

1 H.139

2 Introduced by Representatives Marcotte of Coventry, Bissonnette of Winooski,  
3 Clerkin of Hartford, Dickinson of St. Albans Town, Komline of  
4 Dorset, McDonald of Berlin, Turner of Milton and Wilson of  
5 Manchester

6 Referred to Committee on

7 Date:

8 Subject: Renewable energy; municipalities; financial and permitting  
9 incentives; green growth zones

10 Statement of purpose: This bill proposes to allow municipalities to establish,  
11 upon approval, green growth zones, in which power will be generated by a  
12 renewable energy source and supplied to housing or commercial enterprises  
13 within the zone at discounted rates. Incentives include tax credits and  
14 expedited permitting. The entire zone shall be considered a tax increment  
15 financing district.

16 An act relating to green growth zones

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

18 Sec. 1. FINDINGS AND PURPOSE

19 The general assembly finds that:

1           (1) The state of Vermont seeks to ensure that Vermonters obtain a  
2           greater measure of control over energy costs and the associated environmental  
3           impacts of energy use.

4           (2) The state of Vermont seeks to increase its efforts to limit its  
5           greenhouse gas emissions.

6           (3) The state of Vermont seeks to establish economic development  
7           opportunities within definable sites anchored by renewable and efficient  
8           energy generation infrastructure.

9           (4) The state of Vermont seeks to establish incentives to encourage  
10          renewable and efficient energy generation and seeks to establish incentives for  
11          enterprises or housing within defined areas for these purposes.

12          (5) The state of Vermont seeks to establish incentives for communities  
13          to host renewable and efficient generation.

14          (6) The 2009 comprehensive energy plan cites local and distributed  
15          generation as one of the policy directives that can make a difference.

16          (7) Local generation of the type envisioned by this legislation can serve  
17          to reduce electrical system losses associated with energy delivery and can  
18          effectively complement energy efficiency and demand response efforts,  
19          promoting the goal of meeting reliability needs in a least-cost manner.

20          (8) Advances in smart grid and advanced metering infrastructure can  
21          enable more creative and effective uses of distributed generation.

1 Sec. 2. 30 V.S.A. chapter 93 is added to read:

2 CHAPTER 93. GREEN GROWTH ZONES

3 § 8101. DEFINITIONS

4 For purposes of this chapter:

5 (1) “District heating” means a system for distributing heat generated in a  
6 centralized location to multiple residential or commercial end-users. The  
7 source of heat may be a dedicated heat-only facility using renewable energy as  
8 a fuel, waste heat from electrical generation to form a combined heat and  
9 power system, or waste heat from industry.

10 (2) “Economic incentive review board” or “board” shall have the  
11 meaning as defined in 32 V.S.A. § 5930a.

12 (3) “Electrical generation” means the production of electricity using  
13 renewable energy as a fuel source, or a combined heat and power system in  
14 compliance with 10 V.S.A. § 6523(b)(2).

15 (4) “Financing district” means a green growth zone tax increment  
16 financing district as defined in section 8103 of this chapter.

17 (5) “Green growth zone” means an identifiable, designated area in  
18 which electrical generation or district heating shall be sited for the benefit of  
19 industrial, commercial, residential, or mixed-use development or of business  
20 retention within that area.

1           (6) “Host community” means the municipality in which the green  
2 growth zone is located.

3           (7) “Regional development corporation” shall have the same meaning as  
4 used in 24 V.S.A. § 2781(1).

5           (8) “Renewable energy” shall have the same meaning as used in  
6 subdivision 8002(2) of this title.

7 § 8102. DESIGNATION PROCESS

8           (a) The host community and the appropriate regional development  
9 corporation shall file jointly an application for a green growth zone designation  
10 with the economic incentive review board in a form and manner prescribed by  
11 the board. No application for a green growth zone shall be considered by the  
12 board unless and until it contains the following:

13           (1) A description and map of the physical boundaries of the proposed  
14 green growth zone, showing its location within the host community.

15           (2) A complete description of the existing industrial, commercial, and  
16 residential properties and the existing economic activity within the green  
17 growth zone; the proposed industrial, commercial, and residential development  
18 to occur within the green growth zone; and the proposed new economic  
19 activity to occur within the green growth zone, including the electrical  
20 generation or district heating.

