

1 S.138

2 An act relating to promoting economic development.
3 The House proposes to the Senate to amend the bill by striking all after the enacting
4 clause and inserting in lieu thereof the following:

5 A. General Commerce

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

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

8 CHAPTER 16. BUSINESS RAPID RESPONSE TO
9 DECLARED STATE DISASTERS

10 § 1701. DEFINITIONS

11 In this chapter:

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

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

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

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

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

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

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

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

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

43 (6)(A) “Out-of-state business” means a business entity that, except for disaster-
44 or emergency-related work, has no presence in the State and conducts no business in
45 the State whose services are requested pursuant to a Mutual Assistance Agreement by

1 a registered business or by a State or local government for purposes of performing
2 disaster- or emergency-related work on critical infrastructure in the State.

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

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

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

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

14 § 1702. OBLIGATIONS AFTER DISASTER RESPONSE PERIOD

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

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

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

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

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

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

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

44 (b) Transaction taxes and fees. An out-of-state business and an out-of-state
45 employee shall be required to pay transaction taxes and fees, including fuel tax and

1 sales and use tax on materials or services consumed or used in the State subject to
2 sales and use tax, rooms and meals tax, car rental taxes or fees that the out-of-state
3 affiliated business or out-of-state employee purchases for use or consumption in the
4 State during the disaster response period, unless such taxes are otherwise exempted
5 during a disaster response period. An out-of-state business making retail sales of
6 tangible personal property during the disaster response period shall be subject to all
7 sales tax registration, collection, reporting, and other requirements set forth in 32
8 V.S.A. chapter 233.

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

14 § 1703. ADMINISTRATION

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

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

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

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

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

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

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

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

36 § 4010. GUN SILENCERS SUPPRESSORS

37 ~~A person who manufactures, sells, uses, or possesses with intent to sell or use an~~
38 ~~appliance known as or used for a gun silencer shall be fined \$25.00 for each offense.~~
39 ~~The provisions of this section shall not prevent the use or possession of gun silencers~~
40 ~~by:~~

41 ~~(1) a Level III certified law enforcement officer or Department of Fish and~~
42 ~~Wildlife employee in connection with his or her duties and responsibilities and in~~
43 ~~accordance with the policies and procedures of that officer's or employee's agency or~~
44 ~~department; or~~

1 (G) § 4704. Use of machine guns ~~and~~ autoloading rifles, and gun
2 suppressors

3 * * *

4 * * * Blockchain Technology * * *

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

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

14 * * * Fortified Wines * * *

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

16 § 2. DEFINITIONS

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

19 * * *

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

1 invoice from a licensed manufacturer or wholesale dealer or the Liquor Control
2 Board.

3 * * *

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

10 (20) "Spirits" or "spirituous liquors": beverages that contain more than one
11 percent of alcohol obtained by distillation, by chemical synthesis, or through
12 concentration by freezing; ~~and~~ vinous beverages containing more than ~~16~~ 23 percent
13 of alcohol; ~~and all vermouths of any alcohol content~~; malt beverages containing more
14 than 16 percent of alcohol or more than six percent of alcohol if the terminal specific
15 gravity thereof is less than 1.009; in each case measured by volume at 60 degrees
16 Fahrenheit.

17 * * *

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

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

27 * * *

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

1 (28) "Fourth-class license" or "farmers' market license": the license granted
2 by the Liquor Control Board permitting a manufacturer or rectifier of malt ~~or~~
3 beverages, vinous beverages, fortified wines, or spirits to sell by the unopened
4 container and distribute, by the glass, with or without charge, beverages manufactured
5 by the licensee. No more than a combined total of ten fourth-class and farmers'
6 market licenses may be granted to a licensed manufacturer or rectifier. At only one
7 fourth-class license location, a manufacturer or rectifier of vinous beverages, malt
8 beverages, fortified wines, or spirits may sell by the unopened container and distribute
9 by the glass, with or without charge, vinous beverages, malt beverages, fortified
10 wines, or spirits produced by no more than five additional manufacturers or rectifiers,
11 provided these beverages are purchased on invoice from the manufacturer or rectifier.
12 A manufacturer or rectifier of vinous beverages, malt beverages, fortified wines, or
13 spirits may sell its product to no more than five additional manufacturers or rectifiers.
14 A fourth-class licensee may distribute by the glass no more than two ounces of malt
15 beverages or vinous beverage with a total of eight ounces to each retail customer and
16 no more than one-quarter ounce of spirits or fortified wine with a total of one ounce to
17 each retail customer for consumption on the manufacturer's premises or at a farmers'
18 market. A fourth class licensee may distribute by the glass up to four mixed drinks
19 containing a combined total of no more than one ounce of spirits or fortified wine to
20 each retail customer for consumption only on the manufacturer's premises. A
21 farmers' market license is valid for all dates of operation for a specific farmers'
22 market location.

23 * * *

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

28 (39) "Public library or museum permit": a permit granted by the Liquor
29 Control Board permitting a public library or museum to serve malt beverages or
30 vinous beverages, or both, by the glass to the public for a period of not more than six
31 hours during an event held for a charitable or educational purpose, provided that the
32 event is approved by the local licensing authority. A permit holder may purchase malt
33 beverages or vinous beverages directly from a licensed retailer. A permit holder shall
34 be subject to the provisions of this title and the rules of the Board regarding the
35 service of alcoholic beverages. A request for a permit shall be submitted to the
36 Department in a form required by the Department at least five days prior to the event
37 and shall be accompanied by the permit fee required by subdivision 231(a)(24) of
38 this title. As used in this section, "public library" has the same meaning as in 22
39 V.S.A. § 101 and "museum" has the same meaning as in 27 V.S.A. § 1151.

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

41 § 104. DUTIES; AUTHORITY TO RESOLVE ALLEGED VIOLATIONS

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

45 * * *

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

2 § 107. DUTIES OF COMMISSIONER OF LIQUOR CONTROL

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

4 * * *

5 (2) Make regulations subject to the approval of the ~~board~~ Board governing the
6 hours during which such agencies shall be open for the sale of ~~spirituous liquors,~~
7 spirits and fortified wines and governing the qualifications ~~and~~, department, and
8 salaries of the agencies' employees therein and the salaries thereof.

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

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

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

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

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

28 * * *

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

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

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

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

41 § 112. LIQUOR CONTROL FUND

42 The ~~liquor control fund~~ Liquor Control Fund is hereby established. It shall consist
43 of all receipts from the sale of spirits, fortified wines, and other items by the
44 ~~department of liquor control~~ Department of Liquor Control; fees paid to the
45 ~~department of liquor control~~ Department of Liquor Control for the benefit of the

1 ~~department~~ Department; all other amounts received by the ~~department of liquor~~
2 ~~control~~ Department of Liquor Control for its benefit; and all amounts ~~which that~~ are
3 from time to time appropriated to the ~~department of liquor control~~ Department of
4 Liquor Control.

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

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

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

11 * * *

12 (2) Upon making application ~~and~~, paying the license fee provided in section
13 231 of this title, and upon satisfying the Board that such premises are leased, rented,
14 or owned by the retail dealer and are a safe, sanitary, and proper place from which to
15 sell malt and vinous beverages, a second-class license ~~for the premises where such~~
16 ~~dealer shall carry on the business,~~ which shall authorize such dealer to export malt and
17 vinous beverages, and to sell malt and vinous beverages to the public from such
18 premises for consumption off the premises ~~and upon satisfying the Board that such~~
19 ~~premises are leased, rented, or owned by such retail dealers and are safe, sanitary, and~~
20 ~~a proper place from which to sell malt and vinous beverages.~~ A retail dealer carrying
21 on business in more than one place shall be required to acquire a second-class license
22 for each place where ~~he or she shall so sell~~ the retail dealer sells malt and vinous
23 beverages. No malt or vinous beverages shall be sold by a second-class licensee to a
24 minor.

25 * * *

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

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

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

33 (6) The Liquor Control Board may grant a fortified wine permit to a
34 second-class licensee if the licensee files an application accompanied by the license
35 fee as provided in section 231 of this title. The holder of a fortified wine permit may
36 sell fortified wines to the public from the licensed premises for consumption off the
37 premises. The Liquor Control Board shall issue no more than 150 fortified wine
38 permits in any single year. The holder of a fortified wine permit shall purchase all
39 fortified wines to be offered for sale to the public pursuant to the permit through the
40 Liquor Control Board at a price equal to no more than 75 percent of the current retail
41 price for the fortified wine established by the Commissioner pursuant to subdivision
42 107(3)(B) of this title.

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

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

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

11 * * *

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

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

17 § 225. EDUCATIONAL SAMPLING EVENT PERMIT

18 (a) The ~~liquor control board~~ Liquor Control Board may grant an educational
19 sampling event permit to a person to conduct an event that is open to the public and at
20 which malt beverages, vinous beverages, fortified wines, or ~~spirituous liquors~~ spirits,
21 or all ~~three~~ four are served only for the purposes of marketing and educational
22 sampling, provided the event is also approved by the local licensing authority. At
23 least 15 days prior to the event, an applicant shall submit an application to the
24 ~~department~~ Department in a form required by the ~~department~~ Department. The
25 application shall include a list of the alcoholic beverages to be acquired for sampling
26 at the event, and the application shall be accompanied by a fee in the amount required
27 pursuant to section 231 of this title. No more than four educational sampling event
28 permits shall be issued annually to the same person. An educational sampling event
29 permit shall be valid for no more than four consecutive days. The permit holder shall
30 ~~assure~~ ensure all the following:

31 * * *

32 (b) An educational sampling event permit holder:

33 * * *

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

39 (3) ~~[Deleted.]~~ [Repealed.]

40 * * *

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

42 * * *

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

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

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

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

2 (a) The following fees shall be paid:

3 * * *

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

5 (24) For a public library or museum permit, \$20.00.

6 * * *

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

8 § 422. TAX ON ~~SPIRITUOUS LIQUOR~~ SPIRITS AND FORTIFIED
9 WINES

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

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

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

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

22 * * *

23 Sec. A.14. STATUTORY REVISION

24 The Legislative Council, in its statutory revision capacity pursuant to 2 V.S.A. §
25 424, is authorized to correct instances of the words “spirituous liquors” and “spirits”
26 appearing in Title 7 of the Vermont Statutes Annotated to “spirits and fortified wines”
27 as necessary to implement the intent of the revisions to 7 V.S.A. § 2 in this act.

