

1 Introduced by Committee on Commerce and Economic Development

2 Date:

3 Subject: Commerce and trade; economic development

4 Statement of purpose of bill as introduced: This bill proposes to adopt
5 miscellaneous economic development provisions relating to: the Vermont
6 Economic Development Authority; cooperatives; the Vermont Training
7 Program; regional planning and development; corporate conversions; the
8 Vermont State Treasurer; Medicaid for working people with disabilities;
9 blockchain technology; the Vermont Employment Growth Incentive program;
10 the Department of Labor; the Vermont Creative Network; employee business
11 ownership; the Veterans Entrepreneurship Program; and the Vermont
12 Sustainable Jobs Fund.

13 An act relating to miscellaneous economic development provisions

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

15 * * * Vermont Economic Development Authority * * *

16 (H.574)

17 Sec. A.1. 10 V.S.A. § 213 is amended to read:

18 § 213. AUTHORITY; ORGANIZATION

19 (a) The Vermont Economic Development Authority is hereby created and
20 established as a body corporate and politic and a public instrumentality of the

1 State. The exercise by the Authority of the powers conferred upon it in this
2 chapter constitutes the performance of essential governmental functions.

3 (b)(1) The Authority shall have ~~15~~ up to 16 voting members consisting of:

4 (A) the Secretary of Commerce and Community Development, the
5 State Treasurer, the Secretary of Agriculture, Food and Markets, the
6 Commissioner of Forests, Parks and Recreation, and the Commissioner of
7 Public Service, each of whom shall serve as an ex officio member, or a
8 designee of any of the aforementioned; ~~and~~

9 (B) up to 10 members, who shall be residents of the State of
10 Vermont, appointed by the Governor with the advice and consent of the
11 Senate. ~~The appointed members shall be appointed for terms of six years and~~
12 ~~until their successors are appointed and qualified. Appointed members may be~~
13 ~~removed by the Governor for cause and the Governor may fill any vacancy~~
14 ~~occurring among the appointed members for the balance of the unexpired~~
15 ~~term; and~~

16 (C) one member, who is a current member of the Vermont General
17 Assembly, appointed jointly by the Speaker of the House of Representatives
18 and the President Pro Tempore of the Senate, who shall serve a term of six
19 years or until he or she is no longer a member of the General Assembly.

20 (2)(A) An appointing authority may remove a member for cause.

1 (B) The Governor may fill a vacancy for the balance of the unexpired
2 term.

3 (C) The Speaker and President Pro Tempore may jointly fill a
4 vacancy by appointing a member of the General Assembly to a new six-year
5 term.

6 * * *

7 Sec. A.2. 10 V.S.A. § 216 is amended to read:

8 § 216. AUTHORITY; GENERAL POWERS

9 The Authority is hereby authorized:

10 * * *

11 (15) To delegate to loan officers the power to review, approve, and
12 make loans under this chapter, subject to the approval of the manager, and to
13 disburse funds on such loans, subject to the approval of the manager, ~~provided~~
14 ~~that such loans do not exceed \$350,000.00 in aggregate amount for any~~
15 ~~industrial loan for any three-year period for any particular individual,~~
16 ~~partnership, corporation, or other entity or related entity, or do not exceed~~
17 ~~\$350,000.00 in aggregate amount if the loan is guaranteed by the Farm~~
18 ~~Services Agency, or its successor agency, or \$300,000.00 in aggregate amount~~
19 ~~if the loan is not guaranteed by the Farm Services Agency, or its successor~~
20 ~~agency, for any agricultural loan for any three-year period for any particular~~
21 ~~individual, partnership, corporation, or other entity or related entity. No funds~~

1 ~~may be disbursed for any loan approved under this provision, except for any~~
2 ~~agricultural loan referenced above in an amount not to exceed \$50,000.00, and~~
3 ~~no rejection of a loan by a loan officer pursuant to this subdivision shall~~
4 ~~become final, until three working days after the members of the Authority are~~
5 ~~notified by facsimile, electronic mail, or overnight delivery mailed or sent on~~
6 ~~the day of approval or rejection, of the intention to approve or reject such loan.~~
7 ~~If any member objects within that three day period, the approval or rejection~~
8 ~~will be held for reconsideration by the members of the Authority at its next~~
9 ~~duly scheduled meeting.~~

10 * * *

11 Sec. A.3. 10 V.S.A. § 219 is amended to read:

12 § 219. RESERVE FUNDS

13 * * *

14 (d) In order to ensure the maintenance of the debt service reserve
15 requirement in each debt service reserve fund established by the Authority,
16 there may be appropriated annually and paid to the Authority for deposit in
17 each such fund, such sum as shall be certified by the Chair of the Authority, to
18 the Governor, the President of the Senate, and the Speaker of the House, as is
19 necessary to restore each such debt service reserve fund to an amount equal to
20 the debt service reserve requirement for such fund. The Chair shall annually,
21 on or about February 1, make, execute, and deliver to the Governor, the

1 President of the Senate, and the Speaker of the House, a certificate stating the
2 sum required to restore each such debt service reserve fund to the amount
3 aforesaid, and the sum so certified may be appropriated, and if appropriated,
4 shall be paid to the Authority during the then current State fiscal year. The
5 principal amount of bonds or notes outstanding at any one time and secured in
6 whole or in part by a debt service reserve fund to which State funds may be
7 appropriated pursuant to this subsection shall not exceed ~~\$130,000,000.00~~
8 \$155,000,000.00, provided that the foregoing shall not impair the obligation of
9 any contract or contracts entered into by the Authority in contravention of the
10 Constitution of the United States.

11 Sec. A.4. 10 V.S.A. § 220 is added to read:

12 § 220. TRANSFER FROM INDEMNIFICATION FUND

13 The State Treasurer shall transfer from the Indemnification Fund created in
14 former section 222a of this title to the Authority all current and future amounts
15 deposited to that Fund.

16 Sec. A.5. 10 V.S.A. § 234 is amended to read:

17 § 234. THE VERMONT JOBS FUND

18 * * *

19 (c) Monies in the Fund may be loaned to the Vermont Agricultural Credit
20 Program to support its lending operations as established in chapter 16A of this
21 title at interest rates and on terms and conditions to be set by the Authority to

1 ~~establish a line of credit in an amount not to exceed \$60,000,000.00 to be~~
2 ~~advanced to the Vermont Agricultural Credit Program to support its lending~~
3 ~~operations as established in chapter 16A of this title.~~

4 * * *

5 Sec. A.6. 10 V.S.A. chapter 16A is amended to read:

6 CHAPTER 16A. VERMONT AGRICULTURAL CREDIT PROGRAM

7 § 374a. CREATION OF THE VERMONT AGRICULTURAL CREDIT
8 PROGRAM

9 (a) There is created the Vermont Agricultural Credit Program, which will
10 provide an alternative source of sound and constructive credit to farmers and
11 forest products businesses who are not having their credit needs fully met by
12 conventional agricultural credit sources at reasonable rates and terms. The
13 Program is intended to meet, either in whole or in part, the credit needs of
14 eligible agricultural facilities and farm operations in fulfillment of one or more
15 of the purposes listed in this subsection by making direct loans and
16 participating in loans made by other agricultural credit providers:

17 * * *

18 ~~(b) No borrower shall be approved for a loan from the corporation that~~
19 ~~would result in the aggregate principal balances outstanding of all loans to that~~
20 ~~borrower exceeding the then-current maximum Farm Service Agency loan~~
21 ~~guarantee limits, or \$2,000,000.00, whichever is greater.~~

1 § 374b. DEFINITIONS

2 As used in this chapter:

3 (1) “Agricultural facility” means land and rights in land, buildings,
4 structures, machinery, and equipment which is used for, or will be used for
5 producing, processing, preparing, packaging, storing, distributing, marketing,
6 or transporting agricultural or forest products which have been primarily
7 produced in this State, and working capital reasonably required to operate an
8 agricultural facility.

9 (2) “Agricultural land” means real estate capable of supporting
10 commercial farming or forestry, or both.

11 (3) “Agricultural products” mean crops, livestock, forest products, and
12 other farm or forest commodities produced as a result of farming or forestry
13 activities.

14 (4) “Farm ownership loan” means a loan to acquire or enlarge a farm or
15 agricultural facility, to make capital improvements including construction,
16 purchase, and improvement of farm and agricultural facility buildings that can
17 be made fixtures to the real estate, to promote soil and water conservation and
18 protection, and to refinance indebtedness incurred for farm ownership or
19 operating loan purposes, or both.

20 (5) “Authority” means the Vermont Economic Development Authority.

1 (6) “Cash flow” means, on an annual basis, all income, receipts, and
2 revenues of the applicant or borrower from all sources and all expenses of the
3 applicant or borrower, including all debt service and other expenses.

4 (7) “Farmer” means an individual directly engaged in the management
5 or operation of an agricultural facility or farm operation for whom the
6 agricultural facility or farm operation constitutes two or more of the following:

7 (A) is or is expected to become a significant source of the farmer’s
8 income;

9 (B) the majority of the farmer’s assets; and

10 (C) an occupation in which the farmer is actively engaged, either on a
11 seasonal or year-round basis.

12 (8) “Farm operation” shall mean the cultivation of land or other uses of
13 land for the production of food, fiber, horticultural, silvicultural, orchard,
14 maple syrup, Christmas trees, forest products, or forest crops; the raising,
15 boarding, and training of equines, and the raising of livestock; or any
16 combination of the foregoing activities. Farm operation also includes the
17 storage, preparation, retail sale, and transportation of agricultural or forest
18 commodities accessory to the cultivation or use of such land.

19 (9) “Forest products business” means a Vermont enterprise that is
20 primarily engaged in managing, harvesting, trucking, processing,
21 manufacturing, crafting, or distributing products derived from Vermont forests.

1 (10) “Livestock” shall mean cattle, sheep, goats, equines, fallow deer,
2 red deer, reindeer, American bison, swine, poultry, pheasant, chukar partridge,
3 coturnix quail, ferrets, camelids and ratites, cultured trout propagated by
4 commercial trout farms, and bees.

5 ~~(10)~~(11) “Loan” means an operating loan or farm ownership loan,
6 including a financing lease, provided that such lease transfers the ownership of
7 the leased property to each lessee following the payment of all required lease
8 payments as specified in each lease agreement.

9 ~~(11)~~(12) “Operating loan” means a loan to purchase livestock, farm or
10 forestry equipment, or fixtures to pay annual operating expenses of a farm
11 operation or agricultural facility, to pay loan closing costs, and to refinance
12 indebtedness incurred for farm ownership or operating loan purposes, or both.

13 ~~(12)~~(13) “Program” means the Vermont Agricultural Credit Program
14 established by this chapter.

15 ~~(13)~~(14) “Project” or “agricultural project” means the creation,
16 establishment, acquisition, construction, expansion, improvement,
17 strengthening, reclamation, operation or renovation of an agricultural facility
18 or farm operation.

19 ~~(14)~~(15) “Resident” means a person who is or will be domiciled in this
20 State as evidenced by an intent to maintain a principal dwelling place in the
21 State indefinitely and to return there if temporarily absent, coupled with an act

1 or acts consistent with that intent, including the filing of a Vermont income tax
2 return within 18 months of the application for a loan under this chapter. In the
3 case of a limited liability company, partnership, corporation or other business
4 entity, resident means a business entity formed under the laws of Vermont, the
5 majority of which is owned and operated by Vermont residents who are natural
6 persons.

7 * * *

8 § 374h. LOAN ELIGIBILITY STANDARDS

9 A farmer, or a limited liability company, partnership, corporation or other
10 business entity the majority ownership of which is vested in one or more
11 farmers, shall be eligible to apply for a farm ownership or operating loan,
12 provided the applicant is:

13 * * *

14 (4) an operator or proposed operator of an agricultural facility, ~~or farm~~
15 operation, or forest products business for whom the loan reduces investment
16 costs to an extent that offers the applicant a reasonable chance to succeed in
17 the operation and management of an agricultural facility or farm operation;

18 * * *

19 (7) able to demonstrate that the applicant is responsible and able to
20 manage responsibilities as owner or operator of the farm operation, ~~or~~
21 agricultural facility, or forest products business;

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(13) able to demonstrate that the proposed loan will be adequately secured by a mortgage on real property ~~with a satisfactory maturity date in no event later than 20 years from the date of inception of the mortgage~~, or by a security agreement on personal property ~~with a satisfactory maturity date in no event longer than the average remaining useful life of the assets in which the security interest is being taken~~; and

* * *

Sec. A.7. REPEALS

(a) 2009 Acts and Resolves No. 54, Sec. 112(b), pledging up to \$1,000,000.00 of the full faith and credit of the State for loss reserves for the Vermont Economic Development Authority small business loan program and TECH loan program, is repealed.

(b) In 10 V.S.A. chapter 12 (Vermont Economic Development Authority) the following are repealed:

- (1) subchapter 2, §§ 221–229 (Mortgage Insurance); and
- (2) subchapter 8, §§ 279–279b (Vermont Financial Access Program).

