costs, and regulatory requirements are a major concern to the agriculture and forest product sectors. For example, workers' compensation premiums for loggers may run as high as 48 percent of each dollar of wages.~~

~~(15) The amount of land in Vermont is finite, and part of its community and economic value is tied to the way it is used. Farmland and forestland that are developed for other uses affect the future viability of remaining farms and forest enterprises.~~

~~(16) A forestland owner is often not the person actively engaged in the business of land management, such as planning, harvesting, or marketing the raw product, whereas in agricultural operations, the farmer often owns both the land and the business. Many farm operations have woodlots that have traditionally been used for syrup, timber, and firewood production.~~

~~(17) Vermonters' perception of and support for local wood and forest products is not at the same level as it is for local food. Public outreach and education efforts need to be created to address the public's perception of actively managed working lands and the people who perpetuate them. Over the last decade, consumers of wood products have become more interested in production and management methods, certification programs, and the source of the raw materials.~~

~~(18) Vermont's forest products industry has been in decline for many years, in part due to rising costs, a poor housing market, and a lack of manufacturing. The total value of the forest product industry has dropped from \$1.8 billion to \$1.3 billion since 2007. If wood chips were priced at the equivalent BTU replacement value of oil, they would command a higher price. The number of active sawmills has also declined to fewer than 20 today.~~

~~(19) The average age of Vermont's farmers and loggers is over 55 years and the average age of forestland owners is over 65. Attention needs to be brought to efforts that will ensure intergenerational succession and lower~~

~~those averages. Economically viable farm and forest based operations are critical to that goal. "Legacy" skills such as farming and logging are disappearing, as the children of those making a living from those skills often aspire to different employment opportunities.~~

~~(20) Access to land is a challenge for many, especially younger, people who want the opportunity to make a living from productive use of the land. Farm and forestland ownership is often out of reach for young people who do not have some sort of assistance.~~

~~(21) The Vermont forest product sector contains approximately 7,000 jobs, and approximately 57,000 jobs are in Vermont's food system.~~

~~(22) Regulations for forest product enterprises need to reflect a balance between economic development and responsible land use practices. There is a need to assess regulations involving the primary processing and transportation elements of the forest product sector.~~

~~(23) Seventy-six percent of Vermont's 4.5 million acres is forested, 84 percent of which is privately owned. Sustainable management of state-owned forestlands represents an opportunity for private sector forest businesses.~~

~~(24) Forest product sector representatives have identified needs for their industry including market development, additional secondary processing facilities, lower energy and transportation costs, and capital for growth enterprises as well as research and development for new and improved value-~~

~~added products that make use of Vermont's forest resources. Factors such as health care, labor, and energy policies in Canada contribute to the northward flow of Vermont logs. Research is needed in order to develop strategies that will help keep Vermont's forest product sector competitive.~~

~~(25) Vermont's Use Value Appraisal (Current Use) Program is critically important to every component of Vermont's agriculture and forest product sectors. It also helps keep Vermont forestland productive and healthy through the requirement of active forest management plans.~~

~~(26) Dairy enterprises remain Vermont's leading source of agricultural revenues, with an estimated annual economic impact of over \$2 billion or approximately 75 percent of total gross agricultural output.~~

~~(27) Recent grants and educational programs have started to address the lack of slaughter and meat-processing facilities in the state; however, there continues to be a strong need to further these efforts.~~

§ 4604. LEGISLATIVE INTENT

~~It is the intent of the general assembly in adopting this subchapter to:~~

~~(1) stimulate a concerted economic development effort on behalf of Vermont's agriculture and forest product sectors by systematically advancing entrepreneurship, business development, and job creation;~~

~~(2) recognize and build on the similarities and unique qualities of Vermont's agriculture and forest product sectors;~~

~~(3) increase the value of Vermont's raw and value-added products through the development of in-state and export markets;~~

~~(4) attract a new generation of entrepreneurs to Vermont's farm, food system, forest, and value-added chain by facilitating more affordable access to the working landscape;~~

~~(5) provide assistance to agricultural and forest product businesses in navigating the regulatory process;~~

~~(6) use Vermont's brand recognition and reputation as a national leader in food systems development, innovative entrepreneurship, and as a "green" state to leverage economic development and opportunity in the agriculture and forest product sectors;~~

~~(7) promote the benefits of Vermont's working lands, from the economic value of raw and value-added products to the public value of ecological stability, land stewardship, recreational opportunities, and quality of life;~~

~~(8) increase the amount of state investment in working lands enterprises, particularly when it leverages private and philanthropic funds; and~~

~~(9) support the people and businesses that depend on Vermont's renewable land-based resources and the sustainable and productive use of the land by coordinating and integrating financial products and programs.~~

~~§ 4605. VERMONT WORKING LANDS ENTERPRISE FUND~~

~~*There is created a special fund in the state treasury to be known as the  
"Vermont working lands enterprise fund." Notwithstanding any contrary  
provisions of 32 V.S.A. chapter 7, subchapter 5:*~~

~~*(1) the fund shall be administered and the monies of the funds shall be  
expended by the Vermont working lands enterprise board created in section  
4606 of this title;*~~

~~*(2) the fund shall be composed of moneys from time to time  
appropriated to the fund by the general assembly or received from any other  
source, private or public, approved by the board, and unexpended balances  
and any earnings shall remain in the fund from year to year; and*~~

~~*(3) the board shall make expenditures from the fund consistent with the  
duties and authority of the board established by section 4607 of this title.*~~

~~§ 4606. VERMONT WORKING LANDS ENTERPRISE BOARD~~

~~*(a) Creation and purpose. There is created a Vermont working lands  
enterprise board, which for administrative purposes shall be attached to the  
agency of agriculture, food and markets. The board shall:*~~

~~*(1) serve as a driving force for working lands enterprise development in  
Vermont;*~~

~~*(2) systematically advance entrepreneurship, business development, and  
job creation in the agricultural and forest product sectors by:*~~