28 * * *

29 Sec. A.15. STUDY; REPORT

30 (a) On or before January 15, 2018, the Commissioner of Liquor Control, in
31 consultation with the holders of second-class licenses and fortified wine permits, shall
32 evaluate whether the number of fortified wine permits issued pursuant to 7 V.S.A.
33 § 222 is sufficient, and how the issuance of fortified wine permits has affected the
34 sales of fortified wines in Vermont and the variety of fortified wines available to
35 Vermont consumers.

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

42 Sec. A.16. VERMONT LIQUOR CONTROL SYSTEM MODERNIZATION
43 STUDY COMMITTEE

44 (a) Creation. There is created a Vermont Liquor Control System Modernization
45 Study Committee to evaluate Vermont’s liquor control system and the Department of

1 Liquor Control and determine whether and how the system and the Department can be
2 made more efficient, effective, and profitable for the Vermont economy while
3 protecting the public health and safety.

4 (b) Membership. The Commission shall be composed of the following seven
5 members:

6 (1) two current members of the House of Representatives, who shall be
7 appointed by the Speaker of the House;

8 (2) two current members of the Senate, who shall be appointed by the
9 Committee on Committees;

10 (3) the Chair of the Liquor Control Board or designee;

11 (4) the State Auditor or designee; and

12 (5) the Commissioner of Taxes or designee.

13 (c) Powers and duties. The Committee shall study and evaluate Vermont's liquor
14 control system and the Department of Liquor Control and determine whether and how
15 the system and the Department can be made more efficient, effective, and profitable
16 for the Vermont economy while protecting the public health and safety. In particular,
17 the Committee shall:

18 (1) examine and evaluate the governance and operation of the Department of
19 Liquor Control in comparison with the governance and operation of liquor control
20 agencies in other states, and identify various measures by which the governance and
21 operation of the Department of Liquor Control could be made more efficient,
22 effective, and profitable for the Vermont economy while protecting the public health
23 and safety;

24 (2) examine and evaluate any changes to licensing, enforcement, education,
25 fees, and taxes related to the production, sale, and distribution of alcoholic beverages
26 that would be necessary to implement the various measures identified pursuant to
27 subdivision (1) of this subsection;

28 (3) evaluate the impact of the various measures identified pursuant to
29 subdivision (1) of this subsection with respect to:

30 (A) public health and safety;

31 (B) the tax revenue and income generated by the Department;

32 (C) any savings in the cost of the services provided by the Department;

33 (D) any economic impact on the businesses licensed by the Department; and

34 (E) the price and availability of alcoholic beverages for consumers in

35 Vermont.

36 (4) examine and evaluate Vermont's regulatory system for the production, sale,
37 and distribution of spirits and fortified wines in comparison with the systems
38 employed by other states, including systems in which spirits and fortified wines are
39 distributed by private entities, public entities, or a combination of private and public
40 entities;

41 (5) identify various measures by which Vermont's regulatory system for the
42 production, sale, and distribution of spirits and fortified wines could be made more
43 efficient, effective, and profitable for the Vermont economy while protecting the
44 public health and safety;

1 (6) examine and evaluate any changes to licensing, enforcement, education,
2 fees, and taxes related to the production, sale, and distribution of alcoholic beverages
3 that would be necessary to implement the various measures identified pursuant to
4 subdivision (5) of this subsection; and

5 (7) evaluate the impact of the various measures identified pursuant to
6 subdivision (5) of this subsection with respect to:

7 (A) public health and safety;

8 (B) the tax revenue and income generated by the Department;

9 (C) any savings in the cost of the services provided by the Department;

10 (D) any economic impact on the businesses licensed by the Department; and

11 (E) the price and availability of alcoholic beverages for consumers in

12 Vermont.

13 (d) Assistance. The Committee shall have the administrative, technical, and legal
14 assistance of the Office of Legislative Council and the Joint Fiscal Office.

15 (e) Report. On or before December 15, 2015, the Committee shall submit a report
16 to the House Committees on Commerce and Economic Development; on General,
17 Housing and Military Affairs; and on Government Operations and the Senate
18 Committees on Economic Development, Housing and General Affairs and on
19 Government Operations with its findings and proposed changes to the Department of
20 Liquor Control and Vermont's liquor control system, as well as a recommendation for
21 any legislative action necessary to implement the changes proposed by the Committee.
22 The report of the Committee may take the form of draft legislation.

23 (f) Meetings.

24 (1) The Co-Chairs of the Committee shall call the first meeting of the
25 Committee to occur on or before July 30, 2015.

26 (2) A member from the House of Representatives designated by the Speaker of
27 the House and a member from the Senate designated by the Senate Committee on
28 Committees shall be the Co-Chairs of the Committee.

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

30 (4) The Committee shall cease to exist on January 15, 2016.

31 (g) Reimbursement. For attendance at meetings during adjournment of the
32 General Assembly, legislative members of the Committee shall be entitled to per diem
33 compensation and reimbursement of expenses pursuant to 2 V.S.A. § 406 for no more
34 than six meetings.

35 B. Uniform Commercial Code

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

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

38 § 4A-108. ~~EXCLUSION OF CONSUMER TRANSACTIONS~~
39 GOVERNED BY FEDERAL LAW RELATIONSHIP TO
40 ELECTRONIC FUND TRANSFER ACT

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

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

1 time, unless the remittance transfer is an electronic fund transfer as defined in the
2 Electronic Fund Transfer Act (15 U.S.C. § 1693a) as amended from time to time.

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

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

8 Sec. B.2. REPEAL

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

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

11 ARTICLE 7. DOCUMENTS OF TITLE

12 Part 1. General

13 § 7-101. SHORT TITLE

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

15 § 7-102. DEFINITIONS AND INDEX OF DEFINITIONS

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

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

19 (2) “Carrier” means a person that issues a bill of lading.

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

22 (4) “Consignor” means a person named in a bill of lading as the person from
23 which the goods have been received for shipment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 § 7-103. RELATION OF ARTICLE TO TREATY OR STATUTE

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

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

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

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

25 § 7-104. NEGOTIABLE AND NONNEGOTIABLE DOCUMENT OF
26 TITLE

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

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

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

36 § 7-105. REISSUANCE IN ALTERNATIVE MEDIUM

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

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

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

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

1 (1) the electronic document ceases to have any effect or validity; and
2 (2) the person that procured issuance of the tangible document warrants to all
3 subsequent persons entitled under the tangible document that the warrantor was a
4 person entitled under the electronic document when the warrantor surrendered control
5 of the electronic document to the issuer.

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

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

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

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

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

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

20 § 7-106. CONTROL OF ELECTRONIC DOCUMENT OF TITLE

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

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

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

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

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

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

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

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

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

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

42 Part 2. Warehouse Receipts: Special Provisions

43 § 7-201. PERSON THAT MAY ISSUE A WAREHOUSE RECEIPT;
44 STORAGE UNDER BOND

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

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

6 § 7-202. FORM OF WAREHOUSE RECEIPT; EFFECT OF OMISSION

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

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

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

12 (2) the date of issue of the receipt;

13 (3) the unique identification code of the receipt;

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

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

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

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

21 (8) if the receipt is issued for goods that the warehouse owns, either solely,
22 jointly, or in common with others, a statement of the fact of that ownership; and

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

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

32 § 7-203. LIABILITY FOR NONRECEIPT OR MISDESCRIPTION

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

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

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

45 § 7-204. DUTY OF CARE; CONTRACTUAL LIMITATION OF

1 WAREHOUSE'S LIABILITY

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

6 (b) Damages may be limited by a term in the warehouse receipt or storage
7 agreement limiting the amount of liability in case of loss or damage beyond which the
8 warehouse is not liable. Such a limitation is not effective with respect to the
9 warehouse's liability for conversion to its own use. On request of the bailor in a
10 record at the time of signing the storage agreement or within a reasonable time after
11 receipt of the warehouse receipt, the warehouse's liability may be increased on part or
12 all of the goods covered by the storage agreement or the warehouse receipt. In this
13 event, increased rates may be charged based on an increased valuation of the goods.

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

17 § 7-205. TITLE UNDER WAREHOUSE RECEIPT DEFEATED IN
18 CERTAIN CASES

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

23 § 7-206. TERMINATION OF STORAGE AT WAREHOUSE'S OPTION

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

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

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

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

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

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

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

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

17 § 7-208. ALTERED WAREHOUSE RECEIPTS

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

23 § 7-209. LIEN OF WAREHOUSE

24 (a) A warehouse has a lien against the bailor on the goods covered by a warehouse
25 receipt or storage agreement or on the proceeds thereof in its possession for charges
26 for storage or transportation, including demurrage and terminal charges, insurance,
27 labor, or other charges, present or future, in relation to the goods, and for expenses
28 necessary for preservation of the goods or reasonably incurred in their sale pursuant to
29 law. If the person on whose account the goods are held is liable for similar charges or
30 expenses in relation to other goods whenever deposited and it is stated in the
31 warehouse receipt or storage agreement that a lien is claimed for charges and expenses
32 in relation to other goods, the warehouse also has a lien against the goods covered by
33 the warehouse receipt or storage agreement or on the proceeds thereof in its
34 possession for those charges and expenses, whether or not the other goods have been
35 delivered by the warehouse. However, as against a person to which a negotiable
36 warehouse receipt is duly negotiated, a warehouse's lien is limited to charges in an
37 amount or at a rate specified in the warehouse receipt or, if no charges are so
38 specified, to a reasonable charge for storage of the specific goods covered by the
39 receipt subsequent to the date of the receipt.