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* * * Cooperatives; Electronic Voting * * *

(H.670)

Sec. B.1. 11 V.S.A. § 995 is amended to read:

§ 995. ARTICLES

Each association formed under this subchapter shall prepare and file articles of incorporation setting forth:

- (1) The name of the association;
- (2) The purpose for which it is formed;
- (3) The place where its principal business will be transacted;
- (4) The names and addresses of the directors thereof who are to serve until the election and qualification of their successors;
- (5) The name and residence of the clerk;
- (6) When organized without capital stock, whether the property rights and interest of the members are equal, and, if unequal, the general rules applicable to all members by which the property rights and interest, respectively, of each member shall be determined and fixed, and provision for the admission of new members who shall be entitled to share in the property of the association in accordance with such general rules. This provision or paragraph of the certificate of organization shall not be altered, amended, or replaced except by the written consent or vote representing three-fourths of the members;

1 (7) When organized with capital stock, the amount of such stock, the
2 number of shares into which it is divided, and the par value thereof;

3 (8) The capital stock may be divided into preferred and one or more
4 classes of common stock. When so divided, the certificate of organization
5 shall contain a statement of the number of shares of stock to which preference
6 is granted, the number of shares of stock to which no preference is granted, and
7 the nature and definite extent of the preference and privileges granted to each;

8 (9) The articles of incorporation of any association organized under this
9 subchapter ~~shall~~ may provide that the members or stockholders thereof shall
10 have the right to vote in person ~~or alternate only and not by proxy or otherwise~~
11 or through another method of communication, including through a
12 telecommunications or electronic medium, but a member or stockholder may
13 not vote by proxy. This provision or paragraph of the articles of association
14 shall not be altered and shall not be subject to amendment;

15 (10) In addition to the foregoing, the articles of incorporation of any
16 association incorporated hereunder may contain any provision consistent with
17 law with respect to management, regulation, government, financing,
18 indebtedness, membership, the establishment of voting districts and the
19 election of delegates for representative purposes, the issuance, retirement, and
20 transfer of its stock, if formed with capital stock, or any provisions relative to

1 the way or manner in which it shall operate or with respect to its members,
2 officers, or directors and any other provisions relating to its affairs;

3 (11) The certificate shall be subscribed by the incorporators and shall be
4 sworn to by one or more of them; and shall be filed with the ~~secretary of state~~
5 Secretary of State. A certified copy shall also be filed with the ~~secretary of~~
6 ~~agriculture, food and markets;~~ Secretary of Agriculture, Food and Markets.

7 (12) When so filed, the certificate of organization or a certified copy
8 thereof shall be received in the courts of this ~~state~~ State as prima facie evidence
9 of the facts contained therein and of the due incorporation of such association.

10 * * * Regional Planning and Economic Development * * *

11 (H.692)

12 Sec. C.1. 24 V.S.A. chapter 76 is amended to read:

13 CHAPTER 76. ECONOMIC DEVELOPMENT PERFORMANCE

14 ~~CONTRACTS~~ GRANTS

15 * * *

16 § 2782. PROPOSALS FOR PERFORMANCE ~~CONTRACTS~~ GRANTS FOR
17 ECONOMIC DEVELOPMENT

18 (a) The Secretary shall ~~annually award~~ negotiate and issue performance
19 ~~contracts grants~~ to qualified regional development corporations, regional
20 planning commissions, or both in the case of a joint proposal, to provide
21 economic development services under this chapter.

1 (b) A proposal shall be submitted in response to a request for proposals
2 issued by the Secretary.

3 (c) The Secretary may require that a service provider submit with a
4 proposal, or subsequent to the filing of a proposal, additional supportive data
5 or information that he or she considers necessary to make a decision to award
6 or to assess the effectiveness of a performance ~~contract~~ grant.

7 § 2783. ELIGIBILITY FOR PERFORMANCE ~~CONTRACTS~~ GRANTS

8 Upon receipt of a proposal for a performance ~~contract~~ grant, the Secretary
9 shall within 60 days determine whether or not the service provider may be
10 awarded a performance ~~contract~~ grant under this chapter. The Secretary shall
11 enter into a performance ~~contract~~ grant with a service provider if the Secretary
12 finds:

13 (1) the service provider serves an economic region generally consistent
14 with one or more of the State's regional planning commission regions;

15 (2) the service provider demonstrates the ability and willingness to
16 provide planning and resource development services to local communities and
17 to assist communities in evaluating economic conditions and prepare for
18 economic growth and stability;

19 (3) the service provider demonstrates an ability to gather economic and
20 demographic information concerning the area served;

1 (4) the service provider has, or demonstrates it will be able to secure,
2 letters of support from the legislative bodies of the affected municipalities;

3 (5) the service provider demonstrates a capability and willingness to
4 assist existing business and industry, to encourage the development and growth
5 of small business, and to attract industry and commerce;

6 (6) the service provider appears to be the best qualified service provider
7 from the region to accomplish and promote economic development;

8 (7) the service provider needs the performance ~~contract-award~~ grant and
9 that the performance ~~contract-award~~ grant will be used for the employment of
10 professional persons or expenses consistent with performance ~~contract~~ grant
11 provisions, or both;

12 (8) the service provider presents an operating budget and has adequate
13 funds available to match the performance ~~contract-award~~ grant;

14 (9) the service provider demonstrates a willingness to involve the public
15 of the region in its policy-making process by offering membership to
16 representatives of all municipalities in the economic region which shall elect
17 the directors of the governing board;

18 (10) the service provider demonstrates a willingness to coordinate its
19 activities with the planning functions of any regional planning commission
20 located in the same geographic area as the service provider.

1 § 2784. TERMS OF PERFORMANCE ~~CONTRACTS~~ GRANTS

2 (a)(1) Funds available ~~under~~ through a performance ~~contract~~ grant may
3 only be used by an applicant to perform the duties or provide the services ~~set~~
4 forth specified in the performance ~~contract~~ grant.

5 (2) The amount and terms of the performance ~~contract-award~~ grant shall
6 be determined by the ~~parties to the contract~~ Secretary.

7 (b) A performance ~~contract~~ grant shall be made for a period ~~agreed to by~~
8 the parties specified by the grant.

9 (c) Payments to a service provider shall be made pursuant to the terms of
10 the performance ~~contract~~ grant.

11 § 2784a. PLANS

12 A service provider awarded a performance ~~contract~~ grant under this chapter
13 shall conduct its activities under subdivision 2784(a)(1) of this title consistent
14 with local and regional plans.

15 * * *

16 § 2786. APPLICABILITY OF STATE LAWS

17 (a) A service provider awarded a performance ~~contract~~ grant by the
18 Secretary under this chapter shall be subject to 1 V.S.A. chapter 5, subchapter
19 2 (open meetings) and 1 V.S.A. chapter 5, subchapter 3 (public records),
20 except that in addition to any limitation provided in subchapter 2 or 3:

1 (1) no person shall disclose any information relating to a proposed
2 transaction or agreement between the service provider and another person, in
3 furtherance of the service provider’s public purposes under the law, prior to
4 final execution of such transaction or agreement; and

5 (2) meetings of the service provider’s board to consider such proposed
6 transactions or agreements may be held in executive session under 1 V.S.A.
7 § 313.

8 (b) Nothing in this section shall be construed to limit the exchange of
9 information between or among regional development corporations or regional
10 planning commissions concerning any activity of the corporations and the
11 commissions, provided that such information shall be subject to the provisions
12 of subsection (a) of this section.

13 (c) The provisions of 2 V.S.A. chapter 11 (registration of lobbyist) shall
14 apply to regional development corporations and regional planning
15 commissions.

16 * * *

17 Sec. C.2. 24 V.S.A. § 4341a is amended to read:

18 § 4341a. ~~PERFORMANCE CONTRACTS~~ GRANTS FOR REGIONAL
19 PLANNING SERVICES

20 (a) The Secretary of Commerce and Community Development shall
21 negotiate and ~~enter into performance contracts with~~ issue performance grants

1 ~~to~~ regional planning commissions, or ~~with~~ to regional planning commissions
2 and regional development corporations in the case of a joint ~~contract~~ grant, to
3 provide regional planning services.

4 (b) A performance ~~contract~~ grant shall address how the regional planning
5 commission, or regional planning commission and regional development
6 corporation jointly, will improve results and achieve savings compared with
7 the current regional service delivery system, which may include:

8 (1) a proposal without change in the makeup or change of the area
9 served;

10 (2) a joint proposal to provide different services ~~under one contract with~~
11 pursuant to a grant to one or more regional service providers;

12 (3) co-location with other local, regional, or State service providers;

13 (4) merger with one or more regional service providers;

14 (5) consolidation of administrative functions and additional operational
15 efficiencies within the region; or

16 (6) such other cost-saving mechanisms as may be available.

17 * * * Vermont Training Program * * *

18 (H.692)

19 Sec. D.1. 10 V.S.A. § 531 is amended to read:

20 § 531. THE VERMONT TRAINING PROGRAM

21 * * *

1 (2) from among the following, the category the training addressed:

2 (A) preemployment training or other training for a new employee to
3 begin a newly created position with the employer;

4 (B) preemployment training or other training for a new employee to
5 begin in an existing position with the employer;

6 (C) training for an incumbent employee who, upon completion of
7 training, assumes a newly created position with the employer;

8 (D) training for an incumbent employee who upon completion of
9 training assumes a different position with the employer;

10 (E) training for an incumbent employee to upgrade skills;

11 (3) for the training identified in subdivision (2) of this subsection
12 whether the training is onsite or classroom-based;

13 (4) the number of employees served;

14 (5) the average wage by employer;

15 (6) any waivers granted;

16 (7) the identity of the employer, or, if unknown at the time of the report,
17 the category of employer;

18 (8) the identity of each training provider; ~~and~~

19 (9) whether training results in a wage increase for a trainee, and the
20 amount of increase; and

1 (10) the number, type, and description of grants for work-based learning
2 programs and activities awarded pursuant to subsection (e) of this section.

3 * * * Corporations; Mergers, Conversions, Domestications, Share Exchanges

4 Limited Liability Company Technical Corrections * * *

5 (H.723)

6 Sec. E.1. 11A V.S.A. chapter 11 is amended to read:

7 ~~CHAPTER 11. MERGER AND SHARE EXCHANGE~~

8 ~~§ 11.01. MERGER~~

9 ~~(a) One or more corporations may merge into another corporation if the~~
10 ~~board of directors of each corporation adopts and its shareholders (if required~~
11 ~~by section 11.03 of this title) approve a plan of merger.~~

12 ~~(b) The plan of merger must set forth:~~

13 ~~(1) the name of each corporation planning to merge and the name of the~~
14 ~~surviving corporation into which each other corporation plans to merge;~~

15 ~~(2) the terms and conditions of the merger; and~~

16 ~~(3) the manner and basis of converting the shares of each corporation~~
17 ~~into shares, obligations, or other securities of the surviving or any other~~
18 ~~corporation or into cash or other property in whole or in part.~~

19 ~~(c) The plan of merger may set forth:~~

20 ~~(1) amendments to the articles of incorporation of the surviving~~
21 ~~corporation; and~~

1 ~~(2) other provisions relating to the merger.~~

2 ~~§ 11.02. SHARE EXCHANGE~~

3 ~~(a) A corporation may acquire all of the outstanding shares of one or more~~
4 ~~classes or series of another corporation if the board of directors of each~~
5 ~~corporation adopts and its shareholders (if required by section 11.03 of this~~
6 ~~title) approve the exchange.~~

7 ~~(b) The plan of exchange must set forth:~~

8 ~~(1) the name of the corporation whose shares will be acquired and the~~
9 ~~name of the acquiring corporation;~~

10 ~~(2) the terms and conditions of the exchange;~~

11 ~~(3) the manner and basis of exchanging the shares to be acquired for~~
12 ~~shares, obligations, or other securities of the acquiring or any other corporation~~
13 ~~or for cash or other property in whole or in part.~~

14 ~~(c) The plan of exchange may set forth other provisions relating to the~~
15 ~~exchange.~~

16 ~~(d) This section does not limit the power of a corporation to acquire all or~~
17 ~~part of the shares of one or more classes or series of another corporation~~
18 ~~through a voluntary exchange or otherwise.~~

19 ~~§ 11.03. ACTION ON PLAN~~

20 ~~(a) After adopting a plan of merger or share exchange, the board of~~
21 ~~directors of each corporation party to the merger, and the board of directors of~~

1 ~~the corporation whose shares will be acquired in the share exchange, shall~~
2 ~~submit the plan of merger (except as provided in subsection (g) of this section)~~
3 ~~or share exchange for approval by its shareholders.~~

4 ~~(b) For a plan of merger or share exchange to be approved:~~

5 ~~(1) the board of directors must recommend the plan of merger or share~~
6 ~~exchange to the shareholders, unless the board of directors determines that~~
7 ~~because of conflict of interest or other special circumstances it should make no~~
8 ~~recommendation and communicates the basis for its determination to the~~
9 ~~shareholders with the plan; and~~

10 ~~(2) the shareholders entitled to vote must approve the plan.~~

11 ~~(c) The board of directors may condition its submission of the proposed~~
12 ~~merger or share exchange on any basis.~~

13 ~~(d) The corporation shall notify each shareholder, whether or not entitled to~~
14 ~~vote, of the proposed shareholders' meeting in accordance with section 7.05 of~~
15 ~~this title. The notice must also state that the purpose, or one of the purposes, of~~
16 ~~the meeting is to consider the plan of merger or share exchange and contain or~~
17 ~~be accompanied by a copy or summary of the plan.~~

18 ~~(e) Unless this title, the articles of incorporation, or the board of directors~~
19 ~~(acting pursuant to subsection (c) of this section) require a greater vote or a~~
20 ~~vote by voting groups, the plan of merger or share exchange to be authorized~~
21 ~~must be approved by each voting group entitled to vote separately on the plan~~

1 by a majority of all the votes entitled to be cast on the plan by that voting
2 group.

