

* * * Vermont Employment Growth Incentive * * *

Sec. H.1. 32 V.S.A. chapter 2 is added to read:

CHAPTER 2. VERMONT EMPLOYMENT GROWTH INCENTIVE PROGRAM

Subchapter 1. Vermont Economic Progress Council

§ 25. VERMONT ECONOMIC PROGRESS COUNCIL

(a) Creation. The Vermont Economic Progress Council is created to exercise the authority and perform the duties assigned to it, including its authority and duties relating to:

(1) the Vermont Employment Growth Incentive Program pursuant to subchapter 2 of this chapter; and

(2) ~~property tax stabilization, tax exemption, and~~ tax increment financing districts pursuant to 24 V.S.A. chapter 53, subchapter 5 and section 5404a of this title.

(b) Membership.

(1) The Council shall have 11 voting members:

(A) nine residents of the State appointed by the Governor with the advice and consent of the Senate who are knowledgeable and experienced in the subjects of community development and planning, education funding requirements, economic development, State fiscal affairs, property taxation, or entrepreneurial ventures, and represent diverse geographical areas of the State and municipalities of various sizes;

(B) one member of the Vermont House of Representatives appointed by the Speaker of the House; and

(C) one member of the Vermont Senate appointed by the Senate Committee on Committees.

1 (2)(A) The Council shall have two regional members from each region of the
2 State, one appointed by the regional development corporation of the region and one
3 appointed by the regional planning commission of the region.

4 (B) A regional member shall be a nonvoting member and shall serve during
5 consideration by the Council of an application from his or her region.

6 (c) Terms.

7 (1) Members of the Council appointed by the Governor shall serve initial staggered
8 terms with five members serving four-year terms, and four members serving two-year
9 terms.

10 (2) After the initial term expires, a member's term is four years and a member may
11 be reappointed.

12 (3) A term commences on April 1 of each odd-numbered year.

13 (d) Compensation.

14 (1) For attendance at a meeting and for other official duties, a member appointed
15 by the Governor shall be entitled to compensation for services and reimbursement of
16 expenses as provided in section 1010 of this title, except that a member who is a member
17 of the General Assembly shall be entitled to compensation for services and
18 reimbursement of expenses as provided in 2 V.S.A. § 406.

19 (2) A regional member who does not otherwise receive compensation and
20 reimbursement of expenses from his or her regional development or planning
21 organization shall be entitled to compensation and reimbursement of expenses for
22 attendance at meetings and for other official duties as provided in section 1010 of this
23 title.

1 (e) Operation.

2 (1) The Governor shall appoint a chair from the Council's members.

3 (2) The Council shall receive administrative support from the Agency of
4 Commerce and Community Development and the Department of Taxes.

5 (3) The Council shall have:

6 (A) an executive director appointed by the Governor with the advice and
7 consent of the Senate, who is knowledgeable in subject areas of the Council's jurisdiction
8 and who is an exempt State employee; and

9 (B) administrative staff.

10 (f) Rulemaking authority. The Council shall have the authority to adopt policies and
11 procedures as necessary, and to adopt rules under 3 V.S.A. chapter 25, to implement the
12 provisions of this chapter.

13 (g) Decisions not subject to review. A decision of the Council to approve or deny an
14 application under subchapter 2 of this chapter, or to approve or deny a **property tax**
15 **stabilization agreement, tax exemption, or** tax increment financing district pursuant to 24
16 V.S.A. chapter 53, subchapter 5 and section 5404a of this title, is an administrative
17 decision that is not subject to the contested case hearing requirements under 3 V.S.A.
18 chapter 25 and is not subject to judicial review.

19 § 26. COST-BENEFIT MODEL

20 (a) The Council shall adopt and maintain a cost-benefit model for assessing and
21 measuring the projected net fiscal cost and benefit to the State of proposed economic
22 development activities.

1 (b) The Council shall not modify the cost-benefit model without the prior approval of
2 the Joint Fiscal Committee.

3 Subchapter 2. Vermont Employment Growth Incentive Program

4 § 30. PURPOSE; FORM OF INCENTIVES; ELIGIBLE APPLICANT;

5 PROGRAM CAPS

6 (a) Purpose. The purpose of the Vermont Employment Growth Incentive Program is
7 to encourage a business to add new payroll, create new jobs, and make new capital
8 investments by sharing with the business a portion of the revenue generated by the new
9 payroll, new jobs, and new capital investment.

10 (b) Form of incentives; enhanced incentives.

11 (1) The Vermont Economic Progress Council may approve an incentive under this
12 subchapter in the form of:

13 ~~(A) a direct cash payment in annual installments; or~~

14 ~~(B) a combination of direct cash payment and property tax stabilization~~
15 pursuant to a property tax stabilization agreement approved by a municipality under
16 section 5404a of this title.

