

1 S.246

2 Introduced by Senators Kittell, Campbell and Illuzzi

3 Referred to Committee on

4 Date:

5 Subject: Agriculture; forestry; economic development

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

9 An act relating to preserving Vermont's working landscape

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

11 Sec. 1. FINDINGS

12 The general assembly finds:

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

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

19 (3) Vermont leads the nation in farmers' markets, direct local food sales
20 to consumers, and organic farm and community-supported agriculture

1 entrepreneurism. There are more farms today than 10 years ago, but most of
2 these farms do not provide a livable family income and need help to thrive
3 and grow.

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

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

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

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

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

§ 4382. THE PLAN FOR A MUNICIPALITY

* * *

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

VT LEG 273307.3

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.

20 § 303. DEFINITIONS

21 As used in this chapter:

* * *

§ 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

1 lower income Vermonters and one of whom shall be a farmer as defined in
2 32 V.S.A. § 3752(7).

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

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

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

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

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

18 * * *

19 § 321. GENERAL POWERS AND DUTIES

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1 Sec. 6. REPEAL

2 3 V.S.A. § 2104 (central planning office) is repealed in its entirety.

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

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

6 (1) The department of finance and management;

7 (2) The department of human resources;

8 (3) The department of buildings and general services;

9 (4) The department of libraries;

10 (5) The department of taxes;

11 (6) The department of information and innovation.

12 (7) The office of planning coordination.

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

14 § 2295. OFFICE OF PLANNING COORDINATION

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

17 (1) Assist the development cabinet in fulfilling its duties under section
18 2293 of this title to assure collaboration and consultation among state agencies
19 and departments as necessary to support and encourage Vermont's economic
20 development while also conserving and promoting its traditional settlement

1 patterns, the working economy of the rural landscape, strong communities, and
2 a healthy environment.

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

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

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

18 (5) Serve as a clearinghouse for economic, demographic, land use,
19 infrastructure, and other information and analyses that support state agency,
20 regional, and municipal planning.

1 (6) Promote opportunities for direct citizen involvement in all state
2 agency planning initiatives and programs.

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

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

7 (1) Staff the development cabinet established under section 2293 of this
8 title.

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

13 (3) Prepare and periodically update statewide economic, demographic,
14 and housing projections and forecasts for use in state agency, regional, and
15 municipal planning.

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

19 (5) Identify areas of critical state concern and areas of regional
20 significance as defined by regional planning commissions under 24 V.S.A.
21 § 4345a for incorporation in state agency, regional, and municipal plans.

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

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

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

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

17 (10) Facilitate and coordinate the interagency review of proposed
18 development proposals and state infrastructure investments, as directed by the
19 development cabinet.

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

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

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

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

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

17 § 4020. STATE AGENCY PLANNING AND COORDINATION

18 (a) State agencies that have plans or programs or take actions affecting land
19 use and development, as determined by ~~executive order of the governor, the~~
20 office of planning coordination, shall ~~engage in a continuing planning process~~
21 ~~to assure~~ ensure that those plans, programs, and actions are consistent with the

1 goals established in 24 V.S.A. § 4302 and compatible with other adopted state
2 and regional plans and approved municipal plans, as those terms are defined in
3 ~~that section~~ 24 V.S.A. § 4350. ~~This planning process~~ State agency planning
4 processes shall be coordinated, in a manner established by ~~executive order of~~
5 ~~the governor~~ the office of planning coordination, with the planning process of
6 other agencies and of regional and municipal entities of the regions in which
7 the programs and actions are to have effect.

8 * * *

9 * * * Estate Taxes * * *

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

11 (d) All values shall be as finally determined for federal estate tax purposes,
12 except for land designated as working lands under 6 V.S.A. § 4606, which
13 shall be valued at its use value appraisal as that term is defined in 32 V.S.A.
14 § 3752(12), provided that the land in question has been designated as working
15 lands for five years prior to the death of the decedent and continues to be
16 designated as working lands for 10 years after the transfer of the estate. The
17 department of taxes may recapture any tax due under this section if land
18 designated as working lands loses that designation within 10 years after the
19 transfer of the estate.

* * * Capital Gains * * *

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

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

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

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

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

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

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

(i) income from United States government obligations;

(ii) with respect to adjusted net capital gain income as defined in Section 1(h) of the Internal Revenue Code: either the first \$5,000.00 of adjusted net capital gain income; or 40 percent of adjusted net capital gain income from the sale of assets held by the taxpayer for more than three years; or 80 percent of adjusted net capital gain income from the sale of products and

1 materials of production derived directly from land designated as working lands
2 under 6 V.S.A. § 4606, except not adjusted net capital gain income from:

3 (I) the sale of any real estate or portion of real estate used by
4 the taxpayer as a primary or nonprimary residence; or

5 (II) the sale of depreciable personal property other than farm
6 property and standing timber; or stocks or bonds publicly traded or traded on
7 an exchange, or any other financial instruments; regardless of whether sold by
8 an individual or business; and provided that the total amount of decrease under
9 this subdivision (21)(B)(ii) shall not exceed 40 percent of federal taxable
10 income; and

11 (iii) recapture of state and local income tax deductions not taken
12 against Vermont income tax.