- ~~(A) supporting development of new land based and value added businesses;~~
- ~~(B) supporting the expansion of existing businesses and potentially high-growth enterprises;~~
- ~~(C) providing infrastructure investments that will support cluster development and spur business success and rural prosperity;~~
- ~~(D) acting as a clearinghouse of support for innovation and growth in the food, farm, forest product and biomass energy sectors including:~~
- ~~(i) regulatory issues;~~
- ~~(ii) financial and investment opportunities; and~~
- ~~(iii) technical assistance services;~~
- ~~(E) supporting outreach and communication of enterprise opportunities;~~
- ~~(3) evaluate quality and breadth of workforce development, technical assistance, and investment service programs to the agriculture and forest product service sectors;~~
- ~~(4) target financial products that are in line with infrastructure investment priorities;~~
- ~~(5) establish and evaluate criteria and benchmarks of investments and actions; and~~
- ~~(6) solicit appropriate perspectives and information from experts.~~

~~(b) Organization of board. The board shall be composed of the following members:~~

~~(1) the secretary of agriculture, food and markets or designee, who shall serve as chair;~~

~~(2) the secretary of commerce and community development or designee;~~

~~(3) the commissioner of forests, parks and recreation or designee;~~

~~(4) eleven members appointed by the Vermont agriculture and forest products development board as follows:~~

~~(A) four members each representing one of the four highest-grossing agricultural commodities produced in Vermont as determined on the basis of annual gross cash sales;~~

~~(B) three members representing the forest products industry; and~~

~~(C) four members each representing one of the following four sectors:~~

~~(i) energy;~~

~~(ii) workforce development;~~

~~(iii) private capital; and~~

~~(iv) distribution and marketing;~~

~~(5) two members, one appointed by each of the two largest membership-based agricultural organizations in Vermont;~~

~~(6) the following three members, who shall serve as ex officio,  
non-voting members:~~

~~(A) the manager of the Vermont economic development authority or  
designee;~~

~~(B) the executive director of the Vermont sustainable jobs fund or  
designee; and~~

~~(C) the executive director of the Vermont housing conservation board  
or designee.~~

~~(c) Members appointed pursuant to subdivisions (b)(4) and (b)(5) of this  
section shall serve a term of three years or until his or her earlier resignation  
or removal for cause by a two-thirds vote of the sitting members of the board.  
A vacancy shall be filled by the appointing authority for the remainder of the  
unexpired term. A member shall not serve more than three consecutive  
three-year terms.~~

~~(d) The board may elect officers, establish one or more committees or  
subcommittees, and adopt such procedural rules as it shall determine  
necessary and appropriate to perform its work.~~

~~(e) A majority of the sitting members shall constitute a quorum, and action  
taken by the board may be authorized by a majority of the members present  
and voting at any regular or special meeting at which a quorum is present.~~

~~(f) Private sector members shall be entitled to per diem compensation authorized under 32 V.S.A. § 1010 for each day spent in the performance of their duties, and each member shall be reimbursed from the fund for his or her actual and necessary expenses incurred in carrying out his or her duties.~~

~~§ 4607. POWERS AND DUTIES OF THE VERMONT WORKING LANDS~~

~~ENTERPRISE BOARD~~

~~The Vermont working lands enterprise board shall have the authority:~~

- ~~(1) to establish an application process and eligibility criteria for awarding grants, loans, incentives, and other investment in agricultural and forestry enterprises and in food and forest systems;~~
- ~~(2) to award grants and loans and to recommend incentives that support the purposes of the board under section 4606(a) of this title;~~
- ~~(3) to develop application criteria that will encourage individuals and enterprises that have not availed themselves of these opportunities in the past to apply for such grants, loans, and incentives;~~
- ~~(4) to give priority for awarding grants, loans, and incentives to applicants who have not recently received the same from the state or a state-funded entity;~~
- ~~(5) to establish formal public-private partnerships, coordinate the joint provision of investment and services with public or private entities, and enter~~

~~into performance contracts with one or more persons in order to provide investment and services to agricultural and forestry enterprises, including:~~

~~(A) technical assistance and product research services;~~

~~(B) marketing assistance, market development, and business and financial planning;~~

~~(C) organizational, regulatory, and development assistance; and~~

~~(D) feasibility studies of facilities or capital investments to optimize construction and other cost efficiencies;~~

~~(6) to identify workforce needs and programs in order to develop training and incentive opportunities for the agriculture and forest product sectors;~~

~~(7) to identify strategic statewide infrastructure and investment priorities considering:~~

~~(A) leveraging opportunities;~~

~~(B) economic clusters;~~

~~(C) return-on-investment analysis; and~~

~~(D) other considerations the board determines appropriate;~~

~~(8) to pursue and accept grants or other funding from any public or private source and to administer such grants or funding consistent with their terms;~~

~~(9) to promote the products and services it provides to as many people and land-based enterprises as possible;~~

~~(10) to use the services and staff of the agency of agriculture, food and markets to assist in the performance of the board's duties, with the concurrence of the secretary of agriculture, food and markets; and~~

~~(11) to contract for support, technical, or other professional services necessary to perform its duties pursuant to this section.~~

~~Sec. 2. INITIAL APPOINTMENTS TO VERMONT WORKING LANDS~~

~~ENTERPRISE BOARD~~

~~Notwithstanding any provision of law to the contrary:~~

~~(1) the initial members of the Vermont working lands enterprise board to be appointed pursuant to 6 V.S.A. § 4606(b)(4)–(5) shall be appointed as follows:~~

~~(A) of the eleven members of the board appointed by the Vermont agriculture and forest products development board:~~

~~(i) four members shall be appointed to an initial term of one year;~~

~~(ii) four members shall be appointed to an initial term of two years; and~~

~~(iii) three members shall be appointed to an initial term of three years; and~~

~~(B) of the two members appointed by the two largest membership-based agricultural organizations in Vermont:~~

~~(i) the member representing the organization with the largest membership shall be appointed for an initial term of two years; and~~