17 (2) The Council may approve the following enhanced incentives:

18 (A) an enhanced incentive for a business in a labor market area with higher than
19 average unemployment or lower than average wages pursuant to section 34 of this title;

20 (B) an enhanced incentive for an environmental technology business pursuant
21 to section 35 of this title; and

22 (C) an enhanced incentive for a business that participates in a State workforce
23 training program pursuant to section 36 of this title.

1 (c) Eligible applicant; approvals.

2 (1) Only a business may apply for an incentive pursuant to this subchapter in the
3 form of a direct cash payment.

4 ~~(2) A business and a municipality shall apply jointly for an incentive in the~~
5 ~~combined form of a direct cash payment and property tax stabilization.~~

6 (2) The Council may meet as often as is necessary to consider applications and
7 perform its duties, provided, however, that the Council shall not award final approval of
8 an application except at one of four quarterly meetings called for that purpose.

9 § 31. DEFINITIONS

10 In this subchapter:

11 (1) “Award period” means the consecutive five years during which a business may
12 apply for an incentive under this subchapter.

13 (2) “Base employment” means the number of full-time Vermont jobs held by non-
14 owner employees as of the date a business with an approved application commences its
15 proposed economic activity.

16 (3) “Base payroll” means the Vermont gross salaries and wages paid as
17 compensation to full-time Vermont jobs held by non-owner employees as of the date a
18 business with an approved application commences its proposed economic activity.

19 (4) “Capital investment performance requirement” means the minimum value of
20 additional investment in one or more capital improvements.

21 (5) “Jobs performance requirement” means the minimum number of qualifying
22 jobs a business must add.

1 (6) “Labor market area” means a labor market area as designated by the Vermont
2 Department of Labor.

3 (7) “Non-owner” means a person with no more than 10 percent ownership interest,
4 including attribution of ownership interests of the person’s spouse, parents, spouse’s
5 parents, siblings, and children.

6 (8) “Payroll performance requirement” means the minimum value of Vermont
7 gross salaries and wages a business must pay as compensation for one or more qualifying
8 jobs.

9 (9) “Qualifying job” means a new, permanent position in Vermont that meets each
10 of the following criteria:

11 (A) The position is filled by a non-owner employee who regularly works at
12 least 35 hours each week.

13 (B) The business provides compensation for the position that equals or exceeds
14 the wage threshold.

15 (C) The business provides for the position at least three of the following:

16 (i) health care benefits with 50 percent or more of the premium paid by the
17 business;

18 (ii) dental assistance;

19 (iii) paid vacation;

20 (iv) paid holidays;

21 (v) child care;

22 (vi) other extraordinary employee benefits;

23 (vii) retirement benefits;

1 (viii) other paid time off, including paid sick days.

2 (D) The position is not an existing position that the business transfers from
3 another facility within the State.

4 (E) When the position is added to base employment, the business's total
5 employment exceeds its average annual employment during the two preceding years,
6 unless the Council determines that the business is establishing a significantly different,
7 new line of business and creating new jobs in the new line of business that were not part
8 of the business prior to filing its application.

9 (10) "Utilization period" means each year of the award period and the four years
10 immediately following each year of the award period.

11 (11) "Vermont gross wages and salaries" means Medicare wages as reported on
12 Federal Tax Form W-2 to the extent those wages are Vermont wages, excluding income
13 from nonstatutory stock options.

14 (12) "Wage threshold" means the minimum amount of annualized Vermont gross
15 wages and salaries a business must pay for a qualifying job, as required by the Council in
16 its discretion, but not less than:

17 (A) 60 percent above the State minimum wage at the time of application; or

18 (B) for a business located in a labor market area in which the average annual
19 unemployment rate is higher than the average annual unemployment rate for the State, 40
20 percent above the State minimum wage at the time of application.

21 § 32. APPLICATION; APPROVAL CRITERIA; GUIDELINES

22 (a) Application.

1 (1) A business may apply for an incentive in one or more years of an award period
2 by submitting an application to the Council in the format the Council specifies for that
3 purpose.

4 (2) For each award year the business applies for an incentive, the business shall:

5 (A) specify a payroll performance requirement;

6 (B) specify a jobs performance requirement or a capital investment performance
7 requirement, or both; and

8 (C) provide any other information the Council requires to evaluate the
9 application under this subchapter.

10 (b) Mandatory criteria. The Council may shall not approve an application if unless it
11 finds:

12 (1) Except as otherwise provided for an enhanced incentive for a business in a
13 qualifying labor market area under section 34 of this title, the new revenue the proposed
14 activity generates to the State exceeds the costs of the activity to the State.

15 (2) The host municipality welcomes the new business.

16 (3) The proposed economic activity conforms to applicable town and regional
17 plans.

18 (4) If the business proposes to expand within a limited local market, an incentive
19 would not give the business an unfair competitive advantage over other Vermont
20 businesses in the same or similar line of business and in the same limited local market.

21 (5) Without But for the incentive, the proposed economic activity:

22 (A) would not occur; or

1 (B) would occur in a significantly different manner that is significantly less
2 desirable to the State.