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

14 CHAPTER 162. AGRICULTURAL DEVELOPMENT

15 Subchapter 1. Vermont Agricultural Innovation ~~Center~~

16 § 2961. DEFINITIONS

17 As used in this subchapter:

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

1 (2) "Value-added agricultural product" means any agricultural
2 commodity or product that has been changed, produced, or segregated such
3 that the market for the product has expanded and where the greater portion of
4 the revenue derived from the value-added activity accrues to the producer of
5 the commodity or product.

6 § 2962. ~~ESTABLISHMENT OF VERMONT AGRICULTURAL~~
7 ~~INNOVATION CENTER~~

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

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

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

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

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

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

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

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

10 ~~(d) Any vacancy occurring among the members of the board shall be filled~~
11 ~~by the respective appointing authority pursuant to this section. A board~~
12 ~~member may be reappointed, provided that no board member, except the~~
13 ~~secretary of agriculture, food and markets, may serve more than two~~
14 ~~consecutive three year terms. Each member of the board shall serve a three-~~
15 ~~year term, except:~~

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

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

1 ~~(3) the committee on committees shall appoint initially one member to a~~
2 ~~one year term, two members to a two year term, and one member to a three~~
3 ~~year term.~~

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

7 § 2962a. PURPOSE; POWERS AND DUTIES

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

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

12 (2) Coordinate with federal and state agencies and private sources to
13 make financial resources available to the center for distribution of financial
14 assistance for the promotion of agriculture, including the production or
15 marketing of value-added agricultural products.

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

19 (A) Technical assistance, including technical, engineering, and
20 product research services;

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

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

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

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

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

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

17 (3) support local initiatives to produce or market value-added
18 agricultural products;

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

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

Other departments and agencies of state government shall assist and cooperate with the ~~center~~ board and shall make available to it information and data as needed to assist the center in carrying out its duties. Nothing in this section shall be construed to waive any privilege or protection otherwise afforded to the data and information under exemptions to the public records act or under other laws due solely to the fact that the information or data are shared with the ~~center~~ board pursuant to this section.

* * *

(a) Purpose. The purpose of this section is to create a permanent Vermont agricultural and forest products development board that is authorized and

1 empowered as the state's primary agricultural and forest products development
2 entity.

3 (1) The board is charged with:

4 (A) optimizing the agricultural and silvicultural use of Vermont lands
5 and other agricultural resources;

6 (B) expanding existing markets and identifying and developing new
7 profitable in-state and out-of-state markets for food, fiber, forest products, and
8 value-added agricultural products, including farm-derived renewable energy;
9 and

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

12 (2) The board shall:

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

17 (B) advise and make recommendations to the secretaries of relevant
18 state agencies, the governor, the director of the state experiment station, the
19 University of Vermont extension service, and the general assembly on the
20 adoption and amendment of laws, regulations, and governmental policies that
21 affect agricultural development, land use, access to capital, the economic

1 opportunities provided by Vermont agriculture and forest products, and the
2 well-being of the people of Vermont;

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

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

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

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

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

14 (2) design and conduct an ongoing public engagement process, which
15 may include taking testimony and receiving information from any party
16 interested in the board's activities;

17 (3) gain information through the use of experts, consultants, and data to
18 perform analysis as needed;

19 (4) request services from state economists, state administrative agencies,
20 and state programs;

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

3 (6) serve as a resource for and make recommendations to the
4 administration and the general assembly on ways to improve Vermont's laws,
5 regulations, and policies in order to attain the goals of the comprehensive
6 agricultural economic development plan; and

7 (7) develop an annual operating budget, and

8 (A) solicit any grants, gifts, or appropriations necessary to implement
9 the budget pursuant to 32 V.S.A. § 5;

10 (B) expend any monies necessary to carry out the purposes of this
11 section.

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

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

20 (A) an assessment of the current status of agriculture and silviculture
21 in Vermont;

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

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

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

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

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

15 (G) the enhancement and expansion of out-of-state marketing of
16 Vermont products; and

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

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

1 shall be to guide long-term agricultural and forest products economic
2 development policymaking and planning.

3 (3) Within one year of its first meeting, the board shall present the plan
4 to the governor and the house committee on agriculture, the senate committee
5 on agriculture, the house committee on commerce and economic development,
6 and the senate committee on economic development, housing and general
7 affairs as the Vermont comprehensive plan for agricultural economic
8 development.

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

14 (5) The board shall within one year of adopting the plan develop
15 benchmarking standards to measure progress in meeting the plan's goals and
16 outcomes.

17 (e) Annual report. The board shall make available a report, at least
18 annually, to the administration, the house committee on agriculture, the senate
19 committee on agriculture, the house committee on commerce and economic
20 development, the senate committee on economic development, housing and
21 general affairs, and the people of Vermont on the state's progress toward

1 attaining the goals and outcomes identified in the comprehensive agricultural
2 and forest products economic development plan.

