

House Calendar

Monday, May 11, 2015

125th DAY OF THE BIENNIAL SESSION

House Convenes at 1:00 P.M.

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ORDERS OF THE DAY

ACTION CALENDAR

Unfinished Business of Saturday, May 9 2015

Third Reading

S. 18

An act relating to privacy protection

Favorable with Amendment

H. 434

An act relating to law enforcement and fire service training safety

Rep. LaClair of Barre Town, for the Committee on **Government Operations**, recommends the bill be amended as follows:

in Sec. 1, in 20 V.S.A. § 3251 (Training Safety Council created), in subdivision (b)(1), by striking out in its entirety subdivision (E) and inserting in lieu thereof the following:

(E) one employee of the Vermont League of Cities and Towns who specializes in risk management, appointed by the Executive Director of the League;

(Committee Vote: 9-0-2)

S. 138

An act relating to promoting economic development

Rep. Botzow of Pownal, for the Committee on **Commerce & Economic Development**, recommends that the House propose to the Senate that the bill be amended by striking all after the enacting clause and inserting in lieu thereof the following:

A. General Commerce

* * * Facilitating Business Rapid Response to Declared State Disasters * * *

Sec. A.1. 11 V.S.A. chapter 16 is added to read:

CHAPTER 16. BUSINESS RAPID RESPONSE TO

DECLARED STATE DISASTERS

§ 1701. DEFINITIONS

In this chapter:

(1) “Critical infrastructure” means property and equipment owned or used by communications networks and electric generation, transmission, and distribution systems.

(2)(A) “Declared State disaster or emergency” means:

(i) a disaster or emergency event for which a Governor’s state of emergency proclamation has been issued;

(ii) a disaster or emergency event for which a Presidential declaration of a federal major disaster or emergency has been issued; or

(iii) a disaster or emergency event within the State for which a good faith response effort is required, and for which the Commissioner of Public Service is given notification from the registered business and the Commissioner, in consultation with the Director of Emergency Management, Department of Public Safety, designates the event as a disaster or emergency, thereby invoking the provisions of this chapter.

(B) “Declared State disaster or emergency” does not include an emergency or situation arising solely from a labor dispute.

(3) “Disaster response period” means a period that begins ten days prior to the first day of the Governor’s proclamation, the President’s declaration, or designation by another authorized official of the State as set forth in this chapter, whichever occurs first, and that extends 60 calendar days after the declared State disaster or emergency.

(4) “Disaster- or emergency-related work” means repairing, renovating, installing, building, rendering services, or other nonretail business activities in areas of the State affected by the declared State disaster or emergency that relate to critical infrastructure that has been damaged, impaired, or destroyed by the declared State disaster or emergency.

(5) “Mutual Assistance Agreement” means an agreement to which one or more registered businesses and one or more out-of-state businesses are party and pursuant to which an electric or telephone utility may request and receive assistance from an out-of-state business for performance of disaster- or emergency-related work by the out-of-state business during the disaster response period.

(6)(A) “Out-of-state business” means a business entity that, except for disaster- or emergency-related work, has no presence in the State and conducts no business in the State whose services are requested pursuant to a Mutual Assistance Agreement by a registered business or by a State or local government for purposes of performing disaster- or emergency-related work on critical infrastructure in the State.

(B) “Out-of-state-business” also includes a business entity that is affiliated with a registered business in the State solely through common ownership.

(C) An out-of-state business has no registrations or tax filings or nexus in the State other than disaster- or emergency-related work during the tax year immediately preceding the declared State disaster or emergency.

(7) “Out-of-state employee” means an employee who does not work in the State, except for disaster- or emergency-related work during the disaster response period.

(8) “Registered business in the State” or “registered business” means a business entity that is currently registered with the Secretary of State to do business in the State prior to the declared State disaster or emergency.

§ 1702. OBLIGATIONS AFTER DISASTER RESPONSE PERIOD

(a) Business and employee status during the disaster response period.

(1)(A) An out-of-state business that conducts operations within the State for purposes of performing work or services related to a declared State disaster or emergency during the disaster response period shall not be considered to have established a level of presence that would require that business to register, file, or remit State or local taxes or that would require that business or its out-of-state employees to be subject to any State licensing or registration requirements.

(B) This includes any State or local business licensing or registration requirements or State and local taxes or fees, including unemployment insurance, State or local occupational licensing fees, sales and use tax, ad valorem tax on equipment brought into the State temporarily for use during the disaster response period and subsequently removed from the State, and Public Service Board or Secretary of State licensing and regulatory requirements.

(C) For purposes of any State or local tax on or measured by, in whole or in part, net or gross income or receipts, all activity of the out-of-state business that is conducted in this State pursuant to this chapter shall be disregarded with respect to any filing requirements for such tax, including the filing required for a unitary or combined group of which the out-of-state business may be a part.

(D) For the purpose of apportioning income, revenue, or receipts, the performance by an out-of-state business of any work in accordance with this section shall not be sourced to or shall not otherwise impact or increase the amount of income, revenue, or receipts apportioned to this State.

(2)(A) An out-of-state employee shall not be considered to have established residency or a presence in the State that would require that person or that person's employer to file and pay income taxes or to be subjected to tax withholdings or to file and pay any other State or local tax or fee during the disaster response period.

(B) This includes any related State or local employer withholding and remittance obligations, but does not include any transaction taxes or fees as described in subsection (b) of this section.

(b) Transaction taxes and fees. An out-of-state business and an out-of-state employee shall be required to pay transaction taxes and fees, including fuel tax and sales and use tax on materials or services consumed or used in the State subject to sales and use tax, rooms and meals tax, car rental taxes or fees that the out-of-state affiliated business or out-of-state employee purchases for use or consumption in the State during the disaster response period, unless such taxes are otherwise exempted during a disaster response period.

(c) Business or employee activity after disaster response period. An out-of-state business or out-of-state employee that remains in the State after the disaster response period will become subject to the State's normal standards for establishing presence, residency, or doing business in the State and will therefore become responsible for any business or employee tax requirements that ensue.

§ 1703. ADMINISTRATION

(a) Notification of out-of-state business during the disaster response period.

(1) The out-of-state business that enters the State shall, upon request, provide to the Secretary of State a statement that it is in the State for purposes of responding to the disaster or emergency, which statement shall include the business's name, state of domicile, principal business address, federal tax identification number, date of entry, and contact information.

(2) A registered business in the State shall, upon request, provide the information required in subdivision (1) of this subsection for any affiliate that enters the State that is an out-of-state business.

(3) The notification shall also include contact information for the registered business in the State.

(b) Notification of intent to remain in State. An out-of-state business or an out-of-state employee that remains in the State after the disaster response period shall complete State and local registration, licensing, and filing requirements that ensue as a result of establishing the requisite business presence or residency in the State applicable under the existing law.

(c) Procedures. The Secretary of State may adopt necessary rules, develop and issue forms or online processes, and maintain and make available an annual record of any designations pursuant to this chapter to carry out these administrative procedures.

* * * Manufacture or Import of Gun Suppressors * * *

Sec. A.2. 13 V.S.A. § 4010 is amended to read:

§ 4010. ~~GUN SILENCERS~~ SUPPRESSORS

(a) A Except as otherwise provided in subsection (b) of this section, a person who manufactures, sells, uses, or possesses with intent to sell or use an appliance known as or used for a gun ~~silencer~~ suppressor shall be fined \$25.00 for each offense. The provisions of this section shall not prevent the use or possession of gun ~~silencers~~ suppressors by:

* * *

(b) Subsection (a) of this section shall not apply to a licensed manufacturer or a licensed importer, as defined in 18 U.S.C. § 921, who is also registered as a manufacturer or an importer pursuant to 26 U.S.C. § 5802, who in the ordinary course of his or her business as a manufacturer or as an importer, manufactures, sells, uses, or possesses with intent to sell or use, an appliance known as or used for a gun suppressor.

* * * Blockchain Technology * * *

Sec. A.3. STUDY AND REPORT; BLOCKCHAIN TECHNOLOGY

On or before January 15, 2016, the Secretary of State, the Commissioner of Financial Regulation, and the Attorney General shall consult with one or more Vermont delegates to the National Conference of Commissioners on Uniform State Laws and with the Center for Legal Innovation at Vermont Law School, and together shall submit a report to the General Assembly their finding and recommendations on the potential opportunities and risks of creating a presumption of validity for electronic facts and records that employ blockchain technology and addressing any unresolved regulatory issues.

* * * Fortified Wines * * *

Sec. A.4. 7 V.S.A. § 2 is amended to read:

§ 2. DEFINITIONS

The following words as used in this title, unless a contrary meaning is required by the context, shall have the following meaning:

* * *

(15) “Manufacturer’s or rectifier’s license”: a license granted by the Liquor Control Board that permits the holder to manufacture or rectify ~~spirituous liquors~~ spirits or fortified wines for export and sale to the Liquor Control Board, or malt beverages and vinous beverages for export and sale to bottlers or wholesale dealers. This license permits a manufacturer of vinous beverages or fortified wines to receive from another manufacturer licensed in or outside this ~~state~~ State bulk shipments of vinous beverages to rectify with the licensee’s own product, provided that the vinous beverages or fortified wines produced by a Vermont manufacturer may contain no more than 25 percent imported vinous beverage. The Liquor Control Board may grant to a licensed manufacturer or rectifier a first-class restaurant or cabaret license or first- and third-class restaurant or cabaret license permitting the licensee to sell alcoholic beverages to the public only at the manufacturer’s premises, which, for the purposes of a manufacturer of malt beverages, includes up to two licensed establishments that are located on the contiguous real estate of the holder of the manufacturer’s license, provided the manufacturer owns or has direct control over those establishments. A manufacturer of malt beverages who also holds a first-class restaurant or cabaret license may serve to a customer malt beverage by the glass, not to exceed eight glasses at one time and not to exceed four ounces in each glass. The Liquor Control Board may grant to a licensed manufacturer or a rectifier of malt beverages a second-class license permitting the licensee to sell alcoholic beverages to the public anywhere on the manufacturer’s or rectifier’s premises. A licensed manufacturer or rectifier of vinous beverages may serve, with or without charge, at an event held on premises of the licensee or the vineyard property, spirits and vinous beverages and malt beverages, provided the licensee gives the Department written notice of the event, including details required by the Department, at least five days before the event. Any beverages not manufactured by the licensee and served at the event shall be purchased on invoice from a licensed manufacturer or wholesale dealer or the Liquor Control Board.

* * *

(19) “Second-class license”: a license granted by the control commissioners permitting the licensee to export malt or vinous beverages and to sell malt beverages or vinous beverages to the public for consumption off the premises for which the license is granted. The Liquor Control Board may grant a second-class licensee a fortified wine permit that permits the licensee to export and to sell fortified wines to the public for consumption off the licensed premises.

(20) “Spirits” or “spirituous liquors”: beverages that contain more than one percent of alcohol obtained by distillation, by chemical synthesis, or

through concentration by freezing; ~~and~~ vinous beverages containing more than ~~16~~ 23 percent of alcohol; and ~~all vermouths of any alcohol content~~; malt beverages containing more than 16 percent of alcohol or more than six percent of alcohol if the terminal specific gravity thereof is less than 1.009; in each case measured by volume at 60 degrees Fahrenheit.

* * *

(22) “Third-class license”: a license granted by the Liquor Control Board permitting the licensee to sell ~~spirituous liquors~~ spirits and fortified wines for consumption only on the premises for which the license is granted.

(23) “Vinous beverages”: all fermented beverages of any name or description manufactured or obtained for sale from the natural sugar content of fruits; or other agricultural product, containing sugar, the alcoholic content of which is not less than one percent nor more than 16 percent by volume at 60 degrees Fahrenheit, ~~except that all vermouths shall be purchased and retailed by and through the Liquor Control Board as authorized in chapters 5 and 7 of this title.~~

* * *

(27) “Special events permit”: a permit granted by the Liquor Control Board permitting a person holding a manufacturer’s or rectifier’s license to sell by the glass or by unopened bottle spirits, fortified wines, malt beverages, or vinous beverages manufactured or rectified by the license holder at an event open to the public that has been approved by the local licensing authority. For the purposes of tasting only, the permit holder may distribute, with or without charge, beverages manufactured by the permit holder by the glass no more than two ounces per product and eight ounces total of malt beverages or vinous beverages and no more than one ounce in total of spirits or fortified wines to each individual. No more than ~~36~~ 104 special events permits may be issued to a holder of a manufacturer’s or rectifier’s license during a year. A special event permit shall be valid for the duration of each public event or four days, whichever is shorter. Requests for a special events permit, accompanied by the fee as required by subdivision 231(13) of this title, shall be submitted to the Department of Liquor Control at least five days prior to the date of the event. Each manufacturer or rectifier planning to attend a single special event under this permit may be listed on a single permit. However, each attendance at a special event shall count toward the manufacturer’s or rectifier’s ~~36~~ 104 special-event-permit limitation.

(28) “Fourth-class license” or “farmers’ market license”: the license granted by the Liquor Control Board permitting a manufacturer or rectifier of malt ~~or~~ beverages, vinous beverages, fortified wines, or spirits to sell by the

unopened container and distribute, by the glass, with or without charge, beverages manufactured by the licensee. No more than a combined total of ten fourth-class and farmers' market licenses may be granted to a licensed manufacturer or rectifier. At only one fourth-class license location, a manufacturer or rectifier of vinous beverages, malt beverages, fortified wines, or spirits may sell by the unopened container and distribute by the glass, with or without charge, vinous beverages, malt beverages, fortified wines, or spirits produced by no more than five additional manufacturers or rectifiers, provided these beverages are purchased on invoice from the manufacturer or rectifier. A manufacturer or rectifier of vinous beverages, malt beverages, fortified wines, or spirits may sell its product to no more than five additional manufacturers or rectifiers. A fourth-class licensee may distribute by the glass no more than two ounces of malt beverages or vinous beverage with a total of eight ounces to each retail customer and no more than one-quarter ounce of spirits or fortified wine with a total of one ounce to each retail customer for consumption on the manufacturer's premises or at a farmers' market. A fourth class licensee may distribute by the glass up to four mixed drinks containing a combined total of no more than one ounce of spirits or fortified wine to each retail customer for consumption only on the manufacturer's premises. A farmers' market license is valid for all dates of operation for a specific farmers' market location.

* * *

(38) "Fortified wines": vinous beverages, including those to which spirits have been added during manufacture, containing at least 16 percent alcohol but no more than 23 percent alcohol by volume at 60 degrees Fahrenheit, and all vermouths containing no more than 23 percent alcohol by volume at 60 degrees Fahrenheit.

Sec. A.5. 7 V.S.A. § 104 us amended to read:

§ 104. DUTIES; AUTHORITY TO RESOLVE ALLEGED VIOLATIONS

The Board shall have supervision and management of the sale of ~~spiruous liquors~~ spirits and fortified wines within the State in accordance with the provisions of this title, and through the Commissioner of Liquor Control shall:

* * *

Sec. A.6. 7 V.S.A. § 107 is amended to read:

§ 107. DUTIES OF COMMISSIONER OF LIQUOR CONTROL

The ~~commissioner of liquor control~~ Commissioner of Liquor Control shall:

* * *

(2) Make regulations subject to the approval of the ~~board~~ Board

governing the hours during which such agencies shall be open for the sale of ~~spirituous liquors, spirits and fortified wines and~~ governing the qualifications ~~and, department, and salaries of the agencies' employees therein and the salaries thereof.~~

(3) Make regulations subject to the approval of the ~~board~~ Board governing:

(A) the prices at which ~~spirituous liquors~~ spirits shall be sold ~~in such~~ by local agencies, ~~and the method of for their delivery thereof,~~ and the quantities of ~~spirituous liquors to~~ spirits that may be sold to any one person at any one time; and

(B) the minimum prices at which fortified wines shall be sold by local agencies and second-class licensees that hold fortified wine permits, the method for their delivery, and the quantities of fortified wines that may be sold to any one person at any one time.

(4) Supervise the quantities and qualities of ~~spirituous liquor~~ spirits and fortified wines to be kept as stock in ~~such local agency~~ agencies and make regulations subject to the approval of the ~~board~~ Board regarding the filling of requisitions therefor on the ~~commissioner of liquor control~~ Commissioner of Liquor Control.

(5) Purchase through the ~~commissioner of buildings and general services~~ Commissioner of Buildings and General Services ~~spirituous liquors~~ spirits and fortified wines for and in behalf of the ~~liquor control board~~ Liquor Control Board, supervise the storage thereof and the distribution to local agencies, druggists ~~and, licensees of the third class, and holders of fortified wine permits,~~ and make regulations subject to the approval of the ~~board~~ Board regarding the sale and delivery from ~~such~~ the central storage plant.

* * *

Sec. A.7. 7 V.S.A. § 110 is amended to read:

§ 110. SPECIAL BRANDS; PURCHASE BY COMMISSIONER OF LIQUOR CONTROL

If any person shall desire to purchase any class, variety, or brand of ~~spirituous liquor~~ spirits or fortified wine which any local agency or fortified wine permit holder does not have in stock, the ~~commissioner of liquor control~~ Commissioner of Liquor Control shall order the same through the ~~commissioner of buildings and general services~~ Commissioner of Buildings and General Services upon the payment of a reasonable deposit by the purchaser in such proportion of the approximate cost of the order as shall be prescribed by the regulations of the ~~liquor control board~~ Liquor Control Board.

Sec. A.8. 7 V.S.A. § 112 is amended as follows:

§ 112. LIQUOR CONTROL FUND

The ~~liquor control fund~~ Liquor Control Fund is hereby established. It shall consist of all receipts from the sale of spirits, fortified wines, and other items by the ~~department of liquor control~~ Department of Liquor Control; fees paid to the ~~department of liquor control~~ Department of Liquor Control for the benefit of the ~~department~~ Department; all other amounts received by the ~~department of liquor control~~ Department of Liquor Control for its benefit; and all amounts ~~which that~~ are from time to time appropriated to the ~~department of liquor control~~ Department of Liquor Control.

Sec. A.9. 7 V.S.A. § 222 is amended to read:

§ 222. FIRST- AND SECOND-CLASS LICENSES, GRANTING OF; SALE TO MINORS; CONTRACTING FOR FOOD SERVICE

With the approval of the Liquor Control Board, the control commissioners may grant the following licenses to a retail dealer for the premises where the dealer carries on business ~~the following~~:

* * *

(2) Upon making application ~~and~~, paying the license fee provided in section 231 of this title, and upon satisfying the Board that such premises are leased, rented, or owned by the retail dealer and are a safe, sanitary, and proper place from which to sell malt and vinous beverages, a second-class license ~~for the premises where such dealer shall carry on the business~~, which shall authorize such dealer to export malt and vinous beverages, and to sell malt and vinous beverages to the public from such premises for consumption off the premises ~~and upon satisfying the Board that such premises are leased, rented, or owned by such retail dealers and are safe, sanitary, and a proper place from which to sell malt and vinous beverages~~. A retail dealer carrying on business in more than one place shall be required to acquire a second-class license for each place where ~~he or she shall so sell~~ the retail dealer sells malt and vinous beverages. No malt or vinous beverages shall be sold by a second-class licensee to a minor.

* * *

(5)(A) The holder of a first-class license may serve a sampler flight of up to 32 ounces in the aggregate of malt beverages to a single customer at one time.

(B) The holder of a first-class license may serve a sampler flight of up to 12 ounces in the aggregate of vinous beverages to a single customer at one time.

(C) The holder of a third-class license may serve a sampler flight of up to four ounces in the aggregate of ~~spirituous liquors~~ spirits or fortified wines to a single customer at one time.

(6) The Liquor Control Board may grant a fortified wine permit to a second-class licensee if the licensee files an application accompanied by the license fee as provided in section 231 of this title. The holder of a fortified wine permit may sell fortified wines to the public from the licensed premises for consumption off the premises. The Liquor Control Board shall issue no more than 150 fortified wine permits in any single year. The holder of a fortified wine permit shall purchase all fortified wines to be offered for sale to the public pursuant to the permit through the Liquor Control Board at a price equal to no more than 75 percent of the current retail price for the fortified wine established by the Commissioner pursuant to subdivision 107(3)(B) of this title.

Sec. A.10. 7 V.S.A. § 224 is amended to read:

§ 224. ~~THIRD-CLASS~~ THIRD-CLASS LICENSES; OPEN CONTAINERS

(a) The ~~liquor control board~~ Liquor Control Board may grant to a person who operates a hotel, restaurant, cabaret, or club a license of the third class if the person files an application accompanied by the license fee as provided in section 231 of this title for the premises in which the business of the hotel, restaurant, cabaret, or club is carried on. The holder of a ~~third-class~~ third-class license may sell ~~spirituous liquors~~ spirits and fortified wines for consumption only on the premises covered by the license. The applicant for a ~~third-class~~ third-class license shall satisfy the ~~liquor control board~~ Liquor Control Board that the applicant is the bona fide owner or lessee of the premises and that the premises are operated for the purpose covered by the license.

* * *

(c) A person who holds a ~~third-class~~ third-class license shall purchase from the ~~liquor control board~~ Liquor Control Board all ~~spirituous liquors~~ spirits and fortified wines dispensed in accordance with the provisions of the ~~third-class~~ third-class license and this title.

Sec. A.11. 7 V.S.A. § 225 is amended to read:

§ 225. EDUCATIONAL SAMPLING EVENT PERMIT

(a) The ~~liquor control board~~ Liquor Control Board may grant an educational sampling event permit to a person to conduct an event that is open to the public and at which malt beverages, vinous beverages, fortified wines, or ~~spirituous liquors~~ spirits, or all ~~three~~ four are served only for the purposes of marketing and educational sampling, provided the event is also approved by

the local licensing authority. At least 15 days prior to the event, an applicant shall submit an application to the ~~department~~ Department in a form required by the ~~department~~ Department. The application shall include a list of the alcoholic beverages to be acquired for sampling at the event, and the application shall be accompanied by a fee in the amount required pursuant to section 231 of this title. No more than four educational sampling event permits shall be issued annually to the same person. An educational sampling event permit shall be valid for no more than four consecutive days. The permit holder shall ~~assure~~ ensure all the following:

* * *

(b) An educational sampling event permit holder:

* * *

(2) May transport malt beverages, vinous beverages, fortified wines, and ~~spirituous liquors~~ spirits to the event site, and those beverages may be served at the event by the permit holder or the holder's employees, volunteers, or representatives of a manufacturer, bottler, or importer participating in the event, provided they meet the server age and training requirements under this chapter.

(3) ~~{Deleted.}~~ [Repealed.]

* * *

(d) Taxes for the alcoholic beverages served at the event shall be paid as follows:

* * *

(3) Spirituous liquors: \$19.80 per gallon served.

(4) Fortified wines: \$19.80 per gallon served.

Sec. A.12. 7 V.S.A. § 231 is amended to read:

§ 231. FEES FOR LICENSES AND PERMITS; DISPOSITION OF FEES

(a) The following fees shall be paid:

* * *

(23) For a fortified wine permit, \$100.00.

* * *

Sec. A.13. 7 V.S.A. § 422 is amended to read:

§ 422. TAX ON ~~SPRITUOUS LIQUOR~~ SPIRITS AND FORTIFIED WINES

(a) A tax is assessed on the gross revenue ~~on~~ from the ~~retail~~ sale of ~~spirituous liquor spirits and fortified wines~~ in the State of Vermont, ~~including fortified wine, sold by the Liquor Control Board; or sold by~~ the retail sale of spirits and fortified wines in Vermont by a manufacturer or rectifier of ~~spirituous liquor spirits or fortified wines~~, in accordance with the provisions of this title. The tax shall be at the following rates based on the gross revenue of the retail sales by the seller in the current year:

(1) if the gross revenue of the seller is \$500,000.00 or lower, the rate of tax is five percent;

(2) if the gross revenue of the seller is between \$500,000.00 and \$750,000.00, the rate of tax is \$25,000.00 plus 10 percent of the gross revenues over \$500,000.00;

(3) if the gross revenue of the seller is ~~over~~ \$750,000.00 or more, the rate of tax is 25 percent.

* * *

Sec. A.14. STATUTORY REVISION

The Legislative Council, in its statutory revision capacity pursuant to 2 V.S.A. § 424, is authorized to correct instances of the words “spirituous liquors” and “spirits” appearing in Title 7 of the Vermont Statutes Annotated to “spirits and fortified wines” as necessary to implement the intent of the revisions to 7 V.S.A. § 2 in this act.

* * *

Sec. A.15. STUDY; REPORT

(a) On or before January 15, 2018, the Commissioner of Liquor Control, in consultation with the holders of second-class licenses and fortified wine permits, shall evaluate whether the number of fortified wine permits issued pursuant to 7 V.S.A. § 222 is sufficient, and how the issuance of fortified wine permits has affected the sales of fortified wines in Vermont and the variety of fortified wines available to Vermont consumers.

(b) The Commissioner of Liquor Control shall report to the House Committee on General, Housing and Military Affairs and the Senate Committee on Economic Development, Housing and General Affairs regarding his or her findings on or before January 15, 2018. The Commissioner’s report shall include a recommendation regarding the appropriate number of fortified wine permits to be issued pursuant to 7 V.S.A. § 222.

B. Uniform Commercial Code

* * * Uniform Commercial Code; Article 4A * * *

Sec. B.1. 9A V.S.A. § 4A-108 is amended to read:

§ 4A-108. EXCLUSION OF CONSUMER TRANSACTIONS GOVERNED BY FEDERAL LAW RELATIONSHIP TO ELECTRONIC FUND TRANSFER ACT

(a) This Except as provided in subsection (b) of this section, this article does not apply to a funds transfer any part of which is governed by the Electronic Fund Transfer Act of 1978 (15 U.S.C. § 1693 et seq.) as amended from time to time.

(b) This article applies to a funds transfer that is a remittance transfer as defined in the Electronic Fund Transfer Act (15 U.S.C. § 1693o-1) as amended from time to time, unless the remittance transfer is an electronic fund transfer as defined in the Electronic Fund Transfer Act (15 U.S.C. § 1693a) as amended from time to time.

(c) In a funds transfer to which this article applies, in the event of an inconsistency between an applicable provision of this article and an applicable provision of the Electronic Fund Transfer Act, the provision of the Electronic Fund Transfer Act governs to the extent of the inconsistency.

* * * Uniform Commercial Code; Article 7 * * *

Sec. B.2. REPEAL

9A V.S.A. article 7 is repealed.

Sec. B.3. 9A V.S.A. article 7 is added to read:

ARTICLE 7. DOCUMENTS OF TITLE

Part 1. General

§ 7-101. SHORT TITLE

This article may be cited as Uniform Commercial Code-Documents of Title.

§ 7-102. DEFINITIONS AND INDEX OF DEFINITIONS

(a) In this article, unless the context otherwise requires:

(1) "Bailee" means a person that by a warehouse receipt, bill of lading, or other document of title acknowledges possession of goods and contracts to deliver them.

(2) "Carrier" means a person that issues a bill of lading.

(3) "Consignee" means a person named in a bill of lading to which or to whose order the bill promises delivery.

(4) "Consignor" means a person named in a bill of lading as the person

from which the goods have been received for shipment.

(5) “Delivery order” means a record that contains an order to deliver goods directed to a warehouse, carrier, or other person that in the ordinary course of business issues warehouse receipts or bills of lading.

(6) “Goods” means all things that are treated as movable for the purposes of a contract for storage or transportation.

(7) “Issuer” means a bailee that issues a document of title, or, in the case of an unaccepted delivery order, the person that orders the possessor of goods to deliver. The term includes a person for which an agent or employee purports to act in issuing a document if the agent or employee has real or apparent authority to issue documents, even if the issuer did not receive any goods, the goods were misdescribed, or in any other respect the agent or employee violated the issuer’s instructions.

(8) “Person entitled under the document” means the holder, in the case of a negotiable document of title, or the person to which delivery of the goods is to be made by the terms of, or pursuant to instructions in a record under, a nonnegotiable document of title.

(9) “Sign” means, with present intent to authenticate or adopt a record:

(A) to execute or adopt a tangible symbol; or

(B) to attach to or logically associate with the record an electronic sound, symbol, or process.

(10) “Shipper” means a person that enters into a contract of transportation with a carrier.

(11) “Warehouse” means a person engaged in the business of storing goods for hire.

(b) Definitions in other articles applying to this article and the sections in which they appear are:

(1) “Contract for sale,” Section 2-106.

(2) “Lessee in the ordinary course of business,” Section 2A-103.

(3) “Receipt” of goods, Section 2-103.

(c) In addition, Article 1 contains general definitions and principles of construction and interpretation applicable throughout this article.

§ 7-103. RELATION OF ARTICLE TO TREATY OR STATUTE

(a) This article is subject to any treaty or statute of the United States or regulatory statute of this State to the extent the treaty, statute, or regulatory

statute is applicable.

(b) This article does not modify or repeal any law prescribing the form or content of a document of title or the services or facilities to be afforded by a bailee, or otherwise regulating a bailee's business in respects not specifically treated in this article. However, violation of such a law does not affect the status of a document of title that otherwise is within the definition of a document of title.

(c) This article modifies, limits, and supersedes the federal Electronic Signatures in Global and National Commerce Act (15 U.S.C. Section 7001, et. seq.) but does not modify, limit, or supersede Section 101(c) of that act (15 U.S.C. Section 7001(c)) or authorize electronic delivery of any of the notices described in Section 103(b) of that act (15 U.S.C. Section 7003(b)).

(d) To the extent there is a conflict between the Uniform Electronic Transactions Act (9 V.S.A. chapter 20) and this article, this article governs.

§ 7-104. NEGOTIABLE AND NONNEGOTIABLE DOCUMENT OF

TITLE

(a) Except as otherwise provided in subsection (c) of this section, a document of title is negotiable if by its terms the goods are to be delivered to bearer or to the order of a named person.

(b) A document of title other than one described in subsection (a) of this section is nonnegotiable. A bill of lading that states that the goods are consigned to a named person is not made negotiable by a provision that the goods are to be delivered only against an order in a record signed by the same or another named person.

(c) A document of title is nonnegotiable if, at the time it is issued, the document has a conspicuous legend, however expressed, that it is nonnegotiable.

§ 7-105. REISSUANCE IN ALTERNATIVE MEDIUM

(a) Upon request of a person entitled under an electronic document of title, the issuer of the electronic document may issue a tangible document of title as a substitute for the electronic document if:

(1) the person entitled under the electronic document surrenders control of the document to the issuer; and

(2) the tangible document when issued contains a statement that it is issued in substitution for the electronic document.

(b) Upon issuance of a tangible document of title in substitution for an

electronic document of title in accordance with subsection (a) of this section:

(1) the electronic document ceases to have any effect or validity; and

(2) the person that procured issuance of the tangible document warrants to all subsequent persons entitled under the tangible document that the warrantor was a person entitled under the electronic document when the warrantor surrendered control of the electronic document to the issuer.

(c) Upon request of a person entitled under a tangible document of title, the issuer of the tangible document may issue an electronic document of title as a substitute for the tangible document if:

(1) the person entitled under the tangible document surrenders possession of the document to the issuer; and

(2) the electronic document when issued contains a statement that it is issued in substitution for the tangible document.

(d) Upon issuance of an electronic document of title in substitution for a tangible document of title in accordance with subsection (c) of this section:

(1) the tangible document ceases to have any effect or validity; and

(2) the person that procured issuance of the electronic document warrants to all subsequent persons entitled under the electronic document that the warrantor was a person entitled under the tangible document when the warrantor surrendered possession of the tangible document to the issuer.

§ 7-106. CONTROL OF ELECTRONIC DOCUMENT OF TITLE

(a) A person has control of an electronic document of title if a system employed for evidencing the transfer of interests in the electronic document reliably establishes that person as the person to which the electronic document was issued or transferred.

(b) A system satisfies subsection (a) of this section, and a person is deemed to have control of an electronic document of title, if the document is created, stored, and assigned in such a manner that:

(1) a single authoritative copy of the document exists which is unique, identifiable, and, except as otherwise provided in subdivisions (4), (5), and (6) of this subsection, unalterable;

(2) the authoritative copy identifies the person asserting control as:

(A) the person to which the document was issued; or

(B) if the authoritative copy indicates that the document has been transferred, the person to which the document was most recently transferred;

(3) the authoritative copy is communicated to and maintained by the person asserting control or its designated custodian;

(4) copies or amendments that add or change an identified assignee of the authoritative copy can be made only with the consent of the person asserting control;

(5) each copy of the authoritative copy and any copy of a copy is readily identifiable as a copy that is not the authoritative copy; and

(6) any amendment of the authoritative copy is readily identifiable as authorized or unauthorized.

Part 2. Warehouse Receipts: Special Provisions

§ 7-201. PERSON THAT MAY ISSUE A WAREHOUSE RECEIPT;

STORAGE UNDER BOND

(a) A warehouse receipt may be issued by any warehouse.

(b) If goods, including distilled spirits and agricultural commodities, are stored under a statute requiring a bond against withdrawal or a license for the issuance of receipts in the nature of warehouse receipts, a receipt issued for the goods is deemed to be a warehouse receipt even if issued by a person that is the owner of the goods and is not a warehouse.

§ 7-202. FORM OF WAREHOUSE RECEIPT; EFFECT OF OMISSION

(a) A warehouse receipt need not be in any particular form.

(b) Unless a warehouse receipt provides for each of the following, the warehouse is liable for damages caused to a person injured by its omission:

(1) a statement of the location of the warehouse facility where the goods are stored;

(2) the date of issue of the receipt;

(3) the unique identification code of the receipt;

(4) a statement whether the goods received will be delivered to the bearer, to a named person, or to a named person or its order;

(5) the rate of storage and handling charges, unless goods are stored under a field warehousing arrangement, in which case a statement of that fact is sufficient on a nonnegotiable receipt;

(6) a description of the goods or the packages containing them;

(7) the signature of the warehouse or its agent;

(8) if the receipt is issued for goods that the warehouse owns, either

solely, jointly, or in common with others, a statement of the fact of that ownership; and

(9) a statement of the amount of advances made and of liabilities incurred for which the warehouse claims a lien or security interest, unless the precise amount of advances made or liabilities incurred, at the time of the issue of the receipt, is unknown to the warehouse or to its agent that issued the receipt, in which case a statement of the fact that advances have been made or liabilities incurred and the purpose of the advances or liabilities is sufficient.

(c) A warehouse may insert in its receipt any terms that are not contrary to this title and do not impair its obligation of delivery under section 7-403 of this title or its duty of care under section 7-204 of this title. Any contrary provision is ineffective.

§ 7-203. LIABILITY FOR NONRECEIPT OR MISDESCRIPTION

A party to or purchaser for value in good faith of a document of title, other than a bill of lading, that relies upon the description of the goods in the document may recover from the issuer damages caused by the nonreceipt or misdescription of the goods, except to the extent that:

(1) the document conspicuously indicates that the issuer does not know whether all or part of the goods in fact were received or conform to the description, such as a case in which the description is in terms of marks or labels or kind, quantity, or condition, or the receipt or description is qualified by “contents, condition, and quality unknown,” “said to contain,” or words of similar import, if the indication is true; or

(2) the party or purchaser otherwise has notice of the nonreceipt or misdescription.

§ 7-204. DUTY OF CARE; CONTRACTUAL LIMITATION OF WAREHOUSE’S LIABILITY

(a) A warehouse is liable for damages for loss of or injury to the goods caused by its failure to exercise care with regard to the goods that a reasonably careful person would exercise under similar circumstances. Unless otherwise agreed, the warehouse is not liable for damages that could not have been avoided by the exercise of that care.

(b) Damages may be limited by a term in the warehouse receipt or storage agreement limiting the amount of liability in case of loss or damage beyond which the warehouse is not liable. Such a limitation is not effective with respect to the warehouse’s liability for conversion to its own use. On request of the bailor in a record at the time of signing the storage agreement or within a reasonable time after receipt of the warehouse receipt, the warehouse’s liability

may be increased on part or all of the goods covered by the storage agreement or the warehouse receipt. In this event, increased rates may be charged based on an increased valuation of the goods.

(c) Reasonable provisions as to the time and manner of presenting claims and commencing actions based on the bailment may be included in the warehouse receipt or storage agreement.

§ 7-205. TITLE UNDER WAREHOUSE RECEIPT DEFEATED IN CERTAIN CASES

A buyer in ordinary course of business of fungible goods sold and delivered by a warehouse that is also in the business of buying and selling such goods takes the goods free of any claim under a warehouse receipt even if the receipt is negotiable and has been duly negotiated.

§ 7-206. TERMINATION OF STORAGE AT WAREHOUSE'S OPTION

(a) A warehouse, by giving notice to the person on whose account the goods are held and any other person known to claim an interest in the goods, may require payment of any charges and removal of the goods from the warehouse at the termination of the period of storage fixed by the document of title or, if a period is not fixed, within a stated period not less than 30 days after the warehouse gives notice. If the goods are not removed before the date specified in the notice, the warehouse may sell them pursuant to section 7-210 of this title.

(b) If a warehouse in good faith believes that goods are about to deteriorate or decline in value to less than the amount of its lien within the time provided in subsection (a) of this section and section 7-210 of this title, the warehouse may specify in the notice given under subsection (a) of this section any reasonable shorter time for removal of the goods and, if the goods are not removed, may sell them at public sale held not less than one week after a single advertisement or posting.

(c) If, as a result of a quality or condition of the goods of which the warehouse did not have notice at the time of deposit, the goods are a hazard to other property, the warehouse facilities, or other persons, the warehouse may sell the goods at public or private sale without advertisement or posting on reasonable notification to all persons known to claim an interest in the goods. If the warehouse, after a reasonable effort, is unable to sell the goods, it may dispose of them in any lawful manner and does not incur liability by reason of that disposition.

(d) A warehouse shall deliver the goods to any person entitled to them under this article upon due demand made at any time before sale or other

disposition under this section.

(e) A warehouse may satisfy its lien from the proceeds of any sale or disposition under this section but shall hold the balance for delivery on the demand of any person to which the warehouse would have been bound to deliver the goods.

§ 7-207. GOODS SHALL BE KEPT SEPARATE; FUNGIBLE GOODS

(a) Unless the warehouse receipt provides otherwise, a warehouse shall keep separate the goods covered by each receipt so as to permit at all times identification and delivery of those goods. However, different lots of fungible goods may be commingled.

(b) If different lots of fungible goods are commingled, the goods are owned in common by the persons entitled thereto and the warehouse is severally liable to each owner for that owner's share. If, because of overissue, a mass of fungible goods is insufficient to meet all the receipts the warehouse has issued against it, the persons entitled include all holders to which overissued receipts have been duly negotiated.

§ 7-208. ALTERED WAREHOUSE RECEIPTS

If a blank in a negotiable tangible warehouse receipt has been filled in without authority, a good-faith purchaser for value and without notice of the lack of authority may treat the insertion as authorized. Any other unauthorized alteration leaves any tangible or electronic warehouse receipt enforceable against the issuer according to its original tenor.

§ 7-209. LIEN OF WAREHOUSE

(a) A warehouse has a lien against the bailor on the goods covered by a warehouse receipt or storage agreement or on the proceeds thereof in its possession for charges for storage or transportation, including demurrage and terminal charges, insurance, labor, or other charges, present or future, in relation to the goods, and for expenses necessary for preservation of the goods or reasonably incurred in their sale pursuant to law. If the person on whose account the goods are held is liable for similar charges or expenses in relation to other goods whenever deposited and it is stated in the warehouse receipt or storage agreement that a lien is claimed for charges and expenses in relation to other goods, the warehouse also has a lien against the goods covered by the warehouse receipt or storage agreement or on the proceeds thereof in its possession for those charges and expenses, whether or not the other goods have been delivered by the warehouse. However, as against a person to which a negotiable warehouse receipt is duly negotiated, a warehouse's lien is limited to charges in an amount or at a rate specified in the warehouse receipt or, if no

charges are so specified, to a reasonable charge for storage of the specific goods covered by the receipt subsequent to the date of the receipt.

(b) A warehouse may also reserve a security interest against the bailor for the maximum amount specified on the receipt for charges other than those specified in subsection (a) of this section, such as for money advanced and interest. The security interest is governed by article 9 of this title.

(c) A warehouse's lien for charges and expenses under subsection (a) of this section or a security interest under subsection (b) of this section is also effective against any person that so entrusted the bailor with possession of the goods that a pledge of them by the bailor to a good-faith purchaser for value would have been valid. However, the lien or security interest is not effective against a person that before issuance of a document of title had a legal interest or a perfected security interest in the goods and that did not:

(1) deliver or entrust the goods or any document of title covering the goods to the bailor or the bailor's nominee with:

(A) actual or apparent authority to ship, store, or sell;

(B) power to obtain delivery under section 7-403 of this title; or

(C) power of disposition under sections 2-403, 2A-304(2), 2A-305(2), 9-320, or 9-321(c) of this title, or other statute or rule of law; or

(2) acquiesce in the procurement by the bailor or its nominee of any document.

(d) A warehouse's lien on household goods for charges and expenses in relation to the goods under subsection (a) of this section is also effective against all persons if the depositor was the legal possessor of the goods at the time of deposit. In this subsection, "household goods" means furniture, furnishings, or personal effects used by the depositor in a dwelling.

(e) A warehouse loses its lien on any goods that it voluntarily delivers or unjustifiably refuses to deliver.

§ 7-210. ENFORCEMENT OF WAREHOUSE'S LIEN

(a) Except as otherwise provided in subsection (b) of this section, a warehouse's lien may be enforced by public or private sale of the goods, in bulk or in packages, at any time or place and on any terms that are commercially reasonable, after notifying all persons known to claim an interest in the goods. The notification shall include a statement of the amount due, the nature of the proposed sale, and the time and place of any public sale. The fact that a better price could have been obtained by a sale at a different time or in a method different from that selected by the warehouse is not of itself sufficient

to establish that the sale was not made in a commercially reasonable manner. The warehouse sells in a commercially reasonable manner if the warehouse sells the goods in the usual manner in any recognized market therefore, sells at the price current in that market at the time of the sale, or otherwise sells in conformity with commercially reasonable practices among dealers in the type of goods sold. A sale of more goods than apparently necessary to be offered to ensure satisfaction of the obligation is not commercially reasonable, except in cases covered by the preceding sentence.

(b) A warehouse may enforce its lien on goods, other than goods stored by a merchant in the course of its business, only if the following requirements are satisfied:

(1) All persons known to claim an interest in the goods shall be notified.

(2) The notification shall include an itemized statement of the claim, a description of the goods subject to the lien, a demand for payment within a specified time not less than 10 days after receipt of the notification, and a conspicuous statement that unless the claim is paid within that time the goods will be advertised for sale and sold by auction at a specified time and place.

(3) The sale shall conform to the terms of the notification.