1           (3) A complete description of how the proposed development within the  
2           green growth zone would be served by and benefit from the electrical  
3           generation, combined heat and power, or district heating.

4           (4) A letter submitted by the regional development corporation and the  
5           host community in support of the application and, if the host community has a  
6           town plan, the letter shall confirm that the proposed project is consistent with  
7           that plan.

8           (5) A letter issued by the department of public service confirming that  
9           the proposed electric generation project is consistent with the purposes of the  
10           clean energy development fund as established in 10 V.S.A. § 6523.

11           (6) A letter issued by the appropriate regional planning commission  
12           indicating that the regional impacts of the proposed project and selected site  
13           have been considered, and the project conforms with local and regional plans.

14           (b) Before it approves an application for a green growth zone, the board  
15           shall find the following:

16           (1) The application satisfies the requirements of this chapter, as  
17           applicable.

18           (2) If tax increment financing is used, as provided in section 8103 of this  
19           chapter:

20           (A) the green growth zone application includes a financing-district  
21           plan;

1           (B) the infrastructure to be financed by financing-district debt serves  
2 the district;

3           (C) the costs of the infrastructure to be paid using revenues from tax  
4 increment financing are reasonably proportional to the extent to which the  
5 infrastructure serves the district; and

6           (D) the boundaries of the green growth zone and financing district  
7 are reasonable and contained to include existing or new commercial, industrial,  
8 or residential units that will benefit from the proposed electrical generation or  
9 district heating.

10 § 8103. GREEN GROWTH ZONE TAX INCREMENT FINANCING

11           (a) Notwithstanding the provisions of subchapter 5 of chapter 53, 24  
12 V.S.A., and 32 V.S.A. § 5404a(h), the boundaries defining a green growth  
13 zone as established under this chapter, also may establish the boundaries of a  
14 green growth zone tax increment financing district for the purposes defined by  
15 this section.

16           (b) A financing district within a green growth zone shall provide revenues  
17 for improvements, including the construction of the public or common portions  
18 of electric generation or district heating facilities, which will stimulate  
19 development or redevelopment, provide for employment and housing  
20 opportunities, improve the tax base, and enhance the general economic vitality  
21 within the green growth zone.

1        (c) When used in this section, “improvements” shall have the same  
2        meaning as that in 24 V.S.A. § 1891(3) and also shall mean the construction of  
3        public or common portions of electrical generation or district heating that will  
4        be built within, and provide energy to, the green growth zone.

5        § 8104. POWER AND LIFE OF A GREEN GROWTH ZONE TAX

6                INCREMENT FINANCING DISTRICT

7        (a) The creation of the green growth zone tax increment financing district  
8        shall occur at 12:01 a.m. on April 1 of the year following approval of a green  
9        growth zone pursuant to this chapter.

10        (b) A municipality may incur indebtedness against revenues of the  
11        financing district at any time during a period of up to five years following the  
12        creation of the district.

13        (c) Any indebtedness incurred during the five-year period may be retired  
14        over any period authorized by the governing body of the municipality.

15        (d) The financing district shall continue until the date and hour that all of  
16        its indebtedness is retired.

17        (e) For any debt incurred after the creation of the financing district, the  
18        municipal and state property tax increments may be retained for up to ten years  
19        beginning on the date that the electrical generation or district heating facility is  
20        certified as generating electricity or heat by the department of public service

1 and used for the payment of principal and interest of all debt incurred for  
2 improvements serving the green growth zone.

3 § 8105. GREEN GROWTH ZONE TAX INCREMENT FINANCING

4 (a) The governing body of the municipality in which a green growth zone  
5 is located may pledge and appropriate in equal proportion any part or all of the  
6 state and municipal tax increments received from properties contained within  
7 the financing district for the financing of improvements.

8 (b) Bonds shall only be issued if the registered voters of the municipality,  
9 by a majority vote of all voters present and voting on the question at a special  
10 or annual municipal meeting duly warned for the purpose, give authority to the  
11 governing body to pledge the credit of the municipality for these purposes.