3 ~~(f) Separate voting by voting groups is required:~~

4 ~~(1) on a plan of merger if the plan contains a provision that, if contained~~
5 ~~in a proposed amendment to articles of incorporation, would require action by~~
6 ~~one or more separate voting groups on the proposed amendment under section~~
7 ~~10.04 of this title;~~

8 ~~(2) on a plan of share exchange by each class or series of shares~~
9 ~~included in the exchange, with each class or series constituting a separate~~
10 ~~voting group.~~

11 ~~(g) Action by the shareholders of the surviving corporation on a plan of~~
12 ~~merger is not required if:~~

13 ~~(1) the articles of incorporation of the surviving corporation will not~~
14 ~~differ (except for amendments enumerated in section 10.02 of this title) from~~
15 ~~its articles before the merger;~~

16 ~~(2) each shareholder of the surviving corporation whose shares were~~
17 ~~outstanding immediately before the effective date of the merger will hold the~~
18 ~~same number of shares, with identical designations, preferences, limitations,~~
19 ~~and relative rights, immediately after;~~

20 ~~(3) the number of voting shares outstanding immediately after the~~
21 ~~merger, plus the number of voting shares issuable as a result of the merger~~

1 ~~(either by the conversion of securities issued pursuant to the merger or the~~
2 ~~exercise of rights and warrants issued pursuant to the merger), will not exceed~~
3 ~~by more than 20 percent the total number of voting shares of the surviving~~
4 ~~corporation outstanding immediately before the merger; and~~

5 ~~(4) the number of participating shares outstanding immediately after the~~
6 ~~merger, plus the number of participating shares issuable as a result of the~~
7 ~~merger (either by the conversion of securities issued pursuant to the merger or~~
8 ~~the exercise of rights and warrants issued pursuant to the merger), will not~~
9 ~~exceed by more than 20 percent the total number of participating shares~~
10 ~~outstanding immediately before the merger.~~

11 ~~(h) As used in subsection (g) of this section:~~

12 ~~(1) “Participating shares” mean shares that entitle their holders to~~
13 ~~participate without limitation in distributions.~~

14 ~~(2) “Voting shares” mean shares that entitle their holders to vote~~
15 ~~unconditionally in elections of directors.~~

16 ~~(i) After a merger or share exchange is authorized, and at any time before~~
17 ~~articles of merger or share exchange are filed, the planned merger or share~~
18 ~~exchange may be abandoned (subject to any contractual rights), without further~~
19 ~~shareholder action, in accordance with the procedure set forth in the plan of~~
20 ~~merger or share exchange or, if none is set forth, in the manner determined by~~
21 ~~the board of directors.~~

1 ~~§ 11.04. MERGER OF SUBSIDIARY~~

2 ~~(a) A parent corporation owning at least 90 percent of the outstanding~~
3 ~~shares of each class of a subsidiary corporation may merge the subsidiary into~~
4 ~~itself without approval of the shareholders of the parent or subsidiary.~~

5 ~~(b) The board of directors of the parent shall adopt a plan of merger that~~
6 ~~sets forth:~~

7 ~~(1) the names of the parent and subsidiary; and~~

8 ~~(2) the manner and basis of converting the shares of the subsidiary into~~
9 ~~shares, obligations, or other securities of the parent or any other corporation or~~
10 ~~into cash or other property in whole or in part.~~

11 ~~(c) The parent shall mail a copy or summary of the plan merger to each~~
12 ~~shareholder of the subsidiary who does not waive the mailing requirement in~~
13 ~~writing.~~

14 ~~(d) The parent may not deliver articles of merger to the secretary of state~~
15 ~~for filing until at least 30 days after the date it mailed a copy of the plan of~~
16 ~~merger to each shareholder of the subsidiary who did not waive the mailing~~
17 ~~requirement.~~

18 ~~(e) Articles of merger under this section may not contain amendments to~~
19 ~~the articles of incorporation of the parent corporation (except for amendments~~
20 ~~enumerated in section 10.02 of this title).~~

1 ~~§ 11.05. ARTICLES OF MERGER OR SHARE EXCHANGE~~

2 ~~(a) After a plan of merger or share exchange is approved by the~~
3 ~~shareholders, or adopted by the board of directors if shareholder approval is~~
4 ~~not required, the surviving or acquiring corporation shall deliver to the~~
5 ~~secretary of state for filing, articles of merger or share exchange setting forth:~~

6 ~~(1) the plan of merger or share exchange;~~

7 ~~(2) if shareholder approval was not required, a statement to that effect;~~

8 ~~(3) if approval of the shareholders of one or more corporations party to~~
9 ~~the merger or share exchange was required:~~

10 ~~(A) the designation, number of outstanding shares, and number of~~
11 ~~votes entitled to be cast by each voting group entitled to vote separately on the~~
12 ~~plan as to each corporation; and~~

13 ~~(B) either the total number of votes cast for and against the plan by~~
14 ~~each voting group entitled to vote separately on the plan or the total number of~~
15 ~~undisputed votes cast for the plan separately by each voting group and a~~
16 ~~statement that the number cast for the plan by each voting group was sufficient~~
17 ~~for approval by that voting group.~~

18 ~~(b) A merger or share exchange takes effect upon the effective date of the~~
19 ~~articles of merger or share exchange as provided in section 1.23 of this title.~~

20 ~~§ 11.06. EFFECT OF MERGER OR SHARE EXCHANGE~~

21 ~~(a) When a merger takes effect:~~

1 ~~(1) every other corporation party to the merger merges into the surviving~~
2 ~~corporation and the separate existence of every corporation except the~~
3 ~~surviving corporation ceases;~~

4 ~~(2) the title to all real estate and other property owned by each~~
5 ~~corporation party to the merger is vested in the surviving corporation without~~
6 ~~reversion or impairment;~~

7 ~~(3) the surviving corporation has all liabilities of each corporation party~~
8 ~~to the merger;~~

9 ~~(4) a proceeding pending against any corporation party to the merger~~
10 ~~may be continued as if the merger did not occur or the surviving corporation~~
11 ~~may be substituted in the proceeding for the corporation whose existence~~
12 ~~ceased;~~

13 ~~(5) the articles of incorporation of the surviving corporation are~~
14 ~~amended to the extent provided in the plan of merger; and~~

15 ~~(6) the shares of each corporation party to the merger that are to be~~
16 ~~converted into shares, obligations, or other securities of the surviving or any~~
17 ~~other corporation or into cash or other property are converted, and the former~~
18 ~~holders of the shares are entitled only to the rights provided in the articles of~~
19 ~~merger or to their rights under chapter 13 of this title.~~

20 ~~(b) When a share exchange takes effect, the shares of each acquired~~
21 ~~corporation are exchanged as provided in the plan, and the former holders of~~

1 ~~the shares are entitled only to the exchange rights provided in the articles of~~
2 ~~share exchange or to their rights under chapter 13 of this title.~~

3 ~~§ 11.07. MERGER OR SHARE EXCHANGE WITH FOREIGN~~
4 ~~CORPORATION~~

5 ~~(a) One or more foreign corporations may merge or enter into a share~~
6 ~~exchange with one or more domestic corporations if:~~

7 ~~(1) in a merger, the merger is permitted by the law of the state or~~
8 ~~country under whose law each foreign corporation is incorporated and each~~
9 ~~foreign corporation complies with that law in effecting the merger;~~

10 ~~(2) in a share exchange, the corporation whose shares will be acquired is~~
11 ~~a domestic corporation, whether or not a share exchange is permitted by the~~
12 ~~law of the state or country under whose law the acquiring corporation is~~
13 ~~incorporated;~~

14 ~~(3) the foreign corporation complies with section 11.05 of this title if it~~
15 ~~is the surviving corporation of the merger or acquiring corporation of the share~~
16 ~~exchange; and~~

17 ~~(4) each domestic corporation complies with the applicable provisions~~
18 ~~of sections 11.01 through 11.04 of this title and, if it is the surviving~~
19 ~~corporation of the merger or acquiring corporation of the share exchange, with~~
20 ~~section 11.05 of this title.~~

1 ~~(b) Upon the merger or share exchange taking effect, the surviving foreign~~
2 ~~corporation of a merger and the acquiring foreign corporation of a share~~
3 ~~exchange is deemed:~~

4 ~~(1) to appoint the secretary of state as its agent for service of process in~~
5 ~~a proceeding to enforce any obligation or the rights of dissenting shareholders~~
6 ~~of each domestic corporation party to the merger or share exchange; and~~

7 ~~(2) to agree that it will promptly pay to the dissenting shareholders of~~
8 ~~each domestic corporation party to the merger or share exchange the amount, if~~
9 ~~any, to which they are entitled under chapter 13 of this title.~~

10 ~~(e) This section does not limit the power of a foreign corporation to acquire~~
11 ~~all or part of the shares of one or more classes or series of a domestic~~
12 ~~corporation through a voluntary exchange or otherwise.~~

13 CHAPTER 11. CONVERSION, MERGER, SHARE EXCHANGE, AND

14 DOMESTICATION

15 § 11.01. DEFINITIONS

16 In this chapter:

17 (1) “Constituent corporation” means a constituent organization that is a
18 corporation.

19 (2) “Constituent organization” means an organization that is a party to a
20 conversion, merger, share exchange, or domestication pursuant to this chapter.

1 (3) “Conversion” means a transaction authorized by sections 11.02
2 through 11.07 of this title.

3 (4) “Converted organization” means the converting organization as it
4 continues in existence after a conversion.

5 (5) “Converting organization” means the domestic organization that
6 approves a plan of conversion pursuant to section 11.04 of this title or the
7 foreign organization that approves a conversion pursuant to the law of its
8 jurisdiction of formation.

9 (6) “Domestic organization” means an organization whose internal
10 affairs are governed by the law of this State.

11 (7) “Domesticated corporation” means the corporation that exists after a
12 domesticating corporation effects a domestication pursuant to sections 11.13
13 through 11.16 of this title.

14 (8) “Domesticating corporation” means the corporation that effects a
15 domestication pursuant to sections 11.13 through 11.16 of this title.

16 (9) “Domestication” means a transaction authorized by sections 11.13
17 through 11.16 of this title.

18 (10) “Governing statute” means the statute that governs an
19 organization’s internal affairs.

20 (11) “Interest holder” means:

21 (A) a shareholder of a business corporation;

1 (B) a member of a nonprofit corporation;

2 (C) a general partner of a general partnership, including a limited
3 liability partnership;

4 (D) a general partner of a limited partnership, including a limited
5 liability partnership;

6 (E) a limited partner of a limited partnership, including a limited
7 liability partnership;

8 (F) a member of a limited liability company;

9 (G) a shareholder of a general cooperative association;

10 (H) a member of a limited cooperative association or mutual benefit
11 enterprise;

12 (I) a member of an unincorporated nonprofit association;

13 (J) a beneficiary or beneficial owner of a statutory trust, business
14 trust, or common-law business trust; or

15 (K) any other direct holder of an interest.

16 (12) “Merger” means a merger authorized by sections 11.08 through
17 11.12 of this title.

18 (13) “Organization”:

19 (A) means any of the following, whether a domestic or foreign
20 organization, and regardless of whether organized for profit:

21 (i) a business corporation;

- 1 (ii) a nonprofit corporation;
- 2 (iii) a general partnership, including a limited liability partnership;
- 3 (iv) a limited partnership, including a limited liability limited
4 partnership;
- 5 (v) a limited liability company;
- 6 (vi) a general cooperative association;
- 7 (vii) a limited cooperative association or mutual benefit enterprise;
- 8 (viii) an unincorporated nonprofit association;
- 9 (ix) a statutory trust, business trust, or common-law business
10 trust; or
- 11 (x) any other person that has:
- 12 (I) a legal existence separate from any interest holder of that
13 person; or
- 14 (II) the power to acquire an interest in real property in its own
15 name; and
- 16 (B) does not include:
- 17 (i) an individual;
- 18 (ii) a trust with a predominantly donative purpose or a charitable
19 trust;
- 20 (iii) an association or relationship that is not an organization listed
21 in subdivision (A) of this subdivision (13) and is not a partnership under

1 11 V.S.A. chapter 22 or 23, or a similar provision of law of another
2 jurisdiction;

3 (iv) a decedent’s estate; or

4 (v) a government or a governmental subdivision, agency, or
5 instrumentality.