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

44 (c) A warehouse's lien for charges and expenses under subsection (a) of this
45 section or a security interest under subsection (b) of this section is also effective

1 against any person that so entrusted the bailor with possession of the goods that a
2 pledge of them by the bailor to a good-faith purchaser for value would have been
3 valid. However, the lien or security interest is not effective against a person that
4 before issuance of a document of title had a legal interest or a perfected security
5 interest in the goods and that did not:

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

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

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

10 (C) power of disposition under sections 2-403, 2A-304(2), 2A-305(2), 9-
11 320, or 9-321(c) of this title, or other statute or rule of law; or

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

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

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

20 § 7-210. ENFORCEMENT OF WAREHOUSE'S LIEN

21 (a) Except as otherwise provided in subsection (b) of this section, a warehouse's
22 lien may be enforced by public or private sale of the goods, in bulk or in packages, at
23 any time or place and on any terms that are commercially reasonable, after notifying
24 all persons known to claim an interest in the goods. The notification shall include a
25 statement of the amount due, the nature of the proposed sale, and the time and place of
26 any public sale. The fact that a better price could have been obtained by a sale at a
27 different time or in a method different from that selected by the warehouse is not of
28 itself sufficient to establish that the sale was not made in a commercially reasonable
29 manner. The warehouse sells in a commercially reasonable manner if the warehouse
30 sells the goods in the usual manner in any recognized market therefore, sells at the
31 price current in that market at the time of the sale, or otherwise sells in conformity
32 with commercially reasonable practices among dealers in the type of goods sold. A
33 sale of more goods than apparently necessary to be offered to ensure satisfaction of
34 the obligation is not commercially reasonable, except in cases covered by the
35 preceding sentence.

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

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

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

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

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

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

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

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

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

22 § 7-302. THROUGH BILLS OF LADING AND SIMILAR DOCUMENTS
23 OF TITLE

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

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

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

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

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

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

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

12 (1) the holder of a negotiable bill;

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

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

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

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

23 § 7-304. TANGIBLE BILLS OF LADING IN A SET

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

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

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

35 (d) A person that negotiates or transfers a single part of a tangible bill of lading
36 issued in a set is liable to holders of that part as if it were the whole set.

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

40 § 7-305. DESTINATION BILLS

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

44 (b) Upon request of any person entitled as against a carrier to control the goods
45 while in transit and on surrender of possession or control of any outstanding bill of

1 lading or other receipt covering the goods, the issuer, subject to section 7-105 of this
2 title, may procure a substitute bill to be issued at any place designated in the request.

3 § 7-306. ALTERED BILLS OF LADING

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

6 § 7-307. LIEN OF CARRIER

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

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

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

23 § 7-308. ENFORCEMENT OF CARRIER'S LIEN

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

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

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

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

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

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

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

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

14 § 7-309. DUTY OF CARE; CONTRACTUAL LIMITATION OF
15 CARRIER'S LIABILITY

16 (a) A carrier that issues a bill of lading, whether negotiable or nonnegotiable, shall
17 exercise the degree of care in relation to the goods which a reasonably careful person
18 would exercise under similar circumstances. This subsection does not affect any
19 statute, regulation, or rule of law that imposes liability upon a common carrier for
20 damages not caused by its negligence.

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

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

30 Part 4. Warehouse Receipts and Bills of Lading:
31 General Obligations

32 § 7-401. IRREGULARITIES IN ISSUE OF RECEIPT OR BILL OR
33 CONDUCT OF ISSUER

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

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

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

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

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

43 § 7-402. DUPLICATE DOCUMENT OF TITLE; OVERISSUE

44 A duplicate or any other document of title purporting to cover goods already
45 represented by an outstanding document of the same issuer does not confer any right

1 in the goods, except as provided in the case of tangible bills of lading in a set of parts,
2 overissue of documents for fungible goods, substitutes for lost, stolen, or destroyed
3 documents, or substitute documents issued pursuant to section 7-105 of this title. The
4 issuer is liable for damages caused by its overissue or failure to identify a duplicate
5 document by a conspicuous notation.

6 § 7-403. OBLIGATION OF BAILEE TO DELIVER; EXCUSE

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

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

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

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

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

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

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

22 (7) any other lawful excuse.

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

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

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

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

34 § 7-404. NO LIABILITY FOR GOOD-FAITH DELIVERY PURSUANT TO
35 DOCUMENT OF TITLE

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

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

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

43 Part 5. Warehouse Receipts And Bills Of Lading:
44 Negotiation And Transfer

45 § 7-501. FORM OF NEGOTIATION AND REQUIREMENTS OF DUE

1 NEGOTIATION

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

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

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

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

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

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

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

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

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

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

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

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

36 § 7-502. RIGHTS ACQUIRED BY DUE NEGOTIATION

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

39 (1) title to the document;

40 (2) title to the goods;

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

43 (4) the direct obligation of the issuer to hold or deliver the goods according to
44 the terms of the document free of any defense or claim by the issuer except those
45 arising under the terms of the document or under this article, but in the case of a

1 delivery order, the bailee's obligation accrues only upon the bailee's acceptance of the
2 delivery order and the obligation acquired by the holder is that the issuer and any
3 indorser will procure the acceptance of the bailee.

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

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

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

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

15 § 7-503. DOCUMENT OF TITLE TO GOODS DEFEATED IN CERTAIN
16 CASES

17 (a) A document of title confers no right in goods against a person that before
18 issuance of the document had a legal interest or a perfected security interest in the
19 goods and that did not:

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

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

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

24 (C) power of disposition under section 2-403, subdivisions 2A-304(2) or
25 2A-305(2), section 9-320, or subsection 9-321(c) of this title or other statute or rule of
26 law; or

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

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

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

36 § 7-504. RIGHTS ACQUIRED IN ABSENCE OF DUE NEGOTIATION;

37 EFFECT OF DIVERSION; STOPPAGE OF DELIVERY

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

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

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

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

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

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

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

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

17 § 7-505. INDORSER NOT GUARANTOR FOR OTHER PARTIES

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

20 § 7-506. DELIVERY WITHOUT INDORSEMENT: RIGHT TO COMPEL
21 INDORSEMENT

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

25 § 7-507. WARRANTIES ON NEGOTIATION OR DELIVERY OF
26 DOCUMENT OF TITLE

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

31 (1) the document is genuine;

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

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

36 § 7-508. WARRANTIES OF COLLECTING BANK AS TO DOCUMENTS
37 OF TITLE

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

43 § 7-509. ADEQUATE COMPLIANCE WITH COMMERCIAL CONTRACT

1 Whether a document of title is adequate to fulfill the obligations of a contract for
2 sale, a contract for lease, or the conditions of a letter of credit is determined by article
3 2, 2A, or 5 of this title.

4 Part 6. Warehouse Receipts and Bills of Lading:

5 Miscellaneous Provisions

6 § 7-601. LOST, STOLEN, OR DESTROYED DOCUMENTS OF TITLE

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

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

22 § 7-602. JUDICIAL PROCESS AGAINST GOODS COVERED BY
23 NEGOTIABLE DOCUMENT OF TITLE

24 Unless a document of title was originally issued upon delivery of the goods by a
25 person that did not have power to dispose of them, a lien does not attach by virtue of
26 any judicial process to goods in the possession of a bailee for which a negotiable
27 document of title is outstanding unless possession or control of the document is first
28 surrendered to the bailee or the document's negotiation is enjoined. The bailee may
29 not be compelled to deliver the goods pursuant to process until possession or control
30 of the document is surrendered to the bailee or to the court. A purchaser of the
31 document for value without notice of the process or injunction takes free of the lien
32 imposed by judicial process.

33 § 7-603. CONFLICTING CLAIMS; INTERPLEADER

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

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

40 ARTICLE 1. GENERAL PROVISIONS

41 * * *

42 § 1-201. GENERAL DEFINITIONS

43 * * *

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

1 * * *

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

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

8 * * *

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

12 (16) "Document of title" ~~includes bill of lading, dock warrant, dock receipt,~~
13 ~~warehouse receipt or order for the delivery of goods, and also any other document~~
14 ~~which means a record (i) that in the regular course of business or financing is treated~~
15 ~~as adequately evidencing that the person in possession or control of the record it is~~
16 ~~entitled to receive, control, hold, and dispose of the document record and the goods it~~
17 ~~the record covers and (ii) that purports to be issued by or addressed to a bailee and to~~
18 ~~cover goods in the bailee's possession which are either identified or are fungible~~
19 ~~portions of an identified mass The term includes a bill of lading, transport document,~~
20 ~~dock warrant, dock receipt, warehouse receipt, and order for delivery of goods. To be~~
21 ~~a document of title, a document must purport to be issued by or addressed to a bailee~~
22 ~~and purport to cover goods in the bailee's possession which are either identified or are~~
23 ~~fungible portions of an identified mass An electronic document of title means a~~
24 document of title evidenced by a record consisting of information stored in an
25 electronic medium. A tangible document of title means a document of title evidenced
26 by a record consisting of information that is inscribed on a tangible medium.

27 * * *

28 (21) "Holder" means:

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

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

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

34 * * *

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

37 * * *

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

39 ARTICLE 2. SALES

40 * * *

41 § 2-103. DEFINITIONS AND INDEX OF DEFINITIONS

42 * * *

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

45 "Check". Section 3-104.

1 "Consignee". Section 7-102.
2 "Consignor". Section 7-102.
3 "Consumer goods". Section 9-102.
4 "Dishonor". Section 3-502.
5 "Draft". Section 3-104.

6 * * *

7 § 2-104. DEFINITIONS: "MERCHANT"; "BETWEEN MERCHANTS";
8 "FINANCING AGENCY"

9 * * *

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

19 * * *

20 § 2-310. OPEN TIME FOR PAYMENT OR RUNNING OF CREDIT;
21 AUTHORITY TO SHIP UNDER RESERVATION

22 Unless otherwise agreed:

- 23 (a) payment is due at the time and place at which the buyer is to receive the
24 goods even though the place of shipment is the place of delivery; and
25 (b) if the seller is authorized to send the goods he or she may ship them under
26 reservation, and may tender the documents of title, but the buyer may inspect the
27 goods after their arrival before payment is due unless such inspection is inconsistent
28 with the terms of the contract (§ 2-513); and
29 (c) if delivery is authorized and made by way of documents of title otherwise
30 than by subsection (b) of this section then payment is due regardless of where the
31 goods are to be received (i) at the time and place at which the buyer is to receive
32 delivery of the tangible documents or regardless of where the goods are to be received
33 (ii) at the time the buyer is to receive delivery of the electronic documents and at the
34 seller's place of business, or if none, the seller's residence; and
35 (d) where the seller is required or authorized to ship the goods on credit the
36 credit period runs from the time of shipment but post-dating the invoice or delaying its
37 dispatch will correspondingly delay the starting of the credit period.