12 (c) A municipality's pledge of credit for financing improvements under this  
13 chapter shall include notice that if the tax increment received by the  
14 municipality from any property tax source is insufficient to pay the principal  
15 and interest on the debt in any year, for whatever reason, including a decrease  
16 in property value or repeal of a state property tax source, unless determined  
17 otherwise at the time of such repeal, the municipality shall remain liable for  
18 full payment of the principal and interest for the term of the indebtedness.

19 (d) Tax increments shall be calculated and accounted for as provided in  
20 24 V.S.A. § 1896(a).

21 (e) Any excess incremental revenues shall be subject to 24 V.S.A. § 1900.



1       § 8106. RATES FOR ELECTRICITY AND HEAT

2           (a) Green growth zone rates are intended to retain or to attract new or  
3       expanded business activity to the green growth zone. All or a portion of the  
4       electricity, and all of the heat, generated by the electric generation and district  
5       heating within a green growth zone shall be made available to commercial  
6       enterprises or housing within the green growth zone. The pricing of the  
7       electricity and heat within the green growth zone shall be consistent with the  
8       goal of establishing lower energy bills or delivering premium environmental  
9       products for green growth zone customers.

10          (b) The public service board shall, by rule or order, establish a process for  
11       the green growth zone end-users to receive a discounted rate for the electricity  
12       generated within a green growth zone and, for commercial or industrial  
13       end-users, a process for receiving an equitable back-up rate.

14          (c) Excess electricity may be sold to the electric utility at the market rate or  
15       by contract.

16       § 8107. PERMITTING

17          (a) Electrical generation projects located within green growth zones that  
18       require a certificate of public good under section 248 of this title shall  
19       automatically fall under the review process of subsection 248(j). In addition,  
20       there shall be a rebuttable presumption that the criteria of subsection 248(b)  
21       have been satisfied, except for the following enumerated subdivisions of that

1 subsection, which must be explicitly addressed in the petition filed pursuant to  
2 subsection 248(j) of this title:

3 (1) subdivision 248(b)(3): the project will not adversely affect system  
4 stability and reliability;

5 (2) subdivision 248(b)(5): the project will not have an undue adverse  
6 effect on historic sites, air and water purity, the natural environment and the  
7 public health and safety, with due consideration having been given to the  
8 criteria specified in 10 V.S.A. subdivisions 6086(a)(1)–(4) and (8) (excluding  
9 “scenic or natural beauty of the area, aesthetics”);

10 (3) subdivision 248(b)(8): the project does not involve a facility  
11 affecting or located on any segment of the waters of the state that have been  
12 designated as outstanding resource waters by the water resources board, except  
13 that with respect to a natural gas or electric transmission facility, the facility  
14 does not have an undue adverse effect on those outstanding water resources;

15 (4) subdivision 248(b)(10): the project can be served economically by  
16 existing or planned transmission facilities without undue adverse effect on  
17 Vermont utilities or customers.

18 (b) Within a green growth zone, and for development which is not  
19 electrical generation, there shall be a rebuttable presumption that the following  
20 Act 250 criteria in Title 10 have been satisfied:

21 (1) § 6086(a)(5), (6), and (7);

1           (2) § 6086(a)(8) (“scenic or natural beauty of the area, aesthetics” only);

2           and

3           (3) § 6086(a)(9)(A), (D), (E), and (G)–(L).

4           Sec.3. 32 V.S.A. § 5930b(h) is added to read:

5           (h) Employment growth incentive for green growth zone businesses.

6           (1) For purposes of this subsection, a “green growth zone business”  
7           means a business that is subject to income taxation in Vermont and whose  
8           prospective economic activity in Vermont for which incentives are sought  
9           under this section will occur within the boundaries of a green growth zone as  
10           defined in 30 V.S.A. § 8101(1).

11           (2) Any application for an employment growth incentive under this  
12           section for a green growth zone business shall be considered and administered  
13           pursuant to all provisions of this section, except that:

14           (A) the “incentive ratio” pursuant to subdivision (a)(11) of this  
15           section shall be set at 100 percent; and

16           (B) the “payroll threshold” pursuant to subdivision (a)(17) of this  
17           section shall be deemed to be zero percent of the expected average industry  
18           payroll growth as determined by the cost-benefit model.

19           (3) Authorizations under this subsection shall not be subject to the  
20           limitations contained in Sec. 11 of No. 184 of the Acts of 2005 Adj. Sess.  
21           (2006).