~~(ii) the member representing the organization with the second largest membership shall be appointed for an initial term of three years; and~~

~~(2) the initial one-year and two-year member terms authorized in subdivisions (1)(A) and (1)(B) of this section shall not qualify as a full-term for purposes of the three-term limit established in 6 V.S.A. § 4606(c).~~

~~Sec. 3. 6 V.S.A. chapter 162, subchapter 1 (Vermont agricultural innovation center) is repealed.~~

~~Sec. 4. 6 V.S.A. § 2966 is amended to read:~~

~~§ 2966. AGRICULTURAL AND FOREST PRODUCTS DEVELOPMENT BOARD; ORGANIZATION; DUTIES AND AUTHORITY~~

~~(a) Purpose. The purpose of this section is to create a permanent Vermont agricultural and forest products development board that is authorized and empowered as the state's primary agricultural and forest products development entity.~~

~~(1) The board is charged with:~~

~~(A) optimizing the agricultural and forestry use of Vermont lands and other agricultural resources;~~

~~\*\*\*~~

~~(2) The board shall:~~

~~(A) review existing strategies and plans and develop, ~~implement,~~ and continually update a comprehensive statewide plan to guide and encourage agricultural and forest products development and new and expanded markets for agricultural and forest products;~~

~~(B) advise and make recommendations to the secretaries of relevant state agencies, the governor, the director of the state experiment station, the University of Vermont extension service, and the general assembly on the adoption and amendment of laws, regulations, and governmental policies that affect agricultural development, land use, access to capital, the economic opportunities provided by Vermont agriculture and forest products, and the well-being of the people of Vermont;~~

~~(C) monitor and report on Vermont's progress in achieving the agricultural economic development goals identified by the board; ~~and~~~~

~~(D) balance the needs of production methods with the opportunities to market products that enhance Vermont agriculture and forest products; ~~;~~ and~~

~~(E) prepare a comprehensive report, in consultation with the agency of agriculture, food and markets, indicating the progress made by the working lands enterprise board with regard to all activities authorized by this section.~~

~~The report shall be presented to the senate and house committees on agriculture, the senate committee on economic development, housing and general affairs, and the house committee on commerce and economic development on or before January 15, 2013.~~

~~(b) Board created. The Vermont agricultural and forest products development board is hereby created. The exercise by the board of the powers conferred upon it in this section constitutes the performance of essential governmental functions.~~

~~(c) Powers and duties. The board shall have the authority and duty to:~~

~~\* \* \*~~

~~(5) obtain information from other planning entities, including the farm to plate farm to plate investment program;~~

~~\* \* \*~~

~~(d) Comprehensive agricultural and forest products economic development plan.~~

~~(1) Using information available from previous and ongoing agricultural and forest products development planning efforts, such as the farm to plate farm to plate investment program's strategic plan, and the board's own data and assumptions, the board shall develop and implement a comprehensive agricultural and forest products economic development plan for the state of Vermont. The plan shall include, at minimum, the following:~~

~~(A) an assessment of the current status of agriculture and forestry in Vermont;~~

~~(B) current and projected workforce composition and needs;~~

~~(C) a profile of emerging business and industry sectors projected to present future agricultural and forest products economic development opportunities, and a cost-benefit analysis of strategies and resources necessary to capitalize on these opportunities;~~

~~(D) a profile of current components of physical and social infrastructure affecting agricultural and forest products economic development;~~

~~(E) a profile of government sponsored programs, agricultural and forest products economic development resources, and financial incentives designed to promote and support agricultural and forest products economic development, and a cost-benefit analysis of continued support, expansion, or abandonment of these programs, resources, and incentives;~~

~~(F) the use of the Vermont brand to further agricultural and forest products economic development;~~

~~\* \* \*~~

~~(2) Based on its research and analysis, the board shall establish in the plan a set of clear strategies with defined and measurable outcomes for agricultural and forest products economic development, the purpose of which~~

~~shall be to guide long term agricultural and forest products economic development policymaking and planning.~~

~~\* \* \*~~

~~(4) The board shall conduct a periodic review and revision of the comprehensive agricultural and forest products economic development plan as often as is necessary in its discretion, but at minimum every five years, to ensure the plan remains current, relevant, and effective for guiding and evaluating agricultural and forest products economic development policy.~~

~~\* \* \*~~

~~(e) Annual report. The board shall make available a report, at least annually, to the administration, the house committee on agriculture, the senate committee on agriculture, the house committee on commerce and economic development, the senate committee on economic development, housing and general affairs, and the people of Vermont on the state's progress toward attaining the goals and outcomes identified in the comprehensive agricultural and forest products economic development plan.~~

~~(f) Composition of board.~~

~~(1) The board shall be composed of ~~12~~ 16 members. In making appointments to the board pursuant to this section, the governor, the speaker of the house, and the president pro tempore of the senate shall coordinate their~~

~~selections to ensure, to the greatest extent possible, that the board members selected by them reflect the following qualities:~~

~~(A) proven leadership in a broad range of efforts and activities to promote and improve the Vermont agricultural and forest products economy and the quality of life of Vermonters;~~

~~(B) demonstrated innovation, creativity, collaboration, pragmatism, and willingness to make long-term commitments of time, energy, and effort;~~

~~(C) geographic, gender, ethnic, social, political, and economic diversity;~~

~~(D) diversity of agricultural and forest products enterprise location, size, and sector of the for-profit agricultural and forest products business community members; and~~

~~(E) diversity of interest of the nonprofit or nongovernmental organization community members.~~

~~(2) Members of the board shall include the following:~~

~~(A) ~~four~~ five members appointed by the governor:~~

~~(i) a person with expertise in rural economic development issues;~~

~~(ii) an employee of a Vermont postsecondary institution experienced in researching issues related to agriculture;~~

~~(iii) a person familiar with the agricultural tourism industry; ~~and~~~~

~~(iv) an agricultural lender; and~~

~~(v) a person with expertise and professional experience in forest products manufacturing.~~