38 * * *

39 § 2-323. FORM OF BILL OF LADING REQUIRED IN OVERSEAS
40 SHIPMENT; "OVERSEAS"

41 * * *

42 (2) Where in a case within subsection (1) of this section a tangible bill of lading
43 has been issued in a set of parts, unless otherwise agreed if the documents are not to
44 be sent from abroad the buyer may demand tender of the full set; otherwise only one

1 part of the bill of lading need be tendered. Even if the agreement expressly requires a
2 full set:

3 * * *

4 § 2-401. PASSING OF TITLE; RESERVATION FOR SECURITY;
5 LIMITED APPLICATION OF THIS SECTION

6 * * *

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

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

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

15 * * *

16 § 2-503. MANNER OF SELLER'S TENDER OF DELIVERY

17 * * *

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

20 (a) tender requires that the seller either tender a negotiable document of title
21 covering such goods or procure acknowledgment by the bailee of the buyer's right to
22 possession of the goods; but

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

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

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

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

38 § 2-505. SELLER'S SHIPMENT UNDER RESERVATION

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

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

44 (b) a non-negotiable bill of lading to himself or herself or his or her nominee
45 reserves possession of the goods as security but except in a case of conditional

1 delivery (§ 2-507(2)) a ~~non-negotiable~~ nonnegotiable bill of lading naming the buyer
2 as consignee reserves no security interest even though the seller retains possession or
3 control of the bill of lading.

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

9 § 2-506. RIGHTS OF FINANCING AGENCY

10 * * *

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

15 * * *

16 § 2-509. RISK OF LOSS IN THE ABSENCE OF BREACH

17 * * *

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

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

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

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

27 * * *

28 § 2-605. WAIVER OF BUYER'S OBJECTIONS BY FAILURE TO
29 PARTICULARIZE

30 * * *

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

33 * * *

34 § 2-705. SELLER'S STOPPAGE OF DELIVERY IN TRANSIT OR
35 OTHERWISE

36 * * *

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

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

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

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

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

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

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

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

9 * * *

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

11 ARTICLE 2A. LEASES

12 * * *

13 § 2A-103. DEFINITIONS AND INDEX OF DEFINITIONS

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

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

24 * * *

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

34 * * *

35 § 2A-514. WAIVER OF LESSEE'S OBJECTIONS

36 * * *

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

40 * * *

41 § 2A-526. LESSOR'S STOPPAGE OF DELIVERY IN TRANSIT OR
42 OTHERWISE

43 * * *

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

1 (a) receipt of the goods by the lessee;
2 (b) acknowledgment to the lessee by any bailee of the goods, except a carrier,
3 that the bailee holds the goods for the lessee; or
4 (c) such an acknowledgment to the lessee by a carrier via reshipment or as
5 ~~warehouseman~~ a warehouse.

6 * * *

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

8 ARTICLE 4. BANK DEPOSITS AND COLLECTIONS

9 * * *

10 § 4-104. DEFINITIONS AND INDEX OF DEFINITIONS

11 * * *

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

14 “Acceptance” § 3-409
15 “Alteration” § 3-407
16 “Cashier’s check” § 3-104
17 “Certificate of deposit” § 3-104
18 “Certified check” § 3-409
19 “Check” § 3-104
20 “Demand draft” § 3-104
21 “Holder in due course” § 3-302
22 “Instrument” § 3-104
23 “Notice of dishonor” § 3-503
24 “Order” § 3-103
25 “Ordinary care” § 3-103
26 “Person entitled to enforce” § 3-301
27 “Presentment” § 3-501
28 “Promise” § 3-103
29 “Prove” § 3-103
30 “Teller’s check” § 3-104
31 “Unauthorized signature” § 3-403

32 * * *

33 § 4-210. SECURITY INTEREST OF COLLECTING BANK IN ITEMS,
34 ACCOMPANYING DOCUMENTS AND PROCEEDS

35 * * *

36 (c) Receipt by a collecting bank of a final settlement for an item is a realization on
37 its security interest in the item, accompanying documents, and proceeds. So long as
38 the bank does not receive final settlement for the item or give up possession of the
39 item or possession or control of the accompanying documents for purposes other than
40 collection, the security interest continues to that extent and is subject to ~~Article~~ article
41 9 of this title, but:

- 42 (1) no security agreement is necessary to make the security interest enforceable
43 (§ 9-203(b)(3)(A));
44 (2) no filing is required to perfect the security interest; and

1 (3) the security interest has priority over conflicting perfected security interests
2 in the item, accompanying documents, or proceeds.

3 * * *

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

5 ARTICLE 8. INVESTMENT SECURITIES

6 * * *

7 § 8-102. DEFINITIONS

8 (a) In this article:

9 * * *

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

12 (i) a security;

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

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

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

23 * * *

24 § 8-103. RULES FOR DETERMINING WHETHER CERTAIN
25 OBLIGATIONS AND INTERESTS ARE SECURITIES OR
26 FINANCIAL ASSETS

27 * * *

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

30 * * *

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

32 ARTICLE 9. SECURED TRANSACTIONS

33 * * *

34 § 9-102. DEFINITIONS AND INDEX OF DEFINITIONS

35 (a) In this article:

36 * * *

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

39 * * *

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

42 "Applicant" Section 5-102.

43 "Beneficiary" Section 5-102.

44 "Broker" Section 8-102.

45 "Certificated security" Section 8-102.

- 1 “Check” Section 3-104.
2 “Clearing corporation” Section 8-102.
3 “Contract for sale” Section 2-106.
4 “Customer” Section 4-104.
5 “Entitlement holder” Section 8-102.
6 “Financial asset” Section 8-102.
7 “Holder in due course” Section 3-302.
8 “Issuer” (with respect to a letter of
9 credit or letter-of-credit right) Section 5-102.
10 “Issuer” (with respect to documents of title) Section 7-102.
11 “Issuer” (with respect to a security) Section 8-201.
12 “Lease” Section 2A-103.
13 “Lease agreement” Section 2A-103.
14 “Lease contract” Section 2A-103.
15 “Leasehold interest” Section 2A-103.
16 “Lessee” Section 2A-103.
17 “Lessee in ordinary course of business” Section 2A-103.
18 “Lessor” Section 2A-103.
19 “Lessor’s residual interest” Section 2A-103.
20 “Letter of credit” Section 5-102.
21 “Merchant” Section 2-104.
22 “Negotiable instrument” Section 3-104.
23 “Nominated person” Section 5-102.
24 “Note” Section 3-104.
25 “Proceeds of a letter of credit” Section 5-114.
26 “Prove” Section 3-103.
27 “Sale” Section 2-106.
28 “Securities account” Section 8-501.
29 “Securities intermediary” Section 8-102.
30 “Security” Section 8-102.
31 “Security certificate” Section 8-102.
32 “Security entitlement” Section 8-102.
33 “Uncertificated security” Section 8-102.

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

36 * * *

37 § 9-203. ATTACHMENT AND ENFORCEABILITY OF SECURITY
38 INTEREST; PROCEEDS; SUPPORTING OBLIGATIONS;
39 FORMAL REQUISITES

40 * * *

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

- 44 (1) value has been given;

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

3 (3) one of the following conditions is met:

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

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

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

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

17 * * *

18 § 9-207. RIGHTS AND DUTIES OF SECURED PARTY HAVING
19 POSSESSION OR CONTROL OF COLLATERAL

20 * * *

21 (c) Except as otherwise provided in subsection (d) of this section, a secured party
22 having possession of collateral or control of collateral under section 7-106, 9-104, 9-
23 105, 9-106, or 9-107 of this title:

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

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

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

29 * * *

30 § 9-208. ADDITIONAL DUTIES OF SECURED PARTY HAVING
31 CONTROL OF COLLATERAL

32 * * *

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

34 * * *

35 (4) a secured party having control of investment property under section 8-
36 106(d)(2) or 9-106(b) shall send to the securities intermediary or commodity
37 intermediary with which the security entitlement or commodity contract is maintained
38 an authenticated record that releases the securities intermediary or commodity
39 intermediary from any further obligation to comply with entitlement orders or
40 directions originated by the secured party; ~~and~~

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

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

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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

1 PROVIDING CERTAIN INCORRECT INFORMATION

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

5 (1) the security interest or agricultural lien is subordinate to a conflicting
6 perfected security interest in the collateral to the extent that the holder of the
7 conflicting security interest gives value in reasonable reliance upon the incorrect
8 information; and

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

14 * * *

15 § 9-601. RIGHTS AFTER DEFAULT; JUDICIAL ENFORCEMENT;
16 CONSIGNOR OR BUYER OF ACCOUNTS, CHATTEL PAPER,
17 PAYMENT INTANGIBLES, OR PROMISSORY NOTES

18 * * *

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

22 * * *

23 C. Workforce Education, Training, and Development

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

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

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

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

35 § 2888. VERMONT STRONG SCHOLARS AND INTERNSHIP
36 INITIATIVE

37 (a) Creation.

38 (1) There is created a postsecondary loan forgiveness and internship initiative
39 designed to forgive a portion of Vermont Student Assistance Corporation loans of
40 students employed in ~~economic sectors~~ occupations identified as important to
41 Vermont's economy and to build internship opportunities for students to gain work
42 experience with Vermont employers.

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

45 (A) encourage students to:

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

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

5 (iii) live and work in Vermont upon graduation;

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

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

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

13 (b) Vermont Strong Loan Forgiveness Program.

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

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

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

28 (2) Eligibility. A graduate of a public or private Vermont postsecondary
29 institution shall be eligible for forgiveness of a portion of his or her Vermont Student
30 Assistance Corporation postsecondary education loans under this section if he or she:

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

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

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

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

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

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

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

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

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

13 (4) Management.

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

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

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

22 (c) Vermont Strong Internship Program.