6 (14) “Organizational documents” means the organizational documents
7 for a domestic or foreign organization that create the organization, govern the
8 internal affairs of the organization, and govern relations between or among its
9 interest holders, including:

10 (A) for a domestic or foreign general partnership, its statement of
11 partnership authority and partnership agreement;

12 (B) for a limited liability partnership, its statement of qualification
13 and partnership agreement;

14 (C) for a limited partnership or foreign limited partnership, its
15 certificate of limited partnership and partnership agreement;

16 (D) for a domestic or foreign limited liability company, its certificate
17 or articles of organization and operating agreement, or comparable records as
18 provided in its governing statute;

19 (E) for a business trust, its agreement of trust and declaration of trust;

20 (F) for a domestic or foreign business corporation, its certificate or
21 articles of incorporation, bylaws, and other agreements among its shareholders

1 which are authorized by its governing statute, or comparable records as
2 provided in its governing statute; and

3 (G) for any other organization, the basic records that create the
4 organization and determine its internal governance and the relations among the
5 persons that own it, have an interest in it, or are members of it.

6 (15) “Personal liability” means:

7 (A) liability for a debt, obligation, or other liability of an organization
8 which is imposed on a person:

9 (i) by the governing statute solely by reason of the person
10 co-owning, having an interest in, or being a member of the organization; or

11 (ii) by the organization’s organizational documents under a
12 provision of the governing statute authorizing those documents to make one or
13 more specified persons liable for all or specified debts, obligations, or other
14 liabilities of the organization solely by reason of the person or persons
15 co-owning, having an interest in, or being a member of the organization; or

16 (B) an obligation of an interest holder under the organizational
17 documents of an organization to contribute to the organization.

18 (16) “Private organizational documents” means organizational
19 documents or portions thereof for a domestic or foreign organization that are
20 not part of the organization’s public record, if any, and includes:

21 (A) the bylaws of a business corporation;

1 (B) the bylaws of a nonprofit corporation;

2 (C) the partnership agreement of a general partnership **or limited**
3 **liability partnership;**

4 (D) the partnership agreement of a limited partnership **or limited**
5 **liability limited partnership;**

6 (E) the operating agreement of a limited liability company;

7 (F) the bylaws of a general cooperative association;

8 (G) the bylaws of a limited cooperative association or mutual benefit
9 enterprise;

10 (H) the governing principles of an unincorporated nonprofit
11 association; and

12 (I) the trust instrument of a statutory trust or similar rules of a
13 business trust or common-law business trust.

14 (17) “Protected agreement” means:

15 (A) a record evidencing indebtedness and any related agreement in
16 effect on July 1, 2017;

17 (B) an agreement that is binding on an organization on July 1, 2017;

18 (C) the organizational documents of an organization in effect on
19 July 1, 2017; or

20 (D) an agreement that is binding on any of the partners, directors,
21 managers, or interest holders of an organization on July 1, 2017.

1 (18) “Public organizational documents” means the record of
2 organizational documents required to be filed with the Secretary of State to
3 form an organization, and any amendment to or restatement of that record, and
4 includes:

5 (A) the articles of incorporation of a business corporation;

6 (B) the articles of incorporation of a nonprofit corporation;

7 (C) the statement of partnership authority of a general partnership;

8 (D) the statement of qualification of a limited liability partnership;

9 (E) the certificate of limited partnership of a limited partnership;

10 (F) the **articles** of organization of a limited liability company;

11 (G) the articles of incorporation of a general cooperative association;

12 (H) the articles of organization of a limited cooperative association or
13 mutual benefit enterprise; and

14 (I) the certificate of trust of a statutory trust or similar record of a
15 business trust.

16 (19) “Record,” used as a noun, means information that is inscribed on a
17 tangible medium or that is stored in an electronic or other medium and is
18 retrievable in perceivable form.

19 (20) “Share exchange” means a share exchange authorized by sections
20 11.08 through 11.12 of this title.

1 (21) “Surviving organization” means an organization into which one or
2 more other organizations are merged whether the organization preexisted the
3 merger or was created by the merger.

4 § 11.02. CONVERSION AUTHORIZED

5 (a) By complying with sections 11.03 through 11.06 of this title, a domestic
6 corporation may become a domestic organization that is a different type of
7 organization.

8 (b) By complying with sections 11.03 through 11.06 of this title, a
9 domestic organization may become a domestic corporation.

10 (c) By complying with sections 11.03 through 11.06 of this title applicable
11 to foreign organizations, a foreign organization that is not a foreign corporation
12 may become a domestic corporation if the conversion is authorized by the law
13 of the foreign organization’s jurisdiction of formation.

14 (d) If a protected agreement contains a provision that applies to a merger of
15 a domestic corporation but does not refer to a conversion, the provision applies
16 to a conversion of the corporation as if the conversion were a merger until the
17 provision is amended after July 1, 2017.

18 § 11.03. PLAN OF CONVERSION

19 (a) A domestic corporation may convert to a different type of organization
20 under section 11.02 of this title by approving a plan of conversion, and a
21 domestic organization, other than a corporation, may convert into a domestic

1 corporation by approving a plan of conversion. The plan shall be in a record
2 and shall contain:

3 (1) the name of the converting corporation or organization;

4 (2) the name, jurisdiction of formation, and type of organization of the
5 converted organization;

6 (3) the manner and basis for converting an interest holder's interest in
7 the converting organization into any combination of an interest in the
8 converted organization and other consideration;

9 (4) the proposed public organizational documents of the converted
10 organization if it will be an organization with public organizational documents
11 filed with the Secretary of State;

12 (5) the full text of the private organizational documents of the converted
13 organization that are proposed to be in a record;

14 (6) the other terms and conditions of the conversion; and

15 (7) any other provision required by the law of this State or the
16 organizational documents of the converting corporation.

17 (b) A domestic organization, other than a corporation, may convert into a
18 domestic corporation by approving a plan of conversion that includes the
19 manner and basis for converting an interest holder's interest in the converting
20 organization into any combination of an interest in the converted organization
21 and other consideration.

1 (e)–A plan of conversion may contain any other provision not prohibited
2 by law.

3 § 11.04. APPROVAL OF CONVERSION

4 Subject to section 11.17 of this title and any contractual rights, a converting
5 organization shall approve a plan of conversion as follows:

6 (1) a domestic corporation shall approve a plan of conversion in
7 accordance with the procedures for approving a merger under section 11.10 of
8 this title;

9 (2) any other organization shall approve a plan of conversion in
10 accordance with its governing statute and its organizational documents;
11 provided:

12 (A) if its organizational documents do not address the manner for
13 approving a conversion, then a plan of conversion shall be approved by the
14 same vote required under the organizational documents for a merger; and

15 (B) if its organizational documents do not provide for approval of a
16 merger, then by the approval of the number or percentage of interest holders
17 required to approve a merger under the governing statute.

18 § 11.05. AMENDMENT OR ABANDONMENT OF PLAN OF
19 CONVERSION

20 (a) A domestic corporation may amend a plan of conversion:

1 (1) in the same manner the corporation approved the plan, if the plan
2 does not specify how to amend the plan; or

3 (2) by its directors and shareholders as provided in the plan, but a
4 shareholder who was entitled to vote on or consent to approval of the
5 conversion is entitled to vote on or consent to an amendment of the plan that
6 will change:

7 (A) the amount or kind of consideration the shareholder may receive
8 under the plan;

9 (B) the public organizational documents, if any, or private
10 organizational documents of the converted organization in effect after the
11 conversion, except for a change that the interest holders of the converted
12 organization are not required to approve under its governing statute or
13 organizational documents; or

14 (C) other terms or conditions of the plan if the change would
15 adversely affect the shareholder in any material respect.

16 (b) A domestic general or limited partnership may amend a plan of
17 conversion:

18 (1) in the same manner the partnership approved the plan, if the plan
19 does not specify how to amend the plan; or

1 (2) by the partners as provided in the plan, but a partner who was
2 entitled to vote on or consent to approval of the conversion is entitled to vote
3 on or consent to an amendment of the plan that will change:

4 (A) the amount or kind of consideration the partner may receive
5 under the plan;

6 (B) the public organizational documents, if any, or private
7 organizational documents of the converted organization in effect after the
8 conversion, except for a change that the interest holders of the converted
9 organization are not required to approve under its governing statute or
10 organizational documents; or

11 (C) other terms or conditions of the plan if the change would
12 adversely affect the partner in any material respect.

13 (c) A domestic limited liability company may amend a plan of conversion:

14 (1) in the same manner the company approved the plan, if the plan does
15 not specify how to amend the plan; or

16 (2) by the managers or members as provided in the plan, but a member
17 who was entitled to vote on or consent to approval of the conversion is entitled
18 to vote on or consent to an amendment of the plan that will change:

19 (A) the amount or kind of consideration the member may receive
20 under the plan;

1 (B) the public organizational documents, if any, or private
2 organizational documents of the converted organization in effect after the
3 conversion, except for a change that the interest holders of the converted
4 organization are not required to approve under its governing statute or
5 organizational documents; or

6 (C) other terms or conditions of the plan if the change would
7 adversely affect the member in any material respect.

8 (d)(1) After a domestic converting organization approves a plan of
9 conversion, and before a statement of conversion takes effect, the organization
10 may abandon the conversion as provided in the plan.

11 (2) Unless prohibited by the plan, the organization may abandon the
12 plan in the same manner it approved the plan.

13 (e)(1) A domestic converting organization that abandons a plan of
14 conversion pursuant to subsection (d) of this section shall deliver a signed
15 statement of abandonment to the Secretary of State for filing before the
16 statement of conversion takes effect.

17 (2) The statement of abandonment shall contain:

18 (A) the name of the converting organization;

19 (B) the date the Secretary of State filed the statement of
20 conversion; and

1 (C) a statement that the converting organization has abandoned the
2 conversion pursuant to this section.

3 (3) A statement of abandonment takes effect, on filing, and on filing the
4 conversion is abandoned and does not take effect.

5 § 11.06. STATEMENT OF CONVERSION; EFFECTIVE DATE OF
6 CONVERSION

7 (a) A converting organization shall sign a statement of conversion and
8 deliver it to the Secretary of State for filing.

9 (b) A statement of conversion shall contain:

10 (1) the name, jurisdiction of formation, and type of organization prior to
11 the conversion;

12 (2) the name, jurisdiction of formation, and type of organization
13 following the conversion;

14 (3) if the converting organization is a domestic organization, a statement
15 that the organization approved the plan of conversion in accordance with the
16 provisions of this chapter, or, if the converting organization is a foreign
17 organization, a statement that the organization approved the conversion in
18 accordance with its governing statute; and

19 (4) the public organizational documents of the converted organization.

20 (c) A statement of conversion may contain any other provision not
21 prohibited by law.

1 (d) If the converted organization is a domestic organization, its public
2 organizational documents, if any, shall comply with the law of this State.

3 ~~(e)(1) In lieu of a statement of conversion, a domestic converting~~
4 ~~corporation may deliver to the Secretary of State for filing a signed plan of~~
5 ~~conversion that complies with subsection (b) of this section.~~

6 ~~(2) If a corporation files a plan of conversion pursuant to subdivision (1)~~
7 ~~of this subsection, a reference in this chapter to a statement of conversion~~
8 ~~refers to the plan of conversion.~~

9 (e)(1) If a converted organization is a domestic corporation, its conversion
10 takes effect when the statement of conversion takes effect.

11 (2) If a converted organization is not a domestic corporation, its
12 conversion takes effect on the later of:

13 (A) the date and time provided by its governing statute; or

14 (B) when the statement of conversion takes effect.

15 § 11.07. EFFECT OF CONVERSION

16 (a) When a conversion takes effect:

17 (1) The converted organization is:

18 (A) organized under and subject to the governing statute of the
19 converted organization; and

20 (B) the same organization continuing without interruption as the
21 converting organization.

1 (2) The property of the converting organization continues to be vested in
2 the converted organization without transfer, assignment, reversion, or
3 impairment.

4 (3) The debts, obligations, and other liabilities of the converting
5 organization continue as debts, obligations, and other liabilities of the
6 converted organization.

7 (4) Except as otherwise provided by law or the plan of conversion, the
8 rights, privileges, immunities, powers, and purposes of the converting
9 organization remain in the converted organization.

10 (5) A court or other authority may substitute the name of the converted
11 organization for the name of the converting organization in any pending action
12 or proceeding.

13 (6) The public organizational documents of the converted organization
14 takes effect.

15 (7) The provisions of the organizational documents of the converted
16 organization that are required to be in a record, if any, that were approved as
17 part of the plan of conversion take effect.

18 (8) The interests in the converting organization are converted, and the
19 interest holders of the converting organization are entitled only to the rights
20 provided to them under the plan of conversion.