~~(B) ~~four~~ six members appointed by the speaker of the house of representatives:~~

~~(i) a person who produces an agricultural commodity other than dairy products;~~

~~(ii) a person who creates a value-added product using ingredients substantially produced on Vermont farms;~~

~~(iii) a person with expertise in sales and marketing; ~~and~~~~

~~(iv) a person representing the feed, seed, fertilizer, or equipment enterprises;~~

~~(v) a forester; and~~

~~(vi) a sawmill operator.~~

~~(C) ~~four~~ five members appointed by the committee on committees of the senate:~~

~~(i) a representative of Vermont's dairy industry who is also a dairy farmer;~~

~~(ii) a person with expertise in land planning and conservation efforts that support Vermont's working landscape;~~

~~(iii) a representative from a Vermont agricultural advocacy organization; ~~and~~~~

~~(iv) a person with experience in providing youth with educational opportunities enhancing understanding of agriculture; and~~

~~(v) a logger.~~

~~(3) The secretary of agriculture, food and markets or his or her designee shall be a nonvoting, ex officio member. The secretary may provide staff support from the agency of agriculture, food and markets as resources permit.~~

~~(4) The secretary of commerce and community development or his or her designee shall be a nonvoting, ex officio member.~~

~~\* \* \*~~

~~Sec. 5. APPROPRIATIONS~~

~~(a) The amount of \$1,700,000.00 is appropriated from the general fund to the Vermont working lands enterprise fund established in 6 V.S.A. § 4605 in the amounts and for the purposes as follow:~~

~~(1) \$550,000.00 for enterprise grants to entrepreneurs, including grants to leverage private capital, jump-start new businesses, help beginning farmers access land, and support diversification projects that add value to farm and forest commodities. This initial sum is intended to fund an enterprise grant pilot program, and it is the intent of the general assembly to commit additional investment in subsequent years upon demonstration of success of the program.~~

~~(2) \$350,000.00 for wraparound services to growth companies, including technical assistance, business planning, financial packaging, and~~

~~other services required by companies ready to transition to the next stage of growth. This initial sum is intended to fund a growth company services pilot program, and it is the intent of the general assembly to commit additional investment in subsequent years upon demonstration of success of the program.~~

~~(3) \$800,000.00 for state infrastructure investments, including investment in private and nonprofit sectors for creative diversification projects, value-added manufacturing, processing, storage, distribution, and collaborative ventures. This initial sum is intended to fund an infrastructure investment pilot program, and it is the intent of the general assembly to commit additional investment in subsequent years upon demonstration of success of the program.~~

~~(b) The amount of \$382,400.00 is appropriated from the general fund to the agency of agriculture, food and markets to provide funding for support staff, including a wraparound services advisor and regulatory ombudsman, and for fiscal management and operations costs. The agency shall utilize the funds appropriated to perform its full duties to the Vermont working lands enterprise board.~~

*Sec. 6. EFFECTIVE DATE*

~~(a) This section and Secs. 1, 2, 4, and 5 shall take effect on passage.~~

~~(b) Sec. 3 (repeal of agriculture innovation center) shall take effect on March 31, 2013.~~

*Sec. 1. 6 V.S.A. chapter 207 is amended to read:*

*CHAPTER 207. PROMOTION AND MARKETING OF VERMONT FOODS  
AND PRODUCTS*

*Subchapter 1. Agricultural Practices and Production*

*\* \* \**

*Subchapter 2. The Vermont Working Lands Enterprise Program*

*§ 4603. LEGISLATIVE FINDINGS*

*The general assembly finds:*

*(1) The report issued by the Council on the Future of Vermont indicates that over 97 percent of Vermonters polled endorsed the value of the “working landscape” as key to our future.*

*(2) Vermont’s unique agricultural and forest assets—its working landscape—are crucial to the state’s economy, communities, character, and culture. These assets provide jobs, food and fiber, energy, security, tourism and recreational opportunities, and a sense of well-being. They contribute to Vermont’s reputation for quality, resilience, and self-reliance.*

*(3) Human activity involving Vermont’s agricultural and forestland has been integral to the development of Vermont’s economy, culture, and image. Sustainable land use will need to balance economic development demands with the other services the land provides, many of which have economic benefits beyond the agriculture and forest product sectors. Some of these benefits*

include clean air and water, recreational opportunities, ecosystem restoration, scenic vistas, and wildlife habitat.

(4) The agriculture and forest product sectors are similar and share many of the same challenges. There are potential benefits to be realized by the joining of these sectors in development planning and coordination, making policy decisions, and leveraging economic opportunities.

(5) The agriculture and forest product sectors provide renewable and harvestable products that form the basis of Vermont's land-based economy. The conversion of these raw commodities into value-added products within our borders represents further economic and employment opportunities.

(6) Vermont is in the midst of an agricultural renaissance and is at the forefront of the local foods movement. The success has been due to the efforts of skilled and dedicated farmers, creative entrepreneurs, and the strategic investment of private and public funds.

(7) State investment in a given industry or economic sector is often essential to stimulate and attract additional private and philanthropic investment. The combination of public, private, and foundation support can create enterprise opportunities that any one of them alone cannot. Grants issued as a result of No. 52 of the Acts of 2011 helped create jobs and economic activity in the agricultural sector. They also leveraged private and foundation investments.

(8) Vermont's land-based economy has proven to be a driver for Vermont's ongoing economic recovery.

(9) Value-added and specialty Vermont products are a growing source of revenue for Vermont's agricultural producers, many of whom have benefited from the existing infrastructure requirements of commodity producers. Both export and instate markets are necessary options for the agriculture and forest product sectors' economic development.

(10) The Vermont brand is highly regarded both nationally and internationally. Forest management is seen as crop management by those active in the forest product industry. An actively managed forest is a healthy and productive one.

(11) Vermont's agriculture and forest product sectors have not been perceived or treated as businesses by the traditional business and lending communities. They often lack available capital and financial package options that match their stage of development.