23 (1) ~~Internship Program management.~~

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

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

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

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

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

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

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

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

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

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

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

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

17 ~~(2) Qualifying internships.~~

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

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

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

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

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

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

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

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

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

39 (d) Funding.

40 (1) Loan Forgiveness Program.

41 (A) Loan forgiveness; State funding.

42 (i) There is created a special fund to be known as the Vermont Strong
43 Scholars Fund pursuant to 32 V.S.A. chapter 7, subchapter 5, which shall be used and
44 administered by the Secretary of Commerce and Community Development solely for
45 the purposes of loan forgiveness pursuant to this section.

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

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

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

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

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

17 * * * Workforce Education and Training Fund * * *

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

19 CHAPTER 22A. WORKFORCE EDUCATION AND TRAINING

20 * * *

21 § 543. WORKFORCE EDUCATION AND TRAINING FUND; GRANT
22 PROGRAMS

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

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

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

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

32 (3) ~~apprenticeship-related instruction~~ apprenticeship, preapprenticeship, and
33 industry-recognized credential training; and

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

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

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

43 (1) The Department shall grant awards from the Fund ~~shall be made~~ to
44 employers and entities ~~that offer programs that require collaboration between~~
45 ~~employees and businesses~~, including private, public, and nonprofit entities,

1 institutions of higher education, high schools, technical centers, and workforce
2 education and training programs. ~~Funding shall be for training programs and student~~
3 ~~internship programs~~ that:

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

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

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

10 Training

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

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

17 (e) [Repealed].

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

21 (1) Training Programs.

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

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

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

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

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

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

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

44 (ii) address the needs of workers who are unemployed, underemployed,
45 or are at risk of becoming unemployed ~~due to changing workplace demands by~~

1 ~~increasing productivity and developing new skills for incumbent workers, and workers~~
2 ~~who are in transition from one job or career to another; or~~

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

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

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

12 (3) Apprenticeship Program. The Vermont Apprenticeship Program
13 established under 21 V.S.A. chapter 13. Awards under this subdivision may be used
14 to fund the cost of apprenticeship-related instruction provided by the Department of
15 Labor.

16 (g) [Repealed.]

17 § 544. VERMONT CAREER INTERNSHIP PROGRAM

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

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

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

31 (A) do not replace or supplant existing positions;

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

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

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

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

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

1 (4) As used in this section, “internship” means a learning experience working
2 with an employer where the intern may, but does not necessarily, receive academic
3 credit, financial remuneration, a stipend, or any combination of these.

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

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

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

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

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

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

20 * * * Youth Employment Working Group * * *

21 Sec. C.4. YOUTH EMPLOYMENT WORKING GROUP

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

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

25 (1) the Commissioner of Labor or designee;

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

27 (3) the Secretary of Education or designee;

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

29 (5) one member from a regional technical center to be appointed by the

30 Secretary of Education;

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

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

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

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

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

38 (c) The group shall:

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

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

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

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

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

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

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

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

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

13 § 497a. COMMITTEE ESTABLISHED

14 There is hereby established a permanent committee to be known as the Vermont
15 ~~governor's committee on employment of people with disabilities~~ Governor's
16 Committee on Employment of People with Disabilities, to consist of ~~24~~ 23 members,
17 including ~~a one~~ one representative ~~of each from~~ from the Vermont ~~employment service division~~
18 Department of Labor's Workforce Development Division and the Jobs for Veterans
19 State Grant, one representative of from the vocational rehabilitation division of the
20 department of disabilities, aging, and independent living Department of Disabilities,
21 Aging, and Independent Living, Vocational Rehabilitation Division and one from the
22 Division for the Blind and Visually Impaired, one representative of the veterans'
23 administration, one representative of the veterans' employment service U.S.
24 Department of Veterans Affairs, one representative of the State of Vermont Office of
25 Veterans Affairs, and 17 members to be appointed by the ~~governor~~ Governor. The
26 appointive members shall hold office for the term specified or until their successors
27 are named by the ~~governor~~ Governor. The members shall receive no salary for their
28 services as such, but the necessary expenses of the ~~committee~~ Committee shall be paid
29 by the ~~state~~ State. Those persons acting as said committee on June 29, 1963 shall
30 continue as such until their successors are appointed as herein provided.

31 * * * Vermont ABLE Savings Program * * *

32 Sec. C.6. PURPOSE

33 The purpose of this act is:

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

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

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

2 CHAPTER 80. VERMONT ACHIEVING A BETTER LIFE
3 EXPERIENCE (ABLE) SAVINGS PROGRAM

4 § 8001. PROGRAM ESTABLISHED

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

11 (1) limits a designated beneficiary to one ABLE account for purposes of this
12 section;

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

15 (3) meets the other requirements of this chapter.

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

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

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

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

24 (B) the safety of the investment instrument offered;

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

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

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

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

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

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

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

39 § 8002. DEFINITIONS

40 In this chapter:

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

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

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

3 (A) certifies that:

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

9 (ii) such blindness or disability occurred before the individual attained
10 26 years of age; and

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

14 (4) “Eligible individual” means:

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

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

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

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

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

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

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

29 (7) “Qualified disability expense” means an expense related to the eligible
30 individual’s blindness or disability which is made for the benefit of an eligible
31 individual who is the designated beneficiary, including the following expenses:
32 education, housing, transportation, employment training and support, assistive
33 technology and personal support services, health, prevention and wellness, financial
34 management and administrative services, legal fees, expenses for oversight and
35 monitoring, funeral and burial expenses, and other expenses, which are approved by
36 the Secretary under regulations and consistent with the purposes of this section.

37 (8) “Secretary” means the Secretary of the U.S. Department of the Treasury.
38 § 8003. PROGRAM LIMITATIONS

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

40 (1) unless it is in cash; or

41 (2) except in the case of a contribution under 26 U.S.C. § 529A(c)(1)(C)
42 (relating to a change in a designated beneficiary or program), if such contribution to
43 an ABLE account would result in aggregate contributions from all contributors to the
44 ABLE account for the taxable year exceeding the amount in effect under subsection
45 2503(b) of this title for the calendar year in which the taxable year begins.

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

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

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

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

12 § 8004. REPORTS

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

17 (b) Notice of establishment of account. The Treasurer or designee shall submit a
18 notice to the Secretary upon the establishment of an ABLE account that includes the
19 name and state of residence of the designated beneficiary and such other information
20 as the Secretary may require.

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

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

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

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

38 (1) promotion and marketing of the Program;

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

41 (3) fees charged to account owners;

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

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

1 including adult technical education programs, aligned with the needs of Vermont's
2 employers.

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

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

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

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

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

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

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

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

28 D. Tourism and Economic Development Marketing

29 D.1. FINDINGS AND PURPOSE

30 (a) The General Assembly finds:

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

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

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

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

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

* * *

1
2 § 2476. DEPARTMENT OF TOURISM AND MARKETING

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

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

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

16 (2) increasing occupancy rates;

17 (3) increasing visitor spending throughout the State; and

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

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

22 (1) attracting additional private investment in Vermont businesses;

23 (2) recruiting new businesses;

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

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

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

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

31 (d) ~~[Repealed.]~~

32 (e) ~~The department of tourism and marketing~~ Department may conduct direct
33 marketing activities pursuant to this chapter or ~~chapter 27 of Title 10 V.S.A. chapter~~
34 27, but and shall make best reasonable efforts work to increase marketing activities
35 conducted in partnership with one or more private sector partners to maximize State
36 marketing resources and to enable Vermont businesses to align their own brand
37 identities with the Vermont brand, enhancing the reputations of both the business and
38 the State.

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

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

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

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

15 (1) Department functions, including:

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

17 (B) measurable goals for success;

18 (C) a profile of specific target audiences;

19 (D) research necessary to engage those audiences;

20 (E) strategies to identify and document Vermont's unique offerings and

21 benefits to those audiences; and

22 (F) tactics to accomplish each strategy.

23 (2) Desired goals, including:

24 (A) new people, employees, and businesses relocate and invest in Vermont;

25 and

26 (B) current Vermonters and businesses stay and prosper here.

27 (3) Measurable targets, including an increase in:

28 (A) student applications to Vermont schools;

29 (B) workforce participants;

30 (C) employment opportunities and jobs;

31 (D) number of businesses;

32 (E) investment in Vermont businesses; and

33 (F) the number of homeowners.

34 (4) Methods for identifying and collecting data indicators, and analyzing

35 results.

36 D.4. APPROPRIATION

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

41 * * * Domestic Export Program * * *

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

43 CHAPTER 207. PROMOTION AND MARKETING OF VERMONT FOODS AND
44 PRODUCTS

45 * * *

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

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

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

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

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

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

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

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

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

28 § 212. DEFINITIONS

29 As used in this chapter:

30 * * *

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

41 (A) quarrying, mining, manufacturing, processing, including the further
42 processing of agricultural products, assembling, or warehousing of goods or materials
43 for sale or distribution or the maintenance of safety standards in connection therewith,
44 and including Vermont-based manufacturers that are adversely impacted by the
45 State’s regulation or ban of products as they transition from the manufacture of the

1 regulated or banned products to the design and manufacture of environmentally sound
2 substitutes.

3 * * *

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

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

7 Sec. 25. SUNSET

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

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

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

11 § 2201. LICENSES REQUIRED

12 * * *

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

15 * * *

16 (10) Persons who lend, other than residential mortgage loans, an aggregate of
17 less than ~~\$75,000.00~~ \$250,000.00 in any one year at rates of interest of no more than
18 12 percent per annum.

19 * * *

20 F. Natural Resources, Land Use, and Planning

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

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

24 § 2787. ECONOMIC DEVELOPMENT STRATEGY; DEFERENCE TO
25 REGIONAL PLANS; CEDS

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

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

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

42 * * * Southern Vermont Economic Development Zone * * *

43 Sec. F.2. FINDINGS AND PURPOSE

44 (a) The General Assembly finds:

1 2000–2014 and to revitalize economic growth within the Southern Vermont Economic
2 Development Zone created in 10 V.S.A. § 8.

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

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

6 (i) one member appointed by the Governor;

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

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

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

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

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

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

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

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

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

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

31 (d) Meetings.