(4) The sale shall be held at the nearest suitable place to where the goods are held or stored.

(5) After the expiration of the time given in the notification, an advertisement of the sale shall be published once a week for two weeks consecutively in a newspaper of general circulation where the sale is to be held. The advertisement shall include a description of the goods, the name of the person on whose account the goods are being held, and the time and place of the sale. The sale shall take place at least 15 days after the first publication. If there is no newspaper of general circulation where the sale is to be held, the advertisement shall be posted at least 10 days before the sale in not fewer than six conspicuous places in the neighborhood of the proposed sale.

(c) Before any sale pursuant to this section, any person claiming a right in the goods may pay the amount necessary to satisfy the lien and the reasonable expenses incurred in complying with this section. In that event, the goods may not be sold but shall be retained by the warehouse subject to the terms of the receipt and this article.

(d) A warehouse may buy at any public sale held pursuant to this section.

(e) A purchaser in good faith of goods sold to enforce a warehouse's lien takes the goods free of any rights of persons against which the lien was valid, despite the warehouse's noncompliance with this section.

(f) A warehouse may satisfy its lien from the proceeds of any sale pursuant to this section but shall hold the balance, if any, for delivery on demand to any person to which the warehouse would have been bound to deliver the goods.

(g) The rights provided by this section are in addition to all other rights allowed by law to a creditor against a debtor.

(h) If a lien is on goods stored by a merchant in the course of its business, the lien may be enforced in accordance with subsection (a) or (b) of this section.

(i) A warehouse is liable for damages caused by failure to comply with the requirements for sale under this section and, in case of willful violation, is liable for conversion.

Part 3. Bills Of Lading: Special Provisions

§ 7-301. LIABILITY FOR NONRECEIPT OR MISDESCRIPTION; “SAID TO CONTAIN”; “SHIPPER’S WEIGHT, LOAD, AND COUNT”; IMPROPER HANDLING

(a) A consignee of a nonnegotiable bill of lading which has given value in good faith, or a holder to which a negotiable bill has been duly negotiated, relying upon the description of the goods in the bill or upon the date shown in the bill, may recover from the issuer damages caused by the misdating of the bill or the nonreceipt or misdescription of the goods, except to the extent that the bill indicates that the issuer does not know whether any part or all of the goods in fact were received or conform to the description, such as in a case in which the description is in terms of marks or labels or kind, quantity, or condition or the receipt or description is qualified by “contents or condition of contents of packages unknown,” “said to contain,” “shipper’s weight, load, and count,” or words of similar import, if that indication is true.

(b) If goods are loaded by the issuer of a bill of lading;

(1) the issuer shall count the packages of goods if shipped in packages and ascertain the kind and quantity if shipped in bulk; and

(2) words such as “shipper’s weight, load, and count,” or words of similar import indicating that the description was made by the shipper are ineffective except as to goods concealed in packages.

(c) If bulk goods are loaded by a shipper that makes available to the issuer of a bill of lading adequate facilities for weighing those goods, the issuer shall ascertain the kind and quantity within a reasonable time after receiving the shipper’s request in a record to do so. In that case, “shipper’s weight” or words of similar import are ineffective.

(d) The issuer of a bill of lading, by including in the bill the words “shipper’s weight, load, and count,” or words of similar import, may indicate that the goods were loaded by the shipper, and, if that statement is true, the issuer is not liable for damages caused by the improper loading. However, omission of such words does not imply liability for damages caused by improper loading.

(e) A shipper guarantees to an issuer the accuracy at the time of shipment of the description, marks, labels, number, kind, quantity, condition, and weight, as furnished by the shipper, and the shipper shall indemnify the issuer against damage caused by inaccuracies in those particulars. This right of indemnity does not limit the issuer’s responsibility or liability under the contract of carriage to any person other than the shipper.

§ 7-302. THROUGH BILLS OF LADING AND SIMILAR DOCUMENTS

OF TITLE

(a) The issuer of a through bill of lading, or other document of title embodying an undertaking to be performed in part by a person acting as its agent or by a performing carrier, is liable to any person entitled to recover on the bill or other document for any breach by the other person or the performing carrier of its obligation under the bill or other document. However, to the extent that the bill or other document covers an undertaking to be performed overseas or in territory not contiguous to the continental United States or an undertaking including matters other than transportation, this liability for breach by the other person or the performing carrier may be varied by agreement of the parties.

(b) If goods covered by a through bill of lading or other document of title embodying an undertaking to be performed in part by a person other than the issuer are received by that person, the person is subject, with respect to its own performance while the goods are in its possession, to the obligation of the issuer. The person’s obligation is discharged by delivery of the goods to another person pursuant to the bill or other document and does not include liability for breach by any other person or by the issuer.

(c) The issuer of a through bill of lading or other document of title described in subsection (a) of this section is entitled to recover from the performing carrier, or other person in possession of the goods when the breach of the obligation under the bill or other document occurred:

(1) the amount it may be required to pay to any person entitled to recover on the bill or other document for the breach, as may be evidenced by any receipt, judgment, or transcript of judgment; and

(2) the amount of any expense reasonably incurred by the issuer in defending any action commenced by any person entitled to recover on the bill or other document for the breach.

§ 7-303. DIVERSION; RECONSIGNMENT; CHANGE OF INSTRUCTIONS

(a) Unless the bill of lading otherwise provides, a carrier may deliver the goods to a person or destination other than that stated in the bill or may otherwise dispose of the goods, without liability for misdelivery, on instructions from:

(1) the holder of a negotiable bill;

(2) the consignor on a nonnegotiable bill, even if the consignee has given contrary instructions;

(3) the consignee on a nonnegotiable bill in the absence of contrary instructions from the consignor, if the goods have arrived at the billed destination or if the consignee is in possession of the tangible bill or in control of the electronic bill; or

(4) the consignee on a nonnegotiable bill, if the consignee is entitled as against the consignor to dispose of the goods.

(b) Unless instructions described in subsection (a) of this section are included in a negotiable bill of lading, a person to which the bill is duly negotiated may hold the bailee according to the original terms.

§ 7-304. TANGIBLE BILLS OF LADING IN A SET

(a) Except as customary in international transportation, a tangible bill of lading may not be issued in a set of parts. The issuer is liable for damages caused by violation of this subsection.

(b) If a tangible bill of lading is lawfully issued in a set of parts, each of which contains an identification code and is expressed to be valid only if the goods have not been delivered against any other part, the whole of the parts constitutes one bill.

(c) If a tangible negotiable bill of lading is lawfully issued in a set of parts and different parts are negotiated to different persons, the title of the holder to which the first due negotiation is made prevails as to both the document of title and the goods even if any later holder may have received the goods from the carrier in good faith and discharged the carrier's obligation by surrendering its part.

(d) A person that negotiates or transfers a single part of a tangible bill of

lading issued in a set is liable to holders of that part as if it were the whole set.

(e) The bailee shall deliver in accordance with part 4 of this article against the first presented part of a tangible bill of lading lawfully issued in a set. Delivery in this manner discharges the bailee's obligation on the whole bill.

§ 7-305. DESTINATION BILLS

(a) Instead of issuing a bill of lading to the consignor at the place of shipment, a carrier, at the request of the consignor, may procure the bill to be issued at destination or at any other place designated in the request.

(b) Upon request of any person entitled as against a carrier to control the goods while in transit and on surrender of possession or control of any outstanding bill of lading or other receipt covering the goods, the issuer, subject to section 7-105 of this title, may procure a substitute bill to be issued at any place designated in the request.

§ 7-306. ALTERED BILLS OF LADING

An unauthorized alteration or filling in of a blank in a bill of lading leaves the bill enforceable according to its original tenor.

§ 7-307. LIEN OF CARRIER

(a) A carrier has a lien on the goods covered by a bill of lading or on the proceeds thereof in its possession for charges after the date of the carrier's receipt of the goods for storage or transportation, including demurrage and terminal charges, and for expenses necessary for preservation of the goods incident to their transportation or reasonably incurred in their sale pursuant to law. However, against a purchaser for value of a negotiable bill of lading, a carrier's lien is limited to charges stated in the bill or the applicable tariffs or, if no charges are stated, a reasonable charge.

(b) A lien for charges and expenses under subsection (a) of this section on goods that the carrier was required by law to receive for transportation is effective against the consignor or any person entitled to the goods unless the carrier had notice that the consignor lacked authority to subject the goods to those charges and expenses. Any other lien under subsection (a) of this section is effective against the consignor and any person that permitted the bailor to have control or possession of the goods unless the carrier had notice that the bailor lacked authority.

(c) A carrier loses its lien on any goods that it voluntarily delivers or unjustifiably refuses to deliver.

§ 7-308. ENFORCEMENT OF CARRIER'S LIEN

(a) A carrier's lien on goods may be enforced by public or private sale of

the goods, in bulk or in packages, at any time or place and on any terms that are commercially reasonable, after notifying all persons known to claim an interest in the goods. The notification shall include a statement of the amount due, the nature of the proposed sale, and the time and place of any public sale. The fact that a better price could have been obtained by a sale at a different time or in a method different from that selected by the carrier is not of itself sufficient to establish that the sale was not made in a commercially reasonable manner. The carrier sells goods in a commercially reasonable manner if the carrier sells the goods in the usual manner in any recognized market therefor, sells at the price current in that market at the time of the sale, or otherwise sells in conformity with commercially reasonable practices among dealers in the type of goods sold. A sale of more goods than apparently necessary to be offered to ensure satisfaction of the obligation is not commercially reasonable, except in cases covered by the preceding sentence.

(b) Before any sale pursuant to this section, any person claiming a right in the goods may pay the amount necessary to satisfy the lien and the reasonable expenses incurred in complying with this section. In that event, the goods may not be sold but shall be retained by the carrier, subject to the terms of the bill of lading and this article.

(c) A carrier may buy at any public sale pursuant to this section.

(d) A purchaser in good faith of goods sold to enforce a carrier's lien takes the goods free of any rights of persons against which the lien was valid, despite the carrier's noncompliance with this section.

(e) A carrier may satisfy its lien from the proceeds of any sale pursuant to this section but shall hold the balance, if any, for delivery on demand to any person to which the carrier would have been bound to deliver the goods.

(f) The rights provided by this section are in addition to all other rights allowed by law to a creditor against a debtor.

(g) A carrier's lien may be enforced pursuant to either subsection (a) of this section or the procedure set forth in subsection 7-210(b) of this title.

(h) A carrier is liable for damages caused by failure to comply with the requirements for sale under this section and, in case of willful violation, is liable for conversion.

§ 7-309. DUTY OF CARE; CONTRACTUAL LIMITATION OF

CARRIER'S LIABILITY

(a) A carrier that issues a bill of lading, whether negotiable or nonnegotiable, shall exercise the degree of care in relation to the goods which a reasonably careful person would exercise under similar circumstances. This

subsection does not affect any statute, regulation, or rule of law that imposes liability upon a common carrier for damages not caused by its negligence.

(b) Damages may be limited by a term in the bill of lading or in a transportation agreement that the carrier's liability may not exceed a value stated in the bill or transportation agreement if the carrier's rates are dependent upon value and the consignor is afforded an opportunity to declare a higher value and the consignor is advised of the opportunity. However, such a limitation is not effective with respect to the carrier's liability for conversion to its own use.

(c) Reasonable provisions as to the time and manner of presenting claims and commencing actions based on the shipment may be included in a bill of lading or a transportation agreement.

Part 4. Warehouse Receipts and Bills of Lading:

General Obligations

§ 7-401. IRREGULARITIES IN ISSUE OF RECEIPT OR BILL OR CONDUCT OF ISSUER

The obligations imposed by this article on an issuer apply to a document of title even if:

(1) the document does not comply with the requirements of this article or of any other statute, rule, or regulation regarding its issuance, form, or content;

(2) the issuer violated laws regulating the conduct of its business;

(3) the goods covered by the document were owned by the bailee when the document was issued; or

(4) the person issuing the document is not a warehouse but the document purports to be a warehouse receipt.

§ 7-402. DUPLICATE DOCUMENT OF TITLE; OVERISSUE

A duplicate or any other document of title purporting to cover goods already represented by an outstanding document of the same issuer does not confer any right in the goods, except as provided in the case of tangible bills of lading in a set of parts, overissue of documents for fungible goods, substitutes for lost, stolen, or destroyed documents, or substitute documents issued pursuant to section 7-105 of this title. The issuer is liable for damages caused by its overissue or failure to identify a duplicate document by a conspicuous notation.

§ 7-403. OBLIGATION OF BAILEE TO DELIVER; EXCUSE

(a) A bailee shall deliver the goods to a person entitled under a document of title if the person complies with subsections (b) and (c) of this section, unless and to the extent that the bailee establishes any of the following:

(1) delivery of the goods to a person whose receipt was rightful as against the claimant;

(2) damage to or delay, loss, or destruction of the goods for which the bailee is not liable;

(3) previous sale or other disposition of the goods in lawful enforcement of a lien or on a warehouse's lawful termination of storage;

(4) the exercise by a seller of its right to stop delivery pursuant to section 2-705 of this title or by a lessor of its right to stop delivery pursuant to section 2A-526 of this title;

(5) a diversion, reconsignment, or other disposition pursuant to section 7-303 of this title;

(6) release, satisfaction, or any other personal defense against the claimant; or

(7) any other lawful excuse.

(b) A person claiming goods covered by a document of title shall satisfy the bailee's lien if the bailee so requests or if the bailee is prohibited by law from delivering the goods until the charges are paid.

(c) Unless a person claiming the goods is a person against which the document of title does not confer a right under subsection 7-503(a) of this title:

(1) the person claiming under a document shall surrender possession or control of any outstanding negotiable document covering the goods for cancellation or indication of partial deliveries; and

(2) the bailee shall cancel the document or conspicuously indicate in the document the partial delivery or the bailee is liable to any person to which the document is duly negotiated.

§ 7-404. NO LIABILITY FOR GOOD-FAITH DELIVERY PURSUANT TO DOCUMENT OF TITLE

A bailee that in good faith has received goods and delivered or otherwise disposed of the goods according to the terms of a document of title or pursuant to this article is not liable for the goods even if:

(1) the person from which the bailee received the goods did not have authority to procure the document or to dispose of the goods; or

(2) the person to which the bailee delivered the goods did not have authority to receive the goods.

Part 5. Warehouse Receipts And Bills Of Lading:

Negotiation And Transfer

§ 7-501. FORM OF NEGOTIATION AND REQUIREMENTS OF DUE

NEGOTIATION

(a) The following rules apply to a negotiable tangible document of title:

(1) If the document's original terms run to the order of a named person, the document is negotiated by the named person's indorsement and delivery. After the named person's indorsement in blank or to bearer, any person may negotiate the document by delivery alone.

(2) If the document's original terms run to bearer, it is negotiated by delivery alone.

(3) If the document's original terms run to the order of a named person and it is delivered to the named person, the effect is the same as if the document had been negotiated.

(4) Negotiation of the document after it has been indorsed to a named person requires indorsement by the named person and delivery.

(5) A document is duly negotiated if it is negotiated in the manner stated in this subsection to a holder that purchases it in good faith, without notice of any defense against or claim to it on the part of any person, and for value, unless it is established that the negotiation is not in the regular course of business or financing or involves receiving the document in settlement or payment of a monetary obligation.

(b) The following rules apply to a negotiable electronic document of title:

(1) If the document's original terms run to the order of a named person or to bearer, the document is negotiated by delivery of the document to another person. Indorsement by the named person is not required to negotiate the document.

(2) If the document's original terms run to the order of a named person and the named person has control of the document, the effect is the same as if the document had been negotiated.

(3) A document is duly negotiated if it is negotiated in the manner stated in this subsection to a holder that purchases it in good faith, without notice of any defense against or claim to it on the part of any person, and for value, unless it is established that the negotiation is not in the regular course of

business or financing or involves taking delivery of the document in settlement or payment of a monetary obligation.

(c) Indorsement of a nonnegotiable document of title neither makes it negotiable nor adds to the transferee's rights.

(d) The naming in a negotiable bill of lading of a person to be notified of the arrival of the goods does not limit the negotiability of the bill or constitute notice to a purchaser of the bill of any interest of that person in the goods.

§ 7-502. RIGHTS ACQUIRED BY DUE NEGOTIATION

(a) Subject to sections 7-205 and 7-503 of this title, a holder to which a negotiable document of title has been duly negotiated acquires thereby:

(1) title to the document;

(2) title to the goods;

(3) all rights accruing under the law of agency or estoppel, including rights to goods delivered to the bailee after the document was issued; and

(4) the direct obligation of the issuer to hold or deliver the goods according to the terms of the document free of any defense or claim by the issuer except those arising under the terms of the document or under this article, but in the case of a delivery order, the bailee's obligation accrues only upon the bailee's acceptance of the delivery order and the obligation acquired by the holder is that the issuer and any indorser will procure the acceptance of the bailee.

(b) Subject to section 7-503 of this title, title and rights acquired by due negotiation are not defeated by any stoppage of the goods represented by the document of title or by surrender of the goods by the bailee and are not impaired even if:

(1) the due negotiation or any prior due negotiation constituted a breach of duty;

(2) any person has been deprived of possession of a negotiable tangible document or control of a negotiable electronic document by misrepresentation, fraud, accident, mistake, duress, loss, theft, or conversion; or

(3) a previous sale or other transfer of the goods or document has been made to a third person.

§ 7-503. DOCUMENT OF TITLE TO GOODS DEFEATED IN CERTAIN CASES

(a) A document of title confers no right in goods against a person that

before issuance of the document had a legal interest or a perfected security interest in the goods and that did not:

(1) deliver or entrust the goods or any document of title covering the goods to the bailor or the bailor's nominee with:

(A) actual or apparent authority to ship, store, or sell;

(B) power to obtain delivery under section 7-403 of this title; or

(C) power of disposition under section 2-403, subdivisions 2A-304(2) or 2A-305(2), section 9-320, or subsection 9-321(c) of this title or other statute or rule of law; or

(2) acquiesce in the procurement by the bailor or its nominee of any document.

(b) Title to goods based upon an unaccepted delivery order is subject to the rights of any person to which a negotiable warehouse receipt or bill of lading covering the goods has been duly negotiated. That title may be defeated under section 7-504 of this title to the same extent as the rights of the issuer or a transferee from the issuer.

(c) Title to goods based upon a bill of lading issued to a freight forwarder is subject to the rights of any person to which a bill issued by the freight forwarder is duly negotiated. However, delivery by the carrier in accordance with part 4 of this article pursuant to its own bill of lading discharges the carrier's obligation to deliver.

§ 7-504. RIGHTS ACQUIRED IN ABSENCE OF DUE NEGOTIATION;

EFFECT OF DIVERSION; STOPPAGE OF DELIVERY

(a) A transferee of a document of title, whether negotiable or nonnegotiable, to which the document has been delivered but not duly negotiated, acquires the title and rights that its transferor had or had actual authority to convey.

(b) In the case of a transfer of a nonnegotiable document of title, until but not after the bailee receives notice of the transfer, the rights of the transferee may be defeated:

(1) by those creditors of the transferor which could treat the transfer as void under section 2-402 or 2A-308 of this title;

(2) by a buyer from the transferor in ordinary course of business if the bailee has delivered the goods to the buyer or received notification of the buyer's rights;

(3) by a lessee from the transferor in ordinary course of business if the

bailee has delivered the goods to the lessee or received notification of the lessee's rights; or

(4) as against the bailee, by good-faith dealings of the bailee with the transferor.

(c) A diversion or other change of shipping instructions by the consignor in a nonnegotiable bill of lading which causes the bailee not to deliver the goods to the consignee defeats the consignee's title to the goods if the goods have been delivered to a buyer in ordinary course of business or a lessee in ordinary course of business and, in any event, defeats the consignee's rights against the bailee.

(d) Delivery of the goods pursuant to a nonnegotiable document of title may be stopped by a seller under section 2-705 of this title or a lessor under section 2A-526 of this title, subject to the requirements of due notification in those sections. A bailee that honors the seller's or lessor's instructions is entitled to be indemnified by the seller or lessor against any resulting loss or expense.

§ 7-505. INDORSER NOT GUARANTOR FOR OTHER PARTIES

The indorsement of a tangible document of title issued by a bailee does not make the indorser liable for any default by the bailee or previous indorsers.

§ 7-506. DELIVERY WITHOUT INDORSEMENT: RIGHT TO COMPEL INDORSEMENT

The transferee of a negotiable tangible document of title has a specifically enforceable right to have its transferor supply any necessary indorsement, but the transfer becomes a negotiation only as of the time the indorsement is supplied.

§ 7-507. WARRANTIES ON NEGOTIATION OR DELIVERY OF DOCUMENT OF TITLE

If a person negotiates or delivers a document of title for value, otherwise than as a mere intermediary under section 7-508 of this title, unless otherwise agreed, the transferor, in addition to any warranty made in selling or leasing the goods, warrants to its immediate purchaser only that:

(1) the document is genuine;

(2) the transferor does not have knowledge of any fact that would impair the document's validity or worth; and

(3) the negotiation or delivery is rightful and fully effective with respect to the title to the document and the goods it represents.

§ 7-508. WARRANTIES OF COLLECTING BANK AS TO DOCUMENTS
OF TITLE

A collecting bank or other intermediary known to be entrusted with documents of title on behalf of another or with collection of a draft or other claim against delivery of documents warrants by the delivery of the documents only its own good faith and authority even if the collecting bank or other intermediary has purchased or made advances against the claim or draft to be collected.

§ 7-509. ADEQUATE COMPLIANCE WITH COMMERCIAL CONTRACT

Whether a document of title is adequate to fulfill the obligations of a contract for sale, a contract for lease, or the conditions of a letter of credit is determined by article 2, 2A, or 5 of this title.

Part 6. Warehouse Receipts and Bills of Lading:

Miscellaneous Provisions

§ 7-601. LOST, STOLEN, OR DESTROYED DOCUMENTS OF TITLE

(a) If a document of title is lost, stolen, or destroyed, a court may order delivery of the goods or issuance of a substitute document and the bailee may without liability to any person comply with the order. If the document was negotiable, a court may not order delivery of the goods or issuance of a substitute document without the claimant's posting security unless it finds that any person that may suffer loss as a result of nonsurrender of possession or control of the document is adequately protected against the loss. If the document was nonnegotiable, the court may require security. The court may also order payment of the bailee's reasonable costs and attorney's fees in any action under this subsection.

(b) A bailee that, without a court order, delivers goods to a person claiming under a missing negotiable document of title is liable to any person injured thereby. If the delivery is not in good faith, the bailee is liable for conversion. Delivery in good faith is not conversion if the claimant posts security with the bailee in an amount at least double the value of the goods at the time of posting to indemnify any person injured by the delivery which files a notice of claim within one year after the delivery.

§ 7-602. JUDICIAL PROCESS AGAINST GOODS COVERED BY
NEGOTIABLE DOCUMENT OF TITLE

Unless a document of title was originally issued upon delivery of the goods by a person that did not have power to dispose of them, a lien does not attach by virtue of any judicial process to goods in the possession of a bailee for

which a negotiable document of title is outstanding unless possession or control of the document is first surrendered to the bailee or the document's negotiation is enjoined. The bailee may not be compelled to deliver the goods pursuant to process until possession or control of the document is surrendered to the bailee or to the court. A purchaser of the document for value without notice of the process or injunction takes free of the lien imposed by judicial process.

§ 7-603. CONFLICTING CLAIMS; INTERPLEADER

If more than one person claims title to or possession of the goods, the bailee is excused from delivery until the bailee has a reasonable time to ascertain the validity of the adverse claims or to commence an action for interpleader. The bailee may assert an interpleader either in defending an action for nondelivery of the goods or by original action.

Sec. B.4. 9A V.S.A. article 1 is amended to read:

ARTICLE 1. GENERAL PROVISIONS

* * *

§ 1-201. GENERAL DEFINITIONS

* * *

(b) Subject to definitions contained in other articles of this title that apply to particular articles or parts thereof:

* * *

(5) "Bearer" means a person in control of a negotiable electronic document of title or a person in possession of a negotiable instrument, negotiable tangible document of title, or certificated security that is payable to bearer or indorsed in blank.

(6) "Bill of lading" means a document of title evidencing the receipt of goods for shipment issued by a person engaged in the business of directly or indirectly transporting or forwarding goods. The term does not include a warehouse receipt.

* * *

(15) "Delivery," with respect to an electronic document of title means voluntary transfer of control and with respect to an instrument, a tangible document of title, or chattel paper, means voluntary transfer of possession.

(16) "Document of title" ~~includes bill of lading, dock warrant, dock receipt, warehouse receipt or order for the delivery of goods, and also any other document which~~ means a record (i) that in the regular course of business

or financing is treated as adequately evidencing that the person in possession or control of the record ~~is~~ is entitled to receive, control, hold, and dispose of the ~~document~~ record and the goods ~~is~~ the record covers and (ii) that purports to be issued by or addressed to a bailee and to cover goods in the bailee's possession which are either identified or are fungible portions of an identified mass. The term includes a bill of lading, transport document, dock warrant, dock receipt, warehouse receipt, and order for delivery of goods. ~~To be a document of title, a document must purport to be issued by or addressed to a bailee and purport to cover goods in the bailee's possession which are either identified or are fungible portions of an identified mass~~ An electronic document of title means a document of title evidenced by a record consisting of information stored in an electronic medium. A tangible document of title means a document of title evidenced by a record consisting of information that is inscribed on a tangible medium.

* * *

(21) "Holder" means:

(A) the person in possession of a negotiable instrument that is payable either to bearer or to an identified person that is the person in possession; ~~or~~

(B) the person in possession of a negotiable tangible document of title if the goods are deliverable either to bearer or to the order of the person in possession; or

(C) the person in control of a negotiable electronic document of title.

* * *

(42) "Warehouse receipt" means a ~~receipt~~ document of title issued by a person engaged in the business of storing goods for hire.

* * *

Sec. B.5. 9A V.S.A. article 2 is amended to read:

ARTICLE 2. SALES

* * *

§ 2-103. DEFINITIONS AND INDEX OF DEFINITIONS

* * *

(3) ~~The~~ "Control" as provided in section 7-106 of this title and the following definitions in other articles apply to this article:

"Check". Section 3-104.

“Consignee”. Section 7-102.

“Consignor”. Section 7-102.

“Consumer goods”. Section 9-102.

“Dishonor”. Section 3-502.

“Draft”. Section 3-104.

* * *

§ 2-104. DEFINITIONS: “MERCHANT”; “BETWEEN MERCHANTS”;
“FINANCING AGENCY”

* * *

(2) “Financing agency” means a bank, finance company or other person who in the ordinary course of business makes advances against goods or documents of title or who by arrangement with either the seller or the buyer intervenes in ordinary course to make or collect payment due or claimed under the contract for sale, as by purchasing or paying the seller’s draft or making advances against it or by merely taking it for collection whether or not documents of title accompany or are associated with the draft. “Financing agency” includes also a bank or other person who similarly intervenes between persons who are in the position of seller and buyer in respect to the goods (§ 2-707).

* * *

§ 2-310. OPEN TIME FOR PAYMENT OR RUNNING OF CREDIT;
AUTHORITY TO SHIP UNDER RESERVATION

Unless otherwise agreed:

(a) payment is due at the time and place at which the buyer is to receive the goods even though the place of shipment is the place of delivery; and

(b) if the seller is authorized to send the goods he or she may ship them under reservation, and may tender the documents of title, but the buyer may inspect the goods after their arrival before payment is due unless such inspection is inconsistent with the terms of the contract (§ 2-513); and

(c) if delivery is authorized and made by way of documents of title otherwise than by subsection (b) of this section then payment is due regardless of where the goods are to be received (i) at the time and place at which the buyer is to receive delivery of the tangible documents or regardless of where the goods are to be received (ii) at the time the buyer is to receive delivery of the electronic documents and at the seller’s place of business, or if none, the

seller's residence; and

(d) where the seller is required or authorized to ship the goods on credit the credit period runs from the time of shipment but post-dating the invoice or delaying its dispatch will correspondingly delay the starting of the credit period.

* * *

§ 2-323. FORM OF BILL OF LADING REQUIRED IN OVERSEAS SHIPMENT; "OVERSEAS"

* * *

(2) Where in a case within subsection (1) of this section a tangible bill of lading has been issued in a set of parts, unless otherwise agreed if the documents are not to be sent from abroad the buyer may demand tender of the full set; otherwise only one part of the bill of lading need be tendered. Even if the agreement expressly requires a full set:

* * *

§ 2-401. PASSING OF TITLE; RESERVATION FOR SECURITY; LIMITED APPLICATION OF THIS SECTION

* * *

(3) Unless otherwise explicitly agreed where delivery is to be made without moving the goods:

(a) if the seller is to deliver a tangible document of title, title passes at the time when and the place where he or she delivers such documents and if the seller is to deliver an electronic document of title, title passes when the seller delivers the document; or

(b) if the goods are at the time of contracting already identified and no documents of title are to be delivered, title passes at the time and place of contracting.

* * *

§ 2-503. MANNER OF SELLER'S TENDER OF DELIVERY

* * *

(4) Where goods are in the possession of a bailee and are to be delivered without being moved:

(a) tender requires that the seller either tender a negotiable document of title covering such goods or procure acknowledgment by the bailee of the

buyer's right to possession of the goods; but

(b) tender to the buyer of a ~~non-negotiable~~ nonnegotiable document of title or of a ~~written direction to record directing~~ the bailee to deliver is sufficient tender unless the buyer seasonably objects, and except as otherwise provided in article 9 of this title receipt by the bailee of notification of the buyer's rights fixes those rights as against the bailee and all third persons; but risk of loss of the goods and of any failure by the bailee to honor the ~~non-negotiable~~ nonnegotiable document of title or to obey the direction remains on the seller until the buyer has had a reasonable time to present the document or direction, and a refusal by the bailee to honor the document or to obey the direction defeats the tender.

(5) Where the contract requires the seller to deliver documents:

(a) he or she must tender all such documents in correct form, except as provided in this article with respect to bills of lading in a set (§ 2-323(2)); and

(b) tender through customary banking channels is sufficient and dishonor of a draft accompanying or associated with the documents constitutes ~~non-acceptance~~ nonacceptance or rejection.

§ 2-505. SELLER'S SHIPMENT UNDER RESERVATION

(1) Where the seller has identified goods to the contract by or before shipment:

(a) his or her procurement of a negotiable bill of lading to his or her own order or otherwise reserves in him a security interest in the goods. His or her procurement of the bill to the order of a financing agency or of the buyer indicates in addition only the seller's expectation of transferring that interest to the person named.

(b) a non-negotiable bill of lading to himself or herself or his or her nominee reserves possession of the goods as security but except in a case of conditional delivery (§ 2-507(2)) a ~~non-negotiable~~ nonnegotiable bill of lading naming the buyer as consignee reserves no security interest even though the seller retains possession or control of the bill of lading.

(2) When shipment by the seller with reservation of a security interest is in violation of the contract for sale it constitutes an improper contract for transportation within the preceding section but impairs neither the rights given to the buyer by shipment and identification of the goods to the contract nor the seller's powers as a holder of a negotiable document of title.

§ 2-506. RIGHTS OF FINANCING AGENCY

* * *

(2) The right to reimbursement of a financing agency which has in good faith honored or purchased the draft under commitment to or authority from the buyer is not impaired by subsequent discovery of defects with reference to any relevant document which was apparently regular ~~on its face~~.

* * *

§ 2-509. RISK OF LOSS IN THE ABSENCE OF BREACH

* * *

(2) Where the goods are held by a bailee to be delivered without being moved, the risk of loss passes to the buyer:

(a) on his or her receipt of possession or control of a negotiable document of title covering the goods; or

(b) on acknowledgment by the bailee of the buyer's right to possession of the goods; or

(c) after his or her receipt of possession or control of a ~~non negotiable nonnegotiable~~ document of title or other ~~written~~ direction to deliver in a record, as provided in § subdivision 2-503(4)(b) of this title.

* * *

§ 2-605. WAIVER OF BUYER'S OBJECTIONS BY FAILURE TO PARTICULARIZE

* * *

(2) Payment against documents made without reservation of rights precludes recovery of the payment for defects apparent ~~on the face of~~ in the documents.

* * *

§ 2-705. SELLER'S STOPPAGE OF DELIVERY IN TRANSIT OR OTHERWISE

* * *

(2) As against such buyer the seller may stop delivery until:

(a) receipt of the goods by the buyer; or

(b) acknowledgment to the buyer by any bailee of the goods except a carrier that the bailee holds the goods for the buyer; or

(c) such acknowledgment to the buyer by a carrier by reshipment or as ~~warehouseman~~ a warehouse; or

(d) negotiation to the buyer of any negotiable document of title covering the goods.

(3)(a) To stop delivery the seller must so notify as to enable the bailee by reasonable diligence to prevent delivery of the goods.

(b) After such notification the bailee must hold and deliver the goods according to the directions of the seller but the seller is liable to the bailee for any ensuing charges or damages.

(c) If a negotiable document of title has been issued for goods the bailee is not obliged to obey a notification to stop until surrender of possession or control of the document.

* * *

Sec. B.6. 9A V.S.A. article 2A is amended to read:

ARTICLE 2A. LEASES

* * *

§ 2A-103. DEFINITIONS AND INDEX OF DEFINITIONS

(1) In this article unless the context otherwise requires:

(a) “Buyer in ordinary course of business” means a person who in good faith and without knowledge that the sale to him or her is in violation of the ownership rights or security interest or leasehold interest of a third party in the goods, buys in ordinary course from a person in the business of selling goods of that kind but does not include a pawnbroker. “Buying” may be for cash or by exchange of other property or on secured or unsecured credit and includes ~~receiving~~ acquiring goods or documents of title under a ~~pre-existing~~ preexisting contract for sale but does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

* * *

(o) “Lessee in ordinary course of business” means a person who in good faith and without knowledge that the lease to him ~~(or her)~~ or her is in violation of the ownership rights or security interest or leasehold interest of a third party in the goods, leases in ordinary course from a person in the business of selling or leasing goods of that kind but does not include a pawnbroker. “Leasing” may be for cash or by exchange of other property or on secured or unsecured credit and includes ~~receiving~~ acquiring goods or documents of title under a ~~pre-existing~~ preexisting lease contract but does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

* * *

§ 2A-514. WAIVER OF LESSEE'S OBJECTIONS

* * *

(2) A lessee's failure to reserve rights when paying rent or other consideration against documents precludes recovery of the payment for defects apparent ~~on the face of~~ in the documents.

* * *

§ 2A-526. LESSOR'S STOPPAGE OF DELIVERY IN TRANSIT OR OTHERWISE

* * *

(2) In pursuing its remedies under subsection (1) of this section, the lessor may stop delivery until:

(a) receipt of the goods by the lessee;

(b) acknowledgment to the lessee by any bailee of the goods, except a carrier, that the bailee holds the goods for the lessee; or

(c) such an acknowledgment to the lessee by a carrier via reshipment or as ~~warehouseman~~ a warehouse.

* * *

Sec. B.7. 9A V.S.A. article 4 is amended to read:

ARTICLE 4. BANK DEPOSITS AND COLLECTIONS

* * *

§ 4-104. DEFINITIONS AND INDEX OF DEFINITIONS

* * *

(c) ~~The~~ "Control" as provided in section 7-106 of this title and the following definitions in other articles apply to this article:

"Acceptance" § 3-409

"Alteration" § 3-407

"Cashier's check" § 3-104

"Certificate of deposit" § 3-104

"Certified check" § 3-409

"Check" § 3-104

"Demand draft" § 3-104

“Holder in due course” § 3-302
“Instrument” § 3-104
“Notice of dishonor” § 3-503
“Order” § 3-103
“Ordinary care” § 3-103
“Person entitled to enforce” § 3-301
“Presentment” § 3-501
“Promise” § 3-103
“Prove” § 3-103
“Teller’s check” § 3-104
“Unauthorized signature” § 3-403

* * *

§ 4-210. SECURITY INTEREST OF COLLECTING BANK IN ITEMS,
ACCOMPANYING DOCUMENTS AND PROCEEDS

* * *

(c) Receipt by a collecting bank of a final settlement for an item is a realization on its security interest in the item, accompanying documents, and proceeds. So long as the bank does not receive final settlement for the item or give up possession of the item or possession or control of the accompanying documents for purposes other than collection, the security interest continues to that extent and is subject to ~~Article~~ article 9 of this title, but:

- (1) no security agreement is necessary to make the security interest enforceable (§ 9-203(b)(3)(A));
- (2) no filing is required to perfect the security interest; and
- (3) the security interest has priority over conflicting perfected security interests in the item, accompanying documents, or proceeds.

* * *

Sec. B.8. 9A V.S.A. article 8 is amended to read:

ARTICLE 8. INVESTMENT SECURITIES

* * *

§ 8-102. DEFINITIONS

(a) In this article:

* * *

(9) "Financial asset," except as otherwise provided in section 8-103 of this title, means:

(i) a security;

(ii) an obligation of a person or a share, participation, or other interest in a person or in property or an enterprise of a person, which is, or is of a type, dealt in or traded on financial markets, or which is recognized in any area in which it is issued or dealt in as a medium for investment; or

(iii) any property that is held by a securities intermediary for another person in a securities account if the securities intermediary has expressly agreed with the other person that the property is to be treated as a financial asset under this article.

As the context requires, the term means either the interest itself or the means by which a person's claim to it is evidenced, including a certificated or uncertificated security, a security certificate, or a security entitlement.

* * *

§ 8-103. RULES FOR DETERMINING WHETHER CERTAIN
OBLIGATIONS AND INTERESTS ARE SECURITIES OR
FINANCIAL ASSETS

* * *

(g) A document of title is not a financial asset unless subdivision 8-102(a)(9)(iii) of this title applies.

* * *

Sec. B.9. 9A V.S.A. article 9 is amended to read:

ARTICLE 9. SECURED TRANSACTIONS

* * *

§ 9-102. DEFINITIONS AND INDEX OF DEFINITIONS

(a) In this article:

* * *

(30) "Document" means a document of title or a receipt of the type described in ~~subdivision 7-201(2)~~ subsection 7-201(b) of this title.

* * *

(b) The “Control” as provided in section 7-106 of this title and the following definitions in other articles apply to this article:

- “Applicant” Section 5-102.
- “Beneficiary” Section 5-102.
- “Broker” Section 8-102.
- “Certificated security” Section 8-102.
- “Check” Section 3-104.
- “Clearing corporation” Section 8-102.
- “Contract for sale” Section 2-106.
- “Customer” Section 4-104.
- “Entitlement holder” Section 8-102.
- “Financial asset” Section 8-102.
- “Holder in due course” Section 3-302.
- “Issuer” (with respect to a letter of credit or letter-of-credit right) Section 5-102.
- “Issuer” (with respect to documents of title) Section 7-102.
- “Issuer” (with respect to a security) Section 8-201.
- “Lease” Section 2A-103.
- “Lease agreement” Section 2A-103.
- “Lease contract” Section 2A-103.
- “Leasehold interest” Section 2A-103.
- “Lessee” Section 2A-103.
- “Lessee in ordinary course of business” Section 2A-103.
- “Lessor” Section 2A-103.
- “Lessor’s residual interest” Section 2A-103.
- “Letter of credit” Section 5-102.
- “Merchant” Section 2-104.
- “Negotiable instrument” Section 3-104.
- “Nominated person” Section 5-102.
- “Note” Section 3-104.

“Proceeds of a letter of credit” Section 5-114.

“Prove” Section 3-103.

“Sale” Section 2-106.

“Securities account” Section 8-501.

“Securities intermediary” Section 8-102.

“Security” Section 8-102.

“Security certificate” Section 8-102.

“Security entitlement” Section 8-102.

“Uncertificated security” Section 8-102.

(c) Article 1 contains general definitions and principles of construction and interpretation applicable throughout this article.

* * *

§ 9-203. ATTACHMENT AND ENFORCEABILITY OF SECURITY
INTEREST; PROCEEDS; SUPPORTING OBLIGATIONS;
FORMAL REQUISITES

* * *

(b) Except as otherwise provided in subsections (c) through (i) of this section, a security interest is enforceable against the debtor and third parties with respect to the collateral only if:

(1) value has been given;

(2) the debtor has rights in the collateral or the power to transfer rights in the collateral to a secured party; and

(3) one of the following conditions is met:

(A) the debtor has authenticated a security agreement that provides a description of the collateral and, if the security interest covers timber to be cut, a description of the land concerned;

(B) the collateral is not a certificated security and is in the possession of the secured party under section 9-313 of this title pursuant to the debtor’s security agreement;

(C) the collateral is a certificated security in registered form and the security certificate has been delivered to the secured party under section 8-301 pursuant to the debtor’s security agreement; or

(D) the collateral is deposit accounts, electronic chattel paper, investment property, ~~or~~ letter-of-credit rights, or electronic documents, and the secured party has control under section 7-106, 9-104, 9-105, 9-106, or 9-107 of this title pursuant to the debtor's security agreement.

* * *

§ 9-207. RIGHTS AND DUTIES OF SECURED PARTY HAVING
POSSESSION OR CONTROL OF COLLATERAL

* * *

(c) Except as otherwise provided in subsection (d) of this section, a secured party having possession of collateral or control of collateral under section 7-106, 9-104, 9-105, 9-106, or 9-107 of this title:

(1) may hold as additional security any proceeds, except money or funds, received from the collateral;

(2) shall apply money or funds received from the collateral to reduce the secured obligation, unless remitted to the debtor; and

(3) may create a security interest in the collateral.

* * *

§ 9-208. ADDITIONAL DUTIES OF SECURED PARTY HAVING
CONTROL OF COLLATERAL

* * *

(b) Within 10 days after receiving an authenticated demand by the debtor:

* * *

(4) a secured party having control of investment property under section 8-106(d)(2) or 9-106(b) shall send to the securities intermediary or commodity intermediary with which the security entitlement or commodity contract is maintained an authenticated record that releases the securities intermediary or commodity intermediary from any further obligation to comply with entitlement orders or directions originated by the secured party; ~~and~~

(5) a secured party having control of a letter-of-credit right under section 9-107 shall send to each person having an unfulfilled obligation to pay or deliver proceeds of the letter of credit to the secured party an authenticated release from any further obligation to pay or deliver proceeds of the letter of credit to the secured party; and

(6) a secured party having control of an electronic document shall:

(A) give control of the electronic document to the debtor or its designated custodian;

(B) if the debtor designates a custodian that is the designated custodian with which the authoritative copy of the electronic document is maintained for the secured party, communicate to the custodian an authenticated record releasing the designated custodian from any further obligation to comply with instructions originated by the secured party and instructing the custodian to comply with instructions originated by the debtor; and

(C) take appropriate action to enable the debtor or its designated custodian to make copies of or revisions to the authoritative copy which add or change an identified assignee of the authoritative copy without the consent of the secured party.