3 § 33. CALCULATING THE VALUE OF AN INCENTIVE

4 Except as otherwise provided for an enhanced incentive for a business in a qualifying
5 labor market area under section 34 of this title, an enhanced incentive for an
6 environmental technology business under section 35 of this title, or an enhanced
7 incentive for workforce training under section 36 of this title, the Council shall calculate
8 the value of an incentive for an award year as follows:

9 (1) Calculate new revenue growth. To calculate new revenue growth, the Council
10 shall use the cost-benefit model created pursuant to section 26 of this title to determine
11 the amount by which the new revenue generated by the proposed economic activity to the
12 State exceeds the costs of the activity to the State.

13 (2) Calculate the business's potential share of new revenue growth. Except as
14 otherwise provided for an environmental technology business in section 35 of this title, to
15 calculate the business's potential share of new revenue growth, the Council shall multiply
16 the new revenue growth determined under subdivision (1) of this subsection by 80
17 percent.

18 (3) Calculate the incentive percentage. To calculate the "incentive percentage,"
19 the Council shall divide the business's potential share of new revenue growth by the sum
20 of the business's annual payroll performance requirements.

21 (4) Calculate qualifying payroll. To calculate qualifying payroll, the Council shall
22 subtract from the payroll performance requirement the projected value of background
23 growth in payroll for the proposed economic activity.

1 (5) Calculate the value of the incentive. To calculate the value of the incentive, the
2 Council shall multiply qualifying payroll by the incentive percentage.

3 (6) Calculate the amount of the annual installment payments. To calculate the
4 amount of the annual installment payments, the Council shall:

5 (A) subtract from the value of the incentive the amount of any applicable
6 property tax stabilization agreement;

7 (B) divide the difference value of the incentive by five; and

8 (B) adjust the value of the first installment payment so that it is proportional to
9 the actual number of days that new qualifying employees are employed in the first year of
10 hire.

11 § 34. ENHANCED INCENTIVE FOR A BUSINESS IN A QUALIFYING

12 LABOR MARKET AREA

13 (a) The Council may increase the value of an incentive for a business that is located in
14 a labor market area in which:

15 (1) the average annual unemployment rate is greater than the average annual
16 unemployment rate for the State; or

17 (2) the average annual wage is less than the average annual wage for the State.

18 (b) In each calendar year the amount by which the Council may increase the value of
19 all incentives pursuant to this section is \$1,000,000.00 from the General Fund and
20 Education Fund combined.

21 (c) The Council may exceed the limit imposed in subsection (b) of this section upon
22 application to and approval by the Emergency Board.

1 § 35. ENHANCED INCENTIVE FOR ENVIRONMENTAL TECHNOLOGY

2 BUSINESS

3 (a) In this section, an “environmental technology business” means a business that:

4 (1) is subject to income taxation in Vermont; and

5 (2) seeks an incentive for economic activity in Vermont that the Secretary of
6 Commerce and Community Development certifies is primarily research, design,
7 engineering, development, or manufacturing related to one or more of the following:

8 (A) waste management, including waste collection, treatment, disposal,
9 reduction, recycling, and remediation;

10 (B) natural resource protection and management, including water and
11 wastewater purification and treatment, air pollution control and prevention or
12 remediation, soil and groundwater protection or remediation, and hazardous waste control
13 or remediation;

14 (C) energy efficiency or conservation;

15 (D) clean energy, including solar, wind, wave, hydro, geothermal, hydrogen,
16 fuel cells, waste-to-energy, or biomass.

17 (b) The Council shall consider and administer an application from an environmental
18 technology business pursuant to the provisions of this subchapter, except that:

19 (1) the business’s potential share of new revenue growth shall be 90 percent; and

20 (2) to calculate qualifying payroll, the Council shall:

21 (A) determine the background growth rate in payroll for the applicable business
22 sector in the award year;

1 (B) multiply the business’s full-time payroll for the award year by 20 percent of
2 the background growth rate; and

3 (C) subtract the product from the payroll performance requirement for the
4 award year.

5 § 36. ENHANCED INCENTIVE FOR WORKFORCE TRAINING

6 (a) A business whose application is approved may elect to claim the incentive
7 specified for an award year as an enhanced training incentive by:

8 (1) notifying the Council of its intent to pursue an enhanced training incentive and
9 dedicate its incentive funds to training through the Vermont Training Program; and

10 (2) applying for a grant from the Vermont Training Program to perform training
11 for one or more new employees who hold qualifying jobs.

12 (b) If a business is awarded a grant for training under this section, the Agency of
13 Commerce and Community Development shall disburse grant funds for on-the-job
14 training of 75 percent of wages for each employee in training, or 75 percent of trainer
15 expense, and the business shall be responsible for the remaining 25 percent of the
16 applicable training costs.