1 (b) Except as otherwise provided in the organizational documents of a
2 domestic converting organization, a conversion does not give rise to any rights
3 that a shareholder, member, partner, limited partner, director, or third party
4 would have upon a dissolution, liquidation, or winding up of the converting
5 organization.

6 (c) When a conversion takes effect, a person who did not have personal
7 liability with respect to the converting organization and becomes subject to
8 personal liability with respect to the converted organization as a result of the
9 conversion has personal liability only to the extent provided by the governing
10 statute of the converted organization and only for those debts, obligations, and
11 other liabilities that the converted organization incurs after the conversion.

12 (d) When a conversion takes effect, a person who had personal liability for
13 a debt, obligation, or other liability of the converting organization but who
14 does not have personal liability with respect to the converted organization is
15 subject to the following rules:

16 (1) The conversion does not discharge any personal liability under this
17 title to the extent the personal liability was incurred before the conversion took
18 effect.

19 (2) The person does not have personal liability under this title for any
20 debt, obligation, or other liability that arises after the conversion takes effect.

1 (3) This title continues to apply to the release, collection, or discharge of
2 any personal liability preserved under subdivision (1) of this subsection as if
3 the conversion had not occurred.

4 (4) The person has the rights of contribution from another person that
5 are provided by this title, law other than this title, or the organizational
6 documents of the converting organization with respect to any personal liability
7 preserved under subdivision (1) of this subsection as if the conversion had not
8 occurred.

9 (e) When a conversion takes effect, a person may serve a foreign
10 organization that is the converted organization with process in this State for the
11 collection and enforcement of any of its debts, obligations, and other liabilities
12 as provided in section 5.04 of this title.

13 (f) If the converting organization is a registered foreign organization, its
14 registration to do business in this State is canceled when the conversion takes
15 effect.

16 (g) A conversion does not require an organization to wind up its affairs and
17 does not constitute or cause the dissolution of the organization.

18 § 11.08. MERGER AUTHORIZED; PLAN OF MERGER

19 (a) A corporation organized pursuant to this title may merge with one or
20 more other constituent organizations pursuant to this section and sections 11.09
21 through 11.12 of this title and a plan of merger if:

1 (1) the governing statute of each of the other constituent organizations
2 authorizes the merger;

3 (2) the merger is not prohibited by the law of a jurisdiction that enacted
4 any of the governing statutes; and

5 (3) each of the other constituent organizations complies with its
6 governing statute in effecting the merger.

7 (b) A plan of merger shall be in a record and shall include:

8 (1) the name and type of each constituent organization;

9 (2) the name and type of the surviving constituent organization and, if
10 the surviving constituent organization is created by the merger, a statement to
11 that effect;

12 (3) the terms and conditions of the merger, including the manner and
13 basis for converting an interest holder's interest in each constituent
14 organization into any combination of an interest in the surviving organization
15 and other consideration;

16 (4) if the merger creates the surviving constituent organization, the
17 surviving constituent organization's organizational documents that are
18 proposed to be in a record; and

19 (5) if the merger does not create the surviving constituent organization,
20 any amendments to the surviving constituent organization's organizational
21 documents that are, or are proposed to be, in a record.

1 § 11.09. SHARE EXCHANGE AUTHORIZED; PLAN OF SHARE

2 EXCHANGE

3 (a) A corporation may acquire all of the outstanding shares of one or more
4 classes or series of another corporation if the board of directors of each
5 corporation adopts, and its shareholders, if required under section 11.10 of this
6 title, approve a plan of share exchange.

7 (b) The plan of share exchange shall be in a record and shall include:

8 (1) the name of the corporation whose shares will be acquired and the
9 name of the acquiring corporation; and

10 (2) the terms and conditions of the share exchange; including the
11 manner and basis of exchanging the shares to be acquired in exchange for
12 shares of the acquiring corporation or other consideration.

13 (c) The plan of share exchange may contain any other provision not
14 prohibited by law.

15 § 11.10. APPROVAL OF PLAN OF MERGER OR SHARE EXCHANGE

16 ~~(a) Subject to section 11.17 of this title, a constituent corporation shall~~
17 ~~approve a plan of merger or share exchange:~~

18 ~~(1) in accordance with its organizational documents and governing~~
19 ~~statute; or~~

1 ~~(2) if its organizational documents do not address the manner for~~
2 ~~approving a merger or share exchange, by vote or consent of all the~~
3 ~~shareholders of the corporation entitled to vote on or consent to any matter.~~

4 (a) Subject to section 11.17 of this title and any contractual rights, a
5 constituent organization shall approve a plan of merger or share exchange as
6 follows:

7 (1) if the constituent organization is a corporation:

8 (A) the board of directors must recommend the plan of merger or
9 share exchange to the shareholders, unless the board of directors determines
10 that because of conflict of interest or other special circumstances it should
11 make no recommendation and communicates the basis for its determination to
12 the shareholders with the plan; and

13 (B) the shareholders entitled to vote must approve the plan; and

14 (2) if the constituent organization is not a corporation, the plan of
15 merger or share exchange shall be approved in accordance with the
16 organization's governing statute and organizational documents.

17 (b) The board of directors of a constituent corporation may condition its
18 submission of the proposed merger or share exchange on any basis.

19 (c) For a constituent organization that is a domestic corporation:

1 (1)(A) The constituent organization shall notify each shareholder,
2 whether or not entitled to vote, of the proposed shareholders' meeting in
3 accordance with section 7.05 of this title.

4 (B) The notice shall also state that the purpose, or one of the
5 purposes, of the meeting is to consider the plan of merger or share exchange
6 and contain or be accompanied by a copy or summary of the plan.

7 (2) Unless this title, the articles of incorporation, or the board of
8 directors acting pursuant to subsection (b) of this section, require a greater vote
9 or a vote by voting groups, the plan of merger or share exchange must be
10 approved by each voting group entitled to vote separately on the plan by a
11 majority of all the votes entitled to be cast on the plan by that voting group.

12 (3) Separate voting by voting groups is required:

13 (A) on a plan of merger if the plan contains a provision that, if
14 contained in a proposed amendment to articles of incorporation, would require
15 action by one or more separate voting groups on the proposed amendment
16 under section 10.04 of this title; and

17 (B) on a plan of share exchange by each class or series of shares
18 included in the exchange, with each class or series constituting a separate
19 voting group.

20 (4) Action by the shareholders of the surviving corporation on a plan of
21 merger is not required if:

1 (A) the articles of incorporation of the surviving corporation will not
2 differ, except for amendments enumerated in section 10.02 of this title, from its
3 articles before the merger;

4 (B) each shareholder of the surviving corporation whose shares were
5 outstanding immediately before the effective date of the merger will hold the
6 same number of shares, with identical designations, preferences, limitations,
7 and relative rights, immediately after;

8 (C) the number of voting shares outstanding immediately after the
9 merger, plus the number of voting shares issuable as a result of the merger,
10 either by the conversion of securities issued pursuant to the merger or the
11 exercise of rights and warrants issued pursuant to the merger, will not exceed
12 by more than 20 percent the total number of voting shares of the surviving
13 corporation outstanding immediately before the merger; and

14 (D) the number of participating shares outstanding immediately after
15 the merger, plus the number of participating shares issuable as a result of the
16 merger, either by the conversion of securities issued pursuant to the merger or
17 the exercise of rights and warrants issued pursuant to the merger, will not
18 exceed by more than 20 percent the total number of participating shares
19 outstanding immediately before the merger.

20 (5) As used in this subsection:

1 (A) “Participating shares” mean shares that entitle their holders to
2 participate without limitation in distributions.

3 (B) “Voting shares” mean shares that entitle their holders to vote
4 unconditionally in elections of directors.

5 (b)(d) Subject to section 11.17 of this title and any contractual rights, after
6 a constituent organization approves a merger or share exchange, and before the
7 organization delivers articles of merger or share exchange to the Secretary of
8 State for filing, a constituent organization may amend the plan or abandon the
9 merger or share exchange:

10 (1) as provided in the plan; or

11 (2) except as otherwise prohibited in the plan, in the same manner it
12 approved the plan.

13 § 11.11. FILING REQUIRED FOR MERGER OR SHARE EXCHANGE;

14 EFFECTIVE DATE

15 (a) After each constituent organization approves a merger or share
16 exchange, a person with appropriate authority shall sign articles of merger or
17 share exchange on behalf of:

18 (1) each constituent corporation; and

19 (2) each other constituent organization as required by its governing
20 statute.

1 (b) Articles of merger under this section shall be in a record and shall
2 include:

3 (1) the name and type of each constituent organization and the
4 jurisdiction of its governing statute;

5 (2) the name and type of the surviving constituent organization, the
6 jurisdiction of its governing statute, and, if the merger creates the surviving
7 constituent organization, a statement to that effect;

8 (3) the date the merger takes effect under the governing statute of the
9 surviving constituent organization;

10 (4) if the merger creates the surviving constituent organization, its
11 public organizational documents;

12 (5) if the surviving constituent organization preexists the merger, any
13 amendments to its public organizational documents;

14 (6) a statement on behalf of each constituent organization that it
15 approved the merger as required by its governing statute;

16 (7) if the surviving constituent organization is a foreign constituent
17 organization not authorized to transact business in this State, the street and
18 mailing addresses of an office that the Secretary of State may use for service of
19 process pursuant to subsection 5.04(b) of this title; and

20 (8) any additional information the governing statute of a constituent
21 organization requires.

1 (c) A merger takes effect under this chapter:

2 (1) if the surviving constituent organization is a corporation, upon the
3 later of:

4 (A) compliance with subsection (f) of this section; or

5 (B) subject to section 1.23 of this title, as specified in the articles of
6 merger; or

7 (2) if the surviving constituent organization is not a corporation, as
8 provided by the governing statute of the surviving constituent organization.

9 (d) Articles of share exchange under this section shall be in a record and
10 shall include:

11 (1) the name and type of each constituent organization and the
12 jurisdiction of its governing statute;

13 (2) the date the share exchange takes effect under the governing statute
14 of each of the constituent organizations;

15 (3) a statement on behalf of each constituent organization that it
16 approved the share exchange as required by its governing statute;

17 (4) if either constituent organization is a foreign organization not
18 authorized to transact business in this State, the street and mailing addresses of
19 an office that the Secretary of State may use for service of process pursuant to
20 subsection 5.04(b) of this title; and

1 (5) any additional information the governing statute of a constituent
2 organization requires.

3 (e) A share exchange takes effect under this chapter upon the later of:

4 (1) compliance with subsection (f) of this section; or

5 (2) subject to section 1.23 of this title, as specified in the articles of share
6 exchange.

7 (f) Each constituent organization shall deliver the articles of merger or
8 share exchange for filing in the Office of the Secretary of State.

9 § 11.12. EFFECT OF MERGER OR SHARE EXCHANGE

10 (a) When a merger takes effect:

11 (1) the surviving constituent organization continues or comes into
12 existence;

13 (2) each constituent organization that merges into the surviving
14 constituent organization ceases to exist as a separate entity;

15 (3) the property of each constituent organization that ceases to exist
16 vests in the surviving constituent organization without transfer, assignment,
17 reversion, or impairment;

18 (4) the debts, obligations, and other liabilities of each constituent
19 organization that ceases to exist continue as debts, obligations, and other
20 liabilities of the surviving constituent organization;

1 (5) an action or proceeding pending by or against a constituent
2 organization that ceases to exist continues as if the merger did not occur;

3 (6) except as prohibited by other law, the rights, privileges, immunities,
4 powers, and purposes of each constituent organization that ceases to exist vest
5 in the surviving constituent organization;

6 (7) except as otherwise provided in the plan of merger, the terms and
7 conditions of the plan of merger take effect;

8 (8) except as otherwise agreed, if a constituent corporation ceases to
9 exist, the merger does not dissolve the corporation for the purposes of chapter
10 14 of this title;

11 (9) if the merger creates the surviving constituent organization, its
12 public organizational documents take effect; and

13 (10) if the surviving constituent organization preexists the merger, any
14 amendments to its public organizational documents take effect.

15 (b)(1) A surviving constituent organization that is a foreign organization
16 consents to the jurisdiction of the courts of this State to enforce a debt,
17 obligation, or other liability the constituent organization owes, if before the
18 merger the constituent organization was subject to suit in this State on the debt,
19 obligation, or other liability.

20 (2) A surviving constituent organization that is a foreign organization
21 and not authorized to transact business in this State appoints the Secretary of

1 State as its agent for service of process for the purposes of enforcing a debt,
2 obligation, or other liability under this subsection.

3 (3) A person shall serve the Secretary of State under this subsection in
4 the same manner, and the service has the same consequences, as in section
5 5.04 of this title.

6 (c) When a share exchange takes effect:

7 (1) the shares of each acquired constituent organization are exchanged
8 as provided in the plan of share exchange; and

9 (2) the former holders of the shares are entitled only to the exchange
10 rights provided in the articles of share exchange or to their rights under chapter
11 13 of this title.