* * *

§ 9-301. LAW GOVERNING PERFECTION AND PRIORITY OF
SECURITY INTERESTS

Except as otherwise provided in sections 9-303 through 9-306 of this title, the following rules determine the law governing perfection, the effect of perfection or nonperfection, and the priority of a security interest in collateral:

* * *

(3) Except as otherwise provided in subdivision (4) of this section, while tangible negotiable documents, goods, instruments, money, or tangible chattel paper is located in a jurisdiction, the local law of that jurisdiction governs:

* * *

§ 9-310. WHEN FILING REQUIRED TO PERFECT SECURITY
INTEREST OR AGRICULTURAL LIEN; SECURITY
INTERESTS AND AGRICULTURAL LIENS TO WHICH FILING
PROVISIONS DO NOT APPLY

* * *

(b) The filing of a financing statement is not necessary to perfect a security interest:

* * *

(5) in certificated securities, documents, goods, or instruments which is perfected without filing, control, or possession under section 9-312(e), (f),

or (g);

(6) in collateral in the secured party's possession under section 9-313;

(7) in a certificated security which is perfected by delivery of the security certificate to the secured party under section 9-313;

(8) in deposit accounts, electronic chattel paper, electronic documents, investment property, or letter-of-credit rights which is perfected by control under section 9-314;

* * *

§ 9-312. PERFECTION OF SECURITY INTERESTS IN CHATTEL
PAPER, DEPOSIT ACCOUNTS, DOCUMENTS, GOODS
COVERED BY DOCUMENTS, INSTRUMENTS, INVESTMENT
PROPERTY, LETTER-OF-CREDIT RIGHTS, AND MONEY;
PERFECTION BY PERMISSIVE FILING; TEMPORARY
PERFECTION WITHOUT FILING OR TRANSFER OF
POSSESSION

* * *

(e) A security interest in certificated securities, negotiable documents, or instruments is perfected without filing or the taking of possession or control for a period of 20 days from the time it attaches to the extent that it arises for new value given under an authenticated security agreement.

* * *

§ 9-313. WHEN POSSESSION BY OR DELIVERY TO SECURED PARTY
PERFECTS SECURITY INTEREST WITHOUT FILING

(a) Perfection by possession or delivery. Except as otherwise provided in subsection (b), a secured party may perfect a security interest in tangible negotiable documents, goods, instruments, money, or tangible chattel paper by taking possession of the collateral. A secured party may perfect a security interest in certificated securities by taking delivery of the certificated securities under section 8-301.

* * *

§ 9-314. PERFECTION BY CONTROL

(a) A security interest in investment property, deposit accounts, letter-of-credit rights, ~~or~~ electronic chattel paper, or electronic documents may

be perfected by control of the collateral under section 7-106, 9-104, 9-105, 9-106, or 9-107.

(b) A security interest in deposit accounts, electronic chattel paper, ~~or letter-of-credit rights, or electronic documents~~ is perfected by control under section 7-106, 9-104, 9-105, or 9-107 when the secured party obtains control and remains perfected by control only while the secured party retains control.

* * *

§ 9-317. INTERESTS THAT TAKE PRIORITY OVER OR TAKE FREE OF
SECURITY INTEREST OR AGRICULTURAL LIEN

* * *

(b) Except as otherwise provided in subsection (e) of this section, a buyer, other than a secured party, of tangible chattel paper, tangible documents, goods, instruments, or a certificated security takes free of a security interest or agricultural lien if the buyer gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.

(c) Except as otherwise provided in subsection (e) of this section, a lessee of goods takes free of a security interest or agricultural lien if the lessee gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.

(d) A licensee of a general intangible or a buyer, other than a secured party, of ~~collateral other than tangible chattel paper, tangible documents, goods, instruments, or~~ accounts, electronic chattel paper, electronic documents, general intangibles, or investment property other than a certificated security takes free of a security interest if the licensee or buyer gives value without knowledge of the security interest and before it is perfected.

* * *

§ 9-338. PRIORITY OF SECURITY INTEREST OR AGRICULTURAL
LIEN PERFECTED BY FILED FINANCING STATEMENT
PROVIDING CERTAIN INCORRECT INFORMATION

If a security interest or agricultural lien is perfected by a filed financing statement providing information described in subdivision 9-516(b)(5) of this title which is incorrect at the time the financing statement is filed:

(1) the security interest or agricultural lien is subordinate to a conflicting perfected security interest in the collateral to the extent that the holder of the conflicting security interest gives value in reasonable reliance upon the

incorrect information; and

(2) a purchaser, other than a secured party, of the collateral takes free of the security interest or agricultural lien to the extent that, in reasonable reliance upon the incorrect information, the purchaser gives value and, in the case of tangible chattel paper, tangible documents, goods, instruments, or a security certificate, receives delivery of the collateral.

* * *

§ 9-601. RIGHTS AFTER DEFAULT; JUDICIAL ENFORCEMENT;
CONSIGNOR OR BUYER OF ACCOUNTS, CHATTEL PAPER,
PAYMENT INTANGIBLES, OR PROMISSORY NOTES

* * *

(b) A secured party in possession of collateral or control of collateral under section 7-106, 9-104, 9-105, 9-106, or 9-107 has the rights and duties provided in section 9-207.

* * *

C. Workforce Education, Training, and Development

* * * Vermont Strong Scholars and Internship Initiative * * *

Sec. C.1. VERMONT STRONG SCHOLARS LOAN FORGIVENESS
FINDINGS; INTENT

The General Assembly finds that the fundamental fairness, integrity, and success of the Vermont Strong Scholars loan forgiveness program under Sec. C.2 of this act, whereby graduating high school students will be counseled and encouraged to apply to Vermont schools, take certain courses, graduate and then take certain Vermont jobs, in exchange for student loan forgiveness, is critically dependent on the State providing reliable, sustainable, and adequate funding for the loan forgiveness that does not diminish resources for other State workforce education and training programs.

Sec. C.2. 16 V.S.A. § 2888 is amended to read:

§ 2888. VERMONT STRONG SCHOLARS AND INTERNSHIP
INITIATIVE

(a) Creation.

(1) There is created a postsecondary loan forgiveness and internship initiative designed to forgive a portion of Vermont Student Assistance Corporation loans of students employed in ~~economic sectors~~ occupations

identified as important to Vermont's economy and to build internship opportunities for students to gain work experience with Vermont employers.

(2) The initiative shall be known as the Vermont Strong Scholars and Internship Initiative and is designed to:

(A) encourage students to:

(i) consider ~~jobs in economic sectors~~ occupations that are critical to the Vermont economy;

(ii) enroll and remain enrolled in a Vermont postsecondary institution; and

(iii) live and work in Vermont upon graduation;

(B) reduce student loan debt for postsecondary ~~education in targeted fields~~ degrees involving a course of study related to, and resulting in, employment in target occupations;

(C) provide experiential learning through internship opportunities with Vermont employers; and

(D) support a ~~pipeline~~ steady stream of qualified talent for ~~employment with~~ Vermont's employers.

(b) Vermont Strong Loan Forgiveness Program.

(1) ~~Economic sectors~~ Occupations; projections.

(A) Annually, on or before November 15, the Secretary of Commerce and Community Development and the Commissioner of Labor, in consultation with the Vermont State Colleges, the University of Vermont, the Association of Vermont Independent Colleges, the Vermont Student Assistance Corporation, the Secretary of Human Services, and the Secretary of Education, shall identify ~~economic sectors~~ occupations, projecting at least four years into the future, that are or will be critical to the Vermont economy.

(B) Based upon the identified ~~economic sectors~~ occupations and the number of students anticipated to qualify for loan forgiveness under this section, the Secretary of Commerce and Community Development shall annually provide the General Assembly with the estimated cost of the Vermont Student Assistance Corporation's loan forgiveness awards under the Loan Forgiveness Program during the then-current fiscal year and each of the four following fiscal years.

(2) Eligibility. A graduate of a public or private Vermont postsecondary institution shall be eligible for forgiveness of a portion of his or her Vermont Student Assistance Corporation postsecondary education loans under this

section if he or she:

(A) was a Vermont resident, as defined in subdivision 2822(7) of this title, at the time he or she was graduated;

(B) enrolled in his or her first year of study at a postsecondary institution on or after July 1, 2015 and completed an associate's degree within three years, or a bachelor's degree within six years of his or her enrollment date;

(C) becomes employed on a full-time basis in Vermont within 12 months of graduation in an ~~economic sector~~ occupation identified by the Secretary and Commissioner under subdivision (1) of this subsection;

(D) remains employed on a full-time basis in Vermont throughout the period of loan forgiveness in an ~~economic sector~~ occupation identified by the Secretary and Commissioner under subdivision (1) of this subsection; and

(E) remains a Vermont resident throughout the period of loan forgiveness.

(3) Loan forgiveness. An eligible individual shall have a portion of his or her Vermont Student Assistance Corporation loan forgiven as follows:

(A) ~~For~~ for an individual awarded an associate's degree, in an amount equal to the comprehensive in-state tuition rate for 15 credits at the Vermont State Colleges during the individual's final semester of enrollment, to be prorated over the three years following graduation;

(B) ~~For~~ for an individual awarded a bachelor's degree, in an amount equal to the comprehensive in-state tuition rate for 30 credits at the Vermont State Colleges during the individual's final year of enrollment, to be prorated over the five years following graduation;

(C) ~~Loan~~ loan forgiveness may be awarded on a prorated basis to an otherwise eligible Vermont resident who transfers to ~~and is graduated from~~ a Vermont postsecondary institution and graduates after July 1, 2017, with an associate's degree or after July 1, 2019, with a bachelor's degree.

(4) Management.

(A) The Secretary of Commerce and Community Development shall develop all organizational details of the Loan Forgiveness Program consistent with the purposes and requirements of this section.

(B) The Secretary shall enter into a memorandum of understanding with the Vermont Student Assistance Corporation for management of the Loan Forgiveness Program.

(C) The Secretary may adopt rules pursuant to 3 V.S.A. chapter 25 necessary to implement the Program.

(c) Vermont Strong Internship Program.

(1) ~~Internship Program management.~~

~~(A) The Commissioner of Labor and the Secretary of Commerce and Community Development shall jointly develop and implement the organizational details of the Internship Program consistent with the purposes and requirements of this section and may adopt rules pursuant to 3 V.S.A. chapter 25 necessary to.~~ The Commissioner shall implement the Internship Program and shall have the authority to adopt rules pursuant to 3 V.S.A. chapter 25 necessary to implement the Program pursuant to this section.

~~(B) The Commissioner, in consultation with the Secretary, shall issue a request for proposals for a person to serve as an Internship Program Intermediary, who shall perform the duties and responsibilities pursuant to the terms of a performance contract negotiated by the Commissioner and the Intermediary~~

(2) The Commissioner and the Secretary shall design the Vermont Strong Internship Program to complement and coordinate with the Vermont Career Internship Program in 10 V.S.A. § 544.

(C) The Department of Labor, the Agency of Commerce and Community Development, and the regional development corporations, ~~and the Intermediary,~~ shall have responsibility for building connections within the business community to ensure broad private sector participation in the Internship Program.

(D) ~~The Program Intermediary~~ Commissioner of Labor shall:

(i) ~~identify and foster postsecondary internships that are rigorous, productive, well managed, and mentored;~~

(ii) ~~cultivate~~ coordinate relationships ~~with~~ between and among employers, employer-focused organizations, and State and regional government bodies;

(iii) build relationships with Vermont postsecondary institutions and facilitate recruitment of students to apply for available internships;

(iv) ~~create and maintain a registry of participating employers and associated internship opportunities~~ develop a clearinghouse of information and opportunities for internships; and

~~(v) coordinate and provide support to the participating student, the employer, and the student's postsecondary institution;~~

~~(vi) develop and oversee a participation contract between each student and employer, including terms governing the expectations for the internship, a work plan, mentoring and supervision of the student, reporting by the employer and student, and compensation terms; and~~

~~(vii) carry out any additional activities and duties as directed by the Commissioner.~~

~~(2) Qualifying internships:~~

~~(A) Criteria. To qualify for participation in the Internship Program an internship shall at minimum:~~

~~(i) be with a Vermont employer as approved by the Intermediary in consultation with the Commissioner and Secretary;~~

~~(ii) pay compensation to an intern of at least the prevailing minimum wage; and~~

~~(iii) meet the quality standards and expectations as established by the Intermediary.~~

~~(B) Employment of interns. Interns shall be employed by the sponsoring employer except, with the approval of the Commissioner on a case by case basis, interns may be employed by the Intermediary and assigned to work with a participating Vermont employer, in which case the sponsoring employer shall contribute funds as determined by the Commissioner.~~

~~(3) Student eligibility. To participate in the Internship Program, an individual shall be:~~

~~(A) a Vermont resident enrolled in a postsecondary institution in or outside Vermont;~~

~~(B) a student who graduated from a postsecondary institution within 24 months of entering the program who was classified as a Vermont resident during that schooling or who is a student who attended a postsecondary institution in Vermont; or~~

~~(C) a student enrolled in a Vermont postsecondary institution.~~

~~(d) Funding.~~

~~(1) Loan Forgiveness Program.~~

~~(A) Loan forgiveness; State funding.~~

~~(i) There is created a special fund to be known as the Vermont Strong Scholars Fund pursuant to 32 V.S.A. chapter 7, subchapter 5, which shall be used and administered by the Secretary of Commerce and Community~~

Development solely for the purposes of loan forgiveness pursuant to this section.

(ii) The Fund shall consist of sums to be identified by the Secretary from any source accepted for the benefit of the Fund and interest earned from the investment of Fund balances.

(iii) Any interest earned and any remaining balance at the end of the fiscal year shall be carried forward in the Fund.

(iv) The availability and payment of loan forgiveness awards under this ~~subdivision~~ chapter is subject to State funding available for the awards.

(B) Loan forgiveness; Vermont Student Assistance Corporation. The Vermont Student Assistance Corporation shall have the authority to grant loan forgiveness pursuant to this section by using the private loan forgiveness capacity associated with bonds issued by the Corporation to raise funds for private loans that are eligible for forgiveness under this section, if available.

(2) Internship Program. Notwithstanding any provision of law to the contrary, the Commissioner of Labor shall have the authority to use funds allocated to the Workforce Education and Training Fund established in 10 V.S.A. § 543 to implement the Internship Program created in this section.

* * * Workforce Education and Training Fund * * *

Sec. C.3. 10 V.S.A. chapter 22A is amended to read:

CHAPTER 22A. WORKFORCE EDUCATION AND TRAINING

* * *

§ 543. WORKFORCE EDUCATION AND TRAINING FUND; GRANT PROGRAMS

(a) Creation. There is created a Workforce Education and Training Fund in the Department of Labor to be managed in accordance with 32 V.S.A. chapter 7, subchapter 5.

(b) Purposes. The ~~Fund shall be used exclusively~~ Department shall use the Fund for the following purposes:

(1) training for Vermont workers, including those who are unemployed, underemployed, or in transition from one job or career to another; and

(2) internships to provide students with work-based learning opportunities with Vermont employers; ~~and~~

(3) ~~apprenticeship-related instruction~~ apprenticeship, preapprenticeship,

and industry-recognized credential training; and

(4) other workforce development initiatives related to current and future job opportunities in Vermont as determined by the Commissioner of Labor.

(c) Administrative Support and other support. Administrative ~~The Department of Labor shall provide administrative support for the grant award process shall be provided by the Department of Labor. Technical support shall be provided whenever.~~ When appropriate and reasonable by the State Workforce Investment Board and all other public entities involved in economic development and workforce education and training shall provide other support in the process.

(d) Eligible Activities. ~~Awards activities.~~

(1) The Department shall grant awards from the Fund shall be made to employers and entities that offer programs that require collaboration between employees and businesses, including private, public, and nonprofit entities, institutions of higher education, high schools, technical centers, and workforce education and training programs. ~~Funding shall be for training programs and student internship programs that:~~

(A) create jobs, offer education, training, apprenticeship, pre-apprenticeship and industry-recognized credentials, mentoring, or work-based learning activities, or any combination;

(B) that employ innovative—intensive student-oriented competency based or collaborative approaches to workforce education and training; and

(C) that link workforce education and economic development strategies. ~~Training~~

(2) The Department may fund programs or projects that demonstrate actual increased income and economic opportunity for employees and employers ~~may be funded~~ for more than one year.

(3) Student ~~The Department may fund student internships and training programs that involve the same employer~~ may be funded multiple times, provided that new students participate in multiple years with approval of the Commissioner.

(e) [Repealed].

(f) Awards. The Commissioner of Labor, in consultation with the Chair of the State Workforce Investment Board, shall develop award criteria and may make grant awards to the following:

(1) Training Programs.

(A) Public, private, and nonprofit entities, including employers and education and training providers, for existing or new ~~innovative~~ training programs that enhance the skills of Vermont workers and:

(i) train workers for trades or occupations that are expected to lead to jobs paying at least 200 percent of the current minimum wage or at least 150 percent if benefits are included; this requirement may be waived when warranted based on regional or occupational wages or economic reality;

(ii) do not duplicate, supplant, or replace other available ~~programs~~ training funded with public money;

(iii) ~~articulate clear goals and demonstrate readily accountable, reportable, and measurable results~~ provide a project timeline, including performance goals, and identify how the effectiveness and outcomes of the program will be measured, including for the individual participants, the employers, and the program as a whole; and

(iv) ~~demonstrate an integrated connection between training and specific new or continuing employment opportunities~~ articulate the need for the training and the direct connection between the training and the job.

(B) ~~Awards~~ The Department shall grant awards under this subdivision ~~shall be made~~ (1) to programs or projects that:

(i) offer innovative programs of intensive, student-centric, competency-based education, training, apprenticeship, preapprenticeship and industry-recognized credentials, mentoring, or any combination of these;

(ii) address the needs of workers who are unemployed, underemployed, or are at risk of becoming unemployed ~~due to changing workplace demands by increasing productivity and developing new skills for incumbent workers~~, and workers who are in transition from one job or career to another; ~~or~~

(iii) address the needs of employers to hire new employees, or retrain incumbent workers, when the employer has demonstrated a need not within the normal course of business, with priority to training that results in new or existing job openings for which the employer intends to hire; or

(iv) in the discretion of the Commissioner, otherwise serve the purposes of this chapter.

(2) Vermont Career Internship Program. Funding for eligible internship programs and activities under the Vermont Career Internship Program established in section 544 of this title.

(3) Apprenticeship Program. The Vermont Apprenticeship Program

established under 21 V.S.A. chapter 13. Awards under this subdivision may be used to fund the cost of apprenticeship-related instruction provided by the Department of Labor.

(g) [Repealed.]

§ 544. VERMONT CAREER INTERNSHIP PROGRAM

(a)(1) The Department of Labor, in consultation with the Agency of Education, shall develop, and the Department shall implement, a statewide Vermont Career Internship Program for ~~Vermonters~~ students who are in high school or in college and for those who are recent graduates of 24 months or less.

(2) The Department of Labor shall coordinate and provide funding to public and private entities for internship programs that match Vermont employers with students from public and private secondary schools, regional technical centers, the Community High School of Vermont, colleges, and recent graduates of 24 months or less.

(3) Funding awarded through the Vermont Career Internship Program may be used to build and administer an internship program and to provide participants with a stipend during the internship, based on need. Funds may be made only to programs or projects that ~~do all the following~~:

(A) do not replace or supplant existing positions;

(B) expose students to the workplace or create real workplace expectations and consequences;

(C) provide a process that measures progress toward mastery of skills, attitude, behavior, and sense of responsibility required for success in that workplace;

(D) are designed to motivate and educate ~~secondary and postsecondary students and recent graduates~~ participants through work-based learning opportunities with Vermont employers ~~that are likely to lead to real employment~~;

(E) include mechanisms that promote employer involvement with secondary and postsecondary students and curriculum and the delivery of education at the participating schools; ~~and~~ or

(F) offer participants a continuum of learning, experience, and relationships with employers that will make it financially possible and attractive for graduates to continue to work and live in Vermont.

(4) As used in this section, “internship” means a learning experience working with an employer where the intern may, but does not necessarily,

receive academic credit, financial remuneration, a stipend, or any combination of these.

(b) The Department of Labor, in collaboration with the Agencies of Agriculture, Food and Markets and of Education, State-funded postsecondary educational institutions, the State Workforce Investment Board, and other State agencies and departments that have workforce education and training and training monies, shall:

(1) identify new and existing funding sources that may be allocated to the Vermont Career Internship Program;

(2) collect data and establish program goals and ~~quantifiable~~ performance measures that demonstrate program results for internship programs funded through the Vermont Career Internship Program;

(3) develop or enhance a website that will connect students and graduates with internship opportunities with Vermont employers;

(4) engage appropriate agencies and departments of the State in the Internship Program to expand internship opportunities with State government and with entities awarded State contracts; and

(5) work with other public and private entities to develop and enhance internship programs, opportunities, and activities throughout the State.

* * * Youth Employment Working Group * * *

Sec. C.4. YOUTH EMPLOYMENT WORKING GROUP

(a) There is created a youth employment working group to recommend measures to increase work-experience opportunities for 16 and 17 year olds in Vermont.

(b) The group shall be composed of the following members:

(1) the Commissioner of Labor or designee;

(2) the Department of Labor Workforce Education and Training Coordinator;

(3) the Secretary of Education or designee;

(4) the Secretary of Commerce and Community Development or designee;

(5) one member from a regional technical center to be appointed by the Secretary of Education;

(6) one member from the House of Representatives to be appointed by the Speaker;

(7) one member of the Senate to be appointed by the Committee on Committees;

(8) one member of the Associated General Contractors of Vermont;

(9) one member of the labor community to be appointed by the Governor; and

(10) one member appointed by the Vermont Insurance Agents Association.

(c) The group shall:

(1) study how to increase work-experience opportunities for 16 and 17 year olds, including issues of financing, insurance requirements, workplace safety, and educational requirements;

(2) make recommendations to increase work-experience opportunities; and

(3) develop the metrics to assess the progress to increase work-experience opportunities.

(d) The Commissioner of Labor shall convene the first meeting of the group, at which meeting the members of the group shall elect a chair.

(e) Legislative members of the group shall be entitled to compensation and expenses as provided in 2 V.S.A. § 406 for not more than four meetings.

(f) The Department of Labor shall provide administrative support to the group.

(g) On or before January 15, 2016, the group shall report its findings and recommended draft legislation to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs.

* * * Vermont Governor's Committee on Employment
of People with Disabilities * * *

Sec. C.5. 21 V.S.A. § 497a is amended to read:

§ 497a. COMMITTEE ESTABLISHED

There is hereby established a permanent committee to be known as the Vermont ~~governor's committee on employment of people with disabilities~~ Governor's Committee on Employment of People with Disabilities, to consist of ~~24~~ 23 members, including a ~~one~~ one representative ~~of each from the Vermont employment service division~~ Department of Labor's Workforce Development Division and the Jobs for Veterans State Grant, one representative ~~of from the~~

~~vocational rehabilitation division of the department of disabilities, aging, and independent living~~ Department of Disabilities, Aging, and Independent Living, Vocational Rehabilitation Division and one from the Division for the Blind and Visually Impaired, one representative of the ~~veterans' administration, one representative of the veterans' employment service~~ U.S. Department of Veterans Affairs, one representative of the State of Vermont Office of Veterans Affairs, and 17 members to be appointed by the ~~governor~~ Governor. The appointive members shall hold office for the term specified or until their successors are named by the ~~governor~~ Governor. The members shall receive no salary for their services as such, but the necessary expenses of the ~~committee~~ Committee shall be paid by the ~~state~~ State. ~~Those persons acting as said committee on June 29, 1963 shall continue as such until their successors are appointed as herein provided.~~

* * * Vermont ABLE Savings Program * * *

Sec. C.6. PURPOSE

The purpose of this act is:

(1) to encourage and assist individuals and families in saving private funds for the purpose of supporting individuals with disabilities in maintaining health, independence, and quality of life.

(2) to provide secure funding for disability-related expenses on behalf of designated beneficiaries with disabilities that will supplement, but not supplant, benefits provided through private insurance, the Medicaid program under Title XIX of the Social Security Act, the supplemental security income program under Title XVI of such Act, the beneficiary's employment, and other sources.

Sec. C.7. 33 V.S.A. chapter 80 is added to read:

CHAPTER 80. VERMONT ACHIEVING A BETTER LIFE

EXPERIENCE (ABLE) SAVINGS PROGRAM

§ 8001. PROGRAM ESTABLISHED

(a) The State Treasurer or designee shall have the authority to establish the Vermont Achieving A Better Life Experience (ABLE) Savings Program consistent with the provisions of this chapter under which a person may make contributions for a taxable year, for the benefit of an individual who is an eligible individual for such taxable year, to an ABLE account which is established for the purpose of meeting the qualified disability expenses of the designated beneficiary of the account; and which:

(1) limits a designated beneficiary to one ABLE account for purposes of

this section:

(2) allows for the establishment of an ABLE account only for a designated beneficiary who is a resident of Vermont or a resident of a contracting State; and

(3) meets the other requirements of this chapter.

(b)(1) The Treasurer or designee may solicit proposals from financial organizations to implement the Program as account depositories and managers.

(2) A financial organization that submits a proposal shall describe the investment instruments which will be held in accounts.

(3) The Treasurer shall select from among the applicants one or more financial organizations that demonstrate the most advantageous combination, both to potential program participants and this State, of the following criteria:

(A) the financial stability and integrity of the financial organization;

(B) the safety of the investment instrument offered;

(C) the ability of the financial organization to satisfy recordkeeping and reporting requirements;

(D) the financial organization's plan for promoting the program and the investment the organization is willing to make to promote the program;

(E) the fees, if any, proposed to be charged to the account owners;

(F) the minimum initial deposit and minimum contributions that the financial organization will require;

(G) the ability of the financial organization to accept electronic withdrawals, including payroll deduction plans; and

(H) other benefits to the State or its residents included in the proposal, including fees payable to the State to cover expenses of operation of the Program.

(c) The Treasurer or designee shall have the authority to adopt rules, policies, and procedures necessary to implement the provisions of this chapter and comply with applicable federal law.

§ 8002. DEFINITIONS

In this chapter:

(1) "ABLE account" means an account established by an eligible individual, owned by the eligible individual, and maintained under the Vermont ABLÉ Savings Program.

(2) “Designated beneficiary” means the eligible individual who establishes an ABLE account under this chapter and is the owner of the account.

(3) “Disability certification” means a certification to the satisfaction of the Secretary by the individual or the parent or guardian of the individual that:

(A) certifies that:

(i) the individual has a medically determinable physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months, or the individual is blind within the meaning of Section 1614(a)(2) of the Social Security Act, and

(ii) such blindness or disability occurred before the individual attained 26 years of age; and

(B) includes a copy of the individual’s diagnosis relating to the individual’s relevant impairment or impairments, signed by a physician meeting the criteria of Section 1861(r)(1) of the Social Security Act.

(4) “Eligible individual” means:

(A) a person who during a taxable year is entitled to benefits based on blindness or disability under Title II or XVI of the Social Security Act, and such blindness or disability occurred before the date on which the individual attained 26 years of age; or

(B) a person for whom a disability certification is filed with the Secretary for the taxable year.

(5) “Financial organization” means an organization authorized to do business in this State and that is:

(A) licensed or chartered by the Department of Financial Regulation;

(B) chartered by an agency of the federal government; or

(C) subject to the jurisdiction and regulation of the federal Securities and Exchange Commission.

(6) “Member of family” means a brother, sister, stepbrother, or stepsister of a designated beneficiary.

(7) “Qualified disability expense” means an expense related to the eligible individual’s blindness or disability which is made for the benefit of an eligible individual who is the designated beneficiary, including the following expenses: education, housing, transportation, employment training and support, assistive technology and personal support services, health, prevention

and wellness, financial management and administrative services, legal fees, expenses for oversight and monitoring, funeral and burial expenses, and other expenses, which are approved by the Secretary under regulations and consistent with the purposes of this section.

(8) "Secretary" means the Secretary of the U.S. Department of the Treasury.

§ 8003. PROGRAM LIMITATIONS

(a) Cash contributions. The Treasurer or designee shall not accept a contribution:

(1) unless it is in cash; or

(2) except in the case of a contribution under 26 U.S.C. § 529A(c)(1)(C) (relating to a change in a designated beneficiary or program), if such contribution to an ABLE account would result in aggregate contributions from all contributors to the ABLE account for the taxable year exceeding the amount in effect under subsection 2503(b) of this title for the calendar year in which the taxable year begins.

(b) Separate accounting. The Treasurer or designee shall provide separate accounting for each designated beneficiary.

(c) Limited investment direction. A designated beneficiary may, directly or indirectly, direct the investment of any contributions to the Vermont ABLE Savings Program, or any earnings thereon, no more than two times in any calendar year.

(d) No pledging of interest as security. A person shall not use an interest in the Vermont ABLE Savings Program, or any portion thereof, as security for a loan.

(e) Prohibition on excess contributions. The Treasurer or designee shall adopt adequate safeguards under the Vermont ABLE Savings Program to prevent aggregate contributions on behalf of a designated beneficiary in excess of the limit established by the State pursuant to 26 U.S.C. § 529(b)(6).

§ 8004. REPORTS

(a) In general. The Treasurer or designee shall make such reports regarding the Program to the Secretary and to designated beneficiaries with respect to contributions, distributions, the return of excess contributions, and such other matters as the Secretary may require.

(b) Notice of establishment of account. The Treasurer or designee shall submit a notice to the Secretary upon the establishment of an ABLE account that includes the name and state of residence of the designated beneficiary and

such other information as the Secretary may require.

(c) Electronic distribution statements. The Treasurer or designee shall submit electronically on a monthly basis to the Commissioner of Social Security, in the manner specified by the Commissioner, statements on relevant distributions and account balances from all ABLE accounts created under the Vermont ABLE Savings Program.

(d) Requirements. The Treasurer or designee shall file the reports and notices required under this section at such time and in such manner and furnished to such individuals at such time and in such manner as may be required by the Secretary.

Sec. C.8. VERMONT ABLE TASK FORCE; REPORTS

The State Treasurer shall convene a Vermont ABLE Task Force to include representatives of the Department of Disabilities, Aging, and Independent Living, the Vermont Developmental Disabilities Council, Vermont Center for Independent Living; Green Mountain Self-Advocates, and other stakeholders with relevant expertise, to provide recommendations on or before January 15, 2016 to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs on planning and delivery of the ABLE Savings Program, including:

(1) promotion and marketing of the Program;

(2) rules governing operation of ABLE accounts, including mechanisms for consumer convenience;

(3) fees charged to account owners;

(4) future enhancements to protect from the loss of State benefits as may be necessary to fulfill the intent of the ABLE Act;

(5) the composition and charge of an ABLE Advisory Board; and

(6) a progress update on implementation of the Program consistent with U.S. Treasury Department Rules, the Internal Revenue Code, and the federal ABLE Act (P.L. 113-295 of 2014).

*** Enhancing Eligibility and Work Incentives for the Medicaid for Working Persons with Disabilities Program ***

Sec. C.9. MEDICAID FOR WORKING PEOPLE WITH DISABILITIES; RULEMAKING

(a) On or before October 1, 2015, the Agency of Human Services shall request permission from the Centers for Medicare and Medicaid Services (CMS) in order to increase to \$10,000.00 per individual and \$15,000.00 per

couple the asset limit for eligibility for the Medicaid for Working People with Disabilities program. Within 30 days following CMS approval of the increased asset limit, the Agency of Human Services shall commence the rulemaking process pursuant to 3 V.S.A. chapter 25 to amend its rules accordingly.

(b) On or before October 1, 2015, the Agency of Human Services shall request permission from CMS to disregard the income of a spouse who is a Medicaid for Working People with Disabilities beneficiary when calculating the eligibility of the other spouse to receive traditional Medicaid benefits. Within 30 days following CMS approval of the income disregard, the Agency of Human Services shall commence the rulemaking process pursuant to 3 V.S.A. chapter 25 to amend its rules accordingly.

(c) On or before October 1, 2015, the Agency of Human Services shall request permission from CMS to disregard the income of an applicant's or beneficiary's spouse when determining the applicant's or beneficiary's eligibility for the Medicaid for Working People with Disabilities program, after a determination has been made that the applicant's or beneficiary's net family income is below 250 percent of the federal poverty level for a family of the applicable size. Within 30 days following CMS approval of the income disregard, the Agency of Human Services shall commence the rulemaking process pursuant to 3 V.S.A. chapter 25 to amend its rules accordingly.

(d) On or before October 1, 2015, the Agency of Human Services shall request permission from CMS to disregard Social Security retirement income for the purpose of calculating eligibility for the Medicaid for Working People with Disabilities program for beneficiaries who have reached the Social Security retirement age and whose Social Security Disability Insurance benefits have automatically converted to Social Security retirement benefits. Within 30 days following CMS approval of the income disregard, the Agency of Human Services shall commence the rulemaking process pursuant to 3 V.S.A. chapter 25 to amend its rules accordingly.

(e) The Agency of Human Services shall engage the assistance of benefits counselors at public and nonprofit organizations to increase public awareness of the Medicaid for Working People with Disabilities program and of other work incentives for individuals with disabilities.

(f) On or before January 15, 2016, the Agency of Human Services shall provide a report on the implementation of this section to the House Committees on Commerce and Economic Development and on Human Services and to the Senate Committees on Economic Development, Housing and General Affairs and on Health and Welfare.

Sec. C.10. VERMONT CAREER TECHNICAL EDUCATION

(a). Findings and intent.

(1) The “on time” graduation rate for high school students in Vermont is 86.6 percent (2013).

(2) The postsecondary continuation rate for 12th grade graduates is approximately 60 percent. Many states have set a target of 80 percent for students graduating from high school and transitioning to further education or training, or both.

(3) According to the Vermont Department of Labor, in 2014 the total number of people considered as “underutilized” labor in Vermont was 31,700.

(4) Vermont’s workforce is aging, with 27.7 percent of all workers over 55 years of age.

(5) According to a report issued by the McClure Foundation, with assistance from the Vermont Department of Labor, Labor Market Information Division, there are currently, and will be, many high-wage, high-skill job openings in Vermont between now and 2020.

(6) In order to support the creation and growth of high paid jobs in Vermont, we must provide our students with the needed education, skills, and competencies for these positions.

(7) Vermont’s Career and Technical Education Centers (CTEs) are a key resource in preparing Vermonters for careers and meeting the workforce needs of Vermont employers.

(8) CTE learning is designed to prepare students to be ready for their next step, including further training, college, jobs, and careers.

(9) Vermont’s CTEs do not currently offer enough programs of study of the size, scope, and quality necessary to prepare high school students for these current and anticipated high-skill, high-wage, high-demand job openings.

(10) Due to the demands and complexity of these jobs, CTE programming should provide new courses in a sequence from grades 9-12, including dual enrollment, with smooth transitions to postsecondary training or further education, or both.

(11) There is an approved project within the Vermont Comprehensive Economic Development Strategies (CEDS) that identifies six high-priority cluster programs of study which the Agency of Education is currently implementing: Travel/Tourism and Business Systems (Culinary, Hospitality,

Accounting, Management, Entrepreneurship); Manufacturing/Engineering (STEM); Construction/Green Building and Design; Agriculture, Local Food Systems, Natural Resources; Information Technology (Networking, Software Development, Website Design); Health/Medical.

(12) The CEDS project for high-priority CTE programs of study will provide uniform high-quality programs at the centers throughout the State.

(13) The Vermont Department of Labor, the Agency of Commerce and Community Development, the Agency of Education, and the Vermont State Colleges should collaborate more closely to develop high school CTE programs of study, including adult technical education programs, aligned with the needs of Vermont's employers.

(14) In some cases, the funding models for the CTEs act as a disincentive for school districts to send their students to regional technical centers.

(15) The purpose of this section is to direct the Department of Labor, the Agency of Commerce and Community Development, the Agency of Education, and the Vermont State Colleges to collaborate on how to better utilize Vermont's CTEs.

(b) Study and report. The Agency of Education, the Department of Labor, the Agency of Commerce and Community Development, and the Vermont State Colleges shall convene, develop suggestions, and report on or before December 1, 2015 to the House Committees on Commerce and Economic Development and on Education and the Senate Committees on Economic Development, Housing and General Affairs and on Education on how Vermont's CTEs can be better utilized to provide training aligned with high-wage, high-skills, high-demand employment opportunities in Vermont, including:

(1) how the Agency of Education will develop priority pathway programs of study with regional CTEs in collaboration with the Department of Labor, the Agency of Commerce and Community Development, and the Vermont State Colleges;

(2) how these programs can include opportunities for post-secondary enrollment in apprenticeships, internships, approved training programs, sub-baccalaureate programs, and adult technical education programs;

(3) how to ensure equitable and appropriate access to CTE programs of study developed and implemented in grades 9 through 12;

(4) what barriers or challenges exist to the development and implementation of high-quality priority pathways as described in the CEDS

approved project; and

(5) one or more recommendations to address the financial disincentive for school districts to send students to the CTEs created by the CTE funding model.

D. Tourism and Economic Development Marketing

D.1. FINDINGS AND PURPOSE

(a) The General Assembly finds:

(1) The State of Vermont is a worldwide leader in the global tourism market. Visitors from around the world come to Vermont to recreate and the Vermont brand is now recognized and admired throughout the world.

(2) Vermont is rapidly developing a reputation as a place where entrepreneurs and innovators can succeed, and where they can come to start and grow great businesses.

(3) The Department of Tourism and Marketing should continue its very successful tourism marketing efforts in order to maintain our standing in the global tourism market.

(4) The Department should also develop an economic development marketing program, highlighting the many positive features that make Vermont a great place to live, work, and do business, including:

(A) Vermont's long history of innovation, including agricultural, business, and technical innovation; product design; and entrepreneurship;

(B) the multitude and diversity of successful start-up businesses in environmental technology, health technology, advanced manufacturing, services technology, biotechnology, recreation technology, and social technology;

(C) the benefits of Vermont's size, scale, and accessibility to government officials and resources, which make Vermont a state where business can start, grow, and prosper; and

(D) the benefits of Vermont's educational and workforce development resources, and its highly skilled and highly educated population.

(b) The purpose of Secs. D.2 and D.3 of this act is to expand the mission of the Department of Tourism and Marketing to ensure a focus on economic development marketing.

Sec. D.2. 3 V.S.A. chapter 47 is amended to read:

Chapter 47: Commerce and Community Development

* * *

§ 2472. DEPARTMENT OF HOUSING AND COMMUNITY ~~AFFAIRS~~
DEVELOPMENT

(a) ~~The department of housing and community affairs is created within the agency of commerce and community development~~ Department of Housing and Community Development is created within the Agency of Commerce and Community Development. The ~~department~~ Department shall:

(1) Be the central ~~state~~ State agency to coordinate, consolidate, and operate, to the extent possible, all housing programs enacted hereafter by the ~~general assembly~~ General Assembly or created by executive order of the ~~governor~~ Governor.

(2) Be the central ~~state~~ State agency for local and regional planning and coordination.

(3) Administer the community development block grant program pursuant to 10 V.S.A. chapter 29. When awarding municipal planning grants prior to fiscal year 2012, the ~~department~~ Department shall give priority to grants for downtowns, new town centers, growth centers, and Vermont neighborhoods.

(4) In partnership with the ~~division for historic preservation~~ Division of Historic Preservation, direct, supervise, and administer the Vermont downtown program, and any other program designed to preserve the continued economic vitality of the ~~state's~~ State's traditional commercial districts.

(b) Neither the Vermont ~~state housing authority~~ State Housing Authority or the Vermont ~~home mortgage guarantee board agency~~ Housing Finance Agency shall be considered part of the ~~department of housing and community affairs~~ Department, but shall keep the ~~department~~ Department advised of programs and activities being conducted.

* * *

§ 2473. DIVISION FOR HISTORIC PRESERVATION

The ~~division for historic preservation~~ Division of Historic Preservation is created within the ~~department of housing and community affairs~~ Department of Housing and Community Development as the successor to and the continuation of the ~~board of historic sites~~ Board of Historic Sites and the ~~division of historic sites~~ Division of Historic Sites.

* * *

§ 2476. DEPARTMENT OF TOURISM AND MARKETING

~~(a) The department of tourism and marketing of the agency is created, as successor to the department of travel~~ The Department of Tourism and Marketing is created within the Agency of Commerce and Community Development. The department Department shall be administered by a ~~commissioner~~ Commissioner.

(b) Tourism marketing. ~~The department of tourism and marketing~~ Department shall be responsible for ~~the promotion of Vermont goods and services as well as the~~ promotion of Vermont's travel, recreation, and cultural attractions through advertising and other informational programs, and for provision of travel and recreation information and services to visitors to the ~~state~~ State, in coordination with other agencies of ~~state~~ State government, chambers of commerce and travel associations, and the private sector in order to increase the benefits of tourism marketing, including:

(1) enhancing Vermont's image as a tourist destination in the regional, national, and global marketplace;

(2) increasing occupancy rates;

(3) increasing visitor spending throughout the State; and

(4) increasing State revenues generated through the rooms and meals tax.

(c) Economic development marketing. The Department shall be responsible for the promotion of Vermont as great place to live, work, and do business in order to increase the benefits of economic development marketing, including:

(1) attracting additional private investment in Vermont businesses;

(2) recruiting new businesses;

(3) attracting more innovators and entrepreneurs to locate in Vermont;

(4) attracting, recruiting, and growing the workforce to fill existing vacancies in growing businesses; and

(5) promoting and supporting Vermont businesses, goods, and services.

(d) ~~On and after July 1, 1997, all departments engaging in marketing activities shall submit to and coordinate marketing plans with the commissioner of the department of tourism and marketing~~ Commissioner.

~~(d) [Repealed.]~~

(e) ~~The department of tourism and marketing~~ Department may conduct direct marketing activities pursuant to this chapter or ~~chapter 27 of Title 10 V.S.A. chapter 27, but and shall make best reasonable efforts~~ work to increase

marketing activities conducted in partnership with one or more private sector partners to maximize State marketing resources and to enable Vermont businesses to align their own brand identities with the Vermont brand, enhancing the reputations of both the business and the State.

(f) Building on established, successful collaboration with private partners in travel and tourism, agriculture, and other industry sectors, the ~~department should~~ Department shall have the authority undertake reasonable efforts to extend its marketing and promotional resources to include partners in the arts and humanities, as well as other partners that depend on tourism for a significant part of their annual revenue.

(g) The Department shall expand its outreach and information-gathering procedures to allow Vermont businesses and other interested stakeholders to comment on the design and implementation of its tourism marketing and economic development marketing initiatives and also to provide ongoing feedback to the Department on the effectiveness of its initiatives.