17 (c) If the A business that successfully completes its training and earns the incentive
18 for the award year for which the business elects an enhanced training incentive, shall
19 submit a written certificate of completion to the Agency of Commerce and Community
20 Development, the Council shall approve the enhanced training incentive and which shall
21 notify the Department of Taxes.

1 (d) Upon notification by the Council Agency, and if the Department determines that
2 the business has earned the incentive for the award year, it shall :

3 (1) disburse to the business a payment in an amount equal to 25 percent of the cost
4 for training expenses pursuant to subsection (b) of this section;

5 (2) disburse to the Agency of Commerce and Community Development a payment
6 in an amount equal to 25 percent of the cost for training expenses pursuant to subsection
7 (b) of this section; and

8 (3) disburse the remaining value of the incentive in annual installments pursuant to
9 section 37 of this title.

10 § 37. EARNING AN INCENTIVE

11 (a) Earning an incentive; installment payments.

12 (1) A business with an approved application earns the incentive specified for an
13 award year if, within the applicable time period provided in this section, the business:

14 (A) maintains or exceeds its base payroll and base employment;

15 (B) meets or exceeds the payroll performance requirement specified for the
16 award year; and

17 (C) meets or exceeds the jobs performance requirement specified for the award
18 year, or the capital investment performance requirement specified for the award year, or
19 both.

20 (2) A business that earns an incentive specified for an award year is eligible to
21 receive an installment payment and any applicable property tax stabilization for the year
22 in which it earns the incentive and for each of the next four years in which the business:

23 (A) maintains or exceeds its base payroll and base employment;

1 (B) maintains or exceeds the payroll performance requirement specified for the
2 award year; and

3 (C) if the business earns an incentive by meeting or exceeding the jobs
4 performance target specified for the award year, maintains or exceeds the jobs
5 performance requirement specified for the award year.

6 (b) Award year one.

7 (1) For award year one, a business has from the date it commences its proposed
8 economic activity through December 31 of that year, plus two additional years, to meet
9 the performance requirements specified for award year one.

10 (2) A business that does not meet the performance requirements specified for
11 award year one within this period becomes ineligible to earn incentives for the award
12 year and for all remaining award years in the award period.

13 (c) Award years two and three.

14 (1) For award year two and award year three, beginning on January 1 of the award
15 year, a business has three years to meet the performance requirements specified for the
16 award year.

17 (2) A business that does not meet the performance requirements specified for
18 award year two or for award year three within three years becomes ineligible to earn
19 incentives for the award year and for all remaining award years in the award period.

20 (d) Extending the earning period in award years one and two. Notwithstanding
21 subsection (b) of this section:

22 (1) Upon request, the Council may extend the period to earn an incentive for award
23 year one or award year two if it determines:

1 (A) a business did not earn the incentive for the award year due to facts or
2 circumstances beyond its control; and

3 (B) there is a reasonable likelihood the business will earn the incentive within
4 the extended period.

5 (2) The Council may extend the period to earn an incentive:

6 (A) for award year one, by two years, reviewed annually; or

7 (B) for award year two, by one year.

8 (3) If the Council extends the period to earn an incentive, it shall recalculate the
9 value of the incentive using the cost-benefit model and shall adjust the amount of the
10 incentive as is necessary to account for the extension.

11 (e) Award year four.

12 (1) Beginning on January 1 of award year four, a business that remains eligible to
13 earn incentives has two years to meet the performance requirements specified for award
14 year four.

15 (2) A business that does not meet the performance requirements specified for
16 award year four within two years becomes ineligible to earn incentives for award year
17 four and award year five.

18 (f) Award year five.

19 (1) Beginning on January 1 of award year five, a business that remains eligible to
20 earn incentives has one year to meet the performance requirements specified for award
21 year five.

1 (2) A business that does not meet the performance requirements specified for
2 award year five by the end of that award year becomes ineligible to earn the incentive
3 specified for that award year.

4 (g) Carrying forward growth that exceeds targets. If a business exceeds one or more
5 of the payroll performance requirement, the jobs performance requirement, or the capital
6 investment performance requirement specified for an award year, the business may apply
7 the excess payroll, excess jobs, and excess capital investment toward the performance
8 requirement specified for a future award year, provided that the business maintains the
9 excess payroll, excess jobs, or excess capital investment into the future award year.

10 § 38. CLAIMING AN INCENTIVE; ANNUAL FILING WITH

11 DEPARTMENT OF TAXES

12 (a) On or before April 30 following each year of the utilization period, a business with
13 an approved application shall submit an incentive claim to the Department of Taxes.

14 (b) A business shall include the information the Department requires, including the
15 information required in section 5842 of this title and other documentation concerning
16 payroll, jobs, and capital investment necessary to determine whether the business earned
17 the incentive specified for an award year and any installment payment or property tax
18 stabilization, or both, for which the business is eligible.

19 (c) The Department may consider an incomplete claim to be timely filed if the
20 business files a complete claim within the additional time allowed by the Department in
21 its discretion.