(12) Financial service and workforce development programs need to be customized to meet the unique needs of Vermont's agriculture and forest product sectors. Landowner education and labor skills training are also important for future productive management of forestlands.

(13) Scale is an important determining factor for the successful development of businesses that utilize Vermont's agriculture and forest

products. Other limiting factors include labor and transportation costs, support services, resource base, and the regulatory environment.

(14) Workers' compensation, health care, energy costs, and regulatory requirements are a major concern to the agriculture and forest product sectors. For example, workers' compensation premiums for loggers may run as high as 48 percent of each dollar of wages.

(15) The amount of land in Vermont is finite, and part of its community and economic value is tied to the way it is used. Farmland and forestland that are developed for other uses affect the future viability of remaining farms and forest enterprises.

(16) A forestland owner is often not the person actively engaged in the business of land management, such as planning, harvesting, or marketing the raw product, whereas in agricultural operations, the farmer often owns both the land and the business. Many farm operations have woodlots that have traditionally been used for syrup, timber, and firewood production.

(17) Vermonters' perception of and support for local wood and forest products is not at the same level as it is for local food. Public outreach and education efforts need to be created to address the public's perception of actively managed working lands and the people who perpetuate them. Over the last decade, consumers of wood products have become more interested in

production and management methods, certification programs, and the source of the raw materials.

(18) Vermont's forest products industry has been in decline for many years, in part due to rising costs, a poor housing market, and a lack of manufacturing. The total value of the forest product industry has dropped from \$1.8 billion to \$1.3 billion since 2007. If wood chips were priced at the equivalent BTU replacement value of oil, they would command a higher price. The number of active sawmills has also declined to fewer than 20 today.

(19) The average age of Vermont's farmers and loggers is over 55 years and the average age of forestland owners is over 65. Attention needs to be brought to efforts that will ensure intergenerational succession and lower those averages. Economically viable farm and forest-based operations are critical to that goal. "Legacy" skills such as farming and logging are disappearing, as the children of those making a living from those skills often aspire to different employment opportunities.

(20) Access to land is a challenge for many, especially younger, people who want the opportunity to make a living from productive use of the land. Farm and forestland ownership is often out of reach for young people who do not have some sort of assistance.

(21) The Vermont forest product sector contains approximately 7,000 jobs, and approximately 57,000 jobs are in Vermont's food system.

(22) Regulations for forest product enterprises need to reflect a balance between economic development and responsible land use practices. There is a need to assess regulations involving the primary processing and transportation elements of the forest product sector.

(23) Seventy-six percent of Vermont's 4.5 million acres is forested, 84 percent of which is privately owned. Sustainable management of state-owned forestlands represents an opportunity for private sector forest businesses.

(24) Forest product sector representatives have identified needs for their industry including market development, additional secondary processing facilities, lower energy and transportation costs, and capital for growth enterprises as well as research and development for new and improved value-added products that make use of Vermont's forest resources. Factors such as health care, labor, and energy policies in Canada contribute to the northward flow of Vermont logs. Research is needed in order to develop strategies that will help keep Vermont's forest product sector competitive.

(25) Vermont's Use Value Appraisal (Current Use) Program is critically important to every component of Vermont's agriculture and forest product sectors. It also helps keep Vermont forestland productive and healthy through the requirement of active forest management plans.

(26) Dairy enterprises remain Vermont's leading source of agricultural revenues, with an estimated annual economic impact of over \$2 billion or approximately 75 percent of total gross agricultural output.

(27) Recent grants and educational programs have started to address the lack of slaughter and meat-processing facilities in the state; however, there continues to be a strong need to further these efforts.

§ 4604. LEGISLATIVE INTENT

It is the intent of the general assembly in adopting this subchapter to:

(1) stimulate a concerted economic development effort on behalf of Vermont's agriculture and forest product sectors by systematically advancing entrepreneurship, business development, and job creation;

(2) recognize and build on the similarities and unique qualities of Vermont's agriculture and forest product sectors;

(3) increase the value of Vermont's raw and value-added products through the development of in-state and export markets;

(4) attract a new generation of entrepreneurs to Vermont's farm, food system, forest, and value-added chain by facilitating more affordable access to the working landscape;

(5) provide assistance to agricultural and forest product businesses in navigating the regulatory process;

(6) use Vermont's brand recognition and reputation as a national leader in food systems development, innovative entrepreneurship, and as a "green" state to leverage economic development and opportunity in the agriculture and forest product sectors;

(7) promote the benefits of Vermont's working lands, from the economic value of raw and value-added products to the public value of ecological stability, land stewardship, recreational opportunities, and quality of life;

(8) increase the amount of state investment in working lands enterprises, particularly when it leverages private and philanthropic funds; and

(9) support the people and businesses that depend on Vermont's renewable land-based resources and the sustainable and productive use of the land by coordinating and integrating financial products and programs.

§ 4605. VERMONT WORKING LANDS ENTERPRISE FUND

There is created a special fund in the state treasury to be known as the "Vermont working lands enterprise fund." Notwithstanding any contrary provisions of 32 V.S.A. chapter 7, subchapter 5:

(1) the fund shall be administered and the monies of the funds shall be expended by the Vermont working lands enterprise board created in section 4606 of this title;

(2) the fund shall be composed of moneys from time to time appropriated to the fund by the general assembly or received from any other

source, private or public, approved by the board, and unexpended balances and any earnings shall remain in the fund from year to year; and

(3) the board shall make expenditures from the fund consistent with the duties and authority of the board established by section 4607 of this title.

§ 4606. VERMONT WORKING LANDS ENTERPRISE BOARD

(a) Creation. There is created a Vermont working lands enterprise board, which for administrative purposes shall be attached to the agency of agriculture, food and markets.