§ 2477. FUNDING

In addition to any other funds appropriated to the Department of Tourism and Marketing, the General Assembly shall cause to be appropriated to the Department on or before August 1 of each year 15 percent, not to exceed \$750,000.00, of the amount by which the actual meals and rooms tax revenue collected in the immediately preceding fiscal year exceeds the meals and rooms tax revenue for that fiscal year as projected in the preceding July's consensus revenue forecast update.

Sec. D.3. DEPARTMENT OF TOURISM AND MARKETING; ECONOMIC DEVELOPMENT MARKETING; LEGISLATIVE PROPOSAL AND REPORT TO DEFINE PROGRAM GOALS, TARGETS, PERFORMANCE MEASURES, AND RESULTS

(a) On or before January 15, 2016, the Department of Tourism and Marketing shall report to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs to identify the goals, targets, performance measures, and results of its economic development marketing programs, including testimony or a written report addressing:

(1) Department functions, including:

(A) the mission and objectives of the Department and its programs;

(B) measurable goals for success;

- (C) a profile of specific target audiences;
- (D) research necessary to engage those audiences;
- (E) strategies to identify and document Vermont's unique offerings and benefits to those audiences; and
- (F) tactics to accomplish each strategy.
- (2) Desired goals, including:
 - (A) new people, employees, and businesses relocate and invest in Vermont; and
 - (B) current Vermonters and businesses stay and prosper here.
- (3) Measurable targets, including an increase in:
 - (A) student applications to Vermont schools;
 - (B) workforce participants;
 - (C) employment opportunities and jobs;
 - (D) number of businesses;
 - (E) investment in Vermont businesses; and
 - (F) the number of homeowners.
- (4) Methods for identifying and collecting data indicators, and analyzing results.

D.4. APPROPRIATION

In fiscal year 2016 there is appropriated from the General Fund to the Department of Tourism and Marketing the amount of \$500,000.00 for the purpose of preparing and implementing an economic development marketing proposal pursuant to Sec. D.3 of this act.

* * * Domestic Export Program * * *

Sec. D.5. 6 V.S.A. chapter 207 is amended to read:

CHAPTER 207. PROMOTION AND MARKETING OF VERMONT FOODS AND PRODUCTS

* * *

Subchapter 3. Agricultural Exports

§ 4621. DOMESTIC EXPORT PROGRAM

(a) The Secretary of Agriculture, Food and Markets, in collaboration with the Agency of Commerce and Community Development and the Chief

Marketing Officer, shall have the authority to create a Domestic Export Program, the purpose of which may include:

(1) connecting Vermont producers with brokers, buyers, and distributors in other U.S. state and regional markets;

(2) providing technical and marketing assistance to Vermont producers to convert these connections into increased sales and sustainable commercial relationships; and

(3) providing one-time matching grants to attend trade shows and similar events to expand producers' market presence in other U.S. states, subject to available funding.

(b) The Secretary shall collect data on the activities and outcomes of the program authorized under this section and submit his or her findings and recommendations in a report on or before January 15 of each year to the House Committees on Agriculture and Forest Products and on Commerce and Economic Development and to the Senate Committees on Agriculture and on Economic Development, Housing and General Affairs.

Sec. D.6. IMPLEMENTATION; DOMESTIC EXPORT PROGRAM

The Secretary of Agriculture, Food and Markets shall pursue grants, funding, and other resources, and shall continue to identify operational efficiencies within the Agency, in order to sustain adequately the creation and implementation of activities under the domestic export program authorized in 6 V.S.A. § 4621.

E. Access to Capital

* * * Vermont Economic Development Authority (VEDA); Lending; Green
Manufacture of Microbead Alternatives * * *

Sec. E.1. 10 V.S.A. § 280bb is amended to read:

§ 280bb. VERMONT ENTREPRENEURIAL LENDING PROGRAM

(a) There is created the Vermont Entrepreneurial Lending Program to be administered by the Vermont Economic Development Authority. The Program shall seek to meet the working capital and capital-asset financing needs of Vermont-based businesses in seed, start-up, and growth stages. The Program shall specifically seek to fulfill capital requirement needs that are unmet in Vermont, including:

(1) loans ~~up to \$100,000.00~~ to manufacturing businesses and software developers with innovative products that typically reflect long-term, organic growth;

(2) loans up to \$1,000,000.00 in growth-stage companies that do not meet the underwriting criteria of other public and private entrepreneurial financing sources; ~~and~~

(3) loans to businesses that are unable to access adequate capital resources because the primary assets of these businesses are typically intellectual property or similar nontangible assets; and

(4) loans to advanced manufacturers and other Vermont businesses for product development and intellectual property design.

(b) The Authority shall adopt regulations, policies, and procedures for the Program as are necessary to increase the amount of investment funds available to Vermont businesses whose capital requirements are not being met by conventional lending sources.

(c) When considering entrepreneurial lending through the Program, the Authority shall give additional consideration and weight to an application of a business whose business model and practices will have a demonstrable effect in achieving other public policy goals of the State, including:

(1) The business will create jobs in strategic sectors such as the knowledge-based economy, renewable energy, advanced manufacturing, wood products manufacturing, and value-added agricultural processing.

(2) The business is located in a designated downtown, village center, growth center, industrial park, or other significant geographic location recognized by the State.

(3) The business adopts energy and thermal efficiency practices in its operations or otherwise operates in a way that reflects a commitment to green energy principles.

(4) The business will create jobs that pay a livable wage and significant benefits to Vermont employees.

(5) The business will create environmental benefits or will manufacture environmentally responsible products.

(d) The Authority shall include provisions in the terms of a loan made under the Program to ensure that a loan recipient shall maintain operations within the State for a minimum of five years from the date on which the recipient receives the loan funds from the Authority or shall otherwise be required to repay the outstanding funds in full.

Sec. E.2. 10 V.S.A. § 212 is amended to read:

§ 212. DEFINITIONS

As used in this chapter:

* * *

(6) “Eligible facility” or “eligible project” means any industrial, commercial, or agricultural enterprise or endeavor approved by the authority that meets the criteria established in the Vermont Sustainable Jobs Strategy adopted by the Governor under section 280b of this title, including land and rights in land, air, or water, buildings, structures, machinery, and equipment of such eligible facilities or eligible projects, except that an eligible facility or project shall not include the portion of an enterprise or endeavor relating to the sale of goods at retail where such goods are manufactured primarily out of state, and except further that an eligible facility or project shall not include the portion of an enterprise or endeavor relating to housing. Such enterprises or endeavors may include:

(A) quarrying, mining, manufacturing, processing, including the further processing of agricultural products, assembling, or warehousing of goods or materials for sale or distribution or the maintenance of safety standards in connection therewith, and including Vermont-based manufacturers that are adversely impacted by the State’s regulation or ban of products as they transition from the manufacture of the regulated or banned products to the design and manufacture of environmentally sound substitutes.

* * *

* * * Vermont State Treasurer; Local Investments * * *

Sec. E.3. Sec. 25 of Act 199 of 2014 (sunset of Treasurer’s credit facility for local investments and Treasurer’s local investment advisory committee) is amended to read:

Sec. 25. SUNSET

Secs. 23–24 of this act shall be repealed on July 1, ~~2015~~ 2016.

* * * Licensed Lender Exemption for Commercial Loans * * *

Sec. E.4. 8 V.S.A. § 2201 is amended to read:

§ 2201. LICENSES REQUIRED

* * *

(d) No lender license, mortgage broker license, or sales finance company license shall be required of:

* * *

(10) Persons who lend, other than residential mortgage loans, an

aggregate of less than ~~\$75,000.00~~ \$250,000.00 in any one year at rates of interest of no more than 12 percent per annum.

* * *

F. Natural Resources, Land Use, and Planning

* * * Giving Deference to Regional Planning and Planners in Mitigating Adverse Economic Impacts of Major Employers * * *

Sec. F.1. 24 V.S.A. § 2787 is added to read:

§ 2787. ECONOMIC DEVELOPMENT STRATEGY; DEFERENCE TO REGIONAL PLANS; CEDS

In the event a major employer in an economic region announces a closure, relocation, or other significant action that will impact directly and indirectly jobs or wages in the region, and a regional planning commission has adopted a regional plan pursuant to section 4348 of this title or a Comprehensive Economic Development Strategy (CEDS) approved by the U.S. Economic Development Administration, or both, and the plan or CEDS, or both, includes mitigation strategies to address substantial local and regional economic and fiscal challenges related to that employer, including closure, relocation, or reduction in workforce, then:

(1) the Executive Branch shall defer to the regional plan and CEDS when using or distributing funds or other resources meant to mitigate anticipated local and regional economic and fiscal challenges, or shall provide the regional planning commission for the region with its basis for not deferring to the plan and the CEDS; and

(2) the Executive Branch shall involve the regional planning commission and regional development corporation for the region in decisions regarding the use or distribution of those funds or resources;

* * * Southern Vermont Economic Development Zone * * *

Sec. F.2. FINDINGS AND PURPOSE

(a) The General Assembly finds:

(1) the Agency of Commerce and Community Development projects that the forty-four Vermont towns served by the two most Southern regional development corporations and regional planning commissions in Vermont will lose 3.5 percent of their population by 2030 and that the total population of individuals over 65 years of age in this combined region will increase from 17 percent in 2010 to 30 percent in 2030;

(2) the number of visitors to the Southern Vermont visitor center has

decreased 25 percent since 2006;

(3) since 2006, growth in the region's rooms and meals tax is 10 percent, as compared to 25 percent in the Chittenden County region;

(4) the rate of residential construction in the region is currently half of the prerecession level;

(5) the two Southern Vermont regions have collaborated on business recovery programming after Tropical Storm Irene, including development of individualized downtown and village revitalization plans and development of the Southern Vermont Sustainable Marketing program; and

(6) the two regions, having also worked together on some workforce development and internship initiatives, are seeking to establish a more formal structure for their workforce and recruitment efforts.

(b) The purposes of Secs. F.3 and F.4 of this act are:

(1) to establish officially a Southern Vermont Economic Development Zone comprising of the geographic areas served by the Brattleboro Development Credit Corporation and the Bennington County Industrial Corporation; and

(2) to establish a study committee that will assist the General Assembly, the Governor, and partners within the Zone in establishing a replicable framework for regional cooperation by and between public sector and private sector partners concerning economic development initiatives; workforce training, retention, and recruitment; and sustainable business investment.

(c) The General Assembly acknowledges the challenges in Southern Vermont and intends for this formal designation to accelerate economic development initiatives that are underway or are needed in the future.

Sec. F.3. 10 V.S.A. chapter 1 is amended to read:

CHAPTER 1: ~~THE FUTURE OF~~ ECONOMIC DEVELOPMENT

* * *

~~SUBCHAPTER 1: THE VERMONT BUSINESS RECRUITMENT PARTNERSHIP~~

§ 8. SOUTHERN VERMONT ECONOMIC DEVELOPMENT ZONE

There is created the Southern Vermont Economic Development Zone, comprising of the geographic areas served by the Brattleboro Development Credit Corporation and the Bennington County Industrial Corporation.

* * *

Sec. F.4. SOUTHERN VERMONT ECONOMIC DEVELOPMENT

ZONE; STUDY COMMITTEE; REPORT

(a) There is created the Southern Vermont Economic Development Zone Study Committee the purpose of which shall be to reverse the decline in the workforce from 2000–2014 and to revitalize economic growth within the Southern Vermont Economic Development Zone created in 10 V.S.A. § 8.

(b) The Study Committee shall consist of the following members:

(A) five members who represent the interests of the private sector and represent a balance of geographic interests within the Zone:

(i) one member appointed by the Governor;

(ii) two members appointed by the Speaker of the House of Representatives; and

(iii) two members appointed by the Senate Committee on Committees;

(B) one member each from the Brattleboro Development Credit Corporation and the Bennington County Industrial Corporation; and

(C) one member each from the Windham Regional Commission and the Bennington County Regional Commission.

(c) On or before December 1, 2015, the Committee shall submit a report to the Secretary of the Agency of Commerce and Community Development, the House Committee on Commerce and Community Development, and the Senate Committee on Economic Development, Housing and General Affairs that includes proposals:

(1) to establish an integrated investment strategy for retaining businesses within and recruiting business to the Zone;

(2) to establish an implementation plan for the Southern Vermont Sustainable Recruitment and Marketing Project created in 2014 and contained in the Windham Region's federally recognized Comprehensive Economic Development Strategy;

(3) to outline the benefits and obstacles within the Zone involved in integrating internship and career exposure programs, workforce development programs, and young professional activities;

(4) to propose an organizational and operational structure of a public-private partnership with the mission of aggregating capital and coordinating investment in small- and medium-size businesses located within the Zone; and

(5) to recommend whether and in what configuration the Study Committee or other group should continue and its mission.

(d) Meetings.

(1) The members of the Committee who represent the regional development corporations shall jointly call the first meeting, to occur on or before August 1, 2015.

(2) The Committee shall select a chair from among the private sector members at the first meeting.

(3) A majority of the membership shall constitute a quorum.

(4) The Committee shall cease to exist on July 1, 2016.

* * *

* * * Act 250; Criterion 9(L) * * *

Sec. F.5. ACT 250; IMPLEMENTATION OF SETTLEMENT PATTERNS
CRITERION

(a) The General Assembly finds that:

(1) 2014 Acts and Resolves No. 147, Sec. 2 amended 10 V.S.A. § 6086(a)(9)(L) (Criterion 9L) to become a settlement patterns criterion. The purpose of the amendment was to guide and accomplish coordinated, efficient, and economic development in the State that is consistent with Vermont's historic settlement pattern of compact centers separated by rural countryside.

(2) Effective on October 17, 2014, the Natural Resources Board (NRB) adopted a procedure to implement Criterion 9L (the Criterion 9L Procedure).

(b) The General Assembly determines that additional opportunity for public comment on the Criterion 9L Procedure, as well as additional education and improved guidance, would be beneficial in implementing the criterion.

(1) The NRB shall review the Criterion 9L Procedure in full collaboration with the Agency of Commerce and Community Development (ACCD) and the Agency of Natural Resources (ANR).

(A) As part of this review, the NRB shall solicit input from affected parties and the public, including planners, developers, municipalities, environmental advocacy organizations, regional planning commissions, regional development corporations, and business advocacy organizations such as State and regional chambers of commerce.

(B) Based on this review, the NRB shall adopt revisions in the form of a procedure under 3 V.S.A. chapter 25.

(2) ACCD shall work with the NRB and ANR to develop outreach material on Criterion 9L, including illustrative examples of appropriate

development design, and implement a training plan on the criterion for local elected officials, municipal boards, State and regional organizations and associations, environmental groups, consultants, and developers.

* * * Municipal Land Use; Neighborhood Development Area * * *

Sec. F.6. 24 V.S.A. § 4471(e) is amended to read:

(e) ~~Vermont neighborhood~~ Neighborhood development area. Notwithstanding subsection (a) of this section, a determination by an appropriate municipal panel shall not be subject to appeal if the determination is that a proposed residential development within a designated downtown development district, designated growth center, ~~or~~ designated Vermont neighborhood, or designated neighborhood development area seeking conditional use approval will not result in an undue adverse effect on the character of the area affected, ~~as provided in~~ under subdivision 4414(3)(A)(ii) of this title.

* * * Act 250; Primary Agricultural Soils * * *

Sec. F.7. 10 V.S.A. § 6086(a)(9)(B) is amended to read:

(B) Primary agricultural soils. A permit will be granted for the development or subdivision of primary agricultural soils only when it is demonstrated by the applicant that, in addition to all other applicable criteria, either, the subdivision or development will not result in any reduction in the agricultural potential of the primary agricultural soils; or:

(i) the development or subdivision will not significantly interfere with or jeopardize the continuation of agriculture or forestry on adjoining lands or reduce their agricultural or forestry potential; ~~and~~

(ii) except in the case of an application for a project located in a designated ~~growth center~~ area listed in subdivision 6093(a)(1) of this title, there are no lands other than primary agricultural soils owned or controlled by the applicant which are reasonably suited to the purpose of the development or subdivision; ~~and~~

(iii) except in the case of an application for a project located in a designated ~~growth center~~ area listed in subdivision 6093(a)(1) of this title, the subdivision or development has been planned to minimize the reduction of agricultural potential of the primary agricultural soils through innovative land use design resulting in compact development patterns, so that the remaining primary agricultural soils on the project tract are capable of supporting or contributing to an economic or commercial agricultural operation; and

(iv) suitable mitigation will be provided for any reduction in the agricultural potential of the primary agricultural soils caused by the

development or subdivision, in accordance with section 6093 of this title and rules adopted by the Natural Resources Board.

* * * Acquisition of Land by Public Agencies; Conservation Easements * * *

Sec. F.8. 10 V.S.A. § 6310 is added to read:

§ 6310. CONSERVATION EASEMENT HOLDER; NONMERGER

If a holder of a conservation easement is or becomes the owner in fee simple of property subject to the easement, the easement shall continue in effect and shall not be extinguished.

Sec. F.9. 30 V.S.A. § 248(q) is amended to read:

(q)(1) A certificate under this section shall be required for a plant using methane derived from an agricultural operation ~~shall be required~~ as follows:

(A) With respect to a plant that constitutes farming pursuant to 10 V.S.A. § 6001(22)(F), only for the equipment used to generate electricity from biogas, the equipment used to refine biogas into natural gas, the structures housing such equipment used to generate electricity or refine biogas, and the interconnection to electric and natural gas distribution and transmission systems. The certificate shall not be required for the methane digester, the digester influents and non-gas effluents, the buildings and equipment used to handle such influents and non-gas effluents, or the on-farm use of heat and exhaust produced by the generation of electricity, and these components shall not be subject to jurisdiction under this section.

(B) With respect to a plant that does not constitute farming pursuant to 10 V.S.A. § 6001(22)(F) but which receives feedstock from off-site farms, for all on-site components of the plant, for the transportation of feedstock to the plant from off-site contributing farms, and the transportation of effluent or digestate back to those farms. The certificate shall not regulate any farming activities conducted on the contributing farms that provide feedstock to a plant or use of effluent or digestate returned to the contributing farms from the plant.

* * *

G. Tax Credits and Business Incentives

* * * Vermont Employment Growth Incentive (VEGI) * * *

Sec. G.1. 32 V.S.A. § 5930a(c)(2) is amended to read:

(2) The new jobs should make a net positive contribution to employment ~~in the area, and meet or exceed the prevailing compensation level including wages and benefits, for the particular employment sector consistent with the~~ applicable wage threshold for the labor market area. The new jobs should

offer benefits and opportunities for advancement and professional growth consistent with the employment sector.

Sec. G.2. 32 V.S.A. § 5930b is amended to read:

§ 5930b. VERMONT EMPLOYMENT GROWTH INCENTIVE

(a) Definitions. As used in this section:

* * *

(24) “Wage threshold” means the minimum annualized Vermont gross wages and salaries paid, as determined by the Council, but not less than:

(A) 60 percent above the minimum wage at the time of application;
~~in order for a new job to be a qualifying job under this section; or~~

(B) 40 percent above the State minimum wage at the time of application for a businesses located in a labor market area of this State in which the unemployment rate is greater than the average unemployment rate for the State.

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

(b) Authorization process.

(1) A business may apply to the Vermont Economic Progress Council for approval of a performance-based employment growth incentive to be paid out of the business’s withholding account upon approval by the Department of Taxes pursuant to the conditions set forth in this section. Businesses shall not be permitted to deduct approved incentives from withholding liability payments otherwise due. In addition to any other information that the Council may require in order to fulfill its obligations under section 5930a of this title, an employment growth incentive application shall include all the following information:

- (A) application base number of jobs;
- (B) total jobs at time of application;
- (C) application base payroll;
- (D) total payroll at time of application;
- (E) jobs target for each year in the award period;
- (F) payroll target for each year in the award period;
- (G) capital investment target for each year in the award period; and
- (H) a statement signed by the president or chief executive officer or

equivalent acknowledging that to the extent the applicant fails to meet the minimum capital investment by the end of the award period, any incentives remaining to be earned shall be limited, and any incentives taken shall be subject to complete or partial reversal, pursuant to subdivisions (c)(10) and (11) of this section.

(2) The Council shall review each application in accordance with section 5930a of this title, except that the Council may provide for an initial approval pursuant to the conditions set forth in subsection 5930a(c), followed by a final approval at a later date, before December 31 of the calendar year in which the economic activity commences.

(3) Except as provided in subdivision (5) of this subsection, the value of the incentives will be dependent upon the net fiscal benefit resulting from projected qualifying payroll and qualifying capital investment. An incentive ratio shall be applied to the net fiscal benefit generated by the cost-benefit model in order to determine the maximum award the Council may authorize for each application it approves. The Council may establish a threshold for wages in excess of, but not less than, the wage threshold, as defined in subsection (a) of this section for individual applications the Council wishes to approve. The Council shall calculate an incentive percentage for each approved application as follows:

Authorized award amount ÷ the five-year sum of all payroll targets

(4) An approval shall specify: the application base jobs at the time of the application; total jobs at time of application; the application base payroll; total payroll at time of application; the incentive percentage; the wage threshold; the payroll thresholds; a job target for each year of the award period; a payroll target for each year of the award period; a capital investment target for each year of the award period and description sufficient for application of subdivisions (c)(10) and (11) of this section of the nature of qualifying capital investment over the award period upon which approval shall be conditioned; and the amount of the total award. The Council shall provide a copy of each approval to the Department of Taxes along with a copy of the application submitted by that applicant.

(5)(A) Notwithstanding subdivision (3) of this subsection, the Council may authorize incentives in excess of net fiscal benefit multiplied by the incentive ratio ~~not to exceed an annual authorization established by law for awards to businesses located in a labor market area in which the~~ unemployment rate is greater than the average unemployment rate for the State or in which the average annual wage is below the average annual wage for the State.

(B)(i) Except as provided in subdivision (B)(ii) of this subdivision (5), the total amount of employment growth incentives the Vermont Economic Progress Council is authorized to approve under subdivision (A) of this subdivision (5) shall not exceed \$1,000,000.00 from the General Fund.

(ii) The Council shall have the authority to exceed the cap imposed in subdivision (B)(i) of this subdivision (5) upon application to and approval by the Emergency Board.

(c) Claiming an employment growth incentive.

* * *

(6)(A) A business whose application is approved and, in the first, second, or third year of the award period, fails to meet or exceed its payroll target and one out of two of its jobs and capital investment targets may not claim incentives in that year. To the extent such business reaches its first, second, or third year award period targets within the succeeding two calendar year reporting periods immediately succeeding year one, two, or three of the award period, or within the extended period if an extension is granted under subdivision (B) of this subdivision (6), whichever is applicable, such business may claim incentives in five-year installments as provided in subdivisions (1) through (4) of this subsection. A business which fails to meet or exceed its payroll target and one of its two jobs and capital investment targets within this time frame shall forfeit all authority under this section to earn and claim incentives for award period year one, two, or three, as applicable, and any future award period years. The Department of Taxes shall notify the Vermont Economic Progress Council that the first, second, or third year award period targets have not been met within the prescribed period, and the Council shall rescind authority for the business to earn incentives for the activity in year one, two, or three, as applicable, and any future award period years.

(B)(i) Notwithstanding subdivision (6)(A) of this subsection, if a business determines that it may not reach its first or second year award period targets within the succeeding two calendar year reporting periods due to facts or circumstances beyond its control, the business may request that the Council extend the period to meet the targets for another two reporting periods, reviewed annually, for award year one, and one reporting period for award year two.

(ii) The Council may grant an extension pursuant to this subdivision (B) if it determines that the business failed to meet its targets due to facts or circumstances beyond the control of the business and that there is a reasonable likelihood the business will meet the award period targets within the extension period.

(iii) If the Council grants an extension pursuant to this subdivision (B), the Council shall recalculate the value of the incentive using the cost-benefit model and adjust the amount of the award as is necessary to account for the extension of the award period.

* * *

(h) Enhanced training incentive. Notwithstanding any provision of law to the contrary, the Council may award an enhanced training incentive as follows:

(1) A business whose incentive application is approved may elect to claim an enhanced training incentive at any time during the award period by:

(A) notifying the Council of its intent to pursue an enhanced training incentive and dedicate its incentive funds to training through the Vermont Training Program or a Workforce Education and Training Fund program; and

(B) applying for a grant from the Vermont Training Program or the Workforce Education and Training Fund to perform training for new employees who hold qualifying jobs.

(2) If a business is awarded a grant for training pursuant to subdivision (1) of this subsection, the Agency of Commerce and Community Development, or the Department of Labor, as applicable, shall disburse grant funds for on-the-job training of not more than 75 percent of wages for each employee in training, or not more than 75 percent of trainer expense, and the business shall be responsible for the remaining 25 percent of the applicable training costs.

(3) If the business successfully completes its training and meets or exceeds its payroll target and either its jobs target or capital investment target, the Council shall approve the enhanced training incentive and notify the Department of Taxes.

(4) Upon notification by the Council, the Department of Taxes:

(A) shall disburse to the business a payment in an amount equal to 25 percent of the cost for training expenses pursuant to subdivision (3) of this subsection (h);

(B) shall disburse to the Agency of Commerce and Community Development, or the Department of Labor, as applicable, a payment in an amount equal to 25 percent of the cost for training expenses pursuant to subdivision (3) of this subsection (h); and

(C) shall disburse the remaining value of the incentive award in annual installments pursuant to subdivision (c)(2) of this section.

(5)(A) If, during the utilization period for the incentive paid pursuant to

this subsection (h), the business fails to maintain the qualifying jobs or qualifying payroll established in the award year, or does not reestablish qualifying jobs or qualifying payroll to 100 percent of the award year level, the Department of Taxes shall recapture the enhanced incentive pursuant to subsection (d) of this section.

(B) The amount of recapture shall equal the sum of the installments that the Department would have disbursed if it had paid the incentive in five-year installments pursuant to subdivision (c)(2) of this section for the years during the utilization period that the qualifying jobs or qualifying payroll were not maintained.

(i) Employment growth incentive for value-added business.

(1) As used in this subsection, a “value-added business” means a person that is subject to income taxation in Vermont and whose current or prospective economic activity in Vermont for which incentives are sought under this section is certified by the Secretary of Commerce and Community Development to be primarily in one or more of the following sectors:

(A) production of tangible products, other than real estate; or

(B) information processing or information management services, including:

(i) computer hardware or software, and information and communication technologies, such as high-level software languages, graphics hardware and software, speech and optical character recognition, high-volume information storage and retrieval, and data compression;

(ii) technological applications that use biological systems, living organisms or derivatives thereof, to make or modify products or processes for specific use;

(iii) custom computer programming services, such as writing, modifying, testing, and supporting software to meet the needs of a particular customer;

(iv) computer systems design services such as planning and designing computer systems that integrate computer hardware, software, and communication technologies; and

(v) computer facilities management services, such as providing on-site management and operation of clients’ computer systems or data processing facilities, or both.

(2) Any application for a Vermont employment growth incentive under this section for a value-added business shall be considered and administered

pursuant to all provisions of this section, except that:

(A) the “incentive ratio” pursuant to subdivision (a)(11) of this section shall be set at 90 percent; and

(B) the “payroll threshold” pursuant to subdivision (a)(17) of this section shall be deemed to be 20 percent of the expected average industry payroll growth as determined by the cost-benefit model.

(j) Overall gross cap on total employment growth incentive and education tax incentive authorizations.

(1) For any calendar year, the total amount of employment growth incentives the Vermont Economic Progress Council is authorized to approve under this section and property tax stabilizations under 32 V.S.A. § 5404a(a) shall not exceed \$10,000,000.00 from the General Fund and Education Fund combined each year.

(2) The Council shall have the authority to exceed the cap imposed in subdivision (1) of this subsection upon application to and approval by the Emergency Board.

Sec. G.3. 2006 Acts and Resolves No. 184, Sec. 11 is amended to read:

Sec. 11. ~~VEGI; ANNUAL CALENDAR YEAR CAPS~~

~~(a) Net negative awards cap. Notwithstanding any other provision of law, in any calendar year, the annual authorization for the total net fiscal cost of Vermont employment growth incentives that the Vermont economic progress council or the economic incentive review board may approve under 32 V.S.A. § 5930b(b)(5) shall not exceed \$1,000,000.00 from the general fund.~~

~~(b) Restrictions to labor market area. Employment growth incentives within the annual authorization amount in subsection (a) of this section shall be granted solely for awards to businesses located in a labor market area of this state in which the rate of unemployment is greater than the average for the state or in which the average annual wage is below the average annual wage for the state. For the purposes of this section, a “labor market area” shall be as determined by the department of labor.~~

~~(c) Overall gross cap on total employment growth incentive and education tax incentive authorizations. For any calendar year, the total amount of employment growth incentives the Vermont economic progress council or the economic incentive review board is authorized to approve under 32 V.S.A. § 5930b and property tax stabilizations and allocations under 32 V.S.A. § 5404a(a) and (c) shall not exceed \$10,000,000.00 from the general fund and education fund combined each year. This maximum annual amount may be exceeded by the Vermont economic progress council upon application to and~~

~~approval by the Emergency Board. [Repealed.]~~

Sec. G.4. 10 V.S.A. § 531(d) is amended to read:

(d) In order to avoid duplication of programs or services and to provide the greatest return on investment from training provided under this section, the Secretary of Commerce and Community Development shall:

(1) consult with the Commissioner of Labor regarding whether the grantee has accessed, or is eligible to access, other workforce education and training resources;

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

(3) use funds under this section only to supplement training efforts of employers and not to replace or supplant training efforts of employers.

* * * Employee Relocation Tax Credit Study * * *

Sec. G.5. EMPLOYEE RELOCATION TAX CREDIT; STUDY COMMITTEE; REPORT

(a) Creation. There is created an Employee Relocation Study Committee to research and develop one or more incentive programs to encourage employees who are qualified for high-demand, unfilled positions within Vermont businesses, to relocate to Vermont.

(b) Membership. The Committee shall be composed of the following members:

(1) one current member of the House of Representatives appointed by the Speaker of the House;

(2) one current member of the Senate appointed by the Committee on Committees;

(3) one member who represents the interests of the regional development corporations, appointed by the Governor;

(4) one member who represents the interests of private business appointed by the Speaker of the House; and

(5) one member who represents the interests of private business appointed by the Committee on Committees.

(c) Powers and duties. The Committee shall study potential incentive programs, tax credits, or other mechanisms, to encourage employee relocation including the following issues:

(1) eligibility criteria for employees, employers, and employment positions;

(2) amount and conditions for incentives or credits;

(3) distribution of incentives or credits by region, employer, and by State-level or regional-level grantors; and

(4) data, and a mechanism for collecting data, to measure the effectiveness of any proposed program.

(d) Assistance. The Committee shall have the administrative, technical, and legal assistance of the Agency of Commerce and Community Development.

(e) Report. On or before January 15, 2016, the Committee shall submit a report to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs with its findings and any recommendations for legislative action.

(f) Meetings.

(1) The Agency of Commerce and Community Development shall call the first meeting of the Committee, to occur on or before September 1, 2015.

(2) The Committee shall select a chair from among its members at the first meeting.

(3) A majority of the membership shall constitute a quorum.

(4) The Committee shall cease to exist on January 16, 2016.

(g) Reimbursement.

(1) For attendance at meetings during adjournment of the General Assembly, legislative members of the Committee shall be entitled to per diem compensation and reimbursement of expenses pursuant to 2 V.S.A. § 406 for no more than four meetings.

(2) Other members of the Committee who are not employees of the State of Vermont and who are not otherwise compensated or reimbursed for their attendance shall be entitled to per diem compensation and reimbursement of expenses pursuant to 32 V.S.A. § 1010 for no more than four meetings.

* * * VHFA; Down Payment Assistance Program * * *

Sec. G.6. DOWN PAYMENT ASSISTANCE PROGRAM; FINDINGS

The General Assembly finds:

(1) The Federal Bipartisan Policy Center’s Housing Commission notes that homeownership can produce powerful economic, social, and civic benefits that serve the individual homeowner, the larger community, and the nation.

(2) Supporting more Vermonters to become homeowners allows them an opportunity to improve and invest in their neighborhoods and become a stable member of their community’s life and workforce.

(3) Homeownership, even with the recent decline in housing values, has continued to be the most reliable source of individual wealth accumulation and equity for the future.

(4) First-time homebuyers often delay purchasing a home due to the fees and down payment costs required at closing and need support to achieve their homeownership opportunity.

Sec. G.7. 32 V.S.A. § 5930u is amended to read:

§ 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

(a) As used in this section:

(1) “Affordable housing project” or “project” means:

(A) a rental housing project identified in 26 U.S.C. § 42(g); or

(B) owner-occupied housing identified in 26 U.S.C. § 143(e) and (f) and eligible (c)(1) or that qualifies under the Vermont Housing Finance Agency allocation plan criteria governing owner-occupied housing.

(2) “Affordable housing tax credits” means the tax credit provided by this subchapter.

(3) “Allocating agency” means the Vermont Housing Finance Agency.

(4) “Committee” means the Joint Committee on Tax Credits consisting of five members; a representative from the Department of Housing and Community Affairs, the Vermont Housing and Conservation Board, the Vermont Housing Finance Agency, the Vermont State Housing Authority, and the Office of the Governor.

(5) “Credit certificate” means a certificate issued by the allocating agency to a taxpayer that specifies the amount of affordable housing tax credits that can be applied against the taxpayer’s individual or corporate income tax or franchise or insurance premium tax liability as provided in this subchapter.

(6) “Eligible applicant” means any municipality, private sector developer, ~~department of state government as defined in 10 V.S.A. § 6302(a),~~ State agency as defined in 10 V.S.A. § 6301a, the Vermont Housing Finance Agency, or a nonprofit organization qualifying under 26 U.S.C. § 501(c)(3), or cooperative housing organization, the purpose of which is ~~the creation and retention of~~ to create and retain affordable housing for ~~lower income~~ Vermonters; with lower income and ~~the~~ which has in its bylaws ~~that require a requirement that housing to the housing the organization creates~~ be maintained as affordable housing for ~~lower income~~ Vermonters with lower income on a perpetual basis.

(7) “Eligible cash contribution” means an amount of cash contributed to the owner, developer, or sponsor of an affordable housing project and determined by the allocating agency as eligible for affordable housing tax credits.

(8) “Section 42 credits” means tax credit provided by 26 U.S.C. §§ 38 and 42.

(9) “Allocation plan” means the plan recommended by the Committee and approved by the Vermont Housing Finance Agency, which sets forth the eligibility requirements and process for selection of eligible housing projects to receive affordable housing tax credits under this section. The allocation plan shall include:

(A) requirements for creation and retention of affordable housing for ~~low income persons;~~ with low income; and

(B) requirements to ensure that eligible housing is maintained as affordable by subsidy covenant, as defined in 27 V.S.A. § 610 on a perpetual basis, and meets all other requirements of the Vermont Housing Finance Agency related to affordable housing.

(b) Eligible tax credit allocations.

(1) Affordable housing credit allocation.

(A) An eligible applicant may apply to the allocating agency for an allocation of affordable housing tax credits under this section related to an affordable housing project authorized by the allocating agency under the allocation plan. In the case of a specific affordable rental housing project, the eligible applicant ~~must~~ shall also be the owner or a person having the right to acquire ownership of the building and ~~must~~ shall apply prior to placement of the affordable housing project in service. In the case of owner-occupied housing units, the applicant ~~must apply prior to purchase of the unit and must~~ shall ensure that the allocated ~~funds will be used to ensure that the~~ housing

qualifies or program funds remain as an affordable housing resource for all future owners of the housing. The allocating agency shall issue a letter of approval if it finds that the applicant meets the priorities, criteria, and other provisions of subdivision ~~(2)(B)~~ of this ~~subsection~~ subdivision (1). The burden of proof shall be on the applicant.

~~(2)(B)~~ Upon receipt of a completed application, the allocating agency shall award an allocation of affordable housing tax credits with respect to a project ~~under this section shall be granted~~ to an applicant, provided the applicant demonstrates to the satisfaction of the ~~committee~~ allocating agency all of the following:

~~(A)(i)~~ The owner of the project has received from the allocating agency a binding commitment for, a reservation or allocation of, or an out-of-cap determination letter for, Section 42 credits, or meets the requirements of the allocation plan for development or financing of units to be owner-occupied;

~~(B)(ii)~~ The project has received community support.

(2) Down payment assistance program.

(A) The Vermont Housing Finance Agency shall have the authority to allocate affordable housing tax credits to finance down payment assistance loans that meet the following requirements:

(i) the loan is made in connection with a mortgage through an Agency program;

(ii) the borrower is a first-time homebuyer of an owner-occupied primary residence; and

(iii) the borrower uses the loan for the borrower's down payment, or closing costs, or both.

(B) The Agency shall require the borrower to repay the loan upon the sale or refinance of the residence.

(C) The Agency shall use the proceeds of loans made under the program for future down payment assistance.

(c) Amount of credit. A taxpayer who makes an eligible cash contribution shall be entitled to claim against the taxpayer's individual income, corporate, franchise, or insurance premium tax liability a credit in an amount specified on the taxpayer's credit certificate. The first-year allocation of a credit amount to a taxpayer shall also be deemed an allocation of the same amount in each of the following four years.

(d) Availability of credit. The amount of affordable housing tax credit

allocated with respect to a project shall be available to the taxpayer every year for five consecutive tax years, beginning with the tax year in which the eligible cash contribution is made. Total tax credits available to the taxpayer shall be the amount of the first-year allocation plus the succeeding four years' deemed allocations.

(e) Claim for credit. A taxpayer claiming affordable housing tax credits shall submit with each return on which such credit is claimed a copy of the allocating agency's credit allocation to the affordable housing project and the taxpayer's credit certificate. Any unused affordable housing tax credit may be carried forward to reduce the taxpayer's tax liability for no more than 14 succeeding tax years, following the first year the affordable housing tax credit is allowed.

(f) ~~{Deleted.}~~ [Repealed.]

(g)(1) In any fiscal year, the allocating agency may award up to:

(A) \$400,000.00 in total first-year credit allocations to all applicants for rental housing projects, for a total aggregate limit of \$2,000,000.00 over any given five-year period that credits are available under this subdivision; and may award up to

(B) \$300,000.00 per year in total first-year credit allocations for owner-occupied unit applicants financing or down payment loans consistent with the allocation plan, including for new construction and manufactured housing, for a total aggregate limit of \$1,500,000.00 over any given five-year period that credits are available under this subdivision.

(2) In fiscal years 2016 through 2020, the allocating agency may award up to \$125,000.00 in total first-year credit allocations for loans through the down payment assistance program created in subdivision (b)(2) of this section for a total aggregate limit of \$625,000.00 over the five-year period that credits are available under this subdivision.

(h) In any fiscal year, total first-year allocations plus succeeding-year deemed allocations shall not exceed \$3,500,000.00. The aggregate limit for all credit allocations available under this section in any fiscal year is \$4,125,000.00.

* * * "Cloud Tax" * * *

Sec. G.8. PREWRITTEN SOFTWARE ACCESSED REMOTELY

Charges for the right to access remotely prewritten software shall not be considered charges for tangible personal property under 32 V.S.A. § 9701(7).

* * * Wood Products Manufacturer Incentive * * *

Sec. G.9. 2014 Acts and Resolves No. 179, Sec. G.100(b) is amended to read:

(b) Sec. E.100.6 (wood products manufacture incentive) shall take effect retroactively on January 1, 2014 and apply to tax ~~year~~ years 2014 and 2015.

Sec. G.10. 32 V.S.A. § 5930ii is amended to read:

* * * R & D Tax Credit * * *

§ 5930ii. RESEARCH AND DEVELOPMENT TAX CREDIT

(a) A taxpayer of this State shall be eligible for a credit against the tax imposed under this chapter in an amount equal to ~~27~~ 30 percent of the amount of the federal tax credit allowed in the taxable year for eligible research and development expenditures under 26 U.S.C. § 41(a) and which are made within this State.

(b) Any unused credit available under subsection (a) of this section may be carried forward for up to 10 years.

~~(c) Each year, on or before January 15, the Department of Taxes shall publish a list containing the names of the taxpayers who have claimed a credit under this section during the most recent completed calendar year.~~

H. Effective Dates

Sec. H.1. EFFECTIVE DATES

(a) This section and the following sections shall take effect on passage:

(1) Sec. A.2 (manufacture of gun suppressors);

(2) Sec. A.3 (blockchain technology study);

(3) Sec. B.1 (Uniform Commercial Code, Article 4A);

(4) Secs. C.1–C.2 (Vermont Strong Scholars and Internship Initiative);

(5) Sec. C.4. (youth employment working group);

(6) Sec. C.5 (Vermont Governor’s Committee on Employment of People with Disabilities);

(7) Secs. C.6–C.8 (Vermont ABLE Savings Program);

(8) Sec. C.9 (Medicaid for working people with disabilities);

(9) Sec. C.10 (Vermont career technical education report);

(10) Secs. D.5–D.6 (Domestic Export Program);

(11) Sec. E.1–E.2 (Vermont economic development authority; green manufacture of microbeads);

(12) Sec. E.3 (extending sunset of Treasurer’s credit facility for local investments and Treasurer’s local investment advisory committee);

(13) Sec. F.1 (deference to regional planning);

(14) Secs. F.2–F.4 (Southern Vermont Economic Development Zone);

(15) Sec. F.5 (Act 250; implementation of settlement patterns criterion; criterion 9(L)); and

(16) Sec. F.9 (certificate of public good; methane digesters).

(b) The following sections shall take effect on July 1, 2015:

(1) Secs. A.1 (business rapid response to declared State disasters);

(2) Sec. C.3 (Workforce Education and Training Fund revisions);

(3) Secs. D.1–D.4 (Tourism and marketing initiative; appropriation), except as otherwise provided in subsection (f) of this section;

(4) Sec. E.4 (increase in license exemption for commercial lending);

(5) Sec. F.6 (municipal land use; neighborhood development area);

(6) Sec. F.7 (Act 250; primary agricultural soils);

(7) Sec. F. 8 (conservation easements);

(8) Sec. G.5 (employee relocation tax credit);

(9) Sec. G.6–7 (downpayment assistance program);

(10) Sec. G.8 (prewritten software accessed remotely);

(11) Sec. G.9 (wood products manufacturer incentive); and

(12) Sec. G.10 (research and development tax credit).

(c)(1) In Sec. A.4, in 7 V.S.A. § 2, subdivisions (27) (definition; “special events permit”) and (28) (definition; “fourth-class license”) shall take effect on July 1, 2015. The remaining provisions of Sec. A.4 (alcoholic beverages; definitions) shall take effect on January 1, 2016.

(d) Secs. A.5–A.15 (fortified wines) shall take effect on January 1, 2016.