12 § 11.13. DOMESTICATION AUTHORIZED

13 (a) A foreign corporation may become a domestic corporation pursuant to
14 this section and sections 11.14 through 11.17 of this title and a plan of
15 domestication if:

16 (1) the foreign corporation's governing statute and its organizational
17 documents permit the domestication; and

18 (2) the foreign corporation complies with its governing statute and
19 organizational documents.

1 (b) A domestic corporation may become a foreign corporation pursuant to
2 this section and sections 11.14 through 11.17 of this title and a plan of
3 domestication if:

4 (1) its organizational documents permit the domestication; and

5 (2) the corporation complies with this section and sections 11.14
6 through 11.17 of this title and its organizational documents.

7 (c) A plan of domestication shall be in a record and shall include:

8 (1) the name of the domesticating corporation before domestication and
9 the jurisdiction of its governing statute;

10 (2) the name of the domesticated corporation after domestication and the
11 jurisdiction of its governing statute;

12 (3) the terms and conditions of the domestication, including the manner
13 and basis for converting an interest holder's interest in the domesticating
14 organization into any combination of an interest in the domesticated
15 organization and other consideration; and

16 (4) the organizational documents of the domesticated corporation that
17 are, or are proposed to be, in a record.

18 § 11.14. ACTION ON PLAN OF DOMESTICATION

19 (a) A domesticating corporation shall approve a plan of domestication as
20 follows:

1 (1) if the domesticating corporation is a domestic corporation, in
2 accordance with this chapter and the corporation’s organizational documents;
3 provided that:

4 (A) if its organizational documents do not specify the vote needed to
5 approve domestication, then by the same vote required for a merger under its
6 organizational documents; or

7 (B) if its organizational documents do not specify the vote required
8 for a merger, then by the number or percentage of shareholders required to
9 approve a merger under this chapter;

10 (2) if the domesticating corporation is a foreign corporation, as provided
11 in its organizational documents and governing statute.

12 (b) Subject to any contractual rights, after a domesticating corporation
13 approves a domestication and before it delivers articles of domestication to the
14 Secretary of State for filing, the domesticating corporation may amend the plan
15 or abandon the domestication:

16 (1) as provided in the plan; or

17 (2) except as otherwise prohibited by the plan, in the same manner it
18 approved the plan.

19 § 11.15. FILING REQUIRED FOR DOMESTICATION; EFFECTIVE DATE

20 (a) A domesticating corporation that approves a plan of domestication shall
21 deliver to the Secretary of State for filing articles of domestication that include:

1 (1) a statement, as the case may be, that the corporation was
2 domesticated from or into another jurisdiction;

3 (2) the name of the corporation and the jurisdiction of its governing
4 statute prior to the domestication;

5 (3) the name of the corporation and the jurisdiction of its governing
6 statute following domestication;

7 (4) the date the domestication takes effect under the governing statute of
8 the domesticated company; and

9 (5) a statement that the corporation approved the domestication as
10 required by the governing statute of the jurisdiction to which it is
11 domesticating;

12 (b) When a domesticating corporation delivers articles of domestication to
13 the Secretary of State pursuant to subsection (a) of this section it shall include:

14 (1) if the domesticating corporation will be a domestic corporation,
15 articles of incorporation pursuant to section 2.02 of this title;

16 (2) if the domesticating corporation will be a foreign corporation
17 authorized to transact business in this State, an application for a certificate of
18 authority pursuant to section 15.03 of this title; or

19 (3) if the domesticating corporation will be a foreign corporation that is
20 not authorized to transact business in this State, the street and mailing

1 addresses of an office that the Secretary of State may use for service of process
2 pursuant to subsection 5.04(b) of this title.

3 (c) A domestication takes effect:

4 (1) when the articles of ~~incorporation~~ domestication of the
5 domesticating corporation take effect, if the corporation is domesticating to
6 this State; and

7 (2) according to the governing statute of jurisdiction to which the
8 corporation is domesticating.

9 § 11.16. EFFECT OF DOMESTICATION

10 (a) When a domestication takes effect:

11 (1) The domesticated corporation is for all purposes the corporation that
12 existed before the domestication.

13 (2) The property owned by the domesticating corporation remains
14 vested in the domesticated corporation.

15 (3) The debts, obligations, and other liabilities of the domesticating
16 corporation continue as debts, obligations, and other liabilities of the
17 domesticated corporation.

18 (4) An action or proceeding pending by or against a domesticating
19 corporation continues as if the domestication has not occurred.

1 (5) Except as prohibited by other law, the rights, privileges, immunities,
2 powers, and purposes of the domesticating corporation remain vested in the
3 domesticated corporation.

4 (6) Except as otherwise provided in the plan of domestication, the terms
5 and conditions of the plan of domestication take effect.

6 (7) Except as otherwise agreed, the domestication does not dissolve a
7 domesticating corporation for the purposes of this chapter 11.

8 (b)(1) A domesticated corporation that was a foreign corporation consents
9 to the jurisdiction of the courts of this State to enforce a debt, obligation, or
10 other liability the domesticating corporation owes, if, before the domestication,
11 the domesticating corporation was subject to suit in this State on the debt,
12 obligation, or other liability.

13 (2) A domesticated corporation that was a foreign corporation and not
14 authorized to transact business in this State appoints the Secretary of State as
15 its agent for service of process for purposes of enforcing a debt, obligation, or
16 other liability under this subsection.

17 (3) A person shall serve the Secretary of State under this subsection in
18 the same manner, and the service has the same consequences, as in section
19 5.04 of this title.

1 (c) A corporation that domesticates in a foreign jurisdiction shall deliver to
2 the Secretary of State for filing a statement surrendering the corporation's
3 certificate of organization that includes:

4 (1) the name of the corporation;

5 (2) a statement that the articles of incorporation are surrendered in
6 connection with the domestication of the company in a foreign jurisdiction;

7 (3) a statement that the corporation approved the domestication as
8 required by this title; and

9 (4) the name of the relevant foreign jurisdiction.

10 § 11.17. RESTRICTION ON APPROVAL OF CONVERSION, MERGER,
11 AND DOMESTICATION

12 (a) An approval or amendment of a plan of conversion, plan of merger, or
13 plan of domestication under this chapter is ineffective without the approval of
14 each interest holder of a surviving constituent who will have personal liability
15 for a debt, obligation, or other liability of the organization, unless:

16 (1) a provision of the organization's organizational documents provides
17 in a record that some or all of its interest holders may be subject to personal
18 liability by a vote or consent of fewer than all of the interest holders; and

19 (2)(A) the interest holder voted for or consented in a record to the
20 provision referenced in subdivision (1)(A) of this subsection; or

1 (B) the interest holder became an interest holder after the
2 organization adopted the provision referenced in subdivision (1)(A) of this
3 subsection.

4 (b) An interest holder does not provide consent as required in subdivision
5 (a)(2)(A) of this section merely by consenting to a provision of the
6 organizational documents that permits the organization to amend the
7 organizational documents with the approval of fewer than all of the interest
8 holders.

9 § 11.18. CHAPTER NOT EXCLUSIVE

10 (a) This chapter does not preclude an organization from being converted,
11 merged, or domesticated under law other than this title.

12 (b) This chapter does not limit the power of a corporation to acquire all or
13 part of the shares of one or more classes or series of another corporation
14 through means other than those included in this chapter.

15 Sec. E.2. 11A V.S.A. § 13.02 is amended to read:

16 § 13.02. RIGHT TO DISSENT

17 (a) A shareholder is entitled to dissent from, and obtain payment of the fair
18 value of his or her shares in the event of, any of the following corporate
19 actions:

20 (1) Merger. Consummation of a plan of merger to which the corporation
21 is a party

1 (A) if shareholder approval is required for the merger by section
2 ~~11.03~~ 11.10 of this title or the articles of incorporation and the shareholder is
3 entitled to vote on the merger; or

4 (B) if the corporation is a subsidiary that is merged with its parent
5 under section ~~11.04~~ 11.08 of this title;

6 (2) Share exchange. Consummation of a plan of share exchange to which
7 the corporation is a party as the corporation whose shares will be acquired, if
8 the shareholder is entitled to vote on the plan;

9 (3) Conversion. Consummation of a plan of conversion pursuant to
10 section 11.03 of this title to which the corporation is a party unless the
11 shareholders of the corporation will have the same dissenters rights after
12 conversion to the converted organization as they hold before conversion.

13 (4) Domestication. Consummation of a plan of domestication pursuant
14 to section 11.14 of this title to which the corporation is a party unless the
15 shareholders of the corporation will have the same dissenters rights after
16 domestication to the domesticated organization as they hold before
17 domestication.

18 (5) Sale of assets. Consummation of a sale or exchange of all, or
19 substantially all, of the property of the corporation other than in the usual and
20 regular course of business, if the shareholder is entitled to vote on the sale or
21 exchange, including a sale in dissolution, but not including a sale pursuant to

1 court order or a sale for cash pursuant to a plan by which all or substantially all
2 of the net proceeds of the sale will be distributed to the shareholders within one
3 year after the date of sale;

4 ~~(4)~~ (6) Amendment to articles. An amendment of the articles of
5 incorporation that materially and adversely affects rights in respect of a
6 dissenter's shares because it:

7 (A) alters or abolishes a preferential right of the shares;

8 (B) creates, alters, or abolishes a right in respect of redemption,
9 including a provision respecting a sinking fund for the redemption or
10 repurchase, of the shares;

11 (C) alters or abolishes a preemptive right of the holder of the shares to
12 acquire shares or other securities;

13 (D) excludes or limits the right of the shares to vote on any matter, or
14 to cumulate votes, other than a limitation by dilution through issuance of
15 shares or other securities with similar voting rights; or

16 (E) reduces the number of shares owned by the shareholder to a
17 fraction of a share if the fractional share so created is to be acquired for cash
18 under section 6.04 of this title; or

19 ~~(5)~~ (7) Market exception. Any corporate action taken pursuant to a
20 shareholder vote to the extent the articles of incorporation, bylaws, or a

1 resolution of the board of directors provides that voting or nonvoting
2 shareholders are entitled to dissent and obtain payment for their shares.

3 (b) A shareholder entitled to dissent and obtain payment for his or her
4 shares under this chapter may not challenge the corporate action creating his or
5 her entitlement unless the action is unlawful or fraudulent with respect to the
6 shareholder or the corporation.

7 Sec. E.3. 11 V.S.A. chapter 25 is amended to read:

8 CHAPTER 25. LIMITED LIABILITY COMPANIES

9 * * *

10 § 4003. EFFECT OF OPERATING AGREEMENT; NONWAIVABLE
11 PROVISIONS

12 (a) Except as otherwise provided in subsection (b) of this section, an
13 operating agreement regulates the affairs of the company and the conduct of its
14 business and governs relations among the members, among the managers, and
15 among the members, managers, and the limited liability company. To the
16 extent the operating agreement does not otherwise provide, this chapter
17 regulates the affairs of the company, the conduct of its business, and governs
18 relations among the members, among the managers, and among members,
19 managers, and the limited liability company.

- 1 (b) An operating agreement may not:
- 2 (1) vary a limited liability company’s capacity under subsection 4011(e)
- 3 of this title to sue and be sued in its own name;
- 4 (2) except as provided in subchapter 8 of this chapter, vary the law
- 5 applicable under subsection 4011(g) of this title;
- 6 (3) vary the power of the court under section 4030 of this title;
- 7 (4) subject to subsections (c) through (f) of this section, eliminate or
- 8 restrict the duty of loyalty, the duty of care, or any other fiduciary duty;
- 9 (5) subject to subsections (c) through (f) of this section, eliminate or
- 10 restrict the contractual obligation of good faith and fair dealing under
- 11 subsection 4059(d) of this title;
- 12 (6) unreasonably restrict the duties and rights with respect to books,
- 13 records, and other information stated in section 4058 of this title, but the
- 14 operating agreement may impose reasonable restrictions on the availability and
- 15 use of information obtained under that section and may define appropriate
- 16 remedies, including liquidated damages, for a breach of any reasonable
- 17 restriction on use;
- 18 (7) vary the power of a court to decree dissolution in the circumstances
- 19 specified in subdivision 4101(a)(4) of this title;
- 20 (8) vary the requirement to wind up a limited liability company’s
- 21 business as specified in section ~~4102~~ 4101 of this title;

1 * * *

2 § 4141. DEFINITIONS

3 In this subchapter:

4 * * *

5 (3) “Conversion” means a transaction authorized by sections ~~by~~ 4142
6 through 4147 of this title.

7 * * *

8 (13) “Limited partnership” means a limited partnership created under
9 chapter ~~11~~ 23 of this title, a predecessor law, or comparable law of another
10 jurisdiction.

11 (17) “Partnership” means a general partnership under chapter ~~9~~ 22 of
12 this title, a predecessor law, or comparable law of another jurisdiction.