(b) Organization of board. The board shall be composed of:

(1) the secretary of agriculture, food and markets or designee, who shall serve as chair;

(2) the commissioner of forests, parks and recreation or designee;

(3) the secretary of commerce and community development or designee;

(4) the following members appointed by the speaker of the house:

(A) one member who is a representative of the Vermont forest industry who is also a forester;

(B) one member who is actively engaged in commodity maple production;

(5) the following members appointed by the senate committee on committees:

(A) one member who is actively engaged in wood products manufacturing;

(B) one member who is a representative of one of the two largest membership-based agricultural organizations in Vermont who is not a dairy farmer;

(6) the following members appointed by the governor:

(A) one member who is a representative of Vermont's dairy industry who is also a dairy farmer;

(B) one member who is a representative of a membership-based forestland owner organization;

(7) the following members appointed by the Vermont agricultural and forest products development board:

(A) one member who is actively engaged in value-added agricultural products manufacturing; and

(B) two members actively engaged in providing marketing assistance, market development, or business and financial planning;

(8) the following members, who shall serve as ex officio, nonvoting members:

(A) the manager of the Vermont economic development authority or designee;

(B) the executive director of the Vermont sustainable jobs fund or designee; and

(C) the executive director of the Vermont housing conservation board or designee.

(c) Member terms. The members designated in subdivisions (b)(4)–(7) of this section shall be appointed to initial terms of one year for members appointed by the governor, two years for members appointed by the senate committee on committees, and three years for members appointed by the speaker of the house. Thereafter, each appointed member shall serve a term of three years or until his or her earlier resignation or removal. A vacancy shall be filled by the appointing authority for the remainder of the unexpired term. An appointed member shall not serve more than three consecutive three-year terms.

(d) Officers; committees. The board may elect officers, establish one or more committees or subcommittees, and adopt such procedural rules as it shall determine necessary and appropriate to perform its work.

(e) Quorum; meetings; voting. A majority of the sitting members shall constitute a quorum, and action taken by the board may be authorized by a majority of the members present and voting at any regular or special meeting at which a quorum is present. The board may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through

the use of, any means of communication, including an electronic, telecommunications, and video- or audio-conferencing conference telephone call, by which all members participating may simultaneously or sequentially communicate with each other during the meeting. A member participating in a meeting by this means is deemed to be present in person at the meeting.

(f) Compensation. Private sector members shall be entitled to per diem compensation authorized under 32 V.S.A. § 1010(b) for each day spent in the performance of their duties, and each member shall be reimbursed from the fund for his or her actual and necessary expenses incurred in carrying out his or her duties.

§ 4607. POWERS AND DUTIES OF THE VERMONT WORKING LANDS

ENTERPRISE BOARD

(a) The Vermont working lands enterprise board shall have the authority:

(1) to establish an application process and eligibility criteria for awarding grants, loans, incentives, and other investments in agricultural and forestry enterprises and in food and forest systems;

(2) to award grants and other investments, which may include loans underwritten and administered through the Vermont economic development authority;

(3) to enter into performance contracts with one or more persons in order to provide investment and services to agricultural and forestry enterprises, including:

(A) technical assistance and product research services;

(B) marketing assistance, market development, and business and financial planning;

(C) organizational, regulatory, and development assistance; and

(D) feasibility studies of facilities or capital investments to optimize construction and other cost efficiencies;

(4) to identify workforce needs and programs in order to develop training and incentive opportunities for the agriculture and forest product sectors after consulting with the department of labor;

(5) to identify strategic statewide infrastructure and investment priorities considering:

(A) leveraging opportunities;

(B) economic clusters;

(C) return-on-investment analysis;

(D) other considerations the board determines appropriate; and

(6) to pursue and accept grants or other funding from any public or private source and to administer such grants or funding consistent with their terms.

(b) The agency of agriculture, food and markets shall provide administrative support to the extent authorized by the secretary of agriculture, food and markets, and with the assistance of the department of forests, parks and recreation to the extent authorized by the commissioner of forests, parks and recreation, in order to support the board in the performance of its duties pursuant to this section.

Sec. 2. 6 V.S.A. § 2966 is amended to read:

§ 2966. AGRICULTURAL AND FOREST PRODUCTS DEVELOPMENT

BOARD; ORGANIZATION; DUTIES AND AUTHORITY

(a) *Purpose.* The purpose of this section is to create a permanent Vermont agricultural and forest products development board that is authorized and empowered as the state's primary agricultural and forest products development entity.

(1) *The board is charged with:*

(A) optimizing the agricultural and forestry use of Vermont lands and other agricultural resources;

\* \* \*

(2) *The board shall:*

(A) review existing strategies and plans and develop, ~~implement,~~ and continually update a comprehensive statewide plan to guide and encourage

*agricultural and forest products development and new and expanded markets for agricultural and forest products;*

*(B) advise and make recommendations to the secretaries of relevant state agencies, the governor, the director of the state experiment station, the University of Vermont extension service, and the general assembly on the adoption and amendment of laws, regulations, and governmental policies that affect agricultural development, land use, access to capital, the economic opportunities provided by Vermont agriculture and forest products, and the well-being of the people of Vermont;*

*(C) monitor and report on Vermont's progress in achieving the agricultural economic development goals identified by the board; ~~and~~*

*(D) balance the needs of production methods with the opportunities to market products that enhance Vermont agriculture and forest products; and*

*(E) prepare a comprehensive report, in consultation with the agency of agriculture, food and markets and the department of forests, parks and recreation, indicating the progress made by the working lands enterprise board with regard to all activities authorized by this section. The report shall be presented to the senate and house committees on agriculture, the senate committees on economic development, housing and general affairs and on natural resources and energy, and the house committee on commerce and economic development on or before January 15, 2013.*

*(b) Board created. The Vermont agricultural and forest products development board is hereby created. The exercise by the board of the powers conferred upon it in this section constitutes the performance of essential governmental functions.*

*(c) Powers and duties. The board shall have the authority and duty to:*

*\* \* \**

*(5) obtain information from other planning entities, including the ~~farm to plate~~ farm to plate investment program;*