(e) Secs. B.2–B.9 (Uniform Commercial Code; Article 7) shall take effect on passage and shall apply as follows:

(1) This act shall apply to a document of title that is issued or a bailment that arises on or after the effective date of this act.

(2) This act does not apply to a document of title that is issued or a bailment that arises before the effective date of this act even if the document of

title or bailment would be subject to this act if the document of title had been issued or bailment had arisen on or after the effective date of this act.

(3) This act does not apply to a right of action that has accrued before the effective date of this act.

(4) A document of title issued or a bailment that arises before the effective date of this act and the rights, obligations, and interests flowing from that document or bailment are governed by any statute or other rule amended or repealed by this act as if amendment or repeal had not occurred and may be terminated, completed, consummated, or enforced under that statute or other rule.

(f) In Sec. D.2, 3 V.S.A. § 2477 (tourism funding) shall take effect on January 1, 2016.

(g) Notwithstanding 1 V.S.A. § 214, other than 32 V.S.A. § 5930b(c) (extension of time to meet first or second year award targets), Secs. G.1–G.4 (Vermont Employment Growth Incentive) shall take effect retroactively as of January 1, 2015.

(Committee vote: 11-0-0)

(For text see Senate Journal 4/7/2015 & 4/10/2015)

Rep. Young of Glover, for the Committee on **Ways & Means**, recommends the bill ought to pass when amended as recommended by the Committee on **Commerce & Economic Development** and when further amended as follows:

***** Declared State Disasters *****

First: In Sec. A.1, in 11 V.S.A. § 1702(a)(1)(B), by striking out “sales and use tax,”

Second: In Sec. A.1, in 11 V.S.A. § 1702(b), after the final period, by adding a new sentence to read: “An out-of-state business making retail sales of tangible personal property during the disaster response period shall be subject to all sales tax registration, collection, reporting, and other requirements set forth in 32 V.S.A. chapter 233.”

***** Tourism and Marketing *****

Third: In Sec. D.2, by striking out 3 V.S.A. § 2477 (tourism and economic development marketing funding formula) in its entirety

***** Vermont Employment Growth Incentive;**

Qualifying Jobs; Benefits ***

Fourth: In Sec. G.2, in 32 V.S.A. § 5930b(a), by inserting the following after the asterisks:

~~(20) “Qualifying jobs” means new, full-time Vermont jobs held by nonowners that meet the wage threshold~~

(20) “Qualifying job” means a new, full-time Vermont job held by a nonowner that meets the wage threshold and for which the employer provides at least three of the following:

(A) health care benefits with 50 percent or more of the premium paid by the employer;

(B) dental assistance;

(C) paid vacation;

(D) paid holidays;

(E) child care;

(F) other extraordinary employee benefits;

(G) retirement benefits;

(H) other paid time off, including paid sick days;

* * *

* * * Vermont Employment Growth Incentive; Wage Threshold * * *

Fifth: In Sec. G.2, in 32 V.S.A. § 5930b(a), by striking out subdivision (24) in its entirety and inserting in lieu thereof a new subdivision (24) to read:

(24) “Wage threshold” means the minimum annualized Vermont gross wages and salaries paid, as determined by the Council, but not less than:

(A) 60 percent above the minimum wage at the time of application;
~~in order for a new job to be a qualifying job under this section; or~~

(B) for a business located in a labor market area in which the unemployment rate is at least 0.5 percent higher than the average unemployment rate for the State, the greater of:

(i) 40 percent above the State minimum wage at the time of application; or

(ii) \$13.00 per hour.

* * * Vermont Employment Growth Incentive; Grace Period Extension * * *

Sixth: In Sec. G.2, in 32 V.S.A. § 5930b(c)(6)(B), by striking out subdivision (iii) in its entirety and inserting in lieu thereof a new subdivision

(iii) to read:

(iii) If the Council grants an extension pursuant to this subdivision (B), the Council shall recalculate the value of the incentive using the cost-benefit model and the wage threshold applicable at the time the extension is granted and shall adjust the amount of the award as is necessary to account for the extension of the award period and the updated wage threshold.

* * * Vermont Employment Growth Incentive; Value-Added VEGI * * *

Seventh: In Sec. G.2, in 32 V.S.A. § 5930b, by striking out subsection (i) in its entirety and inserting in lieu thereof a new subsection (i) to read:

(i) Employment growth incentive for value-added business.

(1) In this subsection:

(A) “Advanced manufacturing” means:

(i) an activity that depends on the use and coordination of information, automation, computation, software, sensing, and networking, or

(ii) an activity that uses cutting edge materials and emerging capabilities enabled by the physical and biological sciences, including nanotechnology, chemistry, and biology, that includes both new ways to manufacture existing products and the manufacture of new products emerging from new advanced technologies.

(B) “Value-added business” means a person that is subject to income taxation in Vermont and whose current or prospective economic activity in Vermont for which incentives are sought under this section is certified by the Secretary of Commerce and Community Development to be primarily in one or more of the following sectors:

(i) advanced manufacturing; or

(ii) information processing or information management services, including:

(I) computer hardware or software, and information and communication technologies, such as high-level software languages, graphics hardware and software, speech and optical character recognition, high-volume information storage and retrieval, and data compression;

(II) technological applications that use biological systems, living organisms or derivatives thereof, to make or modify products or processes for specific use;

(III) custom computer programming services, such as writing, modifying, testing, and supporting software to meet the needs of a particular

customer;

(IV) computer systems design services such as planning and designing computer systems that integrate computer hardware, software, and communication technologies; and

(V) computer facilities management services, such as providing on-site management and operation of clients' computer systems or data processing facilities, or both.

(2) A value-added business located in a labor market area in which the unemployment rate is at least 0.5 percent higher than the average unemployment rate for the State may submit an application for an enhanced incentive pursuant to this subsection.

(3) The Council shall consider and administer an application and award for an enhanced incentive under this subsection pursuant to the provisions of this section, except that:

(A) the "incentive ratio" pursuant to subdivision (a)(11) of this section shall be set at 90 percent; and

(B) the "payroll threshold" pursuant to subdivision (a)(17) of this section shall be deemed to be 20 percent of the expected average industry payroll growth as determined by the cost-benefit model.

* * * Down Payment Assistance Program * * *

Eighth: In Sec. G.7, in 32 V.S.A. § 5930u(b)(2)(B), by striking out the word "sale" and inserting in lieu thereof "transfer"

* * * Cloud Tax * * *

Ninth: By striking out Sec. G.8 in its entirety (prewritten software accessed remotely) and inserting in lieu thereof

Sec. G.8. "[Reserved.]"

* * * R & D Tax Credit * * *

Tenth: By striking out Sec. G.10 in its entirety (R & D tax credit) and inserting in lieu thereof

Sec. G.10. "[Reserved.]"

* * * Tax Amnesty * * *

Eleventh: By adding Secs. G.11–G.12 and a reader assistance heading to read:

* * * Tax Amnesty * * *

Sec. G.11. TAX AMNESTY

(a) Notwithstanding any law to the contrary, the Commissioner of Taxes shall establish a tax amnesty program during which all penalties that could be assessed by the Commissioner shall be waived without the need for any showing by the taxpayer of reasonable cause or the absence of willful neglect if the taxpayer, prior to the expiration of the amnesty period, files proper returns for any tax types and any period for which the taxpayer has or had a filing obligation and pays the full amount of tax shown on such return together with all interest due thereon. The amnesty program shall be established for a period of six consecutive weeks to be determined by the Commissioner, to expire not later than October 2, 2015.

(b) The amnesty program shall apply to a tax liability of any tax type for any periods for which the due date of the return was before January 26, 2015, but shall not apply to those penalties which the Commissioner would not have the sole authority to waive, including fuel taxes administered under the International Fuel Tax Agreement or under the local option portions of taxes.

(c)(1) The Commissioner shall maintain records of the amnesty provided under this section, including:

(A) the number of taxpayers provided with amnesty;

(B) the types of tax liability for which amnesty was provided and, for each type of liability:

(i) the amount of tax liability collected by the Commissioner;

(ii) the amount of penalties forgone by virtue of the amnesty; and

(iii) the total outstanding tax liability due to the State, for the period through June 30, 2015, after the collection of all funds under this section.

(2) The Commissioner shall file a report detailing the information required by subdivision (1) of this subsection with the Clerk of the House of Representatives and the Secretary of the Senate, the Joint Fiscal Committee, the House Committee on Ways and Means, and the Senate Committee on Finance not later than December 15, 2015; provided, however, that the report shall not contain information sufficient to identify an individual taxpayer or the amnesty an individual taxpayer was provided under this section.

Sec. G.12. TAX AMNESTY PROGRAM ADMINISTRATION FUNDING

(a) The Commissioner of Taxes shall supervise and direct the execution of all laws vested in the Department of Taxes by, and shall formulate and carry out all policies relating to, section G.11 of this act.

(b) The Commissioner may:

(1) adopt rules necessary to implement the provisions of this chapter; and

(3) enter into contracts and perform such acts as are necessary to accomplish the purposes of this chapter.

(c) There is hereby created a fund to be known as the Tax Amnesty Administration Fund for the purpose of providing the financial means for the Commissioner to administer under section G.11 of this act. All fees and assessments received by the Department pursuant to such administration shall be credited to this Fund.

(1) All payments from the Tax Amnesty Administration Fund for the advertising of the Tax Amnesty Program and associated expenses, including contractual services as necessary, shall be disbursed from the State Treasury only upon warrants issued by the Commissioner, after receipt of proper documentation regarding services rendered and expenses incurred.

(2) The Commissioner may anticipate receipts to the Tax Amnesty Administration Fund and issue warrants based thereon.

* * * Effective Dates * * *

Twelfth: By striking out Sec. H.1 in its entirety (effective dates) and inserting in lieu thereof a new Sec. H.1 to read:

Sec. H.1. EFFECTIVE DATES

(a) This section and the following sections shall take effect on passage:

(1) Sec. A.3 (blockchain technology study);

(2) Sec. B.1 (Uniform Commercial Code, Article 4A);

(3) Secs. C.1–C.2 (Vermont Strong Scholars and Internship Initiative);

(4) Sec. C.4 (youth employment working group);

(5) Sec. C.5 (Vermont Governor’s Committee on Employment of People with Disabilities);

(6) Secs. C.6–C.8 (Vermont ABLE Savings Program);

(7) Sec. C.9 (Medicaid for working people with disabilities);

(8) Sec. C.10 (Vermont career technical education report);

(9) Secs. D.5–D.6 (Domestic Export Program);

(10) Secs. E.1–E.2 (Vermont Economic Development Authority; green manufacture of microbeads);

(11) Sec. E.3 (extending sunset of Treasurer’s credit facility for local investments and Treasurer’s local investment advisory committee);

(12) Sec. F.1 (deference to regional planning);

(13) Secs. F.2–F.4 (Southern Vermont Economic Development Zone);

(14) Sec. F.5 (Act 250; implementation of settlement patterns criteria; criterion 9(L));

(15) Sec. F.9 (certificate of public good; methane digesters); and

(16) Secs. G.11–G.12 (tax amnesty).

(b) The following sections shall take effect on July 1, 2015:

(1) Sec. A.1 (business rapid response to declared State disasters);

(2) Sec. A.2 (manufacture of gun suppressors);

(3) Sec. C.3 (Workforce Education and Training Fund revisions);

(4) Secs. D.1–D.4 (Tourism and marketing initiative; appropriation);

(5) Sec. E.4 (increase in license exemption for commercial lending);

(6) Sec. F.6 (municipal land use; neighborhood development area);

(7) Sec. F.7 (Act 250; primary agricultural soils);

(8) Sec. F.8 (conservation easements);

(9) Sec. G.5 (employee relocation tax credit study);

(10) Secs. G.6–G.7 (downpayment assistance program); and

(11) Sec. G.9 (wood products manufacturer incentive).

(c) In Sec. A.4, in 7 V.S.A. § 2, subdivisions (27) (definition; “special events permit”) and (28) (definition; “fourth-class license”) shall take effect on July 1, 2015. The remaining provisions of Sec. A.4 (alcoholic beverages; definitions) shall take effect on January 1, 2016.

(d) Secs. A.5–A.15 (fortified wines) shall take effect on January 1, 2016.

(e) Secs. B.2–B.9 (Uniform Commercial Code; Article 7) shall take effect on passage and shall apply as follows:

(1) This act shall apply to a document of title that is issued or a bailment that arises on or after the effective date of this act.

(2) This act does not apply to a document of title that is issued or a bailment that arises before the effective date of this act even if the document of title or bailment would be subject to this act if the document of title had been

issued or bailment had arisen on or after the effective date of this act.

(3) This act does not apply to a right of action that has accrued before the effective date of this act.

(4) A document of title issued or a bailment that arises before the effective date of this act and the rights, obligations, and interests flowing from that document or bailment are governed by any statute or other rule amended or repealed by this act as if amendment or repeal had not occurred and may be terminated, completed, consummated, or enforced under that statute or other rule.

(f)(1) Notwithstanding 1 V.S.A. § 214, other than 32 V.S.A. § 5930b(c) (extension of time to meet first or second year award targets), Secs. G.1–G.4 (Vermont Employment Growth Incentive) shall take effect retroactively as of January 1, 2015;

(2) In Sec. G.2, 32 V.S.A. § 5930b(c)(extension of time to meet first or second year award targets) shall take effect on July 1, 2015.

(Committee Vote: 9-2-0)

Rep. Feltus of Lyndon, for the Committee on **Appropriations**, recommends the bill ought to pass when amended as recommended by the Committee on **Commerce & Economic Development** and when further amended as follows:

First: In Sec. G.2, in 32 V.S.A. § 5930b(a)(24)(B)(i), by striking out “percent” and inserting in lieu thereof “percentage points”

Second: In Sec. G.2, in 32 V.S.A. § 5930b(i)(2), by striking out “percent” and inserting in lieu thereof “percentage points”

Third: By striking out Secs. G.11 and G.12 in their entirety and inserting in lieu thereof the following:

Sec. G.11. [Reserved.]

Sec. G.12. [Reserved.]

Fourth: By adding a Sec. G.13 to read:

Sec. G.13. FUNDS TRANSFER

The amount of \$725,000.00 is transferred from the Vermont Enterprise Fund created in 2014 Acts and Resolves No. 179, Sec. E.100.5 to the General Fund for the purpose of providing funding for costs incurred in fiscal year 2016 pursuant to this act.

Fifth: In Sec. H.1 by adding a subsection (h) to read:

(h) Sec. G.13 (appropriation from Enterprise Fund to General Fund) shall take effect on July 1, 2015.

(Committee Vote: 10-0-1)

Amendment to be offered by Rep. Stevens of Waterbury to the report of the Committee on Commerce and Economic Development to S. 138

First: After Sec. A.15, by inserting a section A.16 to read as follows:

Sec. A.16. VERMONT LIQUOR CONTROL SYSTEM MODERNIZATION STUDY COMMITTEE

(a) Creation. There is created a Vermont Liquor Control System Modernization Study Committee to evaluate Vermont's liquor control system and the Department of Liquor Control and determine whether and how the system and the Department can be made more efficient, effective, and profitable for the Vermont economy.

(b) Membership. The Commission shall be composed of the following seven members:

(1) two current members of the House of Representatives, who shall be appointed by the Speaker of the House;

(2) two current members of the Senate, who shall be appointed by the Committee on Committees;

(3) the Chair of the Liquor Control Board or designee;

(4) the State Auditor or designee; and

(5) the Commissioner of Taxes or designee.

(c) Powers and duties. The Committee shall study and evaluate Vermont's liquor control system and the Department of Liquor Control and determine whether and how the system and the Department can be made more efficient, effective, and profitable for the Vermont economy. In particular, the Committee shall:

(1) examine and evaluate the governance and operation of the Department of Liquor Control in comparison with the governance and operation of liquor control agencies in other states, and identify various measures by which the governance and operation of the Department of Liquor Control could be made more efficient, effective, and profitable for the Vermont economy;

(2) examine and evaluate any changes to licensing, enforcement, education, fees, and taxes related to the production, sale, and distribution of alcoholic beverages that would be necessary to implement the various

measures identified pursuant to subdivision (1) of this subsection;

(3) evaluate the impact of the various measures identified pursuant to subdivision (1) of this subsection with respect to:

(A) public health and safety;

(B) the tax revenue and income generated by the Department;

(C) any savings in the cost of the services provided by the Department;

(D) any economic impact on the businesses licensed by the Department; and

(E) the price and availability of alcoholic beverages for consumers in Vermont.

(4) examine and evaluate Vermont's system for the production, sale, and distribution of alcoholic beverages in comparison with the systems employed by other states for the production, sale, and distribution of alcoholic beverages, including systems in which spirits and fortified wines are distributed by private entities, public entities, or a combination of private and public entities;

(5) identify various measures by which the production, sale, and distribution of alcoholic beverages in Vermont could be made more efficient, effective, and profitable for the Vermont economy;

(6) examine and evaluate any changes to licensing, enforcement, education, fees, and taxes related to the production, sale, and distribution of alcoholic beverages that would be necessary to implement the various measures identified pursuant to subdivision (5) of this subsection; and

(7) evaluate the impact of the various measures identified pursuant to subdivision (5) of this subsection with respect to:

(A) public health and safety;

(B) the tax revenue and income generated by the Department;

(C) any savings in the cost of the services provided by the Department;

(D) any economic impact on the businesses licensed by the Department; and

(E) the price and availability of alcoholic beverages for consumers in Vermont.

(d) Assistance. The Committee shall have the administrative, technical, and legal assistance of the Office of Legislative Council and the Joint Fiscal

Office.

(e) Report. On or before December 15, 2015, the Committee shall submit a report to the House Committees on Commerce and Economic Development; on General, Housing and Military Affairs; and on Government Operations and the Senate Committees on Economic Development, Housing and General Affairs and on Government Operations with its findings and proposed changes to the Department of Liquor Control and Vermont's liquor control system, as well as a recommendation for any legislative action necessary to implement the changes proposed by the Committee. The report of the Committee may take the form of draft legislation.

(f) Meetings.

(1) The Co-Chairs of the Committee shall call the first meeting of the Committee to occur on or before July 30, 2015.

(2) A member from the House of Representatives designated by the Speaker of the House and a member from the Senate designated by the Senate Committee on Committees shall be the Co-Chairs of the Committee.

(3) A majority of the membership of the Committee shall constitute a quorum.

(4) The Committee shall cease to exist on January 15, 2016.

(g) Reimbursement. For attendance at meetings during adjournment of the General Assembly, legislative members of the Committee shall be entitled to per diem compensation and reimbursement of expenses pursuant to 2 V.S.A. § 406 for no more than six meetings.

Second: In Sec. H.1, after subdivision (c)(1), by inserting a subdivision (c)(2) to read as follows:

(2) Sec. A.16 shall take effect on July 1, 2015.

Amendment to be offered by Reps. Clarkson of Woodstock and Komline of Dorset to S. 138

First: In Sec. A.4, 7 V.S.A. § 2, after subdivision (38), by inserting the following:

(39) "Public library or museum permit": a permit granted by the Liquor Control Board permitting a public library or museum to serve malt beverages or vinous beverages, or both, by the glass to the public for a period of not more than six hours during an event held for a charitable or educational purpose, provided that the event is approved by the local licensing authority. A permit holder may purchase malt beverages or vinous beverages directly from a licensed retailer. A permit holder shall be subject to the provisions of this title

and the rules of the Board regarding the service of alcoholic beverages. A request for a permit shall be submitted to the Department in a form required by the Department at least five days prior to the event and shall be accompanied by the permit fee required by subdivision 231(a)(24) of this title. As used in this section, “public library” has the same meaning as in 22 V.S.A. § 101 and “museum” has the same meaning as in 27 V.S.A. § 1151.

Second: In Sec. A.12, 7 V.S.A. § 231, after subdivision (a)(23), by inserting the following:

(24) For a public library or museum permit, \$20.00.

* * *

Third: In Sec. H.1, by striking out subdivision (c)(1) and inserting in lieu thereof a new subdivision (c)(1) to read as follows:

(c)(1) In Sec. A.4, in 7 V.S.A. § 2, subdivisions (27) (definition; “special events permit”), (28) (definition; “fourth-class license”), and (39) (definition, “public library or museum permit”) shall take effect on July 1, 2015. The remaining provisions of Sec. A.4 (alcoholic beverages; definitions) shall take effect on January 1, 2016.

Favorable

S. 7

An act relating to bail determinations concerning a defendant charged with lewd and lascivious conduct with a child

Rep. Strong of Albany, for the Committee on **Judiciary**, recommends that the bill ought to pass in concurrence.

(Committee Vote: 10-0-1)

(For text see Senate Journal 2/26/2015)

NEW BUSINESS

Favorable with Amendment

S. 29

An act relating to election day registration

Rep. Martin of Wolcott, for the Committee on **Government Operations**, recommends that the House propose to the Senate that the bill be amended by striking all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 17 V.S.A. § 2142 is amended to read:

§ 2142. REVISION OF CHECKLIST

(a) The town clerk shall call such meetings of the board of civil authority as may be necessary before an election or at other times for revision of the checklist. ~~At least one meeting shall take place after the deadline for filing applications and before the day of an election, unless no applications have been filed which could take effect before that election.~~

(b) Notice of a meeting, along with a copy of the most recent checklist and a separate list of names which have been challenged and may be removed, shall be posted in two or more public places within each voting district and in the town clerk's office.

(c) A quorum of the board of civil authority shall be as provided in subdivision 2103(5) of this title, and written notice shall be provided to each member as established in 24 V.S.A. § 801.

Sec. 2. 17 V.S.A. § 2144 is amended to read:

§ 2144. ~~DEADLINE FOR~~ SUBMITTING APPLICATIONS

~~(a) The town clerk shall not accept applications for persons' names to be placed on the checklist after 5:00 p.m. on the Wednesday preceding the day of the election. The town clerk's office shall be kept open on the Wednesday preceding the day of the election from no later than 3:00 p.m. until 5:00 p.m., for the purpose of receiving applications for addition to the checklist. For purposes of this subsection, a mail application or an application submitted to the department of motor vehicles in connection with a motor vehicle driver's license or an application accepted by a voter registration agency shall be considered to have met the filing deadline established by this subsection if the application is postmarked, submitted, or accepted by 5:00 p.m. of the Wednesday preceding the day of the election. On any day other than the day of an election, the town clerk shall accept a person's application for his or her name to be placed on the checklist at the town clerk's office during all normal business hours.~~

~~(b) If a person is not eligible to register prior to the voter registration deadline, but expects to be eligible on or before election day, he or she may file with the town clerk a written notice of intention to apply for addition of his or her name to the checklist. The notice shall be filed prior to the voter registration deadline, and the town clerk shall then accept the person's application at any time before the close of the polls on election day, and act upon the application forthwith. On the day of an election:~~

(1) A person may submit an application for addition to the checklist to the presiding officer at the polling place of the town in which the person seeks to register during the hours of voting established by the board of civil authority for that polling place. In towns with more than one polling place, the polling

place shall be that which covers the area in which the person resides.

(2) The presiding officer or his or her designated election official shall review all applications submitted at the polling place and shall approve those applications that meet the requirements of section 2121 of this chapter. Upon approval, the applicant's name shall be added to the checklist at the polling place, and the applicant shall be provided with the opportunity to vote in the election. The town clerk shall add the information in the application to the statewide voter checklist within five business days of the day of the election.

(3) If the presiding officer or the designated election official cannot determine from an application submitted on election day that an applicant meets the requirements of section 2121 of this chapter, the presiding officer shall immediately refer the application to any members of the board of civil authority, or its equivalent entity under any applicable charter, present at the polling place, who shall meet immediately and proceed under section 2146 of this chapter to determine whether the applicant meets the requirements of section 2121 of this chapter. For purposes of adding applicant's names to the checklist under this subdivision (3), a quorum of the board or its equivalent entity shall be as provided in section 2451 of this title. If the board rejects an applicant, it shall notify him or her at the polling place.

~~(c) If a person is not eligible to register prior to the voter registration deadline, and has submitted a written notice of intent to apply in accord with subsection (b) of this section, the clerk shall, upon application, allow the applicant to vote absentee. If the application is approved and the name added to the checklist prior to the close of the polls on election day, the early or absentee ballots cast by that voter shall be treated as other valid early or absentee ballots. [Repealed.]~~

~~(d) In the case of annual meetings and towns that start their annual meetings on any day preceding the first Tuesday in March as authorized in subsection 2640(b) of this title, the "day of election" shall be the first Tuesday in March. [Repealed.]~~

Sec. 3. 17 V.S.A. § 2144a is amended to read:

§ 2144a. REGISTRATION

A person who desires to register to vote may apply in any of the following ways:

(1) Simultaneously with his or her application for, or renewal of, a motor vehicle driver's license as provided in section 2145a of this ~~title~~ chapter.

(2) By completing a voter registration application at a voter registration agency.

(3) By delivering, during regular hours, or mailing a completed application form to the office of the clerk of the town in which the applicant claims to be a resident.

(4) By completing a voter registration application and delivering it to the presiding officer before the close of the polls at the polling place of the town in which the person seeks to register. In towns with more than one polling place, the polling place shall be that which covers the area in which the person resides.

Sec. 4. 17 V.S.A. § 2145 is amended to read:

§ 2145. APPLICATION FORMS

(a) The voter registration application shall be in the form approved by the Federal Election Commission or by the Secretary of State. The application form approved by the Secretary shall include:

* * *

(5) The following statement on applications provided by the Department of Motor Vehicles: “Keep this receipt and take it to the polls when you go to vote. This is proof you submitted an application ~~before the deadline~~ for registration.”

* * *

Sec. 5. 17 V.S.A. § 2145a is amended to read:

§ 2145a. REGISTRATIONS AT THE DEPARTMENT OF MOTOR VEHICLES

(a) An application for, or renewal of, a motor vehicle driver’s license shall serve as a simultaneous application to register to vote unless the applicant declines to sign the voter registration portion of the application.

(b) The voter registration portion of the motor vehicle driver’s license application shall provide and request the information required to be provided under section 2145 of this ~~title~~ chapter and shall be in the form approved by the Secretary of State.

(c) An application for voter registration under this section shall update any previous voter registration by the applicant. Any change of address form submitted to the Department of Motor Vehicles in connection with an application for a motor vehicle driver’s license shall serve to update voter registration information previously provided by the voter, unless the voter states on the form that the change of address is not for voter registration purposes.

(d) The Department of Motor Vehicles shall transmit voter registration applications received under this section to the Secretary of State not later than five days after the date the application was accepted by the Department, or before the ~~close of the checklist for a~~ date of any primary or general election, whichever is sooner.

(e) The Secretary shall promptly transmit applications received under this section to the clerks of the appropriate municipalities.

Sec. 6. 17 V.S.A. § 2145b is amended to read:

§ 2145b. VOTER REGISTRATION AGENCIES

(a) Each voter registration agency shall:

(1) ~~Distribute~~ distribute voter registration application forms approved under section 2145 of this title-;

(2) ~~Assist~~ assist applicants in completing voter registration application forms, unless the applicant refuses such assistance-; and

(3) ~~Accept~~ accept completed voter registration applications and transmit completed applications to the Secretary of State not later than 10 days after the date of acceptance, or before the ~~close of the checklist for a~~ date of any primary or general election, whichever is sooner.

(b) The Secretary shall promptly transmit applications received under this section to the clerks of the appropriate municipalities.

* * *

Sec. 7. 17 V.S.A. § 2145c is amended to read:

§ 2145c. SUBMISSION OF VOTER REGISTRATION FORMS BY OTHER PERSONS OR ORGANIZATIONS

Any person or any organization other than a voter registration agency that accepts a completed voter registration form on behalf of an applicant shall submit that form to the town clerk of the town of that applicant not later than seven days after the date of acceptance, or before the ~~close of the checklist for a~~ date of any primary or general election, whichever is sooner.

Sec. 8. 17 V.S.A. § 2147 is amended to read:

§ 2147. ALTERATION OF CHECKLIST

(a) Pursuant to section 2150 of this title, the board of civil authority or, upon request of the board, the town clerk shall add to the checklist ~~posted in the town clerk's office~~ the names of the voters added and the names omitted by mistake and shall strike the names of persons not entitled to vote. The list so

corrected shall not be altered except by:

* * *

(3) adding the names of persons who present ~~a copy of~~ a valid application for addition to the checklist of that town ~~that was submitted before the deadline for applications~~ or a copy thereof, and who otherwise are qualified to be added to the checklist;

(4) ~~adding, at the polling place, the names of persons who sign a sworn affidavit prepared by the Secretary of State that they completed and submitted a valid application for addition to the checklist of that town before the deadline for applications and who otherwise are qualified to be added to the checklist;~~
[Repealed.]

* * *

(6) adding the names of persons who previously submitted an incomplete application ~~before the deadline for application~~ and who provide that information on or before election day.

(b) Any correction or transfer may be accomplished at any time until the closing of the polls on election day. Each voter has primary responsibility to ascertain that his or her name is properly added to and retained on the checklist.

Sec. 9. 17 V.S.A. § 2150 is amended to read:

§ 2150. REMOVING NAMES FROM CHECKLIST

* * *

(d) Except as provided in subsection (a) of this section, a board of civil authority shall only remove a name from the checklist in accordance with the following procedure:

* * *

(3) If after conducting its inquiry the board of civil authority or town clerk is unable to locate a voter whose name is on the checklist, or if the inquiry reveals facts indicating that the voter may no longer be eligible to vote in the municipality, the board of civil authority or, upon request of the board, the town clerk shall send a written notice to the voter. The notice shall be sent by first class mail to the most recent known address of the voter asking the voter to verify his or her current eligibility to vote in the municipality. The notice shall be sent with the required U.S. Postal Service language for requesting change of address information. Enclosed with the notice shall be a postage paid pre-addressed return form on which the voter may reply swearing or affirming the voter's current place of residence as the municipality in

question or alternatively consenting to the removal of the voter's name. The notice required by this subsection shall also include the following:

(A) A statement informing the voter that if the voter has not changed his or her residence, or if the voter has changed his or her residence but the change was within the area covered by the checklist, the voter should return the form to the town clerk's office ~~on or before the date upon which the checklist is closed under section 2144 of this title~~. The statement shall also inform the voter that if he or she fails to return the form as provided in this subdivision, written affirmation of the voter's address shall be required before the voter is permitted to vote.

* * *

(5) In the case of voters who failed to respond to the notice sent pursuant to subdivision (3) of this subsection, the board of civil authority shall remove the voter's name from the checklist on the day after the second general election following the date of such notice, if the voter has not voted or appeared to vote in an election since the notice was sent or has not otherwise demonstrated his or her eligibility to remain on the checklist.

* * *

Sec. 10. 17 V.S.A. § 2532 is amended to read:

§ 2532. APPLICATIONS; FORM

* * *

(c) If the request is received by the town clerk prior to the ~~voter registration deadline for requesting early voter absentee ballots set forth in subsection 2144(a)~~ section 2531 of this ~~title~~ chapter, the town clerk shall mail a blank application for addition to the checklist, together with a full set of early voter absentee ballots, to the person who has applied for early voter absentee ballots. All such applications for addition to the checklist which are returned to the town clerk before the close of the polls on election day shall be considered and acted upon by the board of civil authority before the ballots are counted. If the application is approved and the name added to the checklist, the early voter absentee ballots cast by that voter shall be treated as other valid early voter absentee ballots.

* * *

Sec. 11. 17 V.S.A. § 2555 is amended to read:

§ 2555. PROVISIONAL BALLOT ENVELOPES

The clerk shall deliver to each polling place on the date of the election a sufficient number of provisional ballot envelopes printed with a voter

attestation. The attestation shall include:

* * *

(2) An attestation by the provisional voter that he or she submitted a properly completed voter application form ~~before the application deadline~~. The attestation shall be signed by the provisional voter under penalty of perjury.

* * *

Sec. 12. 17 V.S.A. § 2556 is amended to read:

§ 2556. PROVISIONAL VOTING

(a) If an individual's name does not appear on the checklist and the individual claims to have submitted an application for the checklist ~~prior to noon on the second Monday before the election~~ and ~~refuses to complete a new application in accordance with subdivision 2563(2) of this chapter, or if the individual's registration application has been rejected and the individual disputes that rejection~~, the election official shall allow the individual to vote provisionally.

(b) The provisional voter shall be given a ballot and an envelope with an attestation printed upon it, as described in section 2555 of this title, and shall complete the attestation on the envelope. Upon completion, the provisional voter shall seal the envelope and deposit it in a ballot box marked for the receipt of provisional ballots.

(c) A provisional voter who makes a false statement in completing the attestation, knowing the statement to be false, shall be subject to the penalties of perjury as provided in 13 V.S.A. chapter 65.

Sec. 13. 17 V.S.A. § 2563 is amended to read:

§ 2563. ADMITTING VOTER

Before a person may be admitted to vote, he or she shall announce his or her name and if requested, his or her place of residence in a clear and audible tone of voice, or present his or her name in writing, or otherwise identify himself or herself by appropriate documentation. The election officials attending the entrance of the polling place shall then verify that the person's name appears on the checklist for the polling place.

(1) If the name does appear, and if no one immediately challenges the person's right to vote on grounds of identity or having previously voted in the same election, the election officials shall repeat the name of the person and:

~~(A)~~(i) If the checklist indicates that the person is a first-time voter in

the municipality who registered by mail and who has not provided required identification before the opening of the polls, require the person to present any one of the following: a valid photo identification; a copy of a current utility bill; a copy of a current bank statement; or a copy of a government check, paycheck, or any other government document that shows the current name and address of the voter.

(ii) If the person is unable to produce the required information, the person shall be afforded the opportunity to ~~cast a provisional ballot, as provided in subchapter 6A of this chapter~~ complete a new application for addition to the checklist in accordance with section 2144 of this title.

(iii) The elections official shall note upon the checklist a first-time voter in the municipality who has registered by mail and who produces the required information, and place a mark next to the voter's name on the checklist and allow the voter to proceed to the voting booth for the purpose of voting.

~~(2)(B)~~ If the voter is not a first-time voter in the municipality, no identification shall be required, ~~the~~ The clerk shall place a check next to the voter's name on the checklist and allow the voter to proceed to the voting booth for the purpose of voting.

(2) If the name does not appear, the person shall be afforded the opportunity to complete an application for addition to the checklist in accordance with section 2144 of this title.

Sec. 14. SECRETARY OF STATE REPORT

(a) The Secretary of State shall consult with town clerks and report on or before January 15, 2016, to the Senate and House Committees on Government Operations with his or her proposed process and any recommendations or concerns regarding the following:

(1) permitting a town clerk to deposit in a vote tabulator on the day before an election any early voter absentee ballots he or she has received, while still complying with other provisions of election law;

(2) ensuring that all towns have Internet access at each polling place on the day of an election;

(3) permitting automatic voter registration through the Department of Motor Vehicles; and

(4) public service announcements that encourage people to register to vote prior to the day of an election.

(b) The report described in subsection (a) of this section shall also address:

(1) any improvements in the registration of voters through the Department of Motor Vehicles;

(2) other states that require identification for election day voter registration and whether Vermont should also require such identification; and

(3) any other recommendations regarding the administration of election day registration.

Sec. 15. EFFECTIVE DATES

This act shall take effect on January 1, 2017, except for Sec. 14 (Secretary of State report), which shall take effect on passage.

(Committee vote: 6-5-0)

(For text see Senate Journal 3/26/15 & 3/27/15)

J.R.S. 9

Joint resolution encouraging public high schools to explore recruiting and enrolling international students on F-1 student visas in order to promote tuition based income while also exposing F-1 students and our public school K-12 Vermont students to enriched cross cultural learning experiences.

Rep. Miller of Shaftsbury, for the Committee on **Education**, recommends the House propose to the Senate to amend the resolution as follows:

in the second *Resolved* clause as follows:

First: After “Secretary of Education,” by striking out “, and” and inserting in lieu thereof “;”

Second: After “a public high school” by inserting “; to the members of the Vermont Congressional Delegation; and to the U.S. Secretaries of State and of Education”

(Committee Vote: 11-0-0)

Favorable

J.R.S. 20

Joint resolution relating to the Vermont Student Assistance Corporation’s lending authority

Rep. Long of Newfane, for the Committee on **Education**, recommends that the resolution ought to be adopted in concurrence.

(Committee Vote: 11-0-0)

(For text see Senate Journal 4/24/15)

Senate Proposal of Amendment

H. 18

An act relating to Public Records Act exemptions

The Senate proposes to the House to amend the bill as follows:

By striking out Sec. 21 and the reader assistance thereto in their entirety and inserting in lieu thereof the following:

* * * Presentence and Parole Reports; Supervision History * * *

Sec. 21. 28 V.S.A. § 204 is amended to read:

§ 204. SUBMISSION OF WRITTEN REPORT; PROTECTION OF RECORDS

* * *

(d) Any presentence report, ~~pre-parole~~ preparole report, or supervision history prepared by any employee of the Department in the discharge of the employee's official duty, except as provided in subdivision 204a(b)(5) and section 205 of this title, is ~~privileged~~ confidential and shall not be disclosed to anyone outside the Department other than the judge or the Parole Board, except that the court or Board may in its discretion permit the inspection of the report or parts thereof by the State's Attorney, the defendant or inmate, or his or her attorney, or other persons having a proper interest therein, whenever the best interest or welfare of the defendant or inmate makes that action desirable or helpful. Nothing in this section shall prohibit the Department for Children and Families from accessing the supervision history of probationers or parolees for the purpose of child protection.

* * *

(For text see House Journal 3/11/15)

H. 480

An act relating to making miscellaneous technical and other amendments to education laws

The Senate proposes to the House to amend the bill by striking all after the enacting clause and inserting in lieu thereof the following:

* * * Elementary Education; Prekindergarten * * *

Sec. 1. 16 V.S.A. § 11(a)(3) is amended to read:

(3) "Elementary education" means a program of public school education adapted to the needs of students in prekindergarten, kindergarten, and the first

six grades.

* * * School Boards; Designation; Technical Correction * * *

Sec. 2. 16 V.S.A. § 563(31) is amended to read:

(31) Subject to the requirements of section 571 of this title, may enter into contracts with other school boards to provide joint programs, services, facilities, and professional or other staff. ~~Nothing herein shall be construed to permit the designation by a school district that does not maintain a secondary school of another school district's secondary school as the secondary school of the district.~~

* * * Sight and Hearing Testing; Equipment * * *

Sec. 3. REPEAL

16 V.S.A. § 1421 (sight and hearing testing equipment) is repealed.

* * * Vermont State Colleges; Technical Correction * * *

Sec. 4. 16 V.S.A. § 2179 is amended to read:

§ 2179. NONAPPLICABILITY OF CERTAIN STATUTES

Except as expressly provided in this chapter, the Corporation, its officers and employees shall not be governed by:

* * *

(9) 21 V.S.A. § 342~~(d)~~(c), dealing with required written employee authorization before an employer may pay wages through electronic funds transfer or other direct deposit systems to a checking, savings, or other deposit account maintained by the employee within or outside the State.

* * * University of Vermont and State Agricultural College * * *

Sec. 4a. 16 V.S.A. § 2285 is added to read:

§ 2285. NONAPPLICABILITY OF CERTAIN REQUIREMENTS FOR PAYMENT OF WAGES

Except as expressly provided in this chapter, the University of Vermont and State Agricultural College and its Board of Trustees, officers, and employees shall not be subject to the provisions of 21 V.S.A. § 342(c) that require written employee authorization before an employer may pay wages through electronic funds transfer or other direct deposit systems to a checking, savings, or other deposit account maintained by the employee within or outside the State.

* * * Tiered System of Supports * * *

Sec. 5. 16 V.S.A. § 2902 is amended to read:

§ 2902. EDUCATIONAL SUPPORT SYSTEM TIERED SYSTEM OF SUPPORTS AND EDUCATIONAL SUPPORT TEAM

(a) Within each school district's comprehensive system of educational services, each public school shall develop and maintain ~~an educational support system for students who require additional assistance in order~~ a tiered system of academic and behavioral supports for the purpose of providing all students with the opportunity to succeed or to be challenged in the general education environment. For each school it maintains, a school district board shall assign responsibility for developing and maintaining the educational support system tiered system of supports either to the superintendent pursuant to a contract entered into under section 267 of this title or to the school principal. The educational support system school shall provide all students a full and fair opportunity to access the system of supports and achieve educational success. The tiered system of supports shall, at a minimum, include an educational support team and a range of support and remedial services, including, instructional and behavioral interventions, and accommodations that are available as needed for any student who requires support beyond what can be provided in the general education classroom, and may include intensive, individualized interventions for any student requiring a higher level of support.

(b) ~~The educational support system~~ tiered system of supports shall:

(1) ~~Be integrated to the extent~~ aligned as appropriate with the general education curriculum.

(2) Be designed to ~~increase~~ enhance the ability of the general education system to meet the needs of all students.

(3) Be designed to provide ~~students the support needed~~ necessary supports promptly, regardless of an individual student's eligibility for categorical programs.

(4) ~~Provide clear procedures and methods for addressing student behavior that is disruptive to the learning environment and include educational options, support services, and consultation or training for staff where appropriate. Procedures may include removal of a student from the classroom or the school building for as long as appropriate, consistent with state and federal law and the school's policy on student discipline, after reasonable effort has been made to support the student in the regular classroom environment. Seek to identify and respond to students in need of support for at-risk behaviors and to students in need of specialized, individualized behavior supports.~~

(5) ~~Ensure~~ Provide all students with a continuum of evidence-based and research-based behavior practices that teach and encourage prosocial skills and

behaviors schoolwide.

(6) Promote collaboration with families, community supports, and the system of health and human services.

* * *

* * * Small School Support; Outdated References * * *

Sec. 6. REPEAL

16 V.S.A. § 4015(d) (small school support; references to two repealed provisions) is repealed.

* * * Education Fund; Technical Correction * * *

Sec. 7. 16 V.S.A. § 4025 is amended to read:

§ 4025. EDUCATION FUND

(a) An Education Fund is established to comprise the following:

* * *

(4) ~~Revenue from the electric generating plant education property tax under 32 V.S.A. § 5402a. [Repealed.]~~

* * *

* * * Governance of the Vermont State Colleges; Technical Correction * * *

Sec. 8. 16 V.S.A. § 2172(d) is amended to read:

(d) ~~The Governor, in the case of gubernatorial appointed trustees, or the Board of Trustees, in the case of Board elected trustees:~~

(1) The Board of Trustees, after notice and a hearing, may remove a trustee for incompetency, failure to discharge duties, malfeasance, illegal acts, or other cases inimical to the welfare of the Corporation; ~~and~~.

(2) Gubernatorial-appointed trustees shall serve at the pleasure of the Governor pursuant to 3 V.S.A. § 2004.