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

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

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

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

38 * * *

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

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

42 (a) The General Assembly finds that:

43 (1) 2014 Acts and Resolves No. 147, Sec. 2 amended 10 V.S.A.
44 § 6086(a)(9)(L) (Criterion 9L) to become a settlement patterns criterion. The purpose
45 of the amendment was to guide and accomplish coordinated, efficient, and economic

1 development in the State that is consistent with Vermont's historic settlement pattern
2 of compact centers separated by rural countryside.

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

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

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

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

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

18 (2) ACCD shall work with the NRB and ANR to develop outreach material on
19 Criterion 9L, including illustrative examples of appropriate development design, and
20 implement a training plan on the criterion for local elected officials, municipal boards,
21 State and regional organizations and associations, environmental groups, consultants,
22 and developers.

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

24 Sec. F.6. 24 V.S.A. § 4471(e) is amended to read:

25 (e) ~~Vermont neighborhood~~ Neighborhood development area. Notwithstanding
26 subsection (a) of this section, a determination by an appropriate municipal panel shall
27 not be subject to appeal if the determination is that a proposed residential development
28 within a designated downtown development district, designated growth center, ~~or~~
29 designated Vermont neighborhood, or designated neighborhood development area
30 seeking conditional use approval will not result in an undue adverse effect on the
31 character of the area affected, ~~as provided in under~~ subdivision 4414(3)(A)(ii) of this
32 title.

33 * * * Act 250; Primary Agricultural Soils * * *

34 Sec. F.7. 10 V.S.A. § 6086(a)(9)(B) is amended to read:

35 (B) Primary agricultural soils. A permit will be granted for the
36 development or subdivision of primary agricultural soils only when it is demonstrated
37 by the applicant that, in addition to all other applicable criteria, either, the subdivision
38 or development will not result in any reduction in the agricultural potential of the
39 primary agricultural soils; or:

40 (i) the development or subdivision will not significantly interfere with or
41 jeopardize the continuation of agriculture or forestry on adjoining lands or reduce
42 their agricultural or forestry potential; ~~and~~

43 (ii) except in the case of an application for a project located in a
44 designated ~~growth center~~ area listed in subdivision 6093(a)(1) of this title, there are no

1 lands other than primary agricultural soils owned or controlled by the applicant which
2 are reasonably suited to the purpose of the development or subdivision; ~~and~~

3 (iii) except in the case of an application for a project located in a
4 designated ~~growth center~~ area listed in subdivision 6093(a)(1) of this title, the
5 subdivision or development has been planned to minimize the reduction of
6 agricultural potential of the primary agricultural soils through innovative land use
7 design resulting in compact development patterns, so that the remaining primary
8 agricultural soils on the project tract are capable of supporting or contributing to an
9 economic or commercial agricultural operation; and

10 (iv) suitable mitigation will be provided for any reduction in the
11 agricultural potential of the primary agricultural soils caused by the development or
12 subdivision, in accordance with section 6093 of this title and rules adopted by the
13 Natural Resources Board.

14 * * * Acquisition of Land by Public Agencies; Conservation Easements * * *

15 Sec. F.8. 10 V.S.A. § 6310 is added to read:

16 § 6310. CONSERVATION EASEMENT HOLDER; NONMERGER

17 If a holder of a conservation easement is or becomes the owner in fee simple of
18 property subject to the easement, the easement shall continue in effect and shall not be
19 extinguished.

20 Sec. F.9. 30 V.S.A. § 248(q) is amended to read:

21 (q)(1) A certificate under this section shall be required for a plant using methane
22 derived from an agricultural operation ~~shall be required~~ as follows:

23 (A) With respect to a plant that constitutes farming pursuant to 10 V.S.A. §
24 6001(22)(F), only for the equipment used to generate electricity from biogas, the
25 equipment used to refine biogas into natural gas, the structures housing such
26 equipment used to generate electricity or refine biogas, and the interconnection to
27 electric and natural gas distribution and transmission systems. The certificate shall
28 not be required for the methane digester, the digester influents and non-gas effluents,
29 the buildings and equipment used to handle such influents and non-gas effluents, or
30 the on-farm use of heat and exhaust produced by the generation of electricity, and
31 these components shall not be subject to jurisdiction under this section.

32 (B) With respect to a plant that does not constitute farming pursuant to 10
33 V.S.A. § 6001(22)(F) but which receives feedstock from off-site farms, for all on-site
34 components of the plant, for the transportation of feedstock to the plant from off-site
35 contributing farms, and the transportation of effluent or digestate back to those farms.
36 The certificate shall not regulate any farming activities conducted on the contributing
37 farms that provide feedstock to a plant or use of effluent or digestate returned to the
38 contributing farms from the plant.

39 * * *

40 G. Tax Credits and Business Incentives

41 * * * Vermont Employment Growth Incentive (VEGI) * * *

42 Sec. G.1. 32 V.S.A. § 5930a(c)(2) is amended to read:

43 (2) The new jobs should make a net positive contribution to employment ~~in the~~
44 ~~area, and meet or exceed the prevailing compensation level including wages and~~
45 ~~benefits, for the particular employment sector~~ consistent with the applicable wage

1 threshold for the labor market area. The new jobs should offer benefits and
2 opportunities for advancement and professional growth consistent with the
3 employment sector.

4 Sec. G.2. 32 V.S.A. § 5930b is amended to read:

5 § 5930b. VERMONT EMPLOYMENT GROWTH INCENTIVE

6 (a) Definitions. As used in this section:

7 * * *

8 ~~(20) “Qualifying jobs” means new, full-time Vermont jobs held by nonowners~~
9 ~~that meet the wage threshold~~

10 (20) “Qualifying job” means a new, full-time Vermont job held by a nonowner
11 that meets the wage threshold and for which the employer provides at least three of
12 the following:

13 (A) health care benefits with 50 percent or more of the premium paid by the
14 employer;

15 (B) dental assistance;

16 (C) paid vacation;

17 (D) paid holidays;

18 (E) child care;

19 (F) other extraordinary employee benefits;

20 (G) retirement benefits;

21 (H) other paid time off, including paid sick days;

22 * * *

23 (24) “Wage threshold” means the minimum annualized Vermont gross wages
24 and salaries paid, as determined by the Council, but not less than:

25 (A) 60 percent above the minimum wage at the time of application, in order
26 for a new job to be a qualifying job under this section; or

27 (B) for a business located in a labor market area in which the
28 unemployment rate is at least 0.5 percentage points higher than the average
29 unemployment rate for the State, the greater of:

30 (i) 40 percent above the State minimum wage at the time of application;
31 or

32 (ii) \$13.00 per hour.

33 (25) “Labor market area” means a labor market area as designated by the
34 Vermont Department of Labor.

35 (b) Authorization process.

36 (1) A business may apply to the Vermont Economic Progress Council for
37 approval of a performance-based employment growth incentive to be paid out of the
38 business’s withholding account upon approval by the Department of Taxes pursuant to
39 the conditions set forth in this section. Businesses shall not be permitted to deduct
40 approved incentives from withholding liability payments otherwise due. In addition
41 to any other information that the Council may require in order to fulfill its obligations
42 under section 5930a of this title, an employment growth incentive application shall
43 include all the following information:

44 (A) application base number of jobs;

45 (B) total jobs at time of application;

1 (C) application base payroll;
2 (D) total payroll at time of application;
3 (E) jobs target for each year in the award period;
4 (F) payroll target for each year in the award period;
5 (G) capital investment target for each year in the award period; and
6 (H) a statement signed by the president or chief executive officer or
7 equivalent acknowledging that to the extent the applicant fails to meet the minimum
8 capital investment by the end of the award period, any incentives remaining to be
9 earned shall be limited, and any incentives taken shall be subject to complete or partial
10 reversal, pursuant to subdivisions (c)(10) and (11) of this section.

11 (2) The Council shall review each application in accordance with section
12 5930a of this title, except that the Council may provide for an initial approval pursuant
13 to the conditions set forth in subsection 5930a(c), followed by a final approval at a
14 later date, before December 31 of the calendar year in which the economic activity
15 commences.

16 (3) Except as provided in subdivision (5) of this subsection, the value of the
17 incentives will be dependent upon the net fiscal benefit resulting from projected
18 qualifying payroll and qualifying capital investment. An incentive ratio shall be
19 applied to the net fiscal benefit generated by the cost-benefit model in order to
20 determine the maximum award the Council may authorize for each application it
21 approves. The Council may establish a threshold for wages in excess of, but not less
22 than, the wage threshold, as defined in subsection (a) of this section for individual
23 applications the Council wishes to approve. The Council shall calculate an incentive
24 percentage for each approved application as follows:

25 $\text{Authorized award amount} \div \text{the five-year sum of all payroll targets}$

26 (4) An approval shall specify: the application base jobs at the time of the
27 application; total jobs at time of application; the application base payroll; total payroll
28 at time of application; the incentive percentage; the wage threshold; the payroll
29 thresholds; a job target for each year of the award period; a payroll target for each
30 year of the award period; a capital investment target for each year of the award period
31 and description sufficient for application of subdivisions (c)(10) and (11) of this
32 section of the nature of qualifying capital investment over the award period upon
33 which approval shall be conditioned; and the amount of the total award. The Council
34 shall provide a copy of each approval to the Department of Taxes along with a copy of
35 the application submitted by that applicant.

36 (5)(A) Notwithstanding subdivision (3) of this subsection, the Council may
37 authorize incentives in excess of net fiscal benefit multiplied by the incentive ratio ~~not~~
38 ~~to exceed an annual authorization established by law~~ for awards to businesses located
39 in a labor market area in which the unemployment rate is greater than the average
40 unemployment rate for the State or in which the average annual wage is below the
41 average annual wage for the State.

42 (B)(i) Except as provided in subdivision (B)(ii) of this subdivision (5), the
43 total amount of employment growth incentives the Vermont Economic Progress
44 Council is authorized to approve under subdivision (A) of this subdivision (5) shall
45 not exceed \$1,000,000.00 from the General Fund.

1 (B) applying for a grant from the Vermont Training Program or the
2 Workforce Education and Training Fund to perform training for new employees who
3 hold qualifying jobs.