*\* \* \**

*(d) Comprehensive agricultural and forest products economic development plan.*

*(1) Using information available from previous and ongoing agricultural and forest products development planning efforts, such as the ~~farm to plate~~ farm to plate investment program's strategic plan, and the board's own data and assumptions, the board shall develop and implement a comprehensive agricultural and forest products economic development plan for the state of Vermont. The plan shall include, at minimum, the following:*

*(A) an assessment of the current status of agriculture and forestry in Vermont;*

*(B) current and projected workforce composition and needs;*

*(C) a profile of emerging business and industry sectors projected to present future agricultural and forest products economic development opportunities, and a cost-benefit analysis of strategies and resources necessary to capitalize on these opportunities;*

*(D) a profile of current components of physical and social infrastructure affecting agricultural and forest products economic development;*

*(E) a profile of government-sponsored programs, agricultural and forest products economic development resources, and financial incentives designed to promote and support agricultural and forest products economic development, and a cost-benefit analysis of continued support, expansion, or abandonment of these programs, resources, and incentives;*

*(F) the use of the Vermont brand to further agricultural and forest products economic development;*

*\* \* \**

*(2) Based on its research and analysis, the board shall establish in the plan a set of clear strategies with defined and measurable outcomes for agricultural and forest products economic development, the purpose of which shall be to guide long-term agricultural and forest products economic development policymaking and planning.*

*\* \* \**

*(4) The board shall conduct a periodic review and revision of the comprehensive agricultural and forest products economic development plan as often as is necessary in its discretion, but at minimum every five years, to ensure the plan remains current, relevant, and effective for guiding and evaluating agricultural and forest products economic development policy.*

\* \* \*

*(e) Annual report. The board shall make available a report, at least annually, to the administration, the house committee on agriculture, the senate committee on agriculture, the house committee on commerce and economic development, the senate committee on economic development, housing and general affairs, and the people of Vermont on the state's progress toward attaining the goals and outcomes identified in the comprehensive agricultural and forest products economic development plan.*

*(f) Composition of board.*

*(1) The board shall be composed of ~~12~~ 16 members. In making appointments to the board pursuant to this section, the governor, the speaker of the house, and the president pro tempore of the senate shall coordinate their selections to ensure, to the greatest extent possible, that the board members selected by them reflect the following qualities:*

(A) proven leadership in a broad range of efforts and activities to promote and improve the Vermont agricultural or forest products economy and the quality of life of Vermonters;

(B) demonstrated innovation, creativity, collaboration, pragmatism, and willingness to make long-term commitments of time, energy, and effort;

(C) geographic, gender, ethnic, social, political, and economic diversity;

(D) diversity of agricultural and forest products enterprise location, size, and sector of the for-profit agricultural and forest products business community members; and

(E) diversity of interest of the nonprofit or nongovernmental organization community members.

(2) Members of the board shall include the following:

(A) ~~four~~ five members appointed by the governor:

(i) a person with expertise in rural economic development issues;

(ii) an employee of a Vermont postsecondary institution experienced in researching issues related to agriculture or forestry;

(iii) a person familiar with the agricultural or forest tourism industry; ~~and~~

(iv) an agricultural lender; and

(v) a person with expertise and professional experience in forest products manufacturing.

(B) ~~four~~ six members appointed by the speaker of the house of representatives:

(i) a person who produces an agricultural commodity other than dairy products;

(ii) a person who creates a value-added product using ingredients substantially produced on Vermont farms;

(iii) a person with expertise in sales and marketing; ~~and~~

(iv) a person representing the feed, seed, fertilizer, or equipment enterprises;

(v) a forester; and

(vi) a sawmill operator.

(C) ~~four~~ five members appointed by the committee on committees of the senate:

(i) a representative of Vermont's dairy industry who is also a dairy farmer;

(ii) a person with expertise in land planning and conservation efforts that support Vermont's working landscape;

(iii) a representative from a Vermont agricultural advocacy organization; ~~and~~

*(iv) a person with experience in providing youth with educational opportunities enhancing understanding of agriculture or forestry; and*

*(v) a logger.*

*(3) The secretary of agriculture, food and markets or his or her designee shall be ~~a nonvoting,~~ an ex officio, nonvoting member. The secretary may provide staff support from the agency of agriculture, food and markets as resources permit.*

*(4) The secretary of commerce and community development or his or her designee shall be ~~a nonvoting,~~ an ex officio, nonvoting member.*

*(5) The commissioner of forests, parks and recreation or his or her designee shall be an ex officio, nonvoting member. The commissioner may provide staff support from the department of forests, parks and recreation as resources permit.*

\* \* \*

*Sec. 3. 10 V.S.A. chapter 15 is amended to read:*

*CHAPTER 15. VERMONT HOUSING AND CONSERVATION TRUST FUND*

\* \* \*

*§ 302. POLICY, FINDINGS, AND PURPOSE*

*(a) The dual goals of creating affordable housing for Vermonters, and conserving and protecting Vermont's agricultural land and forestland, historic*

*properties, important natural areas, and recreational lands are of primary importance to the economic vitality and quality of life of the state.*

*(b) In the best interests of all of its citizens and in order to improve the quality of life for Vermonters and to maintain for the benefit of future generations the essential characteristics of the Vermont countryside, Vermont should encourage and assist in creating affordable housing and in preserving the state's agricultural land and forestland, historic properties, important natural areas, and recreational lands.*

*(c) It is the purpose of this chapter to create the Vermont housing and conservation trust fund to be administered by the Vermont housing and conservation board to further the policies established by subsections (a) and (b) of this section.*

### **§ 303. DEFINITIONS**

*As used in this chapter:*

*(1) "Board" means the Vermont housing and conservation board established by this chapter.*

*(2) "Fund" means the Vermont housing and conservation trust fund established by this chapter.*

*(3) "Eligible activity" means any activity which will carry out either or both of the dual purposes of creating affordable housing and conserving and*

*protecting important Vermont lands, including activities which will encourage or assist:*