(3) ~~in~~ In the event of a vacancy occurring under this subsection, the Governor or the Board, as applicable, shall fill the vacancy pursuant to subsection (a) of this section.

* * * Effective Dates * * *

Sec. 9. EFFECTIVE DATES

(a) This section and Secs. 1–7 shall take effect on July 1, 2015.

(b) Sec. 8 (16 V.S.A. § 2172(d)) shall take effect on July 16, 2015.

(For text see House Journal 3/20/15)

H. 492

An act relating to capital construction and State bonding

The Senate proposes to the House to amend the bill by striking all after the enacting clause and inserting in lieu thereof the following:

* * * Capital Appropriations * * *

Sec. 1. LEGISLATIVE INTENT

(a) It is the intent of the General Assembly that of the \$157,207,752.00 authorized in this act, no more than \$80,068,449.00 shall be appropriated in the first year of the biennium, and the remainder shall be appropriated in the second year.

(b) It is the intent of the General Assembly that in the second year of the biennium, any amendments to the appropriations or authorities granted in this act shall take the form of a Capital Construction and State Bonding Adjustment Act. It is the intent of the General Assembly that unless otherwise indicated, all appropriations in this act are subject to capital budget adjustment.

Sec. 2. STATE BUILDINGS

(a) The following sums are appropriated to the Department of Buildings and General Services, and the Commissioner is authorized to direct funds appropriated in this section to the projects contained in this section; however, no project shall be canceled unless the Chairs of the Senate Committee on Institutions and the House Committee on Corrections and Institutions are notified before that action is taken.

(b) The following sums are appropriated in FY 2016:

<u>(1) Statewide, asbestos:</u>	<u>\$50,000.00</u>
<u>(2) Statewide, building reuse and planning:</u>	<u>\$75,000.00</u>
<u>(3) Statewide, contingency:</u>	<u>\$100,000.00</u>
<u>(4) Statewide, elevator repairs and replacement:</u>	<u>\$100,000.00</u>
<u>(5) Statewide, major maintenance:</u>	<u>\$8,210,287.00</u>
<u>(6) Statewide, BGS engineering and architectural project costs:</u>	<u>\$3,567,791.00</u>
<u>(7) Statewide, physical security enhancements:</u>	<u>\$200,000.00</u>
<u>(8) Burlington, 32 Cherry Street, HVAC controls upgrades:</u>	<u>\$150,000.00</u>
<u>(9) Burlington, 108 Cherry Street, garage and structural audit:</u>	

	<u>\$50,000.00</u>
<u>(10) Montpelier, 120 State Street, life safety and infrastructure improvements:</u>	<u>\$300,000.00</u>
<u>(11) Montpelier, Department of Labor, parking lot expansion:</u>	<u>\$450,000.00</u>
<u>(12) Middlesex, State Archives, renovations:</u>	<u>\$660,000.00</u>
<u>(13) Newport, Northern State Correctional Facility, maintenance shop:</u>	<u>\$450,000.00</u>
<u>(14) Randolph, Agency of Agriculture, Food and Markets and Agency of Natural Resources, collaborative laboratory, finalizing design and construction documents, bid proposal, and permitting:</u>	<u>\$2,500,000.00</u>
<u>(15) Southern State Correctional Facility, construction of Phase I of the steamline replacement, design and cost estimation for Phase II:</u>	<u>\$1,200,000.00</u>
<u>(16) Southern State Correctional Facility, copper waterline replacement and project-related costs:</u>	<u>\$1,829,086.00</u>
<u>(17) St. Johnsbury, Caledonia Courthouse, stabilize foundation:</u>	<u>\$1,700,000.00</u>
<u>(18) Pittsford, Training Center, electrical system upgrade:</u>	<u>\$120,000.00</u>
<u>(19) Waterbury State Office Complex, complex restoration, and project-related costs:</u>	<u>\$19,151,826.00</u>
<u>(20) White River Junction, Windsor Courthouse, design and planning for mechanical, electrical and plumbing, security and energy upgrades:</u>	<u>\$300,000.00</u>
<u>(21) Colchester, Woodside Juvenile Rehabilitation Center, project design and planning, and begin repairs and improvements:</u>	<u>\$200,000.00</u>
<u>(c) The following sums are appropriated in FY 2017:</u>	
<u>(1) Statewide, asbestos:</u>	<u>\$50,000.00</u>
<u>(2) Statewide, building reuse and planning:</u>	<u>\$75,000.00</u>
<u>(3) Statewide, contingency:</u>	<u>\$100,000.00</u>

<u>(4) Statewide, elevator repairs and replacement:</u>	<u>\$100,000.00</u>
<u>(5) Statewide, major maintenance:</u>	<u>\$8,000,000.00</u>
<u>(6) Statewide, BGS engineering and architectural project costs:</u>	<u>\$3,677,448.00</u>
<u>(7) Statewide, physical security enhancements:</u>	<u>\$200,000.00</u>
<u>(8) Montpelier, 115 State Street, State House lawn, access improvements and water intrusion:</u>	<u>\$300,000.00</u>
<u>(9) Montpelier, 120 State Street, life safety and infrastructure improvements:</u>	<u>\$1,000,000.00</u>
<u>(10) Randolph, Agency of Agriculture, Food and Markets and Agency of Natural Resources, collaborative laboratory, site construction:</u>	<u>\$16,931,385.00</u>
<u>(11) Southern State Correctional Facility, copper waterline replacement:</u>	<u>\$1,100,000.00</u>
<u>(12) Pittsford, Training Center, electrical system upgrade:</u>	<u>\$500,000.00</u>
<u>(13) Statewide, strategic building realignments:</u>	<u>\$300,000.00</u>

(d) Any funds remaining from the amount appropriated in subdivision (b)(19) for restoration and projected-related costs at the Waterbury State Office Complex shall be directed toward the beginning phases of design and fit up of the Weeks and Hanks buildings.

<u>Appropriation – FY 2016</u>	<u>\$41,363,990.00</u>
<u>Appropriation – FY 2017</u>	<u>\$32,333,833.00</u>
<u>Total Appropriation – Section 2</u>	<u>\$73,697,823.00</u>

Sec. 3. ADMINISTRATION

(a) The following sums are appropriated to the Department of Taxes for the Vermont Center for Geographic Information for an ongoing project to update statewide quadrangle maps through digital orthophotographic quadrangle mapping:

- (1) \$125,000.00 is appropriated in FY 2016.
- (2) \$125,000.00 is appropriated in FY 2017.

(b) The following sums are appropriated to the Department of Finance and Management for the ERP expansion project (Phase II):

- (1) \$5,000,000.00 is appropriated in FY 2016.

(2) \$9,267,470.00 is appropriated in FY 2017.

(c) The sum of \$6,000,000.00 is appropriated in FY 2017 to the Agency of Human Services for the Health and Human Services Enterprise IT System.

<u>Appropriation – FY 2016</u>	<u>\$5,125,000.00</u>
<u>Appropriation – FY 2017</u>	<u>\$15,392,470.00</u>
<u>Total Appropriation – Section 3</u>	<u>\$20,517,470.00</u>

Sec. 4. HUMAN SERVICES

(a) The following sums are appropriated in FY 2016 to the Department of Buildings and General Services for the Agency of Human Services for the projects described in this subsection:

<u>(1) Corrections, perimeter intrusion:</u>	<u>\$100,000.00</u>
<u>(2) Corrections, camera and systems:</u>	<u>\$100,000.00</u>
<u>(3) Corrections, security upgrades and enhancements:</u>	<u>\$100,000.00</u>

(b) The following sums are appropriated in FY 2017 to the Department of Buildings and General Services for the Agency of Human Services for the projects described in this subsection:

<u>(1) Corrections, perimeter intrusion:</u>	<u>\$100,000.00</u>
<u>(2) Corrections, security upgrades and enhancements:</u>	<u>\$100,000.00</u>
<u>Appropriation – FY 2016</u>	<u>\$300,000.00</u>
<u>Appropriation – FY 2017</u>	<u>\$200,000.00</u>
<u>Total Appropriation – Section 4</u>	<u>\$500,000.00</u>

Sec. 5. JUDICIARY

(a) The sum of \$180,000.00 is appropriated in FY 2016 to the Department of Buildings and General Services for the Judiciary for ADA compliance at county courthouses.

(b) The following sums are appropriated in FY 2016 to the Judiciary:

<u>(1) Statewide court security systems and improvements:</u>	<u>\$150,000.00</u>
<u>(2) Judicial case management system:</u>	<u>\$750,000.00</u>

(c) The following sums are appropriated in FY 2017 to the Judiciary:

<u>(1) Statewide court security systems and improvements:</u>	<u>\$150,000.00</u>
<u>(2) Judicial case management system:</u>	<u>\$5,000,000.00</u>

<u>Appropriation – FY 2016</u>	<u>\$1,080,000.00</u>
<u>Appropriation – FY 2017</u>	<u>\$5,150,000.00</u>
<u>Total Appropriation – Section 5</u>	<u>\$6,230,000.00</u>

Sec. 6. COMMERCE AND COMMUNITY DEVELOPMENT

(a) The following sums are appropriated in FY 2016 to the Department of Buildings and General Services for the Agency of Commerce and Community Development for the following projects described in this subsection:

<u>(1) Major maintenance at historic sites statewide:</u>	<u>\$200,000.00</u>
<u>(2) Bennington Monument, elevator, roof repairs:</u>	<u>\$118,000.00</u>

(b) The following sums are appropriated in FY 2016 to the Agency of Commerce and Community Development for the following projects described in this subsection:

<u>(1) Underwater preserves:</u>	<u>\$30,000.00</u>
<u>(2) Placement and replacement of roadside historic markers:</u>	<u>\$15,000.00</u>
<u>(3) Unmarked burial fund:</u>	<u>\$30,000.00</u>

(c) The following sums are appropriated in FY 2017 to the Department of Buildings and General Services for the Agency of Commerce and Community Development for the following projects described in this subsection:

<u>(1) Major maintenance at historic sites statewide:</u>	<u>\$200,000.00</u>
<u>(2) Bennington Monument, elevator, roof repairs:</u>	<u>\$50,000.00</u>

(d) The following sums are appropriated in FY 2017 to the Agency of Commerce and Community Development for the following projects described in this subsection:

<u>(1) Underwater preserves:</u>	<u>\$30,000.00</u>
<u>(2) Placement and replacement of roadside historic markers:</u>	<u>\$15,000.00</u>

<u>Appropriation – FY 2016</u>	<u>\$393,000.00</u>
<u>Appropriation – FY 2017</u>	<u>\$295,000.00</u>
<u>Total Appropriation – Section 6</u>	<u>\$688,000.00</u>

Sec. 7. GRANT PROGRAMS

(a) The following sums are appropriated in FY 2016 for Building Communities Grants established in 24 V.S.A. chapter 137:

(1) To the Agency of Commerce and Community Development, Division for Historic Preservation, for the Historic Preservation Grant Program: \$225,000.00

(2) To the Agency of Commerce and Community Development, Division for Historic Preservation, for the Historic Barns Preservation Grant Program: \$225,000.00

(3) To the Vermont Council on the Arts for the Cultural Facilities Grant Program, the sum of which may be used to match funds that may be made available from the National Endowment for the Arts, provided that all capital funds are made available to the cultural facilities grant program: \$225,000.00

(4) To the Department of Buildings and General Services for the Recreational Facilities Grant Program: \$225,000.00

(5) To the Department of Buildings and General Services for the Regional Economic Development Grant Program: \$225,000.00

(b) The following sum is appropriated in FY 2016 to the Agency of Agriculture, Food and Markets for the Agricultural Fairs Capital Projects Competitive Grant Program: \$225,000.00

(c) The following sums are appropriated in FY 2017 for Building Communities Grants established in 24 V.S.A. chapter 137:

(1) To the Agency of Commerce and Community Development, Division for Historic Preservation, for the Historic Preservation Grant Program: \$225,000.00

(2) To the Agency of Commerce and Community Development, Division for Historic Preservation, for the Historic Barns Preservation Grant Program: \$225,000.00

(3) To the Vermont Council on the Arts for the Cultural Facilities Grant Program, the sum of which may be used to match funds that may be made available from the National Endowment for the Arts, provided that all capital funds are made available to the cultural facilities grant program: \$225,000.00

(4) To the Department of Buildings and General Services for the Recreational Facilities Grant Program: \$225,000.00

(5) To the Department of Buildings and General Services for the Regional Economic Development Grant Program: \$225,000.00

(d) The following sum is appropriated in FY 2017 to the Agency of Agriculture, Food and Markets for the Agricultural Fairs Capital Projects Competitive Grant Program: \$225,000.00

(e) The following amounts are appropriated in FY 2016 to the Department of Buildings and General Services for the Human Services and Educational Facilities Competitive Grant Program:

(1) Human Services: \$120,000.00

(2) Educational Facilities: \$120,000.00

(f) The following amounts are appropriated in FY 2017 to the Department of Buildings and General Services for the Human Services and Educational Facilities Competitive Grant Program:

(1) Human Services: \$110,000.00

(2) Educational Facilities: \$110,000.00

Appropriation – FY 2016 \$1,590,000.00

Appropriation – FY 2017 \$1,570,000.00

Total Appropriation – Section 7 \$3,160,000.00

Sec. 8. EDUCATION

(a) The following sums are appropriated in FY 2016 to the Agency of Education for funding the State share of completed school construction projects pursuant to 16 V.S.A. § 3448 and emergency projects:

(1) Emergency projects: \$82,188.00

(2) School construction projects: \$3,975,500.00

(b) The sum of \$60,000.00 is appropriated in FY 2017 to the Agency of Education for State aid for emergency projects.

Appropriation – FY 2016 \$4,057,688.00

Appropriation – FY 2017 \$60,000.00

Total Appropriation – Section 8 \$4,117,688.00

Sec. 9. UNIVERSITY OF VERMONT

(a) The sum of \$1,400,000.00 is appropriated in FY 2016 to the University of Vermont for construction, renovation, and major maintenance.

(b) The sum of \$1,400,000.00 is appropriated in FY 2017 to the University of Vermont for construction, renovation, and major maintenance.

Total Appropriation – Section 9 \$2,800,000.00

Sec. 10. VERMONT STATE COLLEGES

(a) The following sums are appropriated in FY 2016 to the Vermont State

Colleges:

- (1) Construction, renovation, and major maintenance: \$1,400,000.00
- (2) Engineering technology laboratories, plan, design, and upgrade:
\$1,000,000.00

(b) The following sums are appropriated in FY 2017 to the Vermont State Colleges:

- (1) Construction, renovation, and major maintenance: \$1,400,000.00
- (2) Engineering technology laboratories, plan, design, and upgrade:
\$500,000.00

(c) It is the intent of the General Assembly that the amount appropriated in subdivision (b)(2) of this section shall be used as a challenge grant to raise funds to upgrade engineering technology laboratories at the Vermont Technical College. The funds shall only become available after the Vermont Technical College has notified the Chairs of the House Committee on Corrections and Institutions and the Senate Committee on Institutions and the Commissioner of Finance and Management that \$500,000.00 in committed funds has been raised to match the appropriation in subdivision (b)(2) of this section and finance additional costs of comprehensive laboratory improvements.

<u>Appropriation – FY 2016</u>	<u>\$2,400,000.00</u>
<u>Appropriation – FY 2017</u>	<u>\$1,900,000.00</u>
<u>Total Appropriation – Section 10</u>	<u>\$4,300,000.00</u>

Sec. 11. NATURAL RESOURCES

(a) The following sums are appropriated in FY 2016 to the Agency of Natural Resources for the Department of Environmental Conservation for the projects described in this subsection:

- (1) the Water Pollution Control Fund, Clean Water State/EPA Revolving Loan Fund (CWSRF) match: \$1,300,000.00
- (2) the Water Pollution Control Fund, administrative support – engineering, oversight, and program management: \$300,000.00
- (3) Drinking Water Supply, Drinking Water State Revolving Fund:
\$1,750,834.00
- (4) Drinking Water Supply, engineering oversight and project management: \$300,000.00
- (5) EcoSystem restoration and protection: \$3,750,000.00

- (6) Dam safety and hydrology projects: \$538,580.00
- (7) Municipal Pollution Control Grants, principal and interest associated with funding for the Pownal project: \$530,000.00
- (8) Municipal Pollution Control Grants, Waterbury waste treatment facility for phosphorous removal: \$379,929.00
- (9) Municipal Pollution Control Grants, pollution control projects and planning advances for feasibility studies: \$392,258.00
- (b) The following sums are appropriated in FY 2016 to the Agency of Natural Resources for the Department of Forests, Parks and Recreation for the projects described in this subsection:
- (1) Infrastructure rehabilitation, including statewide small scale rehabilitation, wastewater repairs, preventive improvements and upgrades of restrooms and bathhouses, and statewide small-scale road rehabilitation projects: \$3,000,000.00
- (2) Guilford, Sweet Pond: \$90,000.00
- (c) The following sums are appropriated in FY 2016 to the Agency of Natural Resources for the Department of Fish and Wildlife:
- (1) General infrastructure projects: \$1,125,000.00
- (2) Lake Champlain Walleye Association, Inc. to upgrade and repair the walleye rearing, restoration, and stocking infrastructure: \$25,000.00
- (d) The following sums are appropriated in FY 2017 to the Agency of Natural Resources for the Department of Environmental Conservation for the projects described in this subsection:
- (1) the Water Pollution Control Fund for the Clean Water State/EPA Revolving Loan Fund (CWSRF) match: \$1,300,000.00
- (2) the Water Pollution Control Fund, administrative support – engineering, oversight, and program management: \$300,000.00
- (3) the Drinking Water Supply, Drinking Water State Revolving Fund: \$2,538,000.00
- (4) the Drinking Water Supply, engineering oversight and project management: \$300,000.00
- (5) EcoSystem restoration and protection: \$3,750,000.00
- (6) Dam safety and hydrology projects: \$750,000.00
- (e) The following sums are appropriated in FY 2017 to the Agency of

Natural Resources for the Department of Forests, Parks and Recreation for the projects described in this subsection:

(1) Infrastructure rehabilitation, including statewide small scale rehabilitation, wastewater repairs, preventive improvements and upgrades of restrooms and bathhouses, and statewide small-scale road rehabilitation projects: \$3,000,000.00

(2) Guilford, Sweet Pond: \$405,000.00

(f) The following sums are appropriated in FY 2017 to the Agency of Natural Resources for the Department of Fish and Wildlife:

(1) General infrastructure projects: \$875,000.00

(2) Lake Champlain Walleye Association, Inc. to upgrade and repair the walleye rearing, restoration, and stocking infrastructure: \$25,000.00

Appropriation – FY 2016 \$13,481,601.00

Appropriation – FY 2017 \$13,243,000.00

Total Appropriation – Section 11 \$26,724,601.00

Sec. 12. MILITARY

(a) The following sums are appropriated in FY 2016 to the Department of Military for the projects described in this subsection:

(1) Maintenance, renovations, roof replacements, ADA renovations, and energy upgrades at State armories. To the extent feasible, these funds shall be used to match federal funds: \$750,000.00

(2) Randolph, Vermont Veterans' Memorial Cemetery, agricultural mitigation for the proposed cemetery expansion: \$59,759.00

(b) The sum of \$750,000.00 is appropriated in FY 2017 to the Department of Military for maintenance, renovations, roof replacements, ADA renovations, and energy upgrades at State armories. To the extent feasible, these funds shall be used to match federal funds.

Appropriation – FY 2016 \$809,759.00

Appropriation – FY 2017 \$750,000.00

Total Appropriation – Section 12 \$1,559,759.00

Sec. 13. PUBLIC SAFETY

(a) The sum of \$300,000.00 is appropriated in FY 2016 to the Department of Buildings and General Services for the State's share of the Vermont Emergency Service Training Facility for site location and foundation

construction of the new burn building at the Robert H. Wood Vermont Fire Academy. The Department of Public Safety may accept federal funds to support this project.

(b) The funds appropriated in subsection (a) of this section shall only become available after the Department of Public Safety has notified the Chairs of the House Committee on Corrections and Institutions and the Senate Committee on Institutions of receipt of the federal match for the project.

Total Appropriation – Section 13 \$300,000.00

Sec. 14. AGRICULTURE, FOOD AND MARKETS

(a) The following sums are appropriated in FY 2016 to the Agency of Agriculture, Food and Markets for the projects described in this subsection:

(1) Best Management Practices and Conservation Reserve Enhancement Program: \$1,752,412.00

(2) Vermont Exposition Center Building, upgrades: \$200,000.00

(3) Community and nonprofit agricultural water quality projects: \$250,000.00

(b) The following sums are appropriated in FY 2017 to the Agency of Agriculture, Food and Markets for the projects described in this subsection:

(1) Best Management Practices and Conservation Reserve Enhancement Program: \$1,800,000.00

(2) Vermont Exposition Center Building, upgrades: \$115,000.00

(c) On or before January 15, 2016, the Secretary of Agriculture, Food and Markets shall report to the House Committee on Corrections and Institutions and the Senate Committee on Institutions on the projects funded from the appropriation in subdivision (a)(3) of this section.

Appropriation – FY 2016 \$2,202,412.00

Appropriation – FY 2017 \$1,915,000.00

Total Appropriation – Section 14 \$4,117,412.00

Sec. 15. VERMONT RURAL FIRE PROTECTION

(a) The sum of \$125,000.00 is appropriated in FY 2016 to the Department of Public Safety for the Vermont Rural Fire Protection Task Force for the dry hydrant program.

(b) The sum of \$125,000.00 is appropriated in FY 2017 to the Department of Public Safety for the Vermont Rural Fire Protection Task Force for the

project described in subsection (a) of this section.

Total Appropriation – Section 15 \$250,000.00

Sec. 16. VERMONT VETERANS' HOME

The sum of \$500,000.00 is appropriated in FY 2016 to the Vermont Veterans' Home for an electronic medical records system. These funds shall be used to match federal funds and shall only become available after the Veterans' Home notifies the Chairs of the House Committee on Corrections and Institutions and the Senate Committee on Institutions and the Commissioner of Finance and Management that the electronic medical records system is in compliance with the criteria for creating and maintaining connectivity established by the Vermont Information Technology Leaders pursuant to 18 V.S.A. § 9352(i).

Total Appropriation – Section 16 \$500,000.00

Sec. 17. VERMONT HISTORICAL SOCIETY

The sum of \$50,000.00 is appropriated in FY 2016 to the Department of Buildings and General Services for the Vermont Historical Society (VHS) for a matching grant to reduce debt at the Vermont History Center in Barre. The funds shall only become available after the VHS notifies the Department that the funds have been matched.

Total Appropriation – Section 17 \$50,000.00

Sec. 18. VERMONT HOUSING AND CONSERVATION BOARD

(a) The following amounts are appropriated in FY 2016 to the Vermont Housing and Conservation Board.

(1) Statewide, water quality improvement projects: \$1,500,000.00

(2) Housing: \$1,800,000.00

(3) Statewide, water quality improvement or other conservation and agriculture projects: \$1,250,000.00

(b) The following amounts are appropriated in FY 2017 to the Vermont Housing and Conservation Board.

(1) Statewide, water quality improvement projects: \$1,000,000.00

(2) Housing: \$1,800,000.00

Appropriation – FY 2016 \$4,550,000.00

Appropriation – FY 2017 \$2,800,000.00

Total Appropriation – Section 18 \$7,350,000.00

Sec. 19. VERMONT INTERACTIVE TECHNOLOGIES

\$220,000.00 is appropriated in FY 2016 to the Vermont State Colleges on behalf of Vermont Interactive Technologies (VIT) for all costs associated with the dissolution of VIT's operations.

Total Appropriation – Section 19 \$220,000.00

Sec. 20. GENERAL ASSEMBLY

(a) The sum of \$120,000.00 is appropriated in FY 16 to the Office of Legislative Council budget on behalf of the Office of the Secretary of the Senate and the Office of the Clerk of the House for upgrades to the legislative international roll call (IRC) program. All work on the project described in this section shall be under the direction of the Secretary of the Senate, the Clerk of the House, and the Office of the Legislative Council.

(b) The sum of \$5,000.00 is appropriated in FY 17 to the Sergeant at Arms for security upgrades in the State House.

Appropriation – FY 2016 \$120,000.00

Appropriation – FY 2017 \$5,000.00

Total Appropriation – Section 20 \$125,000.00

* * * Financing this Act * * *

Sec. 21. REALLOCATION OF FUNDS; TRANSFER OF FUNDS

(a) The following sums are reallocated to the Department of Buildings and General Services from prior capital appropriations to defray expenditures authorized in Sec. 2 of this act:

(1) of the amount appropriated in 2010 Acts and Resolves No. 161, Sec. 1 (Bennington State Office Building): \$49,062.60

(2) of the amount appropriated in 2010 Acts and Resolves No. 161, Sec. 16 (Ag various projects): \$352,412.25

(3) of the amount appropriated in 2011 Acts and Resolves No. 40, Sec. 2(b) (State House committee renovations): \$28,702.15

(4) of the amount appropriated in 2011 Acts and Resolves No. 40, Sec. 13 (Public Safety review of State Police facilities): \$5,000.00

(5) of the amount appropriated in 2011 Acts and Resolves No. 40, Sec. 17 (VT Public TV): \$856.00

(6) of the amount appropriated in 2013 Acts and Resolves No. 51, Sec. 2 (BGS engineering staff): \$58,236.66

(7) of the amount appropriated in 2013 Acts and Resolves No. 51, Sec. 2 (133 State Street foundation and parking lot): \$156,642.16

(8) of the amount appropriated in 2013 Acts and Resolves No. 51, Sec. 4 (DOC facilities assessment): \$19,913.12

(9) of the amount appropriated in 2013 Acts and Resolves No. 51, Sec. 18a (E-911): \$9,940.00

(10) of the amount appropriated in 2013 Acts and Resolves No. 51, Sec. 15 (VT Public TV): \$0.21

(b) The following unexpended funds appropriated to the Agency of Natural Resources for capital construction projects are reallocated to the Department of Buildings and General Services to defray expenditures authorized in Sec. 2 of this act:

(1) of the amount appropriated in 2009 Acts and Resolves No. 43, Sec. 14 (Fish and Wildlife): \$0.07

(2) of the amount appropriated in 2010 Acts and Resolves No. 161, Sec. 12 (DEC Water Pollution Control): \$6,981.00

(3) of the amount appropriated in 2011 Acts and Resolves No. 40, Sec. 12, as amended by 2012 Acts and Resolves No. 104, Sec. 8 (drinking water project): \$35,483.32

(4) of the amount appropriated in 2011 Acts and Resolves No. 40, Sec. 12 (Fish and Wildlife, Roxbury): \$128,802.00

(5) of the amount appropriated in 2011 Acts and Resolves No. 40, Sec. 12, as amended by 2012 Acts and Resolves No. 104, Sec 8 (Fish and Wildlife, Roxbury): \$87,204.00

(c) The following sums are reallocated to the Department of Buildings and General Services to defray expenditures authorized in Sec. 2 of this act:

(1) of the proceeds from the sale of property authorized by 1996 Acts and Resolves No. 102, Sec. 1 (Duxbury land sale): \$45,556.36

(2) of the proceeds from the sale of property authorized by 2009 Acts and Resolves No. 43, Sec. 25 (Building 617, Essex): \$7,078.21

(3) of the proceeds from the sale of property authorized by 2009 Acts and Resolves No. 43, Sec. 25 (1193 North Avenue, Burlington): \$353,785.97

(4) of the proceeds from the sale of property authorized by 2011 Acts and Resolves No. 40, Sec. 2, as amended by 2012 Acts and Resolves No. 104, Sec. 3 (121 and 123 South Main Street, Waterbury): \$75,000.00

<u>(5) of the proceeds from the sale of property authorized by 2011 Acts and Resolves No. 40, Sec. 2, as amended by 2012 Acts and Resolves No. 104, Sec. 3 (Ladd Hall, Waterbury):</u>	<u>\$228,000.00</u>
<u>Total Reallocations and Transfers – Section 21</u>	<u>\$1,648,656.08</u>

Sec. 22. GENERAL OBLIGATION BONDS AND APPROPRIATIONS

(a) The State Treasurer is authorized to issue general obligation bonds in the amount of \$144,000,000.00 for the purpose of funding the appropriations of this act. The State Treasurer, with the approval of the Governor, shall determine the appropriate form and maturity of the bonds authorized by this section consistent with the underlying nature of the appropriation to be funded. The State Treasurer shall allocate the estimated cost of bond issuance or issuances to the entities to which funds are appropriated pursuant to this section and for which bonding is required as the source of funds, pursuant to 32 V.S.A. § 954.

(b) The State Treasurer is further authorized to issue additional general obligation bonds in the amount of \$11,559,096.05 that were previously authorized but unissued under 2014 Acts and Resolves No. 178 for the purpose of funding the appropriations of this act.

<u>Total Revenues – Section 22</u>	<u>\$155,559,096.05</u>
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* * * Policy * * *

* * * Buildings and General Services * * *

Sec. 23. LEASING PROPERTY; FAIR MARKET VALUE

(a) It is the intent of the General Assembly that any leases for State-owned space in any State-owned building, structure, or other real property under the jurisdiction of the Commissioner of Buildings and General Services that are in existence prior to the effective date of this act shall be renewed at fair market value by July 1, 2019.

(b) The Commissioner of Buildings and General Services shall evaluate whether to sell any State-owned building, structure, or other real property that is being leased under fair market value.

Sec. 24. AGENCY OF AGRICULTURE, FOOD AND MARKETS AND
AGENCY OF NATURAL RESOURCES LABORATORY

Notwithstanding the authority contained in 29 V.S.A. § 164, the Department of Buildings and General Services shall enter into a ground lease or other similar legal instrument with Vermont Technical College for the purpose of locating the Agency of Agriculture, Food and Markets and Agency of Natural Resources' collaborative laboratory on the Vermont Technical

College campus in Randolph, Vermont.

Sec. 24a. 29 V.S.A. § 161(b) is amended to read:

(b) Each contract awarded under this section for any State project with a construction cost exceeding \$100,000.00 and which is authorized or funded in whole or in part by a capital construction act pursuant to 32 V.S.A. § 701a, ~~including such a project of the University of Vermont and State Agricultural College and of the Vermont State Colleges,~~ shall provide that all construction employees working on the project shall be paid no less than the mean prevailing wage published periodically by the Vermont Department of Labor in its occupational employment and wage survey plus an additional fringe benefit of 42 and one-half percent of wage, as calculated by the current Vermont prevailing wage survey. As used in this section, “fringe benefits” means benefits, including paid vacations and holidays, sick leave, employer contributions and reimbursements to health insurance and retirement benefits, and similar benefits that are incidents of employment.

Sec. 24b. 29 V.S.A. § 161(b) is amended to read:

(b) Each contract awarded under this section for any State project with a construction cost exceeding \$100,000.00 ~~and or a construction project with a construction cost exceeding \$200,000.00~~ which is authorized ~~or~~ and is at least 50 percent funded in whole or in part by a capital construction act pursuant to 32 V.S.A. § 701a shall provide that all construction employees working on the project shall be paid no less than the mean prevailing wage published periodically by the Vermont Department of Labor in its occupational employment and wage survey plus an additional fringe benefit of 42 and one-half percent of wage, as calculated by the current Vermont prevailing wage survey. As used in this section, “fringe benefits” means benefits, including paid vacations and holidays, sick leave, employer contributions and reimbursements to health insurance and retirement benefits, and similar benefits that are incidents of employment.

Sec. 24c. STATE CONSTRUCTION PROJECTS; CONTRACTS SUBJECT TO STATE PREVAILING WAGE;

(a) Notwithstanding Sec. 24a of this act, the following contracts shall remain subject to the mean prevailing wage published periodically by the Vermont Department of Labor in its occupational employment and wage survey:

(1) contracts for State construction projects executed prior to July 1, 2016;

(2) any change orders or amendments to contracts for State construction

projects executed prior to July 1, 2016; and

(3) contracts for State construction projects that result from instructions to bidders posted by the State of Vermont prior to July 1, 2016.

(b) On or before July 1, 2016, the Department of Buildings and General Services shall amend all bid packets and contracts to include mean prevailing wage rates published periodically by the Vermont Department of Labor in its occupational employment and wage survey plus an additional fringe benefit of 42 and one-half percent of wage, as calculated by the current Vermont prevailing wage survey.

Sec. 24d. PREVAILING WAGE; UNIVERSITY OF VERMONT AND
VERMONT STATE COLLEGES

Notwithstanding any other provision of law, the University of Vermont and State Agricultural College and the Vermont State Colleges shall pay no less than the prevailing wage determinations in accordance with the requirements of 29 V.S.A. § 161(b) for any new construction or major renovation project that receives funding in any capital construction act.

Sec. 24e. PREVAILING WAGE; AGENCY OF AGRICULTURE, FOOD
AND MARKETS AND AGENCY OF NATURAL RESOURCES
LABORATORY

Notwithstanding any other provision of law, prevailing wage determinations for the construction of the Agency of Agriculture, Food and Markets and the Agency of Natural Resources laboratory shall be made in accordance with the requirements of 29 V.S.A. § 161(b).

Sec. 24f. PREVAILING WAGE; AUDITS

The Commissioner of Labor, in consultation with the Commissioner of Buildings and General Services, shall conduct random audits of any contractor subject to 29 V.S.A. § 161(b) in sufficient number to ensure compliance with statutory requirements.

Sec. 25. NAMING OF STATE BUILDINGS AND FACILITIES

On or before January 15, 2016, the Commissioner of Buildings and General Services and the State Librarian shall recommend to the House Committee on Corrections and Institutions and the Senate Committee on Institutions an appropriate State agency or department to name State buildings and facilities.

Sec. 26. 29 V.S.A. § 821(a) is amended to read:

(a) State buildings.

* * *

(13) “Vermont Agriculture and Environmental Laboratory” shall be the name of the State laboratory in Randolph.

* * *

Sec. 27. 2014 Acts and Resolves No. 178, Sec. 37 is amended to read:

Sec. 37. COUNTY COURTHOUSES; PLAN

(a) Pursuant to the restructuring of the Judiciary in 2009 Acts and Resolves No. 154, the Court Administrator ~~and~~, in consultation with the Commissioner of Buildings and General Services, shall evaluate:

(1) the scope of the State’s responsibility for maintaining county courthouses, including Americans with Disabilities Act (ADA) compliance and;

(2) whether an emergency fund is necessary for construction or renovation projects at county courthouses;

(3) the current ownership and maintenance responsibilities for each county courthouse; and

(4) parameters for determining the county’s share of maintaining county courthouses in the future.

(b) On or before January 15, ~~2015~~ 2016, the Judiciary shall report to the House Committee on Corrections and Institutions and the Senate Committee on Institutions with the results of the evaluation.

Sec. 28. 2014 Acts and Resolves No. 178, Sec. 17 is amended to read:

Sec. 17. 2011 Acts and Resolves No. 40, Sec. 26(c) is amended to read:

(c) ~~The~~ Notwithstanding 29 V.S.A. § 166, the Commissioner of Buildings and General Services is authorized to do any or all of the following with respect to the Vermont health laboratory located at 195 Colchester Avenue in Burlington:

(1) investigate all potential uses of the land and building, including redeveloping the land, provided that it is consistent with existing deed covenants; ~~and~~

(2) enter into agreements and execute any necessary documentation to release or extinguish any of the existing deed covenants with respect to the land; and

(3) convey by quitclaim deed any interest in the building as is with no warranties and no representations as to conditions to the University of Vermont.

Sec. 29. 2013 Acts and Resolves No. 51, Sec. 2, as amended by 2014 Acts and Resolves No. 178, Sec. 1, is amended to read:

Sec. 1. 2013 Acts and Resolves No. 51, Sec. 2 is amended to read:

Sec. 2. STATE BUILDINGS

* * *

(c) The following sums are appropriated in FY 2015:

* * *

(13) Permanent secure residential facility, proposal for siting ~~and design~~
(as described in Sec. 40 of this act): \$50,000.00

Sec. 30. SECURE RESIDENTIAL FACILITY; PLAN FOR SITING AND DESIGN

(a) The Secretary of Human Services shall conduct an examination of the needs of the Agency of Human Services for siting and designing a secure residential facility. The examination shall analyze the operating costs for the facility, including the staffing, size of the facility, the quality of care supported by the structure, and the broadest options available for the management and ownership of the facility.

(b) The funds appropriated in 2013 Acts and Resolves No. 51, Sec. 2, as amended by 2014 Acts and Resolves No. 178, Sec. 1, and Sec. 28 of this act, shall only become available to the Department of Buildings and General Services after the Secretary of Human Services notifies the Commissioner of Finance and Management that the examination described in subsection (a) of this section is completed.

(c) On or before February 1, 2016, the Secretary of Human Services shall present the results of the examination described in subsection (a) of this section to the House Committees on Appropriations, on Corrections and Institutions, and on Human Services, and the Senate Committees on Appropriations, on Health and Welfare, and on Institutions.

Sec. 31. 29 V.S.A. § 156 is added to read:

§ 156. CITY OF MONTPELIER DISTRICT HEAT PLANT
MAINTENANCE RESERVE FUND

(a) There is established a special fund pursuant to 32 V.S.A. chapter 7, subchapter 5 known as the City of Montpelier District Heat Plant Maintenance Reserve Fund.

(b) The Fund shall comprise payments from the City of Montpelier for the City's share of the maintenance of the District Heat Plant.

(c) Monies in the Fund shall be available to the Commissioner of Buildings and General Service for the maintenance of the District Heat Plant upon commencement of the District Heat Plant's operations.

(d) The Commissioner of Finance and Management may draw warrants for disbursements from this Fund in anticipation of receipts. Any remaining balance at the end of the fiscal year shall be carried forward in the Fund.

Sec. 32. LAND TRANSFER; DUXBURY; MEMORANDUM OF UNDERSTANDING

(a) The Commissioner of Forests, Parks, and Recreation may enter into a memorandum of understanding (MOU) with the Town of Duxbury regarding the Town's use of any State-owned parcel in Camel's Hump State Park that may be conveyed to the Town.

(b) On or before January 15, 2016, the Commissioner of Forests, Parks and Recreation shall report to the House Committee on Corrections and Institutions and the Senate Committee on Institutions on the status of the MOU described in subsection (a) of this section.

* * * Education * * *

Sec. 33. SCHOOL CONSTRUCTION AID AWARDS

It is the intent of the General Assembly that the House Committees on Corrections and Institutions and on Education, and the Senate Committees on Institutions and on Education develop a plan to evaluate strategically the statutory process set forth in 16 V.S.A. § 3448 for awarding State aid for school construction.

Sec. 34. VERMONT INTERACTIVE TECHNOLOGIES

(a) On or before January 15, 2016, the Secretary of Administration and the Executive Director of the Vermont Interactive Technologies (VIT), or its successor entity, shall examine and submit a report to the House Committee on Corrections and Institutions and the Senate Committee on Institutions on the ownership of all VIT property funded in whole or in part by a capital construction act.

(b) During the 2016 legislative session, the General Assembly shall determine the ownership of VIT's property based on the report described in subsection (a) of this section. No State or private entity shall assume ownership of the property until the General Assembly makes this determination.

* * * Information Technology * * *

Sec. 35. JUDICIARY; CASE MANAGEMENT SYSTEM; REPORT

Prior to finalizing vendor selection for the case management system described in Sec. 5 of this act, the Judiciary shall present a report to the House Committee on Corrections and Institutions, the Senate Committee on Institutions, and the Joint Legislative Criminal Justice Oversight Committee established in the Fiscal Year 2016 Appropriations Act. The report shall include a description of the Judiciary's process and rationale for choosing the vendor, whether the Judiciary incorporated any recommendations from the Special Committee on the Utilization of Information Technology in Government established in the Fiscal Year 2016 Appropriations Act, and whether any efforts were made to integrate the case management system with any systems implemented by the Department of State's Attorneys and Sheriffs and the Office of the Defender General. The reporting requirement of this section may be satisfied by providing testimony to the Committees.

Sec. 36. INFORMATION TECHNOLOGY REVIEW

(a) The Executive Branch shall transfer, upon request, one vacant position for use in the Legislative Joint Fiscal Office (JFO) for a two-year staff position, or the JFO shall hire a consultant, to provide support to the General Assembly to conduct independent reviews of State information technology projects and operations.

(b) The Secretary of Administration and the Chief Information Officer shall:

(1) provide to the JFO access to the reviews conducted by Independent Verification and Validation (IVV) firms hired to evaluate the State's current and planned information technology project, as requested; and

(2) ensure that IVV firms' contracts allow the JFO to make requests for information related to the projects that they are reviewing and that such requests are provided to the JFO in a confidential manner.

(c) The JFO shall enter into a memorandum of understanding with the Executive Branch relating to any work conducted by IVV firms that shall protect security and confidentiality.

(d) In fiscal years 2016 and 2017, the JFO is authorized to use up to \$250,000.00 of the amounts appropriated in Sec. 3(b) and (c) of this act to fund activities described in this section.

(e) On or before January 15, 2017, the Secretary of Administration and the JFO shall submit reports to the House Committee on Corrections and Institutions and the Senate Committee on Institutions on the effectiveness of the position described in subsection (a) of this section and whether the process of conducting independent legislative reviews of State information technology

projects and operations should be continued.

* * * Judiciary * * *

Sec. 37. LAMOILLE COUNTY COURTHOUSE; MEMORANDUM OF UNDERSTANDING; OPERATING AGREEMENT

(a) The Department of Buildings and General Services and the Lamoille County side judges, in consultation with the Judiciary, shall enter into a Memorandum of Understanding (MOU) regarding the construction, operation, and maintenance of the Lamoille County Courthouse. The MOU shall establish:

(1) the procedures for the operation of the Courthouse and the division of responsibilities between the State and the County; and

(2) the legal framework for ensuring that the State maintains an ownership interest in the new additions to the Courthouse, and receives a percentage of the sale price, or value in the building, equal to the percentage of capital funding appropriated to the Courthouse in the event the County decides to sell the building or to cease operations of the building as a Courthouse, or the State ceases to use the Courthouse for Superior Court functions.

(b) Any amounts repaid to the State under subsection (a) of this section shall not be in excess of the amount of the original State capital appropriation, and shall be appropriated to future capital construction acts.

(c) The Judiciary and the Lamoille County side judges shall enter into an operating agreement regarding the internal functions and use of space within the Lamoille County Courthouse.

(d) The MOU described in subsection (a) of this section and the operating agreement described in subsection (b) of this section shall be executed prior to the State's occupancy of the Courthouse.

* * * Military * * *

Sec. 38. DEPARTMENT OF MILITARY; CEMETERY EXPANSION PROJECT

The Department of Military may accept federal grants, gifts, or donations to support the cemetery expansion project at the Vermont Veterans' Memorial Cemetery in Randolph, Vermont.