13 * * *

14 (21) “Protected agreement” means:

15 (A) ~~a record~~ an instrument or agreement evidencing indebtedness ~~and~~
16 ~~any related agreement~~ of an organization in effect ~~on the effective date set~~
17 ~~forth in section 4171 of this title~~ on July 1, 2016, or on the date the
18 organization elects to become subject to this chapter, whichever is earlier;

19 (B) an agreement that is binding on an organization ~~on the effective~~
20 ~~date set forth in section 4171 of this title~~ on July 1, 2016, or on the date the
21 organization elects to become subject to this chapter, whichever is earlier;

1 (C) the organizational documents of an organization in effect ~~on the~~
2 ~~effective date set forth in section 4171 of this title~~ on July 1, 2016, or on the
3 date the organization elects to become subject to this chapter, whichever is
4 earlier; or

5 (D) an agreement that is binding on any of the ~~governors~~ directors,
6 officers, general partners, managers or interest holders of an organization ~~on~~
7 ~~the effective date set forth in section 4171 of this title~~ on July 1, 2016, or on
8 the date the organization elects to become subject to this chapter, whichever is
9 earlier.

10 * * *

11 § 4142. CONVERSION AUTHORIZED

12 (a) By complying with sections ~~4142~~ 4143 through 4146 of this title, a
13 domestic limited liability company may become a domestic organization that is
14 a different type of organization.

15 (b) By complying with sections 4143 through 4146 of this title, a domestic
16 limited liability company may convert into a different type of foreign
17 organization if the conversion is authorized by the foreign statute that governs
18 the organization after conversion and the converting organization complies
19 with the statute.

1 (c) By complying with sections ~~4142~~ 4143 through 4146 of this title, a
2 domestic ~~partnership or limited partnership~~ organization may become a
3 domestic limited liability company.

4 (e) (d) By complying with sections ~~4142~~ 4143 through 4146 of this title
5 applicable to foreign organizations, a foreign organization that is not a foreign
6 limited liability company may become a domestic limited liability company if
7 the conversion is authorized by the law of the foreign organization's
8 jurisdiction of formation.

9 (e) (e) If a protected agreement contains a provision that applies to a
10 merger of a domestic limited liability company but does not refer to a
11 conversion, the provision applies to a conversion of the company as if the
12 conversion were a merger until the provision is amended ~~after the effective~~
13 ~~date set forth in section 4171 of this title~~ after July 1, 2016, or after the date the
14 organization elects to become subject to this chapter, whichever is earlier.

15 * * *

16 § 4149. ACTION ON PLAN OF MERGER BY CONSTITUENT LIMITED
17 LIABILITY COMPANY

18 (a) Subject to section 4156 of this title, a plan of merger shall be approved
19 in accordance with the organizational documents of the constituent limited
20 liability company, or, in the absence of a provision governing approval of

1 ~~conversions~~ a merger, by all the members of the limited liability company
2 entitled to vote on or consent to any matter.

3 (b) Subject to section 4156 of this title and any contractual rights, after a
4 merger is approved, and at any time before the articles of merger are delivered
5 to the Secretary of State for filing under section 4150 of this title, a constituent
6 limited liability company may amend the plan or abandon the merger:

7 (1) as provided in the plan; or

8 (2) except as otherwise prohibited in the plan, with the same consent as
9 was required to approve the plan.

10 * * *

11 Sec. E.4. 11 V.S.A. § 1623 is amended to read:

12 § 1623. REGISTRATION BY ~~CORPORATIONS AND LIMITED~~

13 ~~LIABILITY COMPANIES~~ BUSINESS ORGANIZATIONS

14 (a) A corporation or limited liability company business organization doing
15 business in this State under any name other than that of the corporation or
16 limited liability company business organization shall be subject to all the
17 provisions of this chapter; and shall file returns sworn to by some officer or
18 ~~member~~ director of ~~such~~ the corporation or mutual benefit enterprise, or by
19 some member or manager of ~~such~~ the limited liability company, or by some
20 partner of the partnership or limited partnership, setting forth:

1 and Resolves No. 179, Sec. C.108, as amended by 2015 Acts and Resolves No.
2 58, Sec. C.100, which ceased to exist on January 15, 2016.

3 (b) Membership.

4 (1) The Public Retirement Plan Study Committee shall be composed of
5 seven **eight** members as follows:

6 (A) the State Treasurer or designee;

7 (B) the Commissioner of Labor or designee;

8 (C) the Commissioner of Disabilities, Aging, and Independent Living
9 or designee;

10 (D) an individual with private sector experience in the area of
11 providing retirement products and financial services to small businesses, to be
12 appointed by the Speaker;

13 (E) an individual with experience or expertise in the area of the
14 financial needs of an aging population, to be appointed by the Committee
15 on Committees;

16 (F) an individual with experience or expertise in the area of the
17 financial needs of Vermont youth or young working adults, to be appointed by
18 the Treasurer;

19 (G) a representative of employers, to be appointed by the
20 Speaker; and

1 (H) a representative of employees who currently lack access to
2 employer-sponsored retirement plans, to be appointed by the Committee
3 on Committees.

4 (2) Unless another appointee is specified pursuant to the authority
5 granted under subdivision (1) of this subsection, the members of the Public
6 Retirement Plan Study Committee created in 2014 Acts and Resolves No. 179,
7 Sec. C.108, as amended by 2015 Acts and Resolves No. 58, Sec. C.100, which
8 ceased to exist on January 15, 2016, shall serve as the members of the
9 Committee created pursuant to this section.

10 (c) Powers and duties.

11 (1)(A) The Committee shall study the feasibility of establishing a public
12 retirement plan, including the following:

13 (i) the access Vermont residents currently have to
14 employer-sponsored retirement plans and the types of employer-sponsored
15 retirement plans;

16 (ii) data and estimates on the amount of savings and resources
17 Vermont residents will need for a financially secure retirement;

18 (iii) data and estimates on the actual amount of savings and
19 resources Vermont residents will have for retirement, and whether those
20 savings and resources will be sufficient for a financially secure retirement;

1 (iv) current incentives to encourage retirement savings, and the
2 effectiveness of those incentives;

3 (v) whether other states have created a public retirement plan and
4 the experience of those states;

5 (vi) whether there is a need for a public retirement plan
6 in Vermont;

7 (vii) whether a public retirement plan would be feasible and
8 effective in providing for a financially secure retirement for Vermont residents;

9 (viii) other programs or incentives the State could pursue in
10 combination with a public retirement plan or, instead of such a plan, in order to
11 encourage residents to save and prepare for retirement; and

12 (B) If the Committee determines that a public retirement plan is
13 necessary, feasible, and effective, the Committee shall study:

14 (i) potential models for the structure, management, organization,
15 administration, and funding of such a plan;

16 (ii) how to ensure that the plan is available to private sector
17 employees who are not covered by an alternative retirement plan;

18 (iii) how to build enrollment to a level where enrollee costs can
19 be lowered;

20 (iv) whether such a plan should impose any obligation or liability
21 upon private sector employers; and

1 (v) any other issue the Committee deems relevant.

2 (2) The Committee shall:

3 (A) continue monitoring U.S. Department of Labor guidance
4 concerning State Savings Programs for Non-Governmental Employees
5 regarding ERISA rules and other pertinent areas of analysis;

6 (B) further analyze the relationship between the role of states and the
7 federal government; and

8 (C) continue its collaboration with educational institutions, other
9 states, and national stakeholders.

10 (3) The Committee shall have the assistance of the staff of the Office of
11 the Treasurer, the Department of Labor, and the Department of Disabilities,
12 Aging, and Independent Living.

13 (d) Report. On or before January 15, 2017, the Committee shall report to
14 the General Assembly its findings and any recommendations for legislative
15 action. In its report, the Committee shall state its findings as to every factor set
16 forth in subdivision (c)(1)(A) of this section, whether it recommends that a
17 public retirement plan be created, and the reasons for that recommendation. If
18 the Committee recommends that a public retirement plan be created, the
19 Committee’s report shall include specific recommendations as to the factors
20 listed in subdivision (c)(1)(B) of this section.

1 (e) Meetings; term of Committee; chair. The Committee may meet
2 as frequently as necessary to perform its work and shall cease to exist on
3 January 15, 2018. The State Treasurer shall serve as Chair of the Committee
4 and shall call the first meeting.

5 (f) Reimbursement. For attendance at meetings, members of the
6 Committee who are not employees of the State of Vermont shall be reimbursed
7 at the per diem rate set in 32 V.S.A. § 1010 and shall be reimbursed for
8 mileage and travel expenses.

9 * * * Vermont State Treasurer; ABLE Savings Program * * *

10 (H.724)

11 Sec. F.2. 33 V.S.A. § 8001 is amended to read:

12 § 8001. PROGRAM ESTABLISHED

13 * * *

14 (c) The Treasurer or designee shall have the authority to implement the
15 Program in cooperation with one or more states or other partners in the manner
16 he or she determines is in the best interests of the State and designated
17 beneficiaries.

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

1 Sec. F.3. 2015 Acts and Resolves No. 51, Sec. C.8 is amended to read:

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

3 ~~The~~ Until the State Treasurer or designee implements the ABLE Savings
4 Program pursuant to 33 V.S.A. chapter 80, the Treasurer shall convene a
5 Vermont ABLE Task Force to include representatives of the Department of
6 Disabilities, Aging, and Independent Living, the Vermont Developmental
7 Disabilities Council, Vermont Center for Independent Living; Green Mountain
8 Self-Advocates, and other stakeholders with relevant expertise, to provide
9 recommendations annually beginning on or before January 15, 2016 to the
10 House Committee on Commerce and Economic Development and the Senate
11 Committee on Economic Development, Housing and General Affairs on
12 planning and delivery of the ABLE Savings Program, including:

- 13 (1) promotion and marketing of the Program;
- 14 (2) rules governing operation of ABLE accounts, including mechanisms
15 for consumer convenience;
- 16 (3) fees charged to account owners;
- 17 (4) future enhancements to protect from the loss of State benefits as may
18 be necessary to fulfill the intent of the ABLE Act;
- 19 (5) the composition and charge of an ABLE Advisory Board; and

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

4 * * * Vermont State Treasurer;

5 Private Activity Bond Advisory Committee * * *

6 (H.724)

7 **Sec. F.4. PRIVATE ACTIVITY BOND ADVISORY COMMITTEE**

8 Notwithstanding any provision of 32 V.S.A. § 994 to the contrary, the
9 Private Activity Bond Advisory Committee shall not meet or perform its
10 statutory duties before January 15, 2019 except upon call of the Vermont State
11 Treasurer in his or her discretion.

12 * * * Vermont State Treasurer;

13 Vermont Community Loan Fund * * *

14 **Sec. F.5. 2014 Acts and Resolves No. 179, Sec. E.131(a) (Treasurer authority**
15 **to invest in Vermont Community Loan Fund) is repealed.**

16 **Sec. F.6 10 V.S.A. § 9 is added to read:**

17 **§ 9. INVESTMENT IN VERMONT COMMUNITY LOAN FUND**

18 (a) Notwithstanding any provision of 32 V.S.A. § 433(a) to the contrary,
19 the State Treasurer is authorized to invest up to \$1,000,000.00 of short-term
20 operating or restricted funds in the Vermont Community Loan Fund on terms

1 acceptable to the Treasurer and consistent with prudent investment principles
2 and guidelines pursuant to 32 V.S.A. § 433(b)–(c).

3 * * * Vermont State Treasurer; Treasurer’s Local Investment

4 Advisory Committee * * *

5 Sec. F.7. 2014 Acts and Resolves No. 199, Secs. 23–25 (Treasurer’s Local
6 Investment Advisory Committee, Report, and Sunset) are repealed.

7 Sec. F.8. 2015 Acts and Resolves No. 51, Sec. E.3 (extending sunset of Local
8 Investment Advisory Committee provisions) is repealed.

9 Sec. F.9. 10 V.S.A. §§ 13–14 are added to read:

10 § 13. VERMONT STATE TREASURER; CREDIT FACILITY FOR

11 LOCAL INVESTMENTS

12 (a) Notwithstanding any provision of 32 V.S.A. § 433(a) to the contrary,
13 the Vermont State Treasurer shall have the authority to establish a credit
14 facility of up to 10 percent of the State’s average cash balance on terms
15 acceptable to the Treasurer and consistent with prudent investment principles
16 and guidelines pursuant to 32 V.S.A. § 433(b)–(c) and the Uniform Prudent
17 Investor Act, 14A V.S.A. chapter 9.

18 (b) The amount authorized in subsection (a) of this section shall include all
19 credit facilities authorized by the General Assembly and established by the
20 Treasurer, and the renewal or replacement of those credit facilities.

1 § 14. TREASURER’S LOCAL INVESTMENT ADVISORY COMMITTEE

2 (a) Creation of committee. The Treasurer’s Local Investment Advisory
3 Committee is established to advise the Treasurer on funding priorities and
4 address other mechanisms to increase local investment.

5 (b) Membership.