4 (2) If a business is awarded a grant for training pursuant to subdivision (1) of
5 this subsection, the Agency of Commerce and Community Development, or the
6 Department of Labor, as applicable, shall disburse grant funds for on-the-job training
7 of not more than 75 percent of wages for each employee in training, or not more than
8 75 percent of trainer expense, and the business shall be responsible for the remaining
9 25 percent of the applicable training costs.

10 (3) If the business successfully completes its training and meets or exceeds its
11 payroll target and either its jobs target or capital investment target, the Council shall
12 approve the enhanced training incentive and notify the Department of Taxes.

13 (4) Upon notification by the Council, the Department of Taxes:

14 (A) shall disburse to the business a payment in an amount equal to 25
15 percent of the cost for training expenses pursuant to subdivision (3) of this subsection
16 (h);

17 (B) shall disburse to the Agency of Commerce and Community
18 Development, or the Department of Labor, as applicable, a payment in an amount
19 equal to 25 percent of the cost for training expenses pursuant to subdivision (3) of this
20 subsection (h); and

21 (C) shall disburse the remaining value of the incentive award in annual
22 installments pursuant to subdivision (c)(2) of this section.

23 (5)(A) If, during the utilization period for the incentive paid pursuant to this
24 subsection (h), the business fails to maintain the qualifying jobs or qualifying payroll
25 established in the award year, or does not reestablish qualifying jobs or qualifying
26 payroll to 100 percent of the award year level, the Department of Taxes shall
27 recapture the enhanced incentive pursuant to subsection (d) of this section.

28 (B) The amount of recapture shall equal the sum of the installments that the
29 Department would have disbursed if it had paid the incentive in five-year installments
30 pursuant to subdivision (c)(2) of this section for the years during the utilization period
31 that the qualifying jobs or qualifying payroll were not maintained.

32 (i) Employment growth incentive for value-added business.

33 (1) In this subsection:

34 (A) “Advanced manufacturing” means:

35 (i) an activity that depends on the use and coordination of information,
36 automation, computation, software, sensing, and networking, or

37 (ii) an activity that uses cutting edge materials and emerging capabilities
38 enabled by the physical and biological sciences, including nanotechnology, chemistry,
39 and biology, that includes both new ways to manufacture existing products and the
40 manufacture of new products emerging from new advanced technologies.

41 (B) “Value-added business” means a person that is subject to income
42 taxation in Vermont and whose current or prospective economic activity in Vermont
43 for which incentives are sought under this section is certified by the Secretary of
44 Commerce and Community Development to be primarily in one or more of the
45 following sectors:

1 (i) advanced manufacturing; or
2 (ii) information processing or information management services,
3 including:

4 (I) computer hardware or software, and information and
5 communication technologies, such as high-level software languages, graphics
6 hardware and software, speech and optical character recognition, high-volume
7 information storage and retrieval, and data compression;

8 (II) technological applications that use biological systems, living
9 organisms or derivatives thereof, to make or modify products or processes for specific
10 use;

11 (III) custom computer programming services, such as writing,
12 modifying, testing, and supporting software to meet the needs of a particular
13 customer;

14 (IV) computer systems design services such as planning and
15 designing computer systems that integrate computer hardware, software, and
16 communication technologies; and

17 (V) computer facilities management services, such as providing on-
18 site management and operation of clients' computer systems or data processing
19 facilities, or both.

20 (2) A value-added business located in a labor market area in which the
21 unemployment rate is at least 0.5 percentage points higher than the average
22 unemployment rate for the State may submit an application for an enhanced incentive
23 pursuant to this subsection.

24 (3) The Council shall consider and administer an application and award for an
25 enhanced incentive under this subsection pursuant to the provisions of this section,
26 except that:

27 (A) the "incentive ratio" pursuant to subdivision (a)(11) of this section shall
28 be set at 90 percent; and

29 (B) the "payroll threshold" pursuant to subdivision (a)(17) of this section
30 shall be deemed to be 20 percent of the expected average industry payroll growth as
31 determined by the cost-benefit model.

32 (j) Overall gross cap on total employment growth incentive and education tax
33 incentive authorizations.

34 (1) For any calendar year, the total amount of employment growth incentives
35 the Vermont Economic Progress Council is authorized to approve under this section
36 and property tax stabilizations under 32 V.S.A. § 5404a(a) shall not exceed
37 \$10,000,000.00 from the General Fund and Education Fund combined each year.

38 (2) The Council shall have the authority to exceed the cap imposed in
39 subdivision (1) of this subsection upon application to and approval by the Emergency
40 Board.

41 Sec. G.3. 2006 Acts and Resolves No. 184, Sec. 11 is amended to read:

42 Sec. 11. ~~VEGI; ANNUAL CALENDAR YEAR CAPS~~

43 ~~(a) Net negative awards cap. Notwithstanding any other provision of law, in any~~
44 ~~calendar year, the annual authorization for the total net fiscal cost of Vermont~~
45 ~~employment growth incentives that the Vermont economic progress council or the~~

1 ~~economic incentive review board may approve under 32 V.S.A. § 5930b(b)(5) shall~~
2 ~~not exceed \$1,000,000.00 from the general fund.~~

3 ~~(b) Restrictions to labor market area. Employment growth incentives within the~~
4 ~~annual authorization amount in subsection (a) of this section shall be granted solely~~
5 ~~for awards to businesses located in a labor market area of this state in which the rate~~
6 ~~of unemployment is greater than the average for the state or in which the average~~
7 ~~annual wage is below the average annual wage for the state. For the purposes of this~~
8 ~~section, a “labor market area” shall be as determined by the department of labor.~~

9 ~~(c) Overall gross cap on total employment growth incentive and education tax~~
10 ~~incentive authorizations. For any calendar year, the total amount of employment~~
11 ~~growth incentives the Vermont economic progress council or the economic incentive~~
12 ~~review board is authorized to approve under 32 V.S.A. § 5930b and property tax~~
13 ~~stabilizations and allocations under 32 V.S.A. § 5404a(a) and (e) shall not exceed~~
14 ~~\$10,000,000.00 from the general fund and education fund combined each year. This~~
15 ~~maximum annual amount may be exceeded by the Vermont economic progress~~
16 ~~council upon application to and approval by the Emergency Board. [Repealed.]~~
17 ~~Sec. G.4. 10 V.S.A. § 531(d) is amended to read:~~

18 (d) In order to avoid duplication of programs or services and to provide the
19 greatest return on investment from training provided under this section, the Secretary
20 of Commerce and Community Development shall:

21 (1) consult with the Commissioner of Labor regarding whether the grantee has
22 accessed, or is eligible to access, other workforce education and training resources;

23 (2) disburse grant funds only for training hours that have been successfully
24 completed by employees; provided that, except for an award under an enhanced
25 training incentive as provided in 32 V.S.A. § 5930b(h), a grant for on-the-job training
26 shall either provide not more than 50 percent of wages for each employee in training,
27 or not more than 50 percent of trainer expense, but not both, and further provided that
28 training shall be performed in accordance with a training plan that defines the subject
29 of the training, the number of training hours, and how the effectiveness of the training
30 will be evaluated; and

31 (3) use funds under this section only to supplement training efforts of
32 employers and not to replace or supplant training efforts of employers.

33 * * * Employee Relocation Tax Credit Study * * *

34 Sec. G.5. EMPLOYEE RELOCATION TAX CREDIT; STUDY COMMITTEE;
35 REPORT

36 (a) Creation. There is created an Employee Relocation Study Committee to
37 research and develop one or more incentive programs to encourage employees who
38 are qualified for high-demand, unfilled positions within Vermont businesses, to
39 relocate to Vermont.

40 (b) Membership. The Committee shall be composed of the following members:

41 (1) one current member of the House of Representatives appointed by the
42 Speaker of the House;

43 (2) one current member of the Senate appointed by the Committee on
44 Committees;

1 (3) one member who represents the interests of the regional development
2 corporations, appointed by the Governor;

3 (4) one member who represents the interests of private business appointed by
4 the Speaker of the House; and

5 (5) one member who represents the interests of private business appointed by
6 the Committee on Committees.

7 (c) Powers and duties. The Committee shall study potential incentive programs,
8 tax credits, or other mechanisms, to encourage employee relocation including the
9 following issues:

10 (1) eligibility criteria for employees, employers, and employment positions;

11 (2) amount and conditions for incentives or credits;

12 (3) distribution of incentives or credits by region, employer, and by State-level
13 or regional-level grantors; and

14 (4) data, and a mechanism for collecting data, to measure the effectiveness of
15 any proposed program.

16 (d) Assistance. The Committee shall have the administrative, technical, and legal
17 assistance of the Agency of Commerce and Community Development.

18 (e) Report. On or before January 15, 2016, the Committee shall submit a report to
19 the House Committee on Commerce and Economic Development and the Senate
20 Committee on Economic Development, Housing and General Affairs with its findings
21 and any recommendations for legislative action.

22 (f) Meetings.

23 (1) The Agency of Commerce and Community Development shall call the first
24 meeting of the Committee, to occur on or before September 1, 2015.

25 (2) The Committee shall select a chair from among its members at the first
26 meeting.

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

28 (4) The Committee shall cease to exist on January 16, 2016.

29 (g) Reimbursement.

30 (1) For attendance at meetings during adjournment of the General Assembly,
31 legislative members of the Committee shall be entitled to per diem compensation and
32 reimbursement of expenses pursuant to 2 V.S.A. § 406 for no more than four
33 meetings.

34 (2) Other members of the Committee who are not employees of the State of
35 Vermont and who are not otherwise compensated or reimbursed for their attendance
36 shall be entitled to per diem compensation and reimbursement of expenses pursuant to
37 32 V.S.A. § 1010 for no more than four meetings.

38 * * * VHFA; Down Payment Assistance Program * * *

39 Sec. G.6. DOWN PAYMENT ASSISTANCE PROGRAM; FINDINGS

40 The General Assembly finds:

41 (1) The Federal Bipartisan Policy Center's Housing Commission notes that
42 homeownership can produce powerful economic, social, and civic benefits that serve
43 the individual homeowner, the larger community, and the nation.