* * * Natural Resources * * *

Sec. 39. 24 V.S.A. § 4753a(e) is amended to read:

(e) Loan forgiveness; drinking water.

(1) Notwithstanding any other provision of law regarding loan

forgiveness, upon the award of a loan from the Vermont Environmental Protection Agency Drinking Water State Revolving Fund (DWSRF), the Secretary of Natural Resources, in a manner that is consistent with federal grant provisions, may forgive up to 100 percent of a loan if the award is made for a project on the priority list and the project is capitalized, at least in part, from funds derived from a federal DWSRF capitalization grant that includes provisions authorizing loan forgiveness. Such loan forgiveness shall be based on the loan value, but funds to be forgiven shall only consist of federal funds, except where the loan is used as a match to other federal grants requiring nonfederal funds as a match.

(2) Notwithstanding any other provision of law regarding loan forgiveness, upon the award of a loan from the Vermont Drinking Water State Revolving Loan Fund, the Secretary of Natural Resources may provide loan forgiveness for preliminary engineering and final design costs when a municipality undertakes such engineering on behalf of a household that has been disconnected involuntarily from a public water supply system for reasons other than nonpayment of fees, provided it is not the same municipality that is disconnecting the household.

Sec. 40. 24 V.S.A. § 4755(a) is amended to read:

(a) Except as provided by subsection (c) of this section, the bond bank may make loans to a municipality on behalf of the ~~state~~ State for one or more of the purposes set forth in section 4754 of this chapter. Each of such loans shall be made subject to the following conditions and limitations:

(1) no loan shall be made for any purpose permitted under this chapter other than from the revolving fund in which the same purpose is included;

(2) the total amount of loan out of a particular revolving fund shall not exceed the balance of that fund;

(3) the loan shall be evidenced by a municipal bond, payable by the municipality over a term not to exceed ~~20~~ 30 years; or the projected useful life of the project, which is less, except:

(A) and without there shall be no deferral of payment except as provided, unless authorized by 10 V.S.A. §§ 1624(b) and § 1624a, or;

(B) the term of the loan shall not exceed 20 years when required by 10 V.S.A. § 1624(b); and

(C) the loan may be evidenced by any other permitted debt instrument payable as permitted by chapter 53 of this title;

* * *

Sec. 41. 24 V.S.A. § 4756 is amended to read:

§ 4756. ELIGIBILITY CERTIFICATION

(a) No construction loan or loan for the purchase of land or conservation easements to a municipality shall be made under this chapter, nor shall any part of any revolving fund which is designated for project construction be expended under section 4757 of this title, until such time as:

* * *

(b) The bond bank may make loans to a municipality for the preparation of final engineering plans and specifications subject to the following conditions and limitations:

(1) The loan shall be evidenced by a note, executed by the municipality, payable over a term not to exceed ~~20~~ 30 years at zero percent interest in equal annual payments.

(2) The ~~secretary of natural resources~~ Secretary of Natural Resources shall have certified to the bond bank that the project:

(A) has priority for award of a planning loan;

(B) for which final engineering plans are to be prepared, is described in a preliminary engineering plan or facilities plan that has been approved by the ~~secretary~~ Secretary; and

(C) is in conformance with applicable ~~state~~ State and federal law and regulations promulgated thereunder.

* * *

* * * Public Safety * * *

Sec. 42. TRAINING CENTER; FINDINGS, PURPOSE, AND INTENT

(a) The General Assembly finds that the Robert H. Wood, Jr. Criminal Justice and Fire Service Training Center of Vermont (the Training Center) is an asset to the State because it provides multiple agencies with the space to train people who protect the lives of Vermonters. These agencies presently include the Vermont Criminal Justice Training Council, the Vermont Fire Service Training Council, the Department of Public Safety, the Department of Corrections, and the Department of Motor Vehicles.

(b) The purpose of Sec. 43 of this act is to create a committee to govern the access to, the use and future needs of, and the capital investments in Training Center facilities so that agencies continue to enjoy access to it and so that members of the public may also be able to use the Training Center. While this committee is established to oversee Training Center facilities, it is the General

Assembly's intent that this committee shall not have jurisdiction over any training content provided at the Training Center.

Sec. 43. 29 V.S.A. chapter 19 is added to read:

CHAPTER 19. TRAINING CENTER GOVERNANCE COMMITTEE

§ 841. COMMITTEE CREATION

(a) Creation. There is created the Training Center Governance Committee to manage access to the facilities of the Robert H. Wood Jr. Criminal Justice and Fire Service Training Center of Vermont (Training Center), located in Pittsford, Vermont.

(b) Membership. The Committee shall be composed of the following eight members:

(1) the Executive Director of the Vermont Criminal Justice Training Council;

(2) the Chair of the Vermont Fire Service Training Council;

(3) an employee of the Department of Buildings and General Services, appointed by the Commissioner of the Department;

(4) the Chair of the Vermont Criminal Justice Training Council;

(5) the Chief Training Officer of the Vermont Fire Academy;

(6) an employee of the Department of Corrections, appointed by the Commissioner of the Department;

(7) the Director of the Division of Fire Safety; and

(8) a member of the State Police, appointed by the Commissioner of Public Safety.

(c) Powers and duties. The Committee shall:

(1) Use and access. Govern the use of and access to the Training Center. In so governing, the Committee shall take into consideration the needs of the State's various agencies and members of the public in using the Training Center's facilities.

(2) Future needs and capital investments.

(A) plan for the future capital needs of the Training Center;

(B) submit a capital program plan to the Department of Buildings and General Services for the capital construction bill set forth in 32 V.S.A. § 701a and report to the General Assembly as necessary on any recommended legislative action for capital needs; and

(C) on an ongoing basis, monitor the effectiveness of any capital investments related to training needs.

(3) Performance analysis. Establish policies to ensure the facility training needs of those persons that use the Training Center are cost-effectively met, and establish performance measures for assessing on an ongoing basis how well those needs are met.

(4) Budget and rates.

(A) manage the operating budget for the facilities at the Training Center;

(B) set the rates for use of space at the Training Center;

(C) enter into and administer new contracts on behalf of the Training Center regarding the operations of the Training Center; and

(D) develop approaches to budgeting and paying for space that encourage collaboration among those persons that use the Training Center, and address future major maintenance needs.

(d) Meetings.

(1) The Committee shall meet no fewer than four times per year.

(2) A majority of the membership shall constitute a quorum.

(3) The Committee shall elect a chair and may adopt rules of procedure.

(e) Reimbursement. Members of the Committee who are not employees of the State and who are not otherwise compensated or reimbursed for their attendance shall be entitled to per diem compensation and reimbursement of expenses pursuant to 32 V.S.A. § 1010.

Sec. 44. INITIAL MEETING OF GOVERNANCE COMMITTEE;
TRANSITIONAL PROVISION

(a) The Commissioner of Buildings and General Services shall call the initial meeting of the Training Center Governance Committee set forth in Sec. 43 of this act, to be held on or before September 30, 2015.

(b) The Training Center Governance Committee shall be responsible for requests for use of the Robert H. Wood, Jr. Criminal Justice and Fire Service Training Center of Vermont made on and after the initial Committee meeting, but shall permit any scheduled use of the Training Center made prior to that date.

(c) The Training Center Governance Committee shall have access to any contracts regarding the operations of the Training Center that are in existence

prior to the date of the initial Committee meeting.

Sec. 45. TRAINING CENTER GOVERNANCE COMMITTEE; REPORT

On or before February 1, 2016, the Training Center Governance Committee set forth in Sec. 43 of this act shall report to the General Assembly regarding the operation of its powers and duties to date and recommend any further legislative action it finds necessary.

* * * Security * * *

Sec. 46. STATE HOUSE SECURITY

(a) The Sergeant at Arms, in consultation with the Chair of the Capitol Complex Working Group established in 2014 Acts and Resolves No. 178, Sec. 26, is authorized to create a security and safety protocol for the State House, conduct trainings for the State House and One Baldwin Street, and install security cameras at the exterior entrances of the State House. The Sergeant at Arms may retain consultant services to complete the work described in this subsection. Any consultants retained pursuant to this subsection shall be hired by the Joint Fiscal Office and shall work through the Joint Fiscal Office under the direction of the Sergeant at Arms and the Chair of the Working Group.

(b) The Sergeant at Arms is authorized to use funds appropriated in 2013 Acts and Resolves No. 51, Sec. 2(c)(17), as amended by 2014 Acts and Resolves No. 178, Sec. 1 and Sec. 20(b) of this act, to directly conduct the work described in subsection (a) of this section or retain consultant services through the Joint Fiscal Office to conduct the work described in subsection (a) of this section.

(c) Prior to the installation, the Sergeant at Arms, in consultation with the Chair of the Working Group, shall establish a policy for the use of the security cameras described in subsection (a) of this section. The policy shall include requirements on limiting access rights to the camera and video feed, and retaining video feed.

* * * Effective Dates * * *

Sec. 47. EFFECTIVE DATES

This act shall take effect on passage, except that:

(1) Sec. 24b shall take effect on July 1, 2017; and

(2) Sec. 24d shall take effect on July 1, 2016.

(For text see House Journal 4/2/15)

Senate Proposal of Amendment to House Proposal of Amendment

S. 139

An act relating to pharmacy benefit managers and hospital observation status

The Senate concurs in the House proposal of amendment thereto by striking all after the enacting clause and inserting in lieu thereof the following:

* * * Cost Containment Measures * * *

Sec. 1. ALL-PAYER MODEL; SCOPE

The Secretary of Administration or designee and the Green Mountain Care Board shall jointly explore an all-payer model, which may be achieved through a waiver from the Centers for Medicare and Medicaid Services. The Secretary or designee and the Board shall consider a model that includes payment for a broad array of health services, a model applicable to hospitals only, and a model that enables the State to establish global hospital budgets for each hospital licensed in Vermont.

* * * Pharmacy Benefit Managers * * *

Sec. 2. 18 V.S.A. § 9471 is amended to read:

§ 9471. DEFINITIONS

As used in this subchapter:

* * *

(6) “Maximum allowable cost” means the per unit drug product reimbursement amount, excluding dispensing fees, for a group of equivalent multisource generic prescription drugs.

Sec. 3. 18 V.S.A. § 9473 is amended to read:

§ 9473. PHARMACY BENEFIT MANAGERS; REQUIRED PRACTICES WITH RESPECT TO PHARMACIES

* * *

(c) For each drug for which a pharmacy benefit manager establishes a maximum allowable cost in order to determine the reimbursement rate, the pharmacy benefit manager shall do all of the following:

(1) Make available, in a format that is readily accessible and understandable by a pharmacist, the actual maximum allowable cost for each drug and the source used to determine the maximum allowable cost.

(2) Update the maximum allowable cost at least once every seven

calendar days. In order to be subject to maximum allowable cost, a drug must be widely available for purchase by all pharmacies in the State, without limitations, from national or regional wholesalers and must not be obsolete or temporarily unavailable.

(3) Establish or maintain a reasonable administrative appeals process to allow a dispensing pharmacy provider to contest a listed maximum allowable cost.

(4) Respond in writing to any appealing pharmacy provider within 10 calendar days after receipt of an appeal, provided that a dispensing pharmacy provider shall file any appeal within 10 calendar days from the date its claim for reimbursement is adjudicated.

* * * Notice of Hospital Observation Status * * *

Sec. 4. 18 V.S.A. § 1905 is amended to read:

§ 1905. LICENSE REQUIREMENTS

Upon receipt of an application for license and the license fee, the licensing agency shall issue a license when it determines that the applicant and hospital facilities meet the following minimum standards:

* * *

(22) All hospitals shall provide oral and written notices to each individual that the hospital places in observation status as required by section 1911a of this title.

Sec. 5. 18 V.S.A. § 1911a is added to read:

1911a. NOTICE OF HOSPITAL OBSERVATION STATUS

(a)(1) Each hospital shall provide oral and written notice to each Medicare beneficiary that the hospital places in observation status as soon as possible but no later than 24 hours following such placement, unless the individual is discharged or leaves the hospital before the 24-hour period expires. The written notice shall be a uniform form developed by the Department of Health, in consultation with interested stakeholders, for use in all hospitals.

(2) If a patient is admitted to the hospital as an inpatient before the notice of observation has been provided, and under Medicare rules the observation services may be billed as part of the inpatient stay, the hospital shall not be required to provide notice of observation status.

(b) Each oral and written notice shall include:

(1) a statement that the individual is under observation as an outpatient and is not admitted to the hospital as an inpatient;

(2) a statement that observation status may affect the individual's Medicare coverage for hospital services, including medications and pharmaceutical supplies, and for rehabilitative or skilled nursing services at a skilled nursing facility if needed upon discharge from the hospital; and

(3) a statement that the individual may contact the Office of the Health Care Advocate or the Vermont State Health Insurance Assistance Program to understand better the implications of placement in observation status.

(c) Each written notice shall include the name and title of the hospital representative who gave oral notice; the date and time oral and written notice were provided; the means by which written notice was provided, if not provided in person; and contact information for the Office of the Health Care Advocate and the Vermont State Health Insurance Assistance Program.

(d) Oral and written notice shall be provided in a manner that is understandable by the individual placed in observation status or by his or her representative or legal guardian.

(e) The hospital representative who provided the written notice shall request a signature and date from the individual or, if applicable, his or her representative or legal guardian, to verify receipt of the notice. If a signature and date were not obtained, the hospital representative shall document the reason.

Sec. 6. NOTICE OF OBSERVATION STATUS FOR PATIENTS WITH COMMERCIAL INSURANCE

The General Assembly requests that the Vermont Association of Hospitals and Health Systems and the Office of the Health Care Advocate consider the appropriate notice of hospital observation status that patients with commercial insurance should receive and the circumstances under which such notice should be provided. The General Assembly requests that the Vermont Association of Hospitals and Health Systems and the Office of the Health Care Advocate provide their findings and recommendations to the House Committee on Health Care and the Senate Committee on Health and Welfare on or before January 15, 2016.

* * * Telemedicine * * *

Sec. 7. 33 V.S.A. § 1901i is added to read:

§ 1901i. MEDICAID COVERAGE FOR PRIMARY CARE TELEMEDICINE

(a) Beginning on October 1, 2015, the Department of Vermont Health Access shall provide reimbursement for Medicaid-covered primary care consultations delivered through telemedicine to Medicaid beneficiaries outside

a health care facility. The Department shall reimburse health care professionals for telemedicine consultations in the same manner as if the services were provided through in-person consultation. Coverage provided pursuant to this section shall comply with all federal requirements imposed by the Centers for Medicare and Medicaid Services.

(b) Medicaid shall only provide coverage for services delivered through telemedicine outside a health care facility that have been determined by the Department's Chief Medical Officer to be clinically appropriate. The Department shall not impose limitations on the number of telemedicine consultations a Medicaid beneficiary may receive or on which Medicaid beneficiaries may receive primary care consultations through telemedicine that exceed limitations otherwise placed on in-person Medicaid covered services.

(c) As used in this section:

(1) "Health care facility" shall have the same meaning as in 18 V.S.A. § 9402.

(2) "Health care provider" means a physician licensed pursuant to 26 V.S.A. chapter 23 or 33, a naturopathic physician licensed pursuant to 26 V.S.A. chapter 81, an advanced practice registered nurse licensed pursuant to 26 V.S.A. chapter 28, subchapter 3, or a physician assistant licensed pursuant to 26 V.S.A. chapter 31.

(3) "Telemedicine" means the delivery of health care services such as diagnosis, consultation, or treatment through the use of live interactive audio and video over a secure connection that complies with the requirements of the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191. Telemedicine does not include the use of audio-only telephone, e-mail, or facsimile.

Sec. 8. TELEMEDICINE; IMPLEMENTATION REPORT

On or before April 15, 2016, the Department of Vermont Health Access shall submit to the House Committee on Health Care and the Senate Committees on Health and Welfare and on Finance a report providing data regarding the first six months of implementation of Medicaid coverage for primary care consultations delivered through telemedicine outside a health care facility. The report shall include demographic information regarding Medicaid beneficiaries receiving the telemedicine services, the types of services received, and an analysis of the effects of providing primary care consultations through telemedicine outside a health care facility on health care costs, quality, and access.

* * * Green Mountain Care Board; Duties * * *

Sec. 9. 18 V.S.A. § 9375(b) is amended to read:

(b) The Board shall have the following duties:

(1) Oversee the development and implementation, and evaluate the effectiveness, of health care payment and delivery system reforms designed to control the rate of growth in health care costs and maintain health care quality in Vermont, including ensuring that the payment reform pilot projects set forth in this chapter are consistent with such reforms.

(A) Implement by rule, pursuant to 3 V.S.A. chapter 25, methodologies for achieving payment reform and containing costs that may include the participation of Medicare and Medicaid, which may include the creation of health care professional cost-containment targets, global payments, bundled payments, global budgets, risk-adjusted capitated payments, or other uniform payment methods and amounts for integrated delivery systems, health care professionals, or other provider arrangements.

(i) The Board shall work in collaboration with providers to develop payment models that preserve access to care and quality in each community.

(ii) The rule shall take into consideration current Medicare designations and payment methodologies, including critical access hospitals, prospective payment system hospitals, graduate medical education payments, Medicare dependent hospitals, and federally qualified health centers.

(iii) The payment reform methodologies developed by the Board shall encourage coordination and planning on a regional basis, taking into account existing local relationships between providers and human services organizations.

* * *

(2)(A) Review and approve Vermont's statewide Health Information Technology Plan pursuant to section 9351 of this title to ensure that the necessary infrastructure is in place to enable the State to achieve the principles expressed in section 9371 of this title. In performing its review, the Board shall consult with and consider any recommendations regarding the plan received from the Vermont Information Technology Leaders, Inc. (VITL).

(B) Review and approve the criteria required for health care providers and health care facilities to create or maintain connectivity to the State's health information exchange as set forth in section 9352 of this title. Within 90 days following this approval, the Board shall issue an order explaining its decision.

(C) Annually review the budget and all activities of VITL and

approve the budget, consistent with available funds, and the core activities associated with public funding, which shall include establishing the interconnectivity of electronic medical records held by health care professionals and the storage, management, and exchange of data received from such health care professionals, for the purpose of improving the quality of and efficiently providing health care to Vermonters. This review shall take into account VITL's responsibilities pursuant to 18 V.S.A. § 9352 and the availability of funds needed to support those responsibilities.

* * *

Sec. 10. 18 V.S.A. § 9376(b)(2) is amended to read:

(2) Nothing in this subsection shall be construed to:

(A) limit the ability of a health care professional to accept less than the rate established in subdivision (1) of this subsection from a patient without health insurance or other coverage for the service or services received; or

(B) reduce or limit the covered services offered by Medicare or Medicaid.

* * * Vermont Information Technology Leaders * * *

Sec. 11. 18 V.S.A. § 9352 is amended to read:

§ 9352. VERMONT INFORMATION TECHNOLOGY LEADERS

(a)(1) Governance. ~~The General Assembly and the Governor shall each appoint one representative to the~~ Vermont Information Technology Leaders, Inc. (VITL) Board of Directors shall consist of no fewer than nine nor more than 14 members. The term of each member shall be two years, except that of the members first appointed, approximately one-half shall serve a term of one year and approximately one-half shall serve a term of two years, and members shall continue to hold office until their successors have been duly appointed. The Board of Directors shall comprise the following:

(A) one member of the General Assembly, appointed jointly by the Speaker of the House and the President Pro Tempore of the Senate, who shall be entitled to the same per diem compensation and expense reimbursement pursuant to 2 V.S.A. § 406 as provided for attendance at sessions of the General Assembly;

(B) one individual appointed by the Governor;

(C) one representative of the business community;

(D) one representative of health care consumers;

(E) one representative of Vermont hospitals;

(F) one representative of Vermont physicians;

(G) one practicing clinician licensed to practice medicine in Vermont;

(H) one representative of a health insurer licensed to do business in Vermont;

(I) the President of VITL, who shall be an ex officio, nonvoting member;

(J) two individuals familiar with health information technology, at least one of whom shall be the chief technology officer for a health care provider; and

(K) two at-large members.

(2) Except for the members appointed pursuant to subdivisions (1)(A) and (B) of this subsection, whenever a vacancy on the Board occurs, the members of the Board of Directors then serving shall appoint a new member who shall meet the same criteria as the member he or she replaces.

(b) Conflict of interest. In carrying out their responsibilities under this section, Directors of VITL shall be subject to conflict of interest policies established by the Secretary of Administration to ensure that deliberations and decisions are fair and equitable.

(c)(1) Health information exchange operation. VITL shall be designated in the Health Information Technology Plan pursuant to section 9351 of this title to operate the exclusive statewide health information exchange network for this State. ~~The~~ After the Green Mountain Care Board approves VITL's core activities and budget pursuant to chapter 220 of this title, the Secretary of Administration or designee shall enter into procurement grant agreements with VITL pursuant to 8 V.S.A. § 4089k. Nothing in this chapter shall impede local community providers from the exchange of electronic medical data.

(2) Notwithstanding any provision of 3 V.S.A. § 2222 or 2283b to the contrary, upon request of the Secretary of Administration, the Department of Information and Innovation shall review VITL's technology for security, privacy, and interoperability with State government information technology, consistent with the State's health information technology plan required by section 9351 of this title.

* * *

(f) Funding authorization. VITL is authorized to seek matching funds to assist with carrying out the purposes of this section. In addition, it may accept any and all donations, gifts, and grants of money, equipment, supplies,

materials, and services from the federal or any local government, or any agency thereof, and from any person, firm, foundation, or corporation for any of its purposes and functions under this section and may receive and use the same, subject to the terms, conditions, and regulations governing such donations, gifts, and grants. VITL shall not use any State funds for health care consumer advertising, marketing, lobbying, or similar services.

* * * Ambulance Reimbursement * * *

Sec. 12. MEDICAID; AMBULANCE REIMBURSEMENT

The Department of Vermont Health Access shall evaluate the methodology used to determine reimbursement amounts for ambulance and emergency medical services delivered to Medicaid beneficiaries to determine the basis for the current reimbursement amounts and the rationale for the current level of reimbursement, and shall consider any possible adjustments to revise the methodology in a way that is budget neutral or of minimal fiscal impact to the Agency of Human Services for fiscal year 2016. On or before December 1, 2015, the Department shall report its findings and recommendations to the House Committees on Health Care and on Human Services, the Senate Committee on Health and Welfare, and the Health Reform Oversight Committee.

* * * Direct Enrollment for Individuals * * *

Sec. 13. 33 V.S.A. § 1803(b)(4) is amended to read:

(4) To the extent permitted by the U.S. Department of Health and Human Services, the Vermont Health Benefit Exchange shall permit qualified individuals and qualified employers to purchase qualified health benefit plans through the Exchange website, through navigators, by telephone, or directly from a health insurer under contract with the Vermont Health Benefit Exchange.

Sec. 14. 33 V.S.A. § 1811(b) is amended to read:

~~(b)(1) No person may provide a health benefit plan to an individual unless the plan is offered through the Vermont Health Benefit Exchange~~ To the extent permitted by the U.S. Department of Health and Human Services, an individual may purchase a health benefit plan through the Exchange website, through navigators, by telephone, or directly from a registered carrier under contract with the Vermont Health Benefit Exchange, if the carrier elects to make direct enrollment available. A registered carrier enrolling individuals in health benefit plans directly shall comply with all open enrollment and special enrollment periods applicable to the Vermont Health Benefit Exchange.

(2) To the extent permitted by the U.S. Department of Health and

Human Services, a small employer or an employee of a small employer may purchase a health benefit plan through the Exchange website, through navigators, by telephone, or directly from a ~~health insurer~~ registered carrier under contract with the Vermont Health Benefit Exchange.

(3) No person may provide a health benefit plan to an individual or small employer unless the plan complies with the provisions of this subchapter.

* * * Large Group Insurance Market * * *

Sec. 15. 33 V.S.A. § 1802 is amended to read:

§ 1802. DEFINITIONS

As used in this subchapter:

* * *

(5) “Qualified employer”:

(A) means an entity which employed an average of not more than 50 employees on working days during the preceding calendar year and which:

(i) has its principal place of business in this State and elects to provide coverage for its eligible employees through the Vermont Health Benefit Exchange, regardless of where an employee resides; or

(ii) elects to provide coverage through the Vermont Health Benefit Exchange for all of its eligible employees who are principally employed in this State.

(B) on and after January 1, 2016, shall include an entity which:

(i) employed an average of not more than 100 employees on working days during the preceding calendar year; and

(ii) meets the requirements of subdivisions (A)(i) and (A)(ii) of this subdivision (5).

(C) on and after January 1, ~~2017~~ 2018, shall include all employers meeting the requirements of subdivisions (A)(i) and (ii) of this subdivision (5), regardless of size.

* * *

Sec. 16. 33 V.S.A. § 1804(c) is amended to read:

(c) On and after January 1, ~~2017~~ 2018, a qualified employer shall be an employer of any size which elects to make all of its full-time employees eligible for one or more qualified health plans offered in the Vermont Health Benefit Exchange, and the term “qualified employer” includes self-employed

persons. A full-time employee shall be an employee who works more than 30 hours per week.

Sec. 17. LARGE GROUP MARKET; IMPACT ANALYSIS

The Green Mountain Care Board, in consultation with the Department of Financial Regulation, shall analyze the projected impact on rates in the large group health insurance market if large employers are permitted to purchase qualified health plans through the Vermont Health Benefit Exchange beginning in 2018. The analysis shall estimate the impact on premiums for employees in the large group market if the market were to transition from experience rating to community rating beginning with the 2018 plan year.

* * * Universal Primary Care * * *

Sec. 18. PURPOSE

The purpose of Secs. 18 through 21 of this act is to establish the administrative framework and reduce financial barriers as preliminary steps to the implementation of the principles set forth in 2011 Acts and Resolves No. 48 to enable Vermonters to receive necessary health care and examine the cost of providing primary care to all Vermonters without deductibles, coinsurance, or co-payments or, if necessary, with limited cost-sharing.

Sec. 19. DEFINITION OF PRIMARY CARE

As used in Secs. 18 through 21 of this act, “primary care” means health services provided by health care professionals who are specifically trained for and skilled in first-contact and continuing care for individuals with signs, symptoms, or health concerns, not limited by problem origin, organ system, or diagnosis, and includes pediatrics, internal and family medicine, gynecology, primary mental health services, and other health services commonly provided at federally qualified health centers. Primary care does not include dental services.

Sec. 20. COST ESTIMATES FOR UNIVERSAL PRIMARY CARE

(a) On or before October 15, 2015, the Secretary of Administration or designee, in consultation with the Green Mountain Care Board and the Joint Fiscal Office, shall provide to the Joint Fiscal Office a draft estimate of the costs of providing primary care to all Vermont residents, with and without cost-sharing by the patient, beginning on January 1, 2017. The Joint Fiscal Office shall conduct an independent review of the draft estimate and shall provide its comments and feedback to the Secretary or designee on or before December 2, 2015. On or before December 16, 2015, the Secretary of Administration or designee shall provide to the Joint Fiscal Committee, the Health Reform Oversight Committee, the House Committees on

Appropriations, on Health Care, and on Ways and Means, and the Senate Committees on Appropriations, on Health and Welfare, and on Finance a finalized report of the costs of providing primary care to all Vermont residents, with and without cost-sharing by the patient, beginning on January 1, 2017. The Joint Fiscal Office shall present its independent review to the same committees by January 6, 2016.

(b) The report shall include an estimate of the cost of primary care to those Vermonters who access it if a universal primary care plan is not implemented, and the sources of funding for that care, including employer-sponsored and individual private insurance, Medicaid, Medicare, and other government-sponsored programs, and patient cost-sharing such as deductibles, coinsurance, and co-payments.

(c) The Secretary of Administration or designee, in collaboration with the Joint Fiscal Office, shall arrange for the actuarial services needed to perform the estimates and analysis required by this section. Departments and agencies of State government and the Green Mountain Care Board shall provide such data to the Joint Fiscal Office as needed to permit the Joint Fiscal Office to perform the estimates and analysis. If necessary, the Joint Fiscal Office may enter into confidentiality agreements with departments, agencies, and the Board to ensure that confidential information provided to the Office is not further disclosed.

Sec. 21. APPROPRIATION

Up to \$100,000.00 is appropriated from the General Fund to the Agency of Administration, Secretary's Office in fiscal year 2016 to be used for assistance in the calculation of the cost estimates required in Sec. 20 of this act; provided, however, that the appropriation shall be reduced by the amount of any external funds received to carry out the estimates and analysis required by Sec. 20.

* * * Consumer Information * * *

Sec. 22. 18 V.S.A. § 9413 is added to read:

§ 9413. HEALTH CARE QUALITY AND PRICE COMPARISON

Each health insurer with more than 200 covered lives in this State shall establish an Internet-based tool to enable its members to compare the price of medical care in Vermont by service or procedure, including office visits, emergency care, radiologic services, and preventive care such as mammography and colonoscopy. The tool shall include provider quality information as available and to the extent consistent with other applicable laws and regulations. The tool shall allow members to compare price by selecting a specific service or procedure and a geographic region of the State. Based on

the criteria specified, the tool shall provide the member with an estimate for each provider of the amount the member would pay for the service or procedure, an estimate of the amount the insurance plan would pay, and an estimate of the combined payments. The price information shall reflect the cost-sharing applicable to a member's specific plan, as well as any remaining balance on the member's deductible for the plan year.

* * * Public Employees' Health Benefits * * *

Sec. 23. PUBLIC EMPLOYEES' HEALTH BENEFITS; REPORT

(a) The Director of Health Care Reform in the Agency of Administration shall identify options and considerations for providing health care coverage to all public employees, including State and judiciary employees, school employees, municipal employees, and State and teacher retirees, in a cost-effective manner that will not trigger the excise tax on high-cost, employer-sponsored health insurance plans imposed pursuant to 26 U.S.C. § 4980I. One of the options to be considered shall be an intermunicipal insurance agreement, as described in 24 V.S.A. chapter 121, subchapter 6.

(b) The Director shall consult with representatives of the Vermont-NEA, the Vermont School Boards Association, the Vermont Education Health Initiative, the Vermont State Employees' Association, the Vermont Troopers Association, the Vermont League of Cities and Towns, the Department of Human Resources, the Office of the Treasurer, and the Joint Fiscal Office.

(c) On or before November 1, 2015, the Director shall report his or her findings and recommendations to the House Committees on Appropriations, on Education, on General, Housing, and Military Affairs, on Government Operations, on Health Care, and on Ways and Means; the Senate Committees on Appropriations, on Education, on Economic Development, Housing, and General Affairs, on Government Operations, on Health and Welfare, and on Finance; and the Health Reform Oversight Committee.

* * * Provider Payment Parity * * *

Sec. 24. PAYMENT REFORM AND DIFFERENTIAL REIMBURSEMENT TO PROVIDERS

(a) In implementing an all-payer model and provider rate-setting, the Green Mountain Care Board shall consider the effects of differential reimbursement for professional services provided by health care providers employed by academic medical centers and other health care providers and methods for reducing or eliminating such differences, as appropriate.

(b) The Board shall require any health insurer as defined in 18 V.S.A. § 9402 with more than 5,000 covered lives for major medical insurance to

develop and submit to the Board, on or before July 1, 2016, an implementation plan for providing fair and equitable reimbursement amounts for professional services to promote parity between professional services provided by academic medical centers and other professionals. Each plan shall ensure that proposed changes to reimbursement create no increase in health insurance premiums or public funding of health care. Any academic medical center located in Vermont shall collaborate in the development of the plan. Upon receipt of such a plan, the Board may direct the health insurer to submit modifications to the plan and may approve, modify, or reject the plan. If the Board approves a plan pursuant to this section, the Board shall require any Vermont academic medical center to accept the reimbursements included in the plan, through the hospital budget process and other appropriate enforcement mechanisms.

(c) The Board shall include a description of its progress on the issues identified in this section in the annual report required by 18 V.S.A. § 9375(d).

* * * Green Mountain Care Board; Payment Reform * * *

Sec. 25. PAYMENT REFORM AND DIFFERENTIAL PAYMENTS TO PROVIDERS

In implementing an all-payer model and provider rate-setting, the Green Mountain Care Board shall consider:

(1) the benefits of prioritizing and expediting payment reform in primary care that shifts away from fee-for-service models;

(2) the impact of hospital acquisitions of independent physician practices on the health care system costs, including any disparities between reimbursements to hospital-owned practices and reimbursements to independent physician practices;

(3) the effects of differential reimbursement for different types of providers when providing the same services billed under the same codes; and

(4) the advantages and disadvantages of allowing health care providers to continue to set their own rates for customers without health insurance or other health care coverage.

* * * Reports * * *

Sec. 26. VERMONT HEALTH CARE INNOVATION PROJECT; UPDATES

The Project Director of the Vermont Health Care Innovation Project (VHCIP) shall provide an update at least quarterly to the House Committees on Health Care and on Ways and Means, the Senate Committees on Health and Welfare and on Finance, and the Health Reform Oversight Committee

regarding VHCIP implementation and the use of the federal State Innovation Model (SIM) grant funds. The Project Director's update shall include information regarding:

(1) the VHCIP pilot projects and other initiatives undertaken using SIM grant funds, including a description of the projects and initiatives, the timing of their implementation, the results achieved, and the replicability of the results;

(2) how the VHCIP projects and initiatives fit with other payment and delivery system reforms planned or implemented in Vermont;

(3) how the VHCIP projects and initiatives meet the goals of improving health care access and quality and reducing costs;

(4) how the VHCIP projects and initiatives will reduce administrative costs;

(5) how the VHCIP projects and initiatives compare to the principles expressed in 2011 Acts and Resolves No. 48;

(6) what will happen to the VHCIP projects and initiatives when the SIM grant funds are no longer available; and

(7) how to protect the State's interest in any health information technology and security functions, processes, or other intellectual property developed through the VHCIP.

Sec. 27. REDUCING DUPLICATION OF SERVICES; REPORT

(a) The Agency of Human Services shall evaluate the services offered by each entity licensed, administered, or funded by the State, including the designated agencies, to provide services to individuals receiving home- and community-based long-term care services or who have developmental disabilities, mental health needs, or substance use disorder. The Agency shall determine areas in which there are gaps in services and areas in which programs or services are inconsistent with the Health Resource Allocation Plan or are overlapping, duplicative, or otherwise not delivered in the most efficient, cost-effective, and high-quality manner and shall develop recommendations for consolidation or other modification to maximize high-quality services, efficiency, service integration, and appropriate use of public funds.

(b) On or before January 15, 2016, the Agency shall report its findings and recommendations to the House Committee on Human Services and the Senate Committee on Health and Welfare.

Sec. 28. REPURPOSING EXCESS HOSPITAL FUNDS

(a) The 2014 Vermont Household Health Insurance Survey indicates that the number of uninsured Vermonters has decreased from 6.8 percent in 2012 to

3.7 percent in 2014, which is a 46 percent reduction in the rate of uninsured. Over the same time, however, hospital funds to support the uninsured have not declined in a manner that is proportionate to the reduction in the number of uninsured the funds are intended to support. Disproportionate Share Hospital (DSH) payments have remained unchanged and will total \$38,289,419.00 in fiscal year 2015, and the amount of “free care” charges in approved hospital budgets was \$53,034,419.00 in fiscal year 2013 and \$58,652,440.00 in fiscal year 2015. The reduction in the number of uninsured Vermonters has increased costs to the General Fund, but the funds allocated in hospital budgets to serve those Vermonters have not “followed the customer.” In essence, these funds are stranded in the hospital budgets to pay for “phantom” uninsured patients.

(b) The Green Mountain Care Board, in its fiscal year 2016 hospital budget review process, shall analyze proposed hospital budgets to identify any stranded dollars and shall report its findings on or before October 15, 2015 to the House Committee on Health Care, the Senate Committees on Health and Welfare and on Finance, the Health Reform Oversight Committee, and the Joint Fiscal Committee. It is the intent of the General Assembly to repurpose the stranded dollars to enhance State spending on the Blueprint for Health.

* * * Medicaid Rates * * *

Sec. 29. PROVIDER RATE SETTING; MEDICAID

(a) The Department of Disabilities, Aging, and Independent Living and the Division of Rate Setting in the Agency of Human Services shall review current reimbursement rates for providers of enhanced residential care, assistive community care, and other long term home- and community-based care services and shall consider ways to:

(1) ensure that rates are reviewed regularly and are sustainable, reasonable, and adequately reflect economic conditions, new home- and community-based services rules, and health system reforms; and

(2) encourage providers to accept residents without regard to their source of payment.

(b) On or before January 15, 2016, the Department and the Agency shall provide their findings and recommendations to the House Committee on Human Services and the Senate Committees on Health and Welfare and on Finance.

* * * Designated Agency Budgets * * *

Sec. 30. GREEN MOUNTAIN CARE BOARD; DESIGNATED AGENCY BUDGETS

The Green Mountain Care Board shall analyze the budget and Medicaid rates of one or more designated agencies providing services to Vermont residents using criteria similar to the Board's review of hospital budgets pursuant to 18 V.S.A. § 9456. The Board shall also consider whether to include designated and specialized service agencies in the all-payer model. On or before January 31, 2016, the Board shall recommend to the House Committees on Appropriations, on Health Care, and on Human Services and the Senate Committees on Appropriations, on Health and Welfare, and on Finance whether the Board should be responsible for the annual review of all designated agency budgets and whether designated and specialized service agencies should be included in the all-payer model.

* * * Rate Increases for Designated Agencies * * *

Sec. 31. DESIGNATED AGENCIES; SPECIALIZED SERVICE AGENCIES; EFFECT OF MEDICAID RATE INCREASE

(a)(1) A designated agency or specialized service agency shall use any additional funding the agency receives as a result of a Medicaid rate increase to provide additional compensation or benefits, or both, to the agency's direct care workers or other employees.

(2) The designated agency or specialized service agency shall designate the direct care workers or other employees who will receive additional compensation or benefits pursuant to subdivision (1) of this subsection, and shall provide the additional compensation and benefits in a manner that the agency determines will best address its recruitment and retention needs.

(3) If the designated agency or specialized service agency is a party to a collective bargaining agreement for the direct care workers or other employees that the agency has designated to receive an increase in compensation or benefits pursuant to subdivision (1) of this subsection, the amount and terms of the increased compensation or benefits shall be determined through collective bargaining between the agency and the exclusive representative of the workers or employees. Nothing in this subsection is intended to prevent a party to the collective bargaining agreement from indicating during negotiations that its previous or current proposal regarding compensation or benefits accounts for an actual or anticipated increase in funding received by the agency as a result of a Medicaid rate increase.

(b) Each designated agency and specialized service agency shall report to the Agency of Human Services regarding its compliance with this section.

* * * Presuit Mediation for Medical Malpractice Claims * * *

Sec. 32. 12 V.S.A. chapter 215, subchapter 2 is added to read:

Subchapter 2. Mediation Prior to Filing a Complaint of Malpractice

§ 7011. PURPOSE

The purpose of mediation prior to filing a medical malpractice case is to identify and resolve meritorious claims and reduce areas of dispute prior to litigation, which will reduce the litigation costs, reduce the time necessary to resolve claims, provide fair compensation for meritorious claims, and reduce malpractice-related costs throughout the system.

§ 7012. PRESUIT MEDIATION; SERVICE

(a) A potential plaintiff may serve upon each known potential defendant a request to participate in presuit mediation prior to filing a civil action in tort or in contract alleging that an injury or death resulted from the negligence of a health care provider and to recover damages resulting from the personal injury or wrongful death.

(b) Service of the request required in subsection (a) of this section shall be in letter form and shall be served on all known potential defendants by certified mail. The date of mailing such request shall toll all applicable statutes of limitations.

(c) The request to participate in presuit mediation shall name all known potential defendants, contain a brief statement of the facts that the potential plaintiff believes are grounds for relief, and be accompanied by a certificate of merit prepared pursuant to section 1051 of this title, and may include other documents or information supporting the potential plaintiff's claim.

(d) Nothing in this chapter precludes potential plaintiffs and defendants from presuit negotiation or other presuit dispute resolution to settle potential claims.

§ 7013. MEDIATION RESPONSE

(a) Within 60 days of service of the request to participate in presuit mediation, each potential defendant shall accept or reject the potential plaintiff's request for presuit mediation by mailing a certified letter to counsel or if the party is unrepresented to the potential plaintiff.

(b) If the potential defendant agrees to participate, within 60 days of the service of the request to participate in presuit mediation, each potential defendant shall serve a responsive certificate on the potential plaintiff by mailing a certified letter indicating that he or she, or his or her counsel, has consulted with a qualified expert within the meaning of section 1643 of this title and that expert is of the opinion that there are reasonable grounds to defend the potential plaintiff's claims of medical negligence. Notwithstanding the potential defendant's acceptance of the request to participate, if the

potential defendant does not serve such a responsive certificate within the 60-day period, then the potential plaintiff need not participate in the presuit mediation under this title and may file suit. If the potential defendant is willing to participate, presuit mediation may take place without a responsive certificate of merit from the potential defendant at the plaintiff's election.

§ 7014. PROCESS; TIME FRAMES

(a) The mediation shall take place within 60 days of the service of all potential defendants' acceptance of the request to participate in presuit mediation. The parties may agree to an extension of time. If in good faith the mediation cannot be scheduled within the 60-day time period, the potential plaintiff need not participate and may proceed to file suit.

(b) If presuit mediation is not agreed to, the mediator certifies that mediation is not appropriate, or mediation is unsuccessful, the potential plaintiff may initiate a civil action as provided in the Vermont Rules of Civil Procedure. The action shall be filed:

(1) within 90 days of the potential plaintiff's receipt of the potential defendant's letter refusing mediation, the failure of the potential defendant to file a responsive certificate of merit within the specified time period, or the mediator's signed letter certifying that mediation was not appropriate or that the process was complete; or

(2) prior to the expiration of the applicable statute of limitations, whichever is later.

(c) If presuit mediation is attempted unsuccessfully, the parties shall not be required to participate in mandatory mediation under Rule 16.3 of the Vermont Rules of Civil Procedure.

§ 7015. CONFIDENTIALITY

All written and oral communications made in connection with or during the mediation process set forth in this chapter shall be confidential. The mediation process shall be treated as a settlement negotiation under Rule 408 of the Vermont Rules of Evidence.

Sec. 33. REPORT

On or before December 1, 2019, the Secretary of Administration or designee shall report to the Senate Committees on Health and Welfare and on Judiciary and the House Committees on Health Care and on Judiciary on the impacts of 12 V.S.A. § 1042 (certificate of merit) and 12 V.S.A. chapter 215, subchapter 2 (presuit mediation). The report shall address the impacts that these reforms have had on:

- (1) consumers, physicians, and the provision of health care services;
- (2) the rights of consumers to due process of law and to access to the court system; and
- (3) any other service, right, or benefit that was or may have been affected by the establishment of the medical malpractice reforms in 12 V.S.A. § 1042 and 12 V.S.A. chapter 215, subchapter 2.