22 (d) Upon finalizing its review of a complete claim, the Department shall:

1 (1) notify the business and the Council, ~~and any municipality with which the~~
2 ~~business has a property tax stabilization agreement~~ whether the business is entitled to an
3 installment payment ~~or property tax stabilization~~ for the applicable year; and

4 (2) make an installment payment ~~and confirm the business receives tax~~
5 ~~stabilization~~ to which the business is entitled.

6 § 39. RECAPTURE; REDUCTION; REPAYMENT

7 (a) Recapture.

8 (1) The Department of Taxes may recapture the value of one or more installment
9 payments ~~and property tax stabilization~~ a business has claimed, with interest, if:

10 (A) the business fails to file a claim as required in section 38 of this title; or

11 (B) during the utilization period, the business experiences:

12 (i) a 90 percent or greater reduction from base employment; or

13 (ii) if it had no jobs at the time of application, a 90 percent or greater

14 reduction from the sum of its job performance requirements.

15 (2) If the Department determines that a business is subject to recapture under
16 subdivision (1) of this subsection, the business becomes ineligible to earn or claim an
17 additional incentive or installment payment, ~~and the business's property becomes~~
18 ~~ineligible for property tax stabilization,~~ for the remainder of the utilization period.

19 (3) Notwithstanding any other statute of limitations, the Department may
20 commence a proceeding to recapture amounts under subdivision (1) of this subsection as
21 follows:

22 (A) under subdivision (1)(A) of this subsection, no later than three years from
23 the last day of the utilization period; and

1 (B) under subdivision (1)(B) of this subsection, no later than three years from
2 date the business experiences the reduction from base employment, or three years from
3 the last day of the utilization period, whichever occurs first.

4 (b) Reduction; recapture. If a business fails to make capital investments that equal or
5 exceed the sum of its capital investment performance requirements by the end of the
6 award period:

7 (1) The Department shall:

8 (A) calculate a reduced incentive by multiplying the combined value of the
9 business's award period incentives by the same proportion that the business's total actual
10 capital investments bear to the sum of its capital investment performance requirements;
11 and

12 (B) reduce the value of any remaining installment payments ~~and tax~~
13 stabilization for which the business is eligible by the same proportion.

14 (2) If the value of the installment payments ~~and tax stabilization~~ the business has
15 already received exceeds the value of the reduced incentive, then:

16 (A) the business becomes ineligible to claim any additional installment
17 payments for the award period ~~and the business's property becomes ineligible for~~
18 property tax stabilization under section 5404a of this title for the award period; and

19 (B) the Department shall recapture the amount by which the value of the
20 installment payments ~~and tax stabilization~~ the business has already received exceeds the
21 value of the reduced incentive.

1 § 40. REPORTING

2 (a) On or before September 1 of each year, the Vermont Economic Progress Council
3 and the Department of Taxes shall submit a joint report on the incentives authorized in
4 this subchapter to the House Committees on Ways and Means, on Commerce and
5 Economic Development, and on Appropriations, to the Senate Committees on Finance,
6 on Economic Development, Housing and General Affairs, and on Appropriations, and to
7 the Joint Fiscal Committee.

8 (b) The Council and the Department shall include in the joint report:

9 (1) the total amount of incentives authorized during the preceding year;

10 (2) with respect to each business with an approved application:

11 (A) the date and amount of authorization;

12 (B) the calendar year or years in which the authorization is expected to be
13 exercised;

14 (C) whether the authorization is active;

15 (D) the date the authorization will expire; and

16 (3) the following aggregate information:

17 (A) the number of claims and incentive payments made in the current and prior
18 claim years;

19 (B) the number of qualifying jobs; and

20 (C) the amount of new payroll and capital investment.

21 (c) The Council and the Department shall present data and information in the joint
22 report in a searchable format.

1 (d) Notwithstanding any provision of law to the contrary, an incentive awarded
2 pursuant to this subchapter shall be treated as a tax expenditure for purposes of chapter 5
3 of this title.

4 § 41. CONFIDENTIALITY OF PROPRIETARY BUSINESS

5 INFORMATION

6 (a) The Council and the Department shall use measures to protect proprietary
7 financial information, including reporting information in an aggregate form.

8 (b) Information and materials submitted by a business concerning its income taxes
9 and other confidential financial information shall not be subject to public disclosure
10 under the State's public records law in 1 V.S.A. chapter 5, but shall be available to the
11 Joint Fiscal Office or its agent upon authorization of the Joint Fiscal Committee or a
12 standing committee of the General Assembly, and shall also be available to the Auditor
13 of Accounts in connection with the performance of duties under section 163 of this title;
14 provided, however, that the Joint Fiscal Office or its agent and the Auditor of Accounts
15 shall not disclose, directly or indirectly, to any person any proprietary business
16 information or any information that would identify a business except in accordance with
17 a judicial order or as otherwise specifically provided by law.

18 (c) Nothing in this section shall be construed to prohibit the publication of statistical
19 information, rulings, determinations, reports, opinions, policies, or other information so
20 long as the data are disclosed in a form that cannot identify or be associated with a
21 particular business.