3 (f) Composition of board.

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

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

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

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

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

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

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

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

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

4 (ii) an employee of a Vermont postsecondary institution

5 experienced in researching issues related to agriculture;

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

7 (iv) an agricultural lender; and

8 (v) a person who is a business owner or professional in the forest

9 products industry.

10 (B) ~~four~~ five members appointed by the speaker of the house of
11 representatives:

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

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

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

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

19 (v) a person who is a business owner or professional in the forest

20 products industry.

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

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

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

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

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

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

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

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

18 (g) Governance.

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

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

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

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

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

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

11 (B) the speaker of the house initially shall appoint two members to a
12 one-year term, one member to a two-year term, and one member to a three-
13 year term; and

14 (C) the committee on committees initially shall appoint one member
15 to a one-year term, two members to a two-year term, and one member to a
16 three-year term.

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

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

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

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

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

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

7 (b) A sustainable agriculture and forest products council is established, to
8 be chaired by the secretary of agriculture, food and markets. The council shall
9 include the commissioner of education and representatives, appointed by the
10 secretary of agriculture, food and markets, of the college of agriculture at the
11 University of Vermont, the extension service at the University of Vermont,
12 Vermont Technical College and farm organizations, and a representative of the
13 low input sustainable agriculture program of the United States Department of
14 Agriculture. The council shall meet on call of the secretary and shall make
15 recommendations regarding:

16 (1) Goals and priorities for ongoing public and private research of
17 particular relevance to Vermont agriculture and silviculture, and for the
18 coordination of research and demonstration projects on sustainable agriculture
19 and silviculture.

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

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

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

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

11 (c) The secretary of agriculture, food and markets is authorized to apply
12 for, accept, and make use of grants from public and private sources to achieve
13 the objectives of this section, in accordance with the provisions of 32 V.S.A.
14 § 5. In awarding grants, preference shall be given to individuals, especially
15 farmers, conducting on-farm research.

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

§ 4710. VERMONT FARM VIABILITY ENHANCEMENT PROGRAM

* * *

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

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

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

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

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

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

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

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

* * *

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1 and house committees on agriculture on or before January 31 of each year with
2 a report on the activities and performance of the farm viability enhancement
3 program. At a minimum, the report shall include an evaluation of the program
4 utilizing the performance goals and evaluative measures established ~~in~~
5 ~~consultation with the advisory board~~ pursuant to subsection (b) of this section.
6 The report should assess potential demand for the program over the succeeding
7 three years. Further, the agency of agriculture, food and markets and the
8 Vermont housing and conservation board shall describe in their annual budget
9 submissions plans to develop adequate state, federal, and private funds to carry
10 out this initiative.

11 * * *

12 Sec. 14. APPROPRIATIONS

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

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

20 (1) \$500,000.00 for enterprise grants to entrepreneurs, including grants
21 to leverage private capital, jump-start new businesses, help beginning farmers

1 access land, and support diversification projects that add value to farm and
2 forest commodities. This initial sum is intended to fund an enterprise grant
3 pilot program, and it is the intent of the general assembly to commit additional
4 investment in subsequent years upon demonstration of success of the program.

5 (2) \$350,000.00 for wraparound services to growth companies,
6 including technical assistance, business planning, financial packaging, and
7 other services required by companies ready to transition to the next stage of
8 growth. This initial sum is intended to fund a growth company services pilot
9 program, and it is the intent of the general assembly to commit additional
10 investment in subsequent years upon demonstration of success of the program.

11 (3) \$1,000,000.00 for state infrastructure investments, including
12 investment in private and nonprofit sectors for creative diversification projects,
13 value-added manufacturing, processing, storage, distribution, and collaborative
14 ventures. This initial sum is intended to fund an infrastructure investment pilot
15 program, and it is the intent of the general assembly to commit additional
16 investment in subsequent years upon demonstration of success of the program.

17 (c) The amount of \$350,000.00 is appropriated from the general fund to the
18 agency of agriculture, food and markets to provide funding for the positions of
19 Vermont working landscape development director, agriculture development
20 director, forest products development director, Vermont working landscape
21 designation program director, and support staff and for fiscal management and

1 operations costs. The agency shall utilize the funds appropriated to prepare for
2 the full duties of the Vermont working lands enterprise board, the services
3 envisioned, and the programs to be offered and to build the infrastructure
4 necessary to start the pilot program and support the new board as it begins its
5 work. It is the intent of the general assembly to increase this initial annual
6 investment over time to include a regulatory ombudsman for agriculture and
7 forest products enterprises and a deputy secretary of agriculture with specific
8 duties related to economic development.

9 (d) The amount of \$300,000.00 is appropriated from the general fund to the
10 office of planning coordination to provide funding for the position of planning
11 director and for support staff. The office of planning coordination shall utilize
12 the funds to support the work of the development cabinet and to coordinate
13 state, regional, and local planning.

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

17 Sec. 15. EFFECTIVE DATE

18 This act shall take effect on passage.