*(A) the preservation, rehabilitation or development of residential dwelling units which are affordable to lower income Vermonters;*

*(B) the retention of agricultural land for agricultural use, and of forestland for forestry use;*

*(C) the protection of important wildlife habitat and important natural areas;*

*(D) the preservation of historic properties or resources;*

*(E) the protection of areas suited for outdoor public recreational activity;*

*(F) the development of capacity on the part of an eligible applicant to engage in an eligible activity.*

\* \* \*

**§ 311. CREATION OF THE VERMONT HOUSING AND  
CONSERVATION BOARD**

*(a) There is created and established a body politic and corporate to be known as the "Vermont housing and conservation board" to carry out the provisions of this chapter. The board is constituted a public instrumentality exercising public and essential governmental functions, and the exercise by the board of the powers conferred by this chapter shall be deemed and held to be*

*the performance of an essential governmental function of the state. The board is exempt from licensure under 8 V.S.A. chapter 73 ~~of Title 8~~.*

*(b) The board shall consist of the following 11 members:*

*(1) The secretary of agriculture, food and markets or his or her designee.*

*(2) The secretary of human services or his or her designee.*

*(3) The secretary of natural resources or his or her designee.*

*(4) The executive director of the Vermont housing finance agency or his or her designee.*

*(5) Three public members appointed by the governor with the advice and consent of the senate, who shall be residents of the state and who shall be experienced in creating affordable housing or conserving and protecting Vermont's agricultural land and forestland, historic properties, important natural areas, or recreational lands, one of whom shall be a representative of lower income Vermonters and one of whom shall be a farmer as defined in 32 V.S.A. § 3752(7).*

*(6) One public member appointed by the speaker of the house, who shall not be a member of the general assembly at the time of appointment.*

*(7) One public member appointed by the senate committee on committees, who shall not be a member of the general assembly at the time of appointment.*

*(8) Two public members appointed jointly by the speaker of the house and the president pro tempore of the senate as follows:*

*(A) One member from the nonprofit affordable housing organizations that qualify as eligible applicants under subdivision 303(4) of this title who shall not be an employee or board member of any of those organizations at the time of appointment.*

*(B) One member from the nonprofit conservation organizations whose activities are eligible under subdivision 303(3) of this title who shall not be an employee or member of the board of any of those organizations at the time of appointment.*

\* \* \*

*§ 321. GENERAL POWERS AND DUTIES*

\* \* \*

*(d) On behalf of the state of Vermont, the board shall seek and administer federal farmland protection and forestland conservation funds to facilitate the acquisition of interests in land to protect and preserve in perpetuity important farmland for future agricultural use and forestland for future forestry use. Such funds shall be used to implement and effectuate the policies and purposes of this chapter. In seeking federal farmland protection and forestland conservation funds under this subsection, the board shall seek to maximize state participation in the federal wetlands reserve program ~~in order~~ and such*

*other programs as is appropriate to allow for increased or additional implementation of conservation practices on farmland and forestland protected or preserved under this chapter.*

\* \* \*

§ 324. STEWARDSHIP

*If an activity funded by the board involves acquisition by the state of an interest in real property for the purpose of conserving and protecting agricultural land or forestland, important natural areas, or recreation lands, the board, in its discretion, may make a one-time grant to the appropriate state agency or municipality. The grant shall not exceed ten percent of the current appraised value of that property interest and shall be used to support its proper management or maintenance or both.*

\* \* \*

Sec. 4. REPEAL

*The following sections are repealed in their entirety:*

*(1) 6 V.S.A. chapter 162, subchapter 1 (Vermont agricultural innovation center).*

*(2) 6 V.S.A. § 2963a (comprehensive plan for the future development of diversified agriculture).*

*(3) 6 V.S.A. § 2964 (Vermont seal of quality).*

Sec. 5. FUNDING PRIORITIES

(a) The amounts appropriated from the general fund to the Vermont working lands enterprise fund established in 6 V.S.A. § 4605 shall be used by the working lands enterprise board for the following purposes:

(1) For enterprise grants to entrepreneurs, including grants to leverage private capital, jump-start new businesses, help beginning farmers access land, and support diversification projects that add value to farm and forest commodities. These initial investments are intended to fund an enterprise grant pilot program, and it is the intent of the general assembly to commit additional investment in subsequent years upon demonstration of success of the program.

(2) For wraparound services to growth companies, including technical assistance, business planning, financial packaging, and other services required by companies ready to transition to the next stage of growth. These initial investments are intended to fund a growth company services pilot program, and it is the intent of the general assembly to commit additional investment in subsequent years upon demonstration of success of the program.

(3) For state infrastructure investments, including investment in private and nonprofit sectors for creative diversification projects, value-added manufacturing, processing, storage, distribution, and collaborative ventures. These initial investments are intended to fund an infrastructure investment

pilot program, and it is the intent of the general assembly to commit additional investment in subsequent years upon demonstration of success of the program.

(b) In designing its application process and criteria, and in awarding funding pursuant to its authority under 6 V.S.A. § 4607, the board shall consider the most effective means of encouraging participation in the process by individuals and enterprises that have not availed themselves of these opportunities in the past, and by individuals and enterprises who have not recently received funding from the state or a state-funded entity, as the board deems appropriate.

(c) The agency of agriculture, food and markets shall utilize funds appropriated to it for the purposes of this act to perform its full duties to the Vermont working lands enterprise board, to provide administrative support to the Vermont agricultural and forest products development board, and to provide reimbursement for travel expenses incurred by Vermont agricultural and forest products development board members pursuant to 6 V.S.A. § 2966(h).

**Sec. 6. IMPLEMENTATION; EFFECTIVE DATE**

(a) This act shall take effect on passage, except that Sec. 4(1) (repeal of agriculture innovation center) of this act shall take effect on March 31, 2013.

(b) Board members appointed pursuant to 6 V.S.A. § 4606 shall be appointed no later than June 30, 2012.