22 § 42. ANNUAL PROGRAM CAP

1 (a) Except as otherwise provided in subsection (b) of this section, in each calendar
2 year the Council may approve one or more incentives under this subchapter, the total
3 value of which shall not exceed \$10,000,000.00 from the General Fund and Education
4 Fund combined.

5 (b) The Council may request that the Emergency Board increase the cap imposed in
6 subsection (a) of this section to fund one or more incentives in excess of the cap, subject
7 to the following:

8 (1)(A) The Council may submit one request to exceed the cap per calendar year.

9 (B) The Council shall submit its request after the Council's third quarterly
10 meeting to approve applications, and no later than October 15.

11 (C) The Council may request that the Board increase the cap only for an
12 incentive for which the Council has granted final approval.

13 (D) The Council shall provide the Board with testimony, documentation,
14 company-specific data, and any other information the Board requests, to demonstrate that
15 increasing the cap will create an exceptional opportunity for return-on-investment to the
16 State.

17 (2) In evaluating the Council's request, the Emergency Board shall consider the
18 budgetary condition of the State and shall not authorize an increase in the cap unless [the
19 most recent revenue actuals equal or exceed the immediately preceding forecast for those
20 revenues?] [most recent fiscal year ended with a budget surplus? --- need some guidance
21 here]:

22 (3) The Emergency Board may authorize an increase in the cap imposed in
23 subsection (a) of this section of not more than 20 percent for a calendar year.

1 (c)(1) The Council's final approval of an incentive that exceeds the cap imposed in
2 subsection (a) of this section is contingent upon final authorization to increase the cap by
3 the Emergency Board.

4 (2) If the Board does not authorize an increase in the cap to fund an incentive
5 pursuant to the Council's request, the Council may void its approval or revise the
6 incentive to conform to the cap and the provisions of this subchapter.

7 Sec. H.2. 10 V.S.A. § 531(d)(2) is amended to read:

8 (2) disburse grant funds only for training hours that have been successfully
9 completed by employees; provided that, except for an award under an enhanced ~~training~~
10 incentive for workforce training as provided in ~~32 V.S.A. § 5930b(h)~~ 32 V.S.A. § 36, a
11 grant for on-the-job training shall either provide not more than 50 percent of wages for
12 each employee in training; or not more than 50 percent of trainer expense, but not both,
13 and further provided that training shall be performed in accordance with a training plan
14 that defines the subject of the training, the number of training hours, and how the
15 effectiveness of the training will be evaluated; and

16 Sec. H.3. 21 V.S.A. § 1314(e)(1) is amended to read:

17 (e)(1) Subject to such restrictions as the Board may by regulation prescribe,
18 information from unemployment insurance records may be made available to any public
19 officer or public agency of this or any other state or the federal government dealing with
20 the administration or regulation of relief, public assistance, unemployment compensation,
21 a system of public employment offices, wages and hours of employment, workers'
22 compensation, misclassification or miscoding of workers, occupational safety and health,
23 or a public works program for purposes appropriate to the necessary operation of those

1 offices or agencies. The Commissioner may also make information available to colleges,
 2 universities, and public agencies of the State for use in connection with research projects
 3 of a public service nature, and to the Vermont Economic Progress Council with regard to
 4 the administration of ~~32 V.S.A. chapter 151, subchapter 11E~~ 32 V.S.A. chapter 2,
 5 subchapter 2; but no person associated with those institutions or agencies may disclose
 6 that information in any manner that would reveal the identity of any individual or
 7 employing unit from or concerning whom the information was obtained by
 8 Commissioner.

9 * * *

10 Sec. H.4. 32 V.S.A. § 3102(e)(11) is amended to read:

11 (11) To the Joint Fiscal Office or its agent, provided that the disclosure relates to a
 12 successful business applicant under ~~section 5930a of this title~~ 32 V.S.A. chapter 2,
 13 subchapter 2 and the ~~tax~~ incentive it has claimed and is reasonably necessary for the Joint
 14 Fiscal Office or its agent to perform the duties authorized by the Joint Fiscal Committee
 15 or a standing committee of the General Assembly under ~~subsection 5930a(h) that~~
 16 subchapter; to the Auditor of Accounts for the performance of duties under section 163 of
 17 this title; to the Department of Economic Development for the purposes of subsection
 18 5922(f) of this title; and to the Vermont Economic Progress Council, provided that the
 19 disclosure relates to a successful business applicant under ~~sections 5930a and 5930b of~~
 20 ~~this title~~ 32 V.S.A. chapter 2, subchapter 2 and the ~~tax~~ incentive it has claimed and is
 21 reasonably necessary for the ~~council~~ Council to perform its duties under ~~sections 5930a~~
 22 ~~and 5930b that subchapter.~~

23 Sec. H.5. 32 V.S.A. § 5401(10) is amended to read:

1 (10) “Nonresidential property” means all property except:

2 * * *

3 (H) ~~Real property, excluding land, consisting of unoccupied new facilities, or~~
4 ~~unoccupied facilities under renovation or expansion, owned by a business that has~~
5 ~~obtained the approval of the Vermont Economic Progress Council under section 5930a of~~
6 ~~this title that is less than 75 percent complete, not in use as of April 1 of the applicable~~
7 ~~tax year, and for a period not to exceed two years. [Repealed.]~~

8 (I) ~~Real property consisting of the value of remediation expenditures incurred~~
9 ~~by a business that has obtained the approval of the Vermont Economic Progress Council~~
10 ~~under section 5930a of this title for the construction of new, expanded or renovated~~
11 ~~facilities on contaminated property eligible under the redevelopment of contaminated~~
12 ~~properties program pursuant to 10 V.S.A. § 6615a(f), including supporting infrastructure,~~
13 ~~on sites eligible for the United States Environmental Protection Agency “Brownfield~~
14 ~~Program,” for a period of 10 years. [Repealed.]~~

15 * * *

16 Sec. H.6. 32 V.S.A. § 5404a is amended to read: [not sure what to do with this – I don’t
17 think that this section, as written, limits VEPC’s authority or involvement to VEGI
18 incentives only?]

19 § 5404A. TAX STABILIZATION AGREEMENTS; TAX INCREMENT FINANCING
20 DISTRICTS

21 (a) Tax agreements and exemptions affecting the education property tax grand list. A
22 tax agreement or exemption shall affect the education property tax grand list of the

1 municipality in which the property subject to the agreement is located if the agreement or
2 exemption is:

3 (1) A prior agreement, meaning that it was:

4 (A) a tax stabilization agreement for any purpose authorized under 24 V.S.A. §
5 2741 or comparable municipal charter provisions entered into or proposed and voted by
6 the municipality before July 1, 1997, or a property tax exemption adopted by vote
7 pursuant to chapter 125 of this title or comparable municipal charter provisions before
8 July 1, 1997; or

9 (B) an agreement relating to property sold or transferred by the New England
10 Power Company of its Connecticut River system and its facilities along the Deerfield
11 River which was warned before September 1, 1997.

12 (2) A tax stabilization agreement relating to industrial or commercial property
13 entered into under 24 V.S.A. § 2741, or comparable municipal charter provisions ~~or an~~
14 ~~exemption for the purposes of economic development adopted by vote under sections~~
15 ~~3834 (factories; quarries; mines), 3836 (private homes and dwellings), 3837 (airports), or~~
16 ~~3838 (hotels) of this title or comparable municipal charter provisions after June 30, 1997~~
17 ~~if subsequently approved by the Vermont Economic Progress Council pursuant to this~~
18 ~~subsection and section 5930a of this title. An agreement or exemption may be approved~~
19 ~~by the Vermont Economic Progress Council only if it has first been approved by the~~
20 ~~municipality in which the property is located with respect to the municipal tax liability of~~
21 ~~the property in that municipality. Any agreement or exemption approved by the Vermont~~
22 ~~Economic Progress Council may not affect the education tax liability of the property in a~~
23 ~~greater proportion than the agreement or exemption affects the municipal tax liability of~~

1 the property. A municipality's approval of an agreement or exemption under this
2 subsection may be made conditional upon approval of the agreement or exemption by the
3 Vermont Economic Progress Council. The legislative body of the municipality in which
4 the property subject to the agreement or exemption is located or the business that is
5 subject to the agreement or exemption may request the Vermont Economic Progress
6 Council to approve an agreement or exemption pursuant to section 5930a of this title. The
7 Council shall also report to the General Assembly on the terms of the agreement or
8 exemption, and the effect of the agreement or exemption on the education property tax
9 grand list of the municipality and of the State. If so approved by the Council, an
10 agreement or exemption shall be effective to reduce the property tax liability of the
11 municipality under this chapter beginning April 1 of the year following approval.

12 (3) An agreement relating to affordable housing, which may be submitted to the
13 council for its approval under subdivision (2) of this subsection, or alternatively may be
14 approved under this subdivision by the Commissioner of Taxes upon recommendation of
15 the Commissioner of Housing and Community Affairs provided the agreement provides
16 either for new construction housing projects or rehabilitated preexisting housing projects
17 and secures federal financial participation which may include projects financed with
18 federal low income housing tax credits.

19 * * *

20 (b) An agreement affecting the education property tax grand list defined under
21 subsection (a) of this section shall reduce the municipality's education property tax
22 liability under this chapter for the duration of the agreement or exemption without
23 extension or renewal, and for a maximum of 10 years, subject to the provisions of

1 ~~subsection 5930b(f) of this title.~~ A municipality's property tax liability under this chapter
2 shall be reduced by any difference between the amount of the education property taxes
3 collected on the subject property and the amount of education property taxes that would
4 have been collected on such property if its fair market value were taxed at the equalized
5 nonresidential rate for the tax year.