1 (2) Supporting more Vermonters to become homeowners allows them an
2 opportunity to improve and invest in their neighborhoods and become a stable
3 member of their community's life and workforce.

4 (3) Homeownership, even with the recent decline in housing values, has
5 continued to be the most reliable source of individual wealth accumulation and equity
6 for the future.

7 (4) First-time homebuyers often delay purchasing a home due to the fees and
8 down payment costs required at closing and need support to achieve their
9 homeownership opportunity.

10 Sec. G.7. 32 V.S.A. § 5930u is amended to read:

11 § 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

12 (a) As used in this section:

13 (1) "Affordable housing project" or "project" means:

14 (A) a rental housing project identified in 26 U.S.C. § 42(g); or

15 (B) owner-occupied housing identified in 26 U.S.C. § 143(e) ~~and (f) and~~
16 ~~eligible (c)(1) or that qualifies~~ under the Vermont Housing Finance Agency ~~allocation~~
17 ~~plan~~ criteria governing owner-occupied housing.

18 (2) "Affordable housing tax credits" means the tax credit provided by this
19 subchapter.

20 (3) "Allocating agency" means the Vermont Housing Finance Agency.

21 (4) "Committee" means the Joint Committee on Tax Credits consisting of five
22 members; a representative from the Department of Housing and Community Affairs,
23 the Vermont Housing and Conservation Board, the Vermont Housing Finance
24 Agency, the Vermont State Housing Authority, and the Office of the Governor.

25 (5) "Credit certificate" means a certificate issued by the allocating agency to a
26 taxpayer that specifies the amount of affordable housing tax credits that can be applied
27 against the taxpayer's individual or corporate income tax or franchise or insurance
28 premium tax liability as provided in this subchapter.

29 (6) "Eligible applicant" means any municipality, private sector developer,
30 ~~department of state government as defined in 10 V.S.A. § 6302(a), State agency as~~
31 ~~defined in 10 V.S.A. § 6301a, the Vermont Housing Finance Agency, or a nonprofit~~
32 ~~organization qualifying under 26 U.S.C. § 501(c)(3); or cooperative housing~~
33 ~~organization, the purpose of which is the creation and retention of~~ to create and retain
34 affordable housing for lower income Vermonters, with lower income and the which
35 has in its bylaws that require a requirement that housing to the housing the
36 organization creates be maintained as affordable housing for ~~lower income~~
37 Vermonters with lower income on a perpetual basis.

38 (7) "Eligible cash contribution" means an amount of cash contributed to the
39 owner, developer, or sponsor of an affordable housing project and determined by the
40 allocating agency as eligible for affordable housing tax credits.

41 (8) "Section 42 credits" means tax credit provided by 26 U.S.C. §§ 38 and 42.

42 (9) "Allocation plan" means the plan recommended by the Committee and
43 approved by the Vermont Housing Finance Agency, which sets forth the eligibility
44 requirements and process for selection of eligible housing projects to receive
45 affordable housing tax credits under this section. The allocation plan shall include:

1 (A) requirements for creation and retention of affordable housing for ~~low~~
2 ~~income~~ persons; with low income; and

3 (B) requirements to ensure that eligible housing is maintained as affordable
4 by subsidy covenant, as defined in 27 V.S.A. § 610 on a perpetual basis, and meets all
5 other requirements of the Vermont Housing Finance Agency related to affordable
6 housing.

7 (b) Eligible tax credit allocations.

8 (1) Affordable housing credit allocation.

9 (A) An eligible applicant may apply to the allocating agency for an
10 allocation of affordable housing tax credits under this section related to an affordable
11 housing project authorized by the allocating agency under the allocation plan. In the
12 case of a specific affordable rental housing project, the eligible applicant ~~must~~ shall
13 also be the owner or a person having the right to acquire ownership of the building
14 and ~~must~~ shall apply prior to placement of the affordable housing project in service.
15 In the case of owner-occupied housing units, the applicant ~~must apply prior to~~
16 ~~purchase of the unit and must~~ shall ensure that the allocated funds ~~will be used to~~
17 ~~ensure that the housing~~ qualifies or program funds remain as an affordable housing
18 resource for all future owners ~~of the housing~~. The allocating agency shall issue a
19 letter of approval if it finds that the applicant meets the priorities, criteria, and other
20 provisions of subdivision ~~(2)~~(B) of this ~~subsection~~ subdivision (1). The burden of
21 proof shall be on the applicant.

22 ~~(2)~~(B) Upon receipt of a completed application, the allocating agency shall
23 award an allocation of affordable housing tax credits with respect to a project ~~under~~
24 ~~this section shall be granted~~ to an applicant, provided the applicant demonstrates to
25 the satisfaction of the ~~committee~~ allocating agency all of the following:

26 ~~(A)~~(i) The owner of the project has received from the allocating agency a
27 binding commitment for, a reservation or allocation of, or an out-of-cap determination
28 letter for, Section 42 credits, or meets the requirements of the allocation plan for
29 development or financing of units to be owner-occupied;

30 ~~(B)~~(ii) The project has received community support.

31 (2) Down payment assistance program.

32 (A) The Vermont Housing Finance Agency shall have the authority to
33 allocate affordable housing tax credits to finance down payment assistance loans that
34 meet the following requirements:

35 (i) the loan is made in connection with a mortgage through an Agency
36 program;

37 (ii) the borrower is a first-time homebuyer of an owner-occupied
38 primary residence; and

39 (iii) the borrower uses the loan for the borrower's down payment, or
40 closing costs, or both.

41 (B) The Agency shall require the borrower to repay the loan upon the
42 transfer or refinance of the residence.

43 (C) The Agency shall use the proceeds of loans made under the program for
44 future down payment assistance.

1 (c) Amount of credit. A taxpayer who makes an eligible cash contribution shall be
2 entitled to claim against the taxpayer's individual income, corporate, franchise, or
3 insurance premium tax liability a credit in an amount specified on the taxpayer's
4 credit certificate. The first-year allocation of a credit amount to a taxpayer shall also
5 be deemed an allocation of the same amount in each of the following four years.

6 (d) Availability of credit. The amount of affordable housing tax credit allocated
7 with respect to a project shall be available to the taxpayer every year for five
8 consecutive tax years, beginning with the tax year in which the eligible cash
9 contribution is made. Total tax credits available to the taxpayer shall be the amount of
10 the first-year allocation plus the succeeding four years' deemed allocations.

11 (e) Claim for credit. A taxpayer claiming affordable housing tax credits shall
12 submit with each return on which such credit is claimed a copy of the allocating
13 agency's credit allocation to the affordable housing project and the taxpayer's credit
14 certificate. Any unused affordable housing tax credit may be carried forward to
15 reduce the taxpayer's tax liability for no more than 14 succeeding tax years, following
16 the first year the affordable housing tax credit is allowed.

17 (f) ~~Deleted.~~ Repealed.

18 (g)(1) In any fiscal year, the allocating agency may award up to:

19 (A) \$400,000.00 in total first-year credit allocations to all applicants for
20 rental housing projects, for a total aggregate limit of \$2,000,000.00 over any given
21 five-year period that credits are available under this subdivision; and may award up to

22 (B) \$300,000.00 per year in total first-year credit allocations for owner-
23 occupied unit applicants financing or down payment loans consistent with the
24 allocation plan, including for new construction and manufactured housing, for a total
25 aggregate limit of \$1,500,000.00 over any given five-year period that credits are
26 available under this subdivision.

27 (2) In fiscal years 2016 through 2020, the allocating agency may award up to
28 \$125,000.00 in total first-year credit allocations for loans through the down payment
29 assistance program created in subdivision (b)(2) of this section for a total aggregate
30 limit of \$625,000.00 over the five-year period that credits are available under this
31 subdivision.

32 (h) ~~In any fiscal year, total first year allocations plus succeeding year deemed~~
33 ~~allocations shall not exceed \$3,500,000.00~~ The aggregate limit for all credit
34 allocations available under this section in any fiscal year is \$4,125,000.00.

35 * * * "Cloud Tax" * * *

36 Sec. G.8. Reserved.

37 * * * Wood Products Manufacturer Incentive * * *

38 Sec. G.9. 2014 Acts and Resolves No. 179, Sec. G.100(b) is amended to read:

39 (b) Sec. E.100.6 (wood products manufacture incentive) shall take effect
40 retroactively on January 1, 2014 and apply to tax ~~year~~ years 2014 and 2015.

41 Sec. G.10. Reserved.

42 Sec. G.11. Reserved.

43 Sec. G.12. Reserved.

44 Sec. G.13. FUNDS TRANSFER

1 (e) Secs. B.2–B.9 (Uniform Commercial Code; Article 7) shall take effect on
2 passage and shall apply as follows:

3 (1) This act shall apply to a document of title that is issued or a bailment that
4 arises on or after the effective date of this act.

5 (2) This act does not apply to a document of title that is issued or a bailment
6 that arises before the effective date of this act even if the document of title or bailment
7 would be subject to this act if the document of title had been issued or bailment had
8 arisen on or after the effective date of this act.

9 (3) This act does not apply to a right of action that has accrued before the
10 effective date of this act.

11 (4) A document of title issued or a bailment that arises before the effective date
12 of this act and the rights, obligations, and interests flowing from that document or
13 bailment are governed by any statute or other rule amended or repealed by this act as
14 if amendment or repeal had not occurred and may be terminated, completed,
15 consummated, or enforced under that statute or other rule.

16 (f)(1) Notwithstanding 1 V.S.A. § 214, other than 32 V.S.A. § 5930b(c)
17 (extension of time to meet first or second year award targets), Secs. G.1–G.4
18 (Vermont Employment Growth Incentive) shall take effect retroactively as of January
19 1, 2015;

20 (2) In Sec. G.2, 32 V.S.A. § 5930b(c)(extension of time to meet first or second
21 year award targets) shall take effect on July 1, 2015.

22 (g) Sec. G.13 (appropriation from Enterprise Fund to General Fund) shall take
23 effect on July 1, 2015.

24 (h) Secs. A.2.A, A.2.B, and A.2.C (gun suppressors) shall take effect on July 2,
25 2015.