* * * Transferring Department of Financial Regulation Duties * * *

Sec. 34. 8 V.S.A. § 4062 is amended to read:

§ 4062. FILING AND APPROVAL OF POLICY FORMS AND PREMIUMS

* * *

~~(e) Within 30 calendar days after making the rate filing and analysis available to the public pursuant to subsection (d) the time period set forth in subdivision (a)(2)(A) of this section, the Board shall:~~

(1) conduct a public hearing, at which the Board shall:

(A) call as witnesses the Commissioner of Financial Regulation or designee and the Board's contracting actuary, if any, unless all parties agree to waive such testimony; and

(B) provide an opportunity for testimony from the insurer; the Office of the Health Care Advocate; and members of the public;

(2) at a public hearing, announce the Board's decision of whether to approve, modify, or disapprove the proposed rate; and

(3) issue its decision in writing.

* * *

(h)(1) The authority of the Board under this section shall apply only to the rate review process for policies for major medical insurance coverage and shall not apply to the policy forms for major medical insurance coverage or to the rate and policy form review process for policies for specific disease, accident, injury, hospital indemnity, dental care, vision care, disability income, long-term care, student health insurance coverage, Medicare supplemental coverage, or other limited benefit coverage, or to benefit plans that are paid directly to an individual insured or to his or her assigns and for which the amount of the benefit is not based on potential medical costs or actual costs incurred. Premium rates and rules for the classification of risk for Medicare supplemental insurance policies shall be governed by sections 4062b and 4080e of this title.

* * *

~~(3) Medicare supplemental insurance policies shall be exempt only from the requirement in subdivisions (a)(1) and (2) of this section for the Green Mountain Care Board's approval on rate requests and shall be subject to the remaining provisions of this section. [Repealed.]~~

* * *

Sec. 35. 8 V.S.A. § 4089b(g) is amended to read:

~~(g) On or before July 15 of each year, health insurance companies doing business in Vermont whose individual share of the commercially insured Vermont market, as measured by covered lives, comprises at least five percent of the commercially insured Vermont market, shall file with the Commissioner, in accordance with standards, procedures, and forms approved by the Commissioner:~~

~~(1) A report card on the health insurance plan's performance in relation to quality measures for the care, treatment, and treatment options of mental and substance abuse conditions covered under the plan, pursuant to standards and procedures adopted by the Commissioner by rule, and without duplicating any reporting required of such companies pursuant to Rule H-2009-03 of the Division of Health Care Administration and regulation 95-2, "Mental Health Review Agents," of the Division of Insurance, as amended, including:~~

~~(A) the discharge rates from inpatient mental health and substance abuse care and treatment of insureds;~~

~~(B) the average length of stay and number of treatment sessions for insureds receiving inpatient and outpatient mental health and substance abuse care and treatment;~~

~~(C) the percentage of insureds receiving inpatient and outpatient mental health and substance abuse care and treatment;~~

~~(D) the number of insureds denied mental health and substance abuse care and treatment;~~

~~(E) the number of denials appealed by patients reported separately from the number of denials appealed by providers;~~

~~(F) the rates of readmission to inpatient mental health and substance abuse care and treatment for insureds with a mental condition;~~

~~(G) the level of patient satisfaction with the quality of the mental health and substance abuse care and treatment provided to insureds under the health insurance plan; and~~

~~(H) any other quality measure established by the Commissioner.~~

~~(2) The health insurance plan's revenue loss and expense ratio relating to the care and treatment of mental conditions covered under the health insurance plan. The expense ratio report shall list amounts paid in claims for services and administrative costs separately. A managed care organization providing or administering coverage for treatment of mental conditions on behalf of a health insurance plan shall comply with the minimum loss ratio requirements pursuant to the Patient Protection and Affordable Care Act of 2010, Public Law 111 148, as amended by the Health Care and Education Reconciliation Act of 2010, Public Law 111 152, applicable to the underlying health insurance plan with which the managed care organization has contracted to provide or administer such services. The health insurance plan shall also bear responsibility for ensuring the managed care organization's compliance with the minimum loss ratio requirement pursuant to this subdivision. [Repealed.]~~

Sec. 36. 18 V.S.A. § 9402 is amended to read:

§ 9402. DEFINITIONS

As used in this chapter, unless otherwise indicated:

* * *

~~(4) "Division" means the division of health care administration. [Repealed.]~~

* * *

(10) "Health resource allocation plan" means the plan adopted by the commissioner of financial regulation Green Mountain Care Board under section 9405 of this title.

* * *

Sec. 37. 18 V.S.A. § 9404 is amended to read:

§ 9404. ADMINISTRATION

(a) The Commissioner and the Green Mountain Care Board shall supervise and direct the execution of all laws vested in the Department and the Board, respectively, by this chapter, and shall formulate and carry out all policies relating to this chapter.

(b) The Commissioner and the Board may:

(1) apply for and accept gifts, grants, or contributions from any person for purposes consistent with this chapter;

(2) adopt rules necessary to implement the provisions of this chapter; and

(3) enter into contracts and perform such acts as are necessary to accomplish the purposes of this chapter.

~~(c) There is hereby created a fund to be known as the Health Care Administration Regulatory and Supervision Fund for the purpose of providing the financial means for the Commissioner of Financial Regulation to administer this chapter and 33 V.S.A. § 6706. All fees and assessments received by the Department pursuant to such administration shall be credited to this Fund. All fines and administrative penalties, however, shall be deposited directly into the General Fund.~~

~~(1) All payments from the Health Care Administration Regulatory and Supervision Fund for the maintenance of staff and associated expenses, including contractual services as necessary, shall be disbursed from the State Treasury only upon warrants issued by the Commissioner of Finance and Management, after receipt of proper documentation regarding services rendered and expenses incurred.~~

~~(2) The Commissioner of Finance and Management may anticipate receipts to the Health Care Administration Regulatory and Supervision Fund and issue warrants based thereon. [Repealed.]~~

Sec. 38. 18 V.S.A. § 9410 is amended to read:

§ 9410. HEALTH CARE DATABASE

(a)(1) The Board shall establish and maintain a unified health care database to enable the ~~Commissioner and the~~ Board to carry out ~~their~~ its duties under this chapter, chapter 220 of this title, and Title 8, including:

(A) determining the capacity and distribution of existing resources;

(B) identifying health care needs and informing health care policy;

(C) evaluating the effectiveness of intervention programs on improving patient outcomes;

(D) comparing costs between various treatment settings and approaches;

(E) providing information to consumers and purchasers of health care; and

(F) improving the quality and affordability of patient health care and health care coverage.

~~(2)(A) The program authorized by this section shall include a consumer~~

~~health care price and quality information system designed to make available to consumers transparent health care price information, quality information, and such other information as the Board determines is necessary to empower individuals, including uninsured individuals, to make economically sound and medically appropriate decisions.~~

~~(B) The Commissioner may require a health insurer covering at least five percent of the lives covered in the insured market in this State to file with the Commissioner a consumer health care price and quality information plan in accordance with rules adopted by the Commissioner.~~

~~(C) The Board shall adopt such rules as are necessary to carry out the purposes of this subdivision. The Board's rules may permit the gradual implementation of the consumer health care price and quality information system over time, beginning with health care price and quality information that the Board determines is most needed by consumers or that can be most practically provided to the consumer in an understandable manner. The rules shall permit health insurers to use security measures designed to allow subscribers access to price and other information without disclosing trade secrets to individuals and entities who are not subscribers. The rules shall avoid unnecessary duplication of efforts relating to price and quality reporting by health insurers, health care providers, health care facilities, and others, including activities undertaken by hospitals pursuant to their community report obligations under section 9405b of this title. [Repealed.]~~

* * *

(i) On or before January 15, 2008 2018 and every three years thereafter, the Commissioner of Health shall submit a recommendation to the General Assembly for conducting a survey of the health insurance status of Vermont residents. The provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the report to be made under this subsection.

* * *

Sec. 39. 18 V.S.A. § 9414 is amended to read:

§ 9414. QUALITY ASSURANCE FOR MANAGED CARE ORGANIZATIONS

(a) The ~~commissioner~~ Commissioner shall have the power and responsibility to ensure that each managed care organization provides quality health care to its members, in accordance with the provisions of this section.

* * *

(4) The Commissioner or designee may resolve any consumer complaint arising out of this subsection as though the managed care organization were an

insurer licensed pursuant to Title 8.

* * *

(d)(1) In addition to its internal quality assurance program, each managed care organization shall evaluate the quality of health and medical care provided to members. The organization shall use and maintain a patient record system which will facilitate documentation and retrieval of statistically meaningful clinical information.

(2) A managed care organization may evaluate the quality of health and medical care provided to members through an independent accreditation organization, ~~provided that the commissioner has established criteria for such independent evaluations.~~

~~(e) The commissioner shall review a managed care organization's performance under the requirements of this section at least once every three years and more frequently as the commissioner deems proper. If upon review the commissioner determines that the organization's performance with respect to one or more requirements warrants further examination, the commissioner shall conduct a comprehensive or targeted examination of the organization's performance. The commissioner may designate another organization to conduct any evaluation under this subsection. Any such independent designee shall have a confidentiality code acceptable to the commissioner, or shall be subject to the confidentiality code adopted by the commissioner under subdivision (f)(3) of this section. In conducting an evaluation under this subsection, the commissioner or the commissioner's designee shall employ, retain, or contract with persons with expertise in medical quality assurance. [Repealed.]~~

(f)(1) For the purpose of evaluating a managed care organization's performance under the provisions of this section, the ~~commissioner~~ Commissioner may examine and review information protected by the provisions of the patient's privilege under 12 V.S.A. § 1612(a), or otherwise required by law to be held confidential, ~~except that the commissioner's access to and use of minutes and records of a peer review committee established under subsection (e) of this section shall be governed by subdivision (2) of this subsection.~~

~~(2) Notwithstanding the provisions of 26 V.S.A. § 1443, for the sole purpose of reviewing a managed care organization's internal quality assurance program, and enforcing compliance with the provisions of subsection (e) of this section, the commissioner or the commissioner's designee shall have reasonable access to the minutes or records of any peer review or comparable committee required by subdivision (e)(6) of this section, provided that such~~

~~access shall not disclose the identity of patients, health care providers, or other individuals. [Repealed.]~~

* * *

~~(i) Upon review of the managed care organization's clinical data, or after consideration of claims or other data, the commissioner may:~~

~~(1) identify quality issues in need of improvement; and~~

~~(2) direct the managed care organization to propose quality improvement initiatives to remediate those issues. [Repealed.]~~

Sec. 40. 18 V.S.A. § 9418(1) is amended to read:

(1) Nothing in this section shall be construed to prohibit a health plan from applying payment policies that are consistent with applicable federal or State laws and regulations, or to relieve a health plan from complying with payment standards established by federal or State laws and regulations, ~~including rules adopted by the Commissioner pursuant to section 9408 of this title relating to claims administration and adjudication standards, and rules adopted by the Commissioner pursuant to section 9414 of this title and 8 V.S.A. § 4088h relating to pay for performance or other payment methodology standards.~~

Sec. 41. 18 V.S.A. § 9418b(f) is amended to read:

(f) Nothing in this section shall be construed to prohibit a health plan from applying payment policies that are consistent with applicable federal or State laws and regulations, or to relieve a health plan from complying with payment standards established by federal or State laws and regulations, ~~including rules adopted by the Commissioner pursuant to section 9408 of this title, relating to claims administration and adjudication standards, and rules adopted by the Commissioner pursuant to section 9414 of this title and 8 V.S.A. § 4088h, relating to pay for performance or other payment methodology standards.~~

Sec. 42. 18 V.S.A. § 9420 is amended to read:

§ 9420. CONVERSION OF NONPROFIT HOSPITALS

(a) Policy and purpose. The ~~state~~ State has a responsibility to assure that the assets of nonprofit entities, which are impressed with a charitable trust, are managed prudently and are preserved for their proper charitable purposes.

(b) Definitions. As used in this section:

* * *

~~(2) "Commissioner" is the commissioner of financial regulation. [Repealed.]~~

* * *

(10) “Green Mountain Care Board” or “Board” means the Green Mountain Care Board established in chapter 220 of this title.

(c) Approval required for conversion of qualifying amount of charitable assets. A nonprofit hospital may convert a qualifying amount of charitable assets only with the approval of the ~~commissioner~~ Green Mountain Care Board, and either the ~~attorney general~~ Attorney General or the ~~superior court~~ Superior Court, pursuant to the procedures and standards set forth in this section.

(d) Exception for conversions in which assets will be owned and controlled by a nonprofit corporation:

(1) Other than subsection (q) of this section and subdivision (2) of this subsection, this section shall not apply to conversions in which the party receiving assets of a nonprofit hospital is a nonprofit corporation.

(2) In any conversion that would have required an application under subsection (e) of this section but for the exception set forth in subdivision (1) of this subsection, notice to or written waiver by the ~~attorney general~~ Attorney General shall be given or obtained as if required under 11B V.S.A. § 12.02(g).

(e) Application. Prior to consummating any conversion of a qualifying amount of charitable assets, the parties shall submit an application to the ~~attorney general~~ Attorney General and the ~~commissioner~~ Green Mountain Care Board, together with any attachments complying with subsection (f) of this section. If any material change occurs in the proposal set forth in the filed application, an amendment setting forth such change, together with copies of all documents and other material relevant to such change, shall be filed with the ~~attorney general~~ Attorney General and the ~~commissioner~~ Board within two business days, or as soon thereafter as practicable, after any party to the conversion learns of such change. If the conversion involves a hospital system, and one or more of the hospitals in the system desire to convert charitable assets, the ~~attorney general~~ Attorney General, in consultation with the ~~commissioner~~ Board, shall determine whether an application shall be required from the hospital system.

(f) Completion and contents of application.

(1) Within 30 days of receipt of the application, or within 10 days of receipt of any amendment thereto, whichever is longer, the ~~attorney general~~ Attorney General, with the ~~commissioner's~~ Green Mountain Care Board's agreement, shall determine whether the application is complete. The Attorney General shall promptly notify the parties of the date the application is deemed

complete, or of the reasons for a determination that the application is incomplete. A complete application shall include the following:

* * *

(N) any additional information the ~~attorney general~~ Attorney General or ~~commissioner~~ Green Mountain Care Board finds necessary or appropriate for the full consideration of the application.

(2) The parties shall make the contents of the application reasonably available to the public prior to any hearing for public comment described in subsection (g) of this section to the extent that they are not otherwise exempt from disclosure under 1 V.S.A. § 317(b).

(g) Notice and hearing for public comment on application.

(1) The ~~attorney general~~ Attorney General and ~~commissioner~~ the Green Mountain Care Board shall hold one or more public hearings on the transaction or transactions described in the application. A record shall be made of any hearing. The hearing shall commence within 30 days of the determination by the ~~attorney general~~ Attorney General that the application is complete. If a hearing is continued or multiple hearings are held, any hearing shall be completed within 60 days of the ~~attorney general's~~ Attorney General's determination that an application is complete. In determining the number, location, and time of hearings, the ~~attorney general~~ Attorney General, in consultation with the ~~commissioner~~ Board, shall consider the geographic areas and populations served by the nonprofit hospital and most affected by the conversion and the interest of the public in commenting on the application.

(2) The ~~attorney general~~ Attorney General shall provide reasonable notice of any hearing to the parties, the ~~commissioner~~ Board, and the public, and may order that the parties bear the cost of notice to the public. Notice to the public shall be provided in newspapers having general circulation in the region affected and shall identify the applicants and the proposed conversion. A copy of the public notice shall be sent to the ~~state~~ State health care and long-term care ombudspersons and to the ~~senators~~ Senators and members of the ~~house of representatives~~ House of Representatives representing the county and district and to the ~~clerk, chief municipal officer~~ Clerk, Chief Municipal Officer, and legislative body, of the municipality in which the nonprofit hospital is principally located. Upon receipt, the ~~clerk~~ Clerk shall post notice in or near the ~~clerk's~~ Clerk's office and in at least two other public places in the municipality. Any person may testify at a hearing under this section and, within such reasonable time as the ~~attorney general~~ Attorney General may prescribe, file written comments with the ~~attorney general~~ Attorney General and ~~commissioner~~ Board concerning the proposed conversion.

(h) Determination by ~~commissioner~~ the Green Mountain Care Board.

(1) The ~~commissioner~~ Green Mountain Care Board shall consider the application, together with any report and recommendations from the Board's staff ~~of the department~~ requested by the ~~commissioner~~ Board, and any other information submitted into the record, and approve or deny it within 50 days following the last public hearing held pursuant to subsection (g) of this section, unless the ~~commissioner~~ Board extends such time up to an additional 60 days with notice prior to its expiration to the ~~attorney general~~ Attorney General and the parties.

(2) The ~~commissioner~~ Board shall approve the proposed transaction if the ~~commissioner~~ Board finds that the application and transaction will satisfy the criteria established in section 9437 of this title. For purposes of applying the criteria established in section 9437, the term "project" shall include a conversion or other transaction subject to the provisions of this subchapter.

(3) A denial by the ~~commissioner~~ Board may be appealed to the ~~supreme court~~ Supreme Court pursuant to ~~the procedures and standards set forth in 8 V.S.A. § 16~~ section 9381 of this title. If no appeal is taken or if the ~~commissioner's~~ Board's order is affirmed by the ~~supreme court~~ supreme court, the application shall be terminated. A failure of the ~~commissioner~~ Board to approve of an application in a timely manner shall be considered a final order in favor of the applicant.

(i) Determination by ~~attorney general~~ Attorney General. The ~~attorney general~~ Attorney General shall make a determination as to whether the conversion described in the application meets the standards provided in subsection (j) of this section.

(1) If the ~~attorney general~~ Attorney General determines that the conversion described in the application meets the standards set forth in subsection (j) of this section, the ~~attorney general~~ Attorney General shall approve the conversion and so notify the parties in writing.

(2) If the ~~attorney general~~ Attorney General determines that the conversion described in the application does not meet such standards, the ~~attorney general~~ Attorney General may not approve the conversion and shall so notify the parties of such disapproval and the basis for it in writing, including identification of the standards listed in subsection (j) of this section that the ~~attorney general~~ Attorney General finds not to have been met by the proposed conversion. Nothing in this subsection shall prevent the parties from amending the application to meet any objections of the ~~attorney general~~ Attorney General.

(3) The notice of approval or disapproval by the ~~attorney general~~ Attorney General

Attorney General under this subsection shall be provided no later than either 60 days following the date of the last hearing held under subsection (g) of this section or ten days following approval of the conversion by the ~~commissioner~~ Board, whichever is later. The ~~attorney general~~ Attorney General, for good cause, may extend this period an additional 60 days.

(j) Standards for ~~attorney general's~~ Attorney General's review. In determining whether to approve a conversion under subsection (i) of this section, the ~~attorney general~~ Attorney General shall consider whether:

* * *

(7) the application contains sufficient information and data to permit the ~~attorney general~~ Attorney General and ~~commissioner~~ the Green Mountain Care Board to evaluate the conversion and its effects on the public's interests in accordance with this section; and

(8) the conversion plan has made reasonable provision for reports, upon request, to the ~~attorney general~~ Attorney General on the conduct and affairs of any person that, as a result of the conversion, is to receive charitable assets or proceeds from the conversion to carry on any part of the public purposes of the nonprofit hospital.

(k) Investigation by ~~attorney general~~ Attorney General. The ~~attorney general~~ Attorney General may conduct an investigation relating to the conversion pursuant to the procedures set forth generally in 9 V.S.A. § 2460. The ~~attorney general~~ Attorney General may contract with such experts or consultants the ~~attorney general~~ Attorney General deems appropriate to assist in an investigation of a conversion under this section. The ~~attorney general~~ Attorney General may order any party to reimburse the ~~attorney general~~ Attorney General for all reasonable and actual costs incurred by the ~~attorney general~~ Attorney General in retaining outside professionals to assist with the investigation or review of the conversion.

(l) Superior ~~court~~ Court action. If the ~~attorney general~~ Attorney General does not approve the conversion described in the application and any amendments, the parties may commence an action in the ~~superior court~~ Superior Court of Washington County, or with the agreement of the ~~attorney general~~ Attorney General, of any other county, within 60 days of the ~~attorney general's~~ Attorney General's notice of disapproval provided to the parties under subdivision (i)(2) of this section. The parties shall notify the ~~commissioner~~ Green Mountain Care Board of the commencement of an action under this subsection. The ~~commissioner~~ Board shall be permitted to request that the ~~court~~ Court consider the ~~commissioner's~~ Board's determination under subsection (h) of this section in its decision under this subsection.

(m) Court determination and order.

* * *

(4) Nothing herein shall prevent the ~~attorney general~~ Attorney General, while an action brought under subsection (l) of this section is pending, from approving the conversion described in the application, as modified by such terms as are agreed between the parties, the ~~attorney general~~ Attorney General, and the ~~commissioner~~ Green Mountain Care Board to bring the conversion into compliance with the standards set forth in subsection (j) of this section.

(n) Use of converted assets or proceeds of a conversion approved pursuant to this section. If at any time following a conversion, the ~~attorney general~~ Attorney General has reason to believe that converted assets or the proceeds of a conversion are not being held or used in a manner consistent with information provided to the ~~attorney general~~ Attorney General, the ~~commissioner~~ Board, or a court in connection with any application or proceedings under this section, the ~~attorney general~~ Attorney General may investigate the matter pursuant to procedures set forth generally in 9 V.S.A. § 2460 and may bring an action in Washington ~~superior court~~ Superior Court or in the ~~superior court~~ Superior Court of any county where one of the parties has a principal place of business. The ~~court~~ Court may order appropriate relief in such circumstances, including avoidance of the conversion or transfer of the converted assets or proceeds or the amount of any private inurement to a person or party for use consistent with the purposes for which the assets were held prior to the conversion, and the award of costs of investigation and prosecution under this subsection, including the reasonable value of legal services.

(o) Remedies and penalties for violations.

(1) The ~~attorney general~~ Attorney General may bring or maintain a civil action in the Washington ~~superior court~~ Superior Court, or any other county in which one of the parties has its principal place of business, to enjoin, restrain, or prevent the consummation of any conversion which has not been approved in accordance with this section or where approval of the conversion was obtained on the basis of materially inaccurate information furnished by any party to the ~~attorney general~~ Attorney General or the ~~commissioner~~ Board.

* * *

(p) Conversion of less than a qualifying amount of assets.

(1) The ~~attorney general~~ Attorney General may conduct an investigation relating to a conversion pursuant to the procedures set forth generally in 9 V.S.A. § 2460 if the ~~attorney general~~ Attorney General has reason to believe

that a nonprofit hospital has converted or is about to convert less than a qualifying amount of its assets in such a manner that would:

(A) if it met the qualifying amount threshold, require an application under subsection (e) of this section; and

(B) constitute a conversion that does not meet one or more of the standards set forth in subsection (j) of this section.

(2) The ~~attorney general~~ Attorney General, in consultation with the ~~commissioner~~ Green Mountain Care Board, may bring an action with respect to any conversion of less than a qualifying amount of assets, according to the procedures set forth in subsection (n) of this section. The ~~attorney general~~ Attorney General shall notify the ~~commissioner~~ Board of any action commenced under this subsection. The ~~commissioner~~ Board shall be permitted to investigate and determine whether the transaction satisfies the criteria established in subdivision (g)(2) of this section, and to request that the ~~court~~ Court consider the ~~commissioner's~~ Board's recommendation in its decision under this subsection. In such an action, the ~~superior court~~ Superior Court may enjoin or void any transaction and may award any other relief as provided under subsection (n) of this section.

(3) In any action brought by the ~~attorney general~~ Attorney General under this subdivision, the ~~attorney general~~ Attorney General shall have the burden to establish that the conversion:

(A) violates one or more of the standards listed in subdivision (j)(1), (3), (4), or (6); or

(B) substantially violates one or more of the standards set forth in subdivisions (j)(2) and (5) of this section.

(q) Other preexisting authority.

(1) Nothing in this section shall be construed to limit the authority of the ~~commissioner~~ Green Mountain Care Board, ~~attorney general~~ Attorney General, ~~department of health~~ Department of Health, or a court of competent jurisdiction under existing law, or the interpretation or administration of a charitable gift under 14 V.S.A. § 2328.

(2) This section shall not be construed to limit the regulatory and enforcement authority of the ~~commissioner~~ Board, or exempt any applicant or other person from requirements for licensure or other approvals required by law.

Sec. 43. 18 V.S.A. § 9440 is amended to read:

§ 9440. PROCEDURES

* * *

(c) The application process shall be as follows:

(1) Applications shall be accepted only at such times as the Board shall establish by rule.

(2)(A) Prior to filing an application for a certificate of need, an applicant shall file an adequate letter of intent with the Board no less than 30 days or, in the case of review cycle applications under section 9439 of this title, no less than 45 days prior to the date on which the application is to be filed. The letter of intent shall form the basis for determining the applicability of this subchapter to the proposed expenditure or action. A letter of intent shall become invalid if an application is not filed within six months of the date that the letter of intent is received or, in the case of review cycle applications under section 9439 of this title, within such time limits as the Board shall establish by rule. ~~Except for requests for expedited review under subdivision (5) of this subsection, The Board shall post public notice of such letters of intent shall be provided in newspapers having general circulation in the region of the State affected by the letter of intent on its website electronically within five business days of receipt.~~ The public notice shall identify the applicant, the proposed new health care project, and the date by which a competing application or petition to intervene must be filed. ~~In addition, a copy of the public notice shall be sent to the clerk of the municipality in which the health care facility is located. Upon receipt, the clerk shall post the notice in or near the clerk's office and in at least two other public places in the municipality.~~

(B) Applicants who agree that their proposals are subject to jurisdiction pursuant to section 9434 of this title shall not be required to file a letter of intent pursuant to subdivision (A) of this subdivision (2) and may file an application without further process. Public notice of the application shall be ~~provided upon filing~~ posted electronically on the Board's website as provided for in subdivision (A) of this subdivision (2) for letters of intent.

* * *

(5) An applicant seeking expedited review of a certificate of need application may simultaneously file ~~a letter of intent and~~ with the Board a request for expedited review and an application ~~with the Board.~~ Upon After receiving the request and an application, the Board shall issue public notice of the request and application in the manner set forth in subdivision (2) of this subsection. At least 20 days after the public notice was issued, if no competing application has been filed and no party has sought and been granted, nor is likely to be granted, interested party status, the Board, upon making a determination that the proposed project may be uncontested and does not

substantially alter services, as defined by rule, or upon making a determination that the application relates to a health care facility affected by bankruptcy proceedings, ~~the Board shall issue public notice of the application and the request for expedited review and identify a date by which a competing application or petition for interested party status must be filed. If a competing application is not filed and no person opposing the application is granted interested party status, the Board~~ may formally declare the application uncontested and may issue a certificate of need without further process, or with such abbreviated process as the Board deems appropriate. If a competing application is filed or a person opposing the application is granted interested party status, the applicant shall follow the certificate of need standards and procedures in this section, except that in the case of a health care facility affected by bankruptcy proceedings, the Board after notice and an opportunity to be heard may issue a certificate of need with such abbreviated process as the Board deems appropriate, notwithstanding the contested nature of the application.

* * *

Sec. 44. 18 V.S.A. § 9445 is amended to read:

§ 9445. ENFORCEMENT

(a) Any person who offers or develops any new health care project within the meaning of this subchapter without first obtaining a certificate of need as required herein, or who otherwise violates any of the provisions of this subchapter, may be subject to the following administrative sanctions by the Board, after notice and an opportunity to be heard:

(1) The Board may order that no license or certificate permitted to be issued by ~~the Department~~ or any other State agency may be issued to any health care facility to operate, offer, or develop any new health care project for a specified period of time, or that remedial conditions be attached to the issuance of such licenses or certificates.

(2) The Board may order that payments or reimbursements to the entity for claims made under any health insurance policy, subscriber contract, or health benefit plan offered or administered by any public or private health insurer, including the Medicaid program and any other health benefit program administered by the State be denied, reduced, or limited, and in the case of a hospital that the hospital's annual budget approved under subchapter 7 of this chapter be adjusted, modified, or reduced.

(b) In addition to all other sanctions, if any person offers or develops any new health care project without first having been issued a certificate of need or certificate of exemption for the project, or violates any other provision of this

subchapter or any lawful rule adopted pursuant to this subchapter, the Board, ~~the Commissioner~~, the Office of the Health Care Advocate, the State Long-Term Care Ombudsman, and health care providers and consumers located in the State shall have standing to maintain a civil action in the Superior Court of the county in which such alleged violation has occurred, or in which such person may be found, to enjoin, restrain, or prevent such violation. Upon written request by the Board, it shall be the duty of the Vermont Attorney General to furnish appropriate legal services and to prosecute an action for injunctive relief to an appropriate conclusion, which shall not be reimbursed under subdivision (a)(2) of this section.

* * *

Sec. 45. 18 V.S.A. § 9456(h) is amended to read:

(h)(1) If a hospital violates a provision of this section, the Board may maintain an action in the Superior Court of the county in which the hospital is located to enjoin, restrain, or prevent such violation.

* * *

(3)(A) The Board shall require the officers and directors of a hospital to file under oath, on a form and in a manner prescribed by the ~~Commissioner~~ Board, any information designated by the Board and required pursuant to this subchapter. The authority granted to the Board under this subsection is in addition to any other authority granted to the Board under law.

(B) A person who knowingly makes a false statement under oath or who knowingly submits false information under oath to the Board or to a hearing officer appointed by the Board or who knowingly testifies falsely in any proceeding before the Board or a hearing officer appointed by the Board shall be guilty of perjury and punished as provided in 13 V.S.A. § 2901.

Sec. 46. SUSPENSION; PROHIBITION ON MODIFICATION OF
UNIFORM FORMS

The Department of Financial Regulation shall not modify the existing common forms, procedures, and rules based on 18 V.S.A. §§ 9408, 9408a(b), 9408a(e), and 9418(f) prior to January 1, 2017. The Commissioner of Financial Regulation may review and examine, at his or her own discretion or in response to a complaint, a managed care organization's administrative policies and procedures, quality management and improvement procedures, credentialing practices, members' rights and responsibilities, preventive health services, medical records practices, member services, financial incentives or disincentives, disenrollment, provider contracting, and systems and data reporting capacities described in 18 V.S.A. § 9414(a)(1).

Sec. 47. UNIFORM FORMS; EVALUATION

(a) The Director of Health Care Reform in the Agency of Administration, in collaboration with the Green Mountain Care Board and the Department of Financial Regulation, shall evaluate:

(1) the necessity of maintaining provisions regarding common claims forms and procedures, uniform provider credentialing, and suspension of interest accrual for failure to pay claims if the failure was not within the insurer's control, as those provisions are codified in 18 V.S.A. §§ 9408, 9408a(b), 9408a(e), and 9418(f);

(2) the necessity of maintaining provisions requiring the Commissioner to review and examine a managed care organization's administrative policies and procedures, quality management and improvement procedures, credentialing practices, members' rights and responsibilities, preventive health services, medical records practices, member services, financial incentives or disincentives, disenrollment, provider contracting, and systems and data reporting capacities, as those provisions are codified in 18 V.S.A. § 9414(a)(1);

(3) the appropriate entity to assume responsibility for any such function that should be retained and the appropriate enforcement process; and

(4) the requirements in federal law applicable to the Department of Vermont Health Access in its role as a public managed care organization in order to identify opportunities for greater alignment between federal law and 18 V.S.A. § 9414(a)(1).

(b) In performing the evaluation required by subsection (a) of this section, the Director shall consult regularly with interested stakeholders, including health insurance and managed care organizations, as defined in 18 V.S.A. 9402; health care providers; and the Office of the Health Care Advocate.

(c) On or before December 15, 2015, the Director shall provide his or her findings and recommendations to the House Committee on Health Care, the Senate Committees on Health and Welfare and on Finance, and the Health Reform Oversight Committee.

* * * Appropriations * * *

Sec. 48. MAINTAINING EXCHANGE COST-SHARING SUBSIDIES

The sum of \$761,308.00 is appropriated from the General Fund to the Department of Vermont Health Access in fiscal year 2016 for Exchange cost-sharing subsidies for individuals at the actuarial levels in effect on January 1, 2015.

Sec. 49. AREA HEALTH EDUCATION CENTERS

The sum of \$667,111.00 in Global Commitment funds is appropriated to the Department of Health in fiscal year 2016 for a grant to the Area Health Education Centers for repayment of educational loans for health care providers and health care educators.

Sec. 50. OFFICE OF THE HEALTH CARE ADVOCATE;
APPROPRIATION; INTENT

(a) The Office of the Health Care Advocate has a critical function in Vermont's health care system. The Health Care Advocate provides information and assistance to Vermont residents who are navigating the health care system and represents their interests in interactions with health insurers, health care providers, Medicaid, the Green Mountain Care Board, the General Assembly, and others. The continuation of the Office of the Health Care Advocate is necessary to achieve additional health care reform goals.

(b) The sum of \$40,000.00 is appropriated from the General Fund to the Agency of Administration in fiscal year 2016 for its contract with the Office of the Health Care Advocate.

(c) It is the intent of the General Assembly that, beginning with the 2017 fiscal year budget, the Governor's budget proposal developed pursuant to 32 V.S.A. chapter 5 should include a separate provision identifying the aggregate sum to be appropriated from all State sources to the Office of the Health Care Advocate.

Sec. 51. GREEN MOUNTAIN CARE BOARD; ALL-PAYER WAIVER;
RATE-SETTING; VITL OVERSIGHT

(a) The following appropriations and adjustments are made to the Green Mountain Care Board in fiscal year 2016 for positions, contracts, and operating expenses related to the Board's provider rate-setting authority, the all-payer model, and the Medicaid cost shift:

(1) \$83,054.00 is appropriated from the General Fund;

(2) \$268,524.00 is appropriated from special funds;

(3) \$97,968.00 is appropriated from federal funds;

(4) a negative adjustment in the amount of -\$35,919.00 is made to the Global Commitment funds appropriated; and

(5) a negative adjustment in the amount of -\$128,693.00 is made to the interdepartmental transfer funds appropriated.

(b) The sum of \$60,000.00 is appropriated from the Health-IT Fund to the Green Mountain Care Board in fiscal year 2016 to provide oversight of the budget and activities of the Vermont Information Technology Leaders, Inc.

Sec. 52. BLUEPRINT FOR HEALTH INCREASES

The sum of \$1,402,900.00 in Global Commitment funds is appropriated to the Department of Vermont Health Access in fiscal year 2016 to increase payments to patient-centered medical homes and community health teams pursuant to 18 V.S.A. § 702 beginning on January 1, 2016.

Sec. 53. INVESTING IN PRIMARY CARE SERVICES

The sum of \$2,732,677.00 in Global Commitment funds is appropriated to the Department of Vermont Health Access in fiscal year 2016 to increase reimbursement rates to primary care providers beginning on January 1, 2016 for services provided to Medicaid beneficiaries. It is the intent of the General Assembly that these amounts shall be increased on July 1, 2016 by an amount sufficient to provide a cumulative annualized increase of \$7,500,000.00.

Sec. 54. RATE INCREASES FOR OTHER MEDICAID PROVIDERS

(a) The sum of \$3,394,058.00 in Global Commitment funds is appropriated to the Agency of Human Services in fiscal year 2016 for the purpose of increasing reimbursement rates beginning on January 1, 2016 for providers under contract with the Departments of Disabilities, Aging, and Independent Living, of Mental Health, of Corrections, of Health, and for Children and Families to provide services to Vermont Medicaid beneficiaries. In allocating the Global Commitment funds appropriated pursuant to this section, the Agency shall direct:

(1) \$1,180,989.00 to the Department of Mental Health;

(2) \$284,376.00 to the Department of Health, Division of Alcohol and Drug Abuse Programs;

(3) \$1,458,931.00 to the Department of Disabilities, Aging, and Independent Living for developmental disability services; and

(4) the remaining \$469,763.00 for distribution to other departments' appropriation line items within the Agency for Medicaid-eligible services from contract providers.

(b) The sum of \$569,543.00 in Global Commitment funds is appropriated to the Department of Vermont Health Access in fiscal year 2016 for the purpose of increasing reimbursement rates for home- and community-based services in the Choices for Care program beginning on January 1, 2016.

Sec. 55. INDEPENDENT MENTAL HEALTH PROFESSIONALS

The sum of \$421,591.00 in Global Commitment funds is appropriated to the Department of Vermont Health Access in fiscal year 2016 for the purpose of increasing Medicaid reimbursement rates beginning on January 1, 2016 to

mental health professionals not affiliated with a designated agency who provide mental health services to Medicaid beneficiaries.

Sec. 56. RATE INCREASES FOR DENTAL SERVICES; INTENT

It is the intent of the General Assembly that Medicaid reimbursement rates for providers of dental services to Medicaid beneficiaries shall be increased by an amount estimated to be equivalent to \$485,000.00 beginning on July 1, 2016.

Sec. 57. AGENCY OF HUMAN SERVICES; GLOBAL COMMITMENT APPROPRIATION

(a) The following appropriations and adjustments are made to ensure that the Agency of Human Services' Global Commitment budget line item comports with the appropriations made in Secs. 48-56 of this act:

(1) the sum of \$5,100,000.00 is appropriated from the State Health Care Resources Fund in fiscal year 2016;

(2) the sum of \$5,016,557.00 is appropriated from federal funds in fiscal year 2016; and

(3) a negative adjustment in the amount of -\$968,210.00 to the General Funds appropriated in fiscal year 2016.

(b) The appropriations and adjustments made in Secs. 39-48 of this act shall be in addition to or applied to amounts appropriated for fiscal year 2016 in other acts of the 2015 legislative session and shall be reconciled to the greatest extent possible. Where it is not possible to reconcile, the provisions of this act shall supersede conflicting appropriations and adjustments for fiscal year 2016 in other acts of the 2015 legislative session.

* * * Positions * * *

Sec. 58. GREEN MOUNTAIN CARE BOARD; POSITIONS

(a) On July 1, 2015, two classified positions are created for the Green Mountain Care Board.

(b) On July 1, 2015, one exempt position, attorney, is created for the Green Mountain Care Board.

* * * Repeals * * *

Sec. 59. REPEALS

(a) 18 V.S.A. §§ 9411 (other powers and duties of the Commissioner of Financial Regulation) and 9415 (allocation of expenses) are repealed.

(b) 12 V.S.A. chapter 215, subchapter 2 shall be repealed on July 1, 2020.

* * * Effective Dates * * *

Sec. 60. EFFECTIVE DATES

(a) Secs. 1 (all-payer model), 2 and 3 (pharmacy benefit managers), 6 (report on observation status), 9 and 10 (Green Mountain Care Board duties), 11 (VITL), 12 (ambulance reimbursement), 13 and 14 (direct enrollment in Exchange plans), 15–17 (large group market), 18–20 (universal primary care study), 23 (public employees’ health benefits), 24 (provider payment parity), 25 (Green Mountain Care Board; payment reform), 26–28 (reports), 29 (provider rate setting), 30 (designated agency budgets), 32 and 33 (presuit mediation), and this section shall take effect on passage.

(b) Secs. 21 (universal primary care appropriation), 31 (effect of designated agency rate increase), 34–45 (transfer of DFR duties), 46 and 47 (suspension and review of uniform forms), 48–57 (appropriations), 58 (positions), and 59 (repeals) shall take effect on July 1, 2015.

(c) Secs. 7 and 8 (telemedicine) shall take effect on October 1, 2015.

(d) Secs. 4 and 5 (notice of hospital observation status) shall take effect on December 1, 2015.

(e) Sec. 22 (consumer price comparison) shall take effect on July 1, 2016.

And that after passage the title of the bill be amended to read:

An act relating to health care

(For House Proposal of Amendment see House Journal 5/1/15 Page 1297)

Action Postponed Until May 11, 2015

Senate Proposal of Amendment

H. 477

An act relating to miscellaneous amendments to election law

The Senate proposes to the House to amend the bill as follows:

First: By striking out Sec. 6 (17 V.S.A. § 2386 (time for filing statements)) in its entirety and inserting in lieu thereof a new Sec. 6 to read as follows:

Sec. 6. 17 V.S.A. § 2386 is amended to read:

§ 2386. TIME FOR FILING STATEMENTS

(a) ~~Statements pursuant to this subchapter, except for vacancies created by the death or withdrawal of a candidate after the~~ In the case of the failure of a major political party to nominate a candidate by primary, a statement shall be

~~filed as set forth in section 2356 of this title~~ not later than 5:00 p.m. on the third day following the primary.

(b) In the case of the death or withdrawal of a candidate after the primary election, the party committee shall have seven days from the date of the death or withdrawal to nominate a candidate. In no event, shall a statement be filed later than 60 days prior to the election.

(c) In the case of a nomination by a minor political party, a statement shall be filed as set forth in section 2356 of this chapter.

(d) In the case of a nomination for the office of justice of the peace, a statement shall be filed as set forth in section 2413 of this chapter.

Second: By adding two new sections under the “Campaign Finance” reader assistance heading to be Secs. 29a and 29b to read as follows:

Sec. 29a. 17 V.S.A. § 2903 is amended to read:

§ 2903. PENALTIES

(a) A person who knowingly and intentionally violates a provision of subchapter 2, 3, or 4 of this chapter shall be fined not more than \$1,000.00 or imprisoned not more than six months, or both.

(b) A person who violates any provision of this chapter shall be subject to a civil penalty of up to \$10,000.00 for each violation and shall refund ~~the unspent balance of Vermont campaign finance grants received under subchapter 5 of this chapter, if any, calculated as of the date of the violation~~ to the Secretary of State an amount equivalent to any contributions or expenditures that violate subdivision 2983(b)(1) of this chapter.

(c) In addition to the other penalties provided in this section, a State’s Attorney or the Attorney General may institute any appropriate action, injunction, or other proceeding to prevent, restrain, correct, or abate any violation of this chapter.

Sec. 29b. APPLICABILITY OF SEC. 29a

It is the intent of the General Assembly that the provisions of 1 V.S.A. § 214(c) shall apply to Sec. 29a of this act.

(For text see House Journal 3/18/2015)

Action Postponed Until May 12, 2015

Senate Proposal of Amendment

H. 98

An act relating to reportable disease registries and data.

Pending Question: Shall the House concur in the Senate Proposal of Amendment?

Public Hearings

Public hearing on H. 98 - Monday, May 11, 2015 - Room 11 - 5:30pm-7:30pm