6 (c) Tax agreements not affecting the education property tax grand list. A tax
7 agreement shall not affect the education property tax grand list if it is:

8 (1) A tax exemption adopted by vote of a municipality after July 1, 1997 under
9 chapter 125 of this title, or voted under a comparable municipal charter provision or other
10 provision of law for property owned by nonprofit organizations used for public, pious, or
11 charitable purposes, ~~other than economic development exemptions voted under section~~
12 ~~3834, 3836, 3837, or 3838 of this title and approved by the Vermont Economic Progress~~
13 ~~Council,~~ or exemptions of property of a nonprofit volunteer fire, rescue, or ambulance
14 organization adopted by vote of a municipality.

15 (2) A tax stabilization agreement relating to agricultural property, forest land, open
16 space land, or alternate energy generating plants entered into after July 1, 1997 by a
17 municipality under 24 V.S.A. § 2741.

18 (3) A tax stabilization agreement relating to commercial or industrial property
19 entered into after July 1, 1997 by a municipality under 24 V.S.A. § 2741, ~~or a property~~
20 ~~tax exemption for purposes of economic development adopted by vote after July 1, 1997,~~
21 ~~which has not been approved by the Vermont Economic Progress Council to affect the~~
22 ~~education grand list under subsection (a)(2) of this section and section 5930a of this title.~~
23 ~~In granting tax stabilization agreements for commercial or industrial property under 24~~

1 ~~V.S.A. § 2741, a municipality shall consider any applicable guidelines established for the~~
2 ~~approval of such stabilization agreements by the Vermont Economic Progress Council~~
3 ~~established in subsection 5930a(c) of this title.~~

4 * * *

5 Sec. H.7. 32 V.S.A. § 5813 is amended to read:

6 § 5813. STATUTORY PURPOSES

7 * * *

8 (u) The statutory purpose of the Vermont employment growth incentive Vermont
9 Employment Growth Incentive Program in ~~section 5930b- chapter 2, subchapter 2~~ of this
10 title is to provide a cash incentive to encourage quality job growth in Vermont.

11 * * *

12 Sec. H.8. 32 V.S.A. § 5930ll(a)(1) is amended to read:

13 (1) “Full-time job” ~~has the same meaning as defined in subdivision 5930b(a)(9) of~~
14 ~~this title~~ means a permanent position filled by an employee who works at least 35 hours
15 per week.

16 Sec. H.9. 32 V.S.A. § 9741(39) is amended to read:

17 (39) Sales of building materials within any three consecutive years in excess of
18 one million dollars in purchase value, ~~which may be reduced to \$250,000.00 in purchase~~
19 ~~value upon approval of the Vermont Economic Progress Council pursuant to section~~
20 ~~5930a of this title,~~ used in the construction, renovation, or expansion of facilities which
21 are used exclusively, except for isolated or occasional uses, for the manufacture of
22 tangible personal property for sale.

23 Sec. H.10. REPEAL

1 32 V.S.A §§ 25–26 and §§ 30–42 (Vermont Employment Growth Incentive Program)
2 shall be repealed on July 1, 2027.

3 Sec. H.11. VERMONT EMPLOYMENT GROWTH INCENTIVE
4 POLICY WORKING GROUP

5 (a) On or before September 1, 2016, the Joint Fiscal Committee shall convene a
6 Vermont Employment Growth Incentive Policy Working Group composed of:

7 (1) the State legislative economist;

8 (2) the State executive economist;

9 (3) a policy analyst from the Agency of Commerce and Community Development;

10 (4) an economic and labor market information chief from the Department of
11 Labor;

12 (5) a fiscal analyst from the Department of Taxes; and

13 (6) the Executive Director of the Vermont Economic Progress Council, who shall
14 serve as a nonvoting ex officio member of the Group.

15 (b) The Working Group shall review the following technical and policy questions
16 relating to the Vermont Employment Growth Incentive Program:

17 (1) whether and how to include a mechanism in the Program for equity

18 investments in incentive recipients or to recoup incentive payments in the event an
19 incentive recipient is sold;

20 (2) whether the Program can integrate the use of business-specific background
21 growth rates in addition to, or in place of, industry-specific background growth rates; and,
22 if industry-specific background growth rates are recommended, a methodology to review,
23 calculate, and set those rates routinely;

1 (3) the size, industry, and profile of the businesses that historically have
2 experienced, and are forecasted to experience, the most growth in Vermont, and whether
3 the Program can be more targeted to these businesses; and

4 (4) changes to the Program to ensure incentives will benefit the creation and
5 growth of more small businesses.

6 (c) On or before January 15, 2017, the Working Group shall report its findings,
7 conclusions, recommendations, and supporting data for legislative action to the House
8 Committees on Commerce and Economic Development, on Ways and Means, and on
9 Appropriations, and to the Senate Committees on Economic Development, Housing and
10 General Affairs, on Finance, and on Appropriations.