6 (1) The Advisory Committee shall be composed of six members as
7 follows:

8 (A) the State Treasurer or designee;

9 (B) the Chief Executive Officer of the Vermont Economic
10 Development Authority or designee;

11 (C) the Chief Executive Officer of the Vermont Student Assistance
12 Corporation or designee;

13 (D) the Executive Director of the Vermont Housing Finance Agency
14 or designee;

15 (E) the Director of the Municipal Bond Bank or designee; and

16 (F) the Director of Efficiency Vermont or designee.

17 (2) The State Treasurer shall be the Chair of the Advisory Committee
18 and shall appoint a vice chair and secretary. The appointed members of the
19 Advisory Committee shall be appointed for terms of six years and shall serve
20 until their successors are appointed and qualified.

21 (c) Powers and duties. The Advisory Committee shall:

1 (1) meet regularly to review and make recommendations to the State
2 Treasurer on funding priorities and using other mechanisms to increase local
3 investment in the State of Vermont;

4 (2) invite regularly State organizations, citizens groups, and members of
5 the public to Advisory Committee meetings to present information on needs
6 for local investment, capital gaps, and proposals for financing; and

7 (3) consult with constituents and review feedback on changes and needs
8 in the local and State investment and financing environments.

9 (d) Meetings.

10 (1) Meetings of the Advisory Committee shall occur at the call of the
11 Treasurer.

12 (2) A majority of the members of the Advisory Committee who are
13 physically present at the same location or available electronically shall
14 constitute a quorum, and a member may participate and vote electronically.

15 (3) To be effective, action of the Advisory Committee shall be taken by
16 majority vote of the members at a meeting in which a quorum is present.

17 (e) Report. On or before January 15, the Advisory Committee shall
18 annually submit a report to the Senate Committees on Appropriations, on
19 Economic Development, Housing and General Affairs, on Finance, and on
20 Government Operations and the House Committees on Appropriations, on

1 Commerce and Economic Development, on Ways and Means, and on
2 Government Operations. The report shall include the following:

3 (1) the amount of the subsidies associated with lending through each
4 credit facility authorized by the General Assembly and established by the
5 Treasurer;

6 (2) a description of the Advisory Committee's activities; and

7 (3) any information gathered by the Advisory Committee on the State's
8 unmet capital needs, and other opportunities for State support for local
9 investment and the community.

10 * * * Medicaid for Working People with Disabilities * * *

11 Sec. G.1. 33 V.S.A. § 1902 is amended to read:

12 § 1902. QUALIFICATION FOR MEDICAL ASSISTANCE

13 (a) In determining whether a person is medically indigent, the Secretary of
14 Human Services shall prescribe and use an income standard and requirements
15 for eligibility which will permit the receipt of federal matching funds under
16 Title XIX of the Social Security Act.

17 (b) Workers with disabilities whose income is less than 250 percent of the
18 federal poverty level shall be eligible for Medicaid. The income also must not
19 exceed the Medicaid protected income level for one or the Supplemental
20 Security Income (SSI) payment level for two, whichever is higher, after
21 disregarding all earnings of the working individual with disabilities, any Social

1 Security disability insurance benefits, and any veteran’s disability benefits.
2 Earnings of the working individual with disabilities shall be documented
3 by evidence of Federal Insurance Contributions Act tax payments,
4 Self-Employment Contributions Act tax payments, or a written business plan
5 approved and supported by a third-party investor or funding source. The
6 resource limit for this program shall be ~~\$5,000.00~~ \$10,000.00 for an individual
7 and ~~\$6,000.00~~ \$15,000.00 for a couple at the time of enrollment in the
8 program. Assets attributable to earnings made after enrollment in the program
9 shall be disregarded.

10 * * * Vermont Employment Growth Incentive * * *

11 (H.754)

12 Sec. H.1. 10 V.S.A. chapter 4 is added to read:

13 CHAPTER 4. ECONOMIC DEVELOPMENT INCENTIVES

14 Subchapter 1. Vermont Economic Progress Council

15 § 25. VERMONT ECONOMIC PROGRESS COUNCIL

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

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

1 (2) property tax stabilization, tax exemption, and tax increment
2 financing districts pursuant to 24 V.S.A. chapter 53, subchapter 5 and
3 32 V.S.A. § 5404a.

4 (b) Membership.

5 (1) The Council shall have 11 voting members:

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

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

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

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

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

1 (c) Terms.

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

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

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

8 (d) Compensation.

9 (1) For attendance at a meeting and for other official duties, a member
10 appointed by the Governor shall be entitled to compensation for services and
11 reimbursement of expenses as provided in 32 V.S.A. § 1010, except that a
12 member who is a member of the General Assembly shall be entitled to
13 compensation for services and reimbursement of expenses as provided in
14 2 V.S.A. § 406.

15 (2) A regional member who does not otherwise receive compensation
16 and reimbursement of expenses from his or her regional development or
17 planning organization shall be entitled to compensation and reimbursement of
18 expenses for attendance at meetings and for other official duties as provided in
19 32 V.S.A. § 1010.

20 (e) Operation.

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

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

3 (3) The Council shall have:

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

7 (B) administrative staff.

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

11 (g) Decisions not subject to review. A decision of the Council to approve
12 or deny an application under subchapter 2 of this chapter, or to approve or
13 deny a property tax stabilization agreement, tax exemption, or tax increment
14 financing district pursuant to 24 V.S.A. chapter 53, subchapter 5 and 32 V.S.A.
15 § 5404a, is an administrative decision that is not subject to the contested case
16 hearing requirements under 3 V.S.A. chapter 25 and is not subject to judicial
17 review.

18 § 26. COST-BENEFIT MODEL

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

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

3 Subchapter 2. Vermont Employment Growth Incentive Program

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

5 PROGRAM CAPS

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

10 (b) Form of incentives; enhanced incentives.

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

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

14 (B) a combination of direct cash payment and property tax
15 stabilization pursuant to a property tax stabilization agreement approved by a
16 municipality under 32 V.S.A. § 5404a.

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

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

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

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

5 (c) Eligible applicant.

6 (1) Only a business may apply for an incentive in the form of a direct
7 cash payment.

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

10 (d) Annual Program cap.

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

15 (2) The Council may exceed the cap imposed in subdivision (1) of this
16 subsection upon application to and approval by the Emergency Board.

17 § 32. APPLICATION; APPROVAL CRITERIA; GUIDELINES

18 (a) Application.

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

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

3 (A) specify a payroll performance requirement;

4 (B) specify a jobs performance requirement or a capital investment
5 performance requirement, or both; and

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

8 (b) Mandatory criteria. The Council may approve an application if it finds:

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

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

14 (3) The proposed economic activity conforms to applicable town and
15 regional plans.

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

20 (5) Without the incentive, the proposed economic activity:

21 (A) would not occur; or

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

3 § 33. CALCULATING THE VALUE OF AN INCENTIVE

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

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

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

20 (3) Calculate the incentive percentage. To calculate the “incentive
21 percentage,” the Council shall divide the business’s potential share of new

1 revenue growth by the sum of the business's annual payroll performance
2 requirements.

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

6 (5) Calculate the value of the incentive. To calculate the value of the
7 incentive, the Council shall multiply qualifying payroll by the incentive
8 percentage.

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

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

13 (B) divide the difference by five; and

14 (C) adjust the value of the first installment payment so that it is
15 proportional to the actual number of days that new qualifying employees are
16 employed in the first year of hire.

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

18 LABOR MARKET AREA

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

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

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

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

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

10 § 35. ENHANCED INCENTIVE FOR ENVIRONMENTAL TECHNOLOGY

11 BUSINESS

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

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

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

19 (A) waste management, including waste collection, treatment,
20 disposal, reduction, recycling, and remediation;

1 (B) natural resource protection and management, including water and
2 wastewater purification and treatment, air pollution control and prevention or
3 remediation, soil and groundwater protection or remediation, and hazardous
4 waste control or remediation;

5 (C) energy efficiency or conservation;

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

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

11 (1) the business’s potential share of new revenue growth shall be
12 90 percent; and

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

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

16 (B) multiply the business’s full-time payroll for the award year by
17 20 percent of the background growth rate; and

18 (C) subtract the product from the payroll performance requirement
19 for the award year.

20 § 36. ENHANCED INCENTIVE FOR WORKFORCE TRAINING

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

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

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

8 (b) If a business is awarded a grant for training under this section, the
9 Agency of Commerce and Community Development shall disburse grant funds
10 for on-the-job training of 75 percent of wages for each employee in training, or
11 75 percent of trainer expense, and the business shall be responsible for the
12 remaining 25 percent of the applicable training costs.

13 (c) If the business successfully completes its training and earns the
14 incentive for the award year for which the business elects an enhanced training
15 incentive, the Council shall approve the enhanced training incentive and notify
16 the Department of Taxes.

17 (d) Upon notification by the Council, the Department of Taxes shall:

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

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

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

6 § 37. EARNING AN INCENTIVE

7 (a) Earning an incentive; installment payments.

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

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

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

14 (C) meets or exceeds the jobs performance requirement specified for
15 the award year, or the capital investment performance requirement specified
16 for the award year, or both.

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

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

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

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

6 (b) Award year one.

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

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

15 (c) Award years two and three.

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

19 (2) A business that does not meet the performance requirements
20 specified for award year two or for award year three within three years

1 becomes ineligible to earn incentives for the award year and for all remaining
2 award years in the award period.

3 (d) Extending the earning period in award years one and two.

4 Notwithstanding subsection (b) of this section:

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

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

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

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

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

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

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

17 (e) Award year four.

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

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

4 (f) Award year five.

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

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

11 (g) Carrying forward growth that exceeds targets. If a business exceeds
12 one or more of the payroll performance requirement, the jobs performance
13 requirement, or the capital investment performance requirement specified for
14 an award year, the business may apply the excess payroll, excess jobs, and
15 excess capital investment toward the performance requirement specified for a
16 future award year, provided that the business maintains the excess payroll,
17 excess jobs, or excess capital investment into the future award year.

18 § 38. CLAIMING AN INCENTIVE; ANNUAL FILING WITH

19 DEPARTMENT OF TAXES

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

4 (b) A business shall include the information the Department requires,
5 including the information required in 32 V.S.A. § 5842 and other
6 documentation concerning payroll, jobs, and capital investment necessary to
7 determine whether the business earned the incentive specified for an award
8 year and any installment payment or property tax stabilization, or both, for
9 which the business is eligible.

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

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

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

18 (2) make an installment payment and confirm the business receives tax
19 stabilization to which the business is entitled.

20 § 39. RECAPTURE; REDUCTION; REPAYMENT

21 (a) Recapture.

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

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

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

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

8 (ii) if it had no jobs at the time of application, a 90 percent or
9 greater reduction from the sum of its job performance requirements.

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

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

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

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

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

7 (1) The Department shall:

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

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

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

16 (A) the business becomes ineligible to claim any additional
17 installment payments for the award period and the business's property
18 becomes ineligible for property tax stabilization under 32 V.S.A. § 5404a for
19 the award period; and

1 (B) the Department shall recapture the amount by which the value of
2 the installment payments and tax stabilization the business has already
3 received exceeds the value of the reduced incentive.

4 § 40. REPORTING

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

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

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

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

15 (A) the date and amount of authorization;

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

18 (C) whether the authorization is active;

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

20 (3) the following aggregate information:

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

3 (B) the number of qualifying jobs; and

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

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

7 § 41. CONFIDENTIALITY OF PROPRIETARY BUSINESS

8 INFORMATION

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

12 (b) Information and materials submitted by a business concerning its
13 income taxes and other confidential financial information shall not be subject
14 to public disclosure under the State’s public records law in 1 V.S.A. chapter 5,
15 but shall be available to the Joint Fiscal Office or its agent upon authorization
16 of the Joint Fiscal Committee or a standing committee of the General
17 Assembly, and shall also be available to the Auditor of Accounts in connection
18 with the performance of duties under 32 V.S.A. § 163; provided, however, that
19 the Joint Fiscal Office or its agent and the Auditor of Accounts shall not
20 disclose, directly or indirectly, to any person any proprietary business

1 information or any information that would identify a business except in
2 accordance with a judicial order or as otherwise specifically provided by law.

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

7 § 42. DEFINITIONS

8 In this subchapter:

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

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

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

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

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

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

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

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

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

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

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

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

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

19 (ii) dental assistance;

20 (iii) paid vacation;

21 (iv) paid holidays;

1 (v) child care;

2 (vi) other extraordinary employee benefits;

3 (vii) retirement benefits;

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

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

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

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

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

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

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

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

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

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

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

16 (e)(1) Subject to such restrictions as the Board may by regulation prescribe,
17 information from unemployment insurance records may be made available to
18 any public officer or public agency of this or any other state or the federal
19 government dealing with the administration or regulation of relief, public
20 assistance, unemployment compensation, a system of public employment
21 offices, wages and hours of employment, workers' compensation,

1 misclassification or miscoding of workers, occupational safety and health, or a
2 public works program for purposes appropriate to the necessary operation of
3 those offices or agencies. The Commissioner may also make information
4 available to colleges, universities, and public agencies of the State for use in
5 connection with research projects of a public service nature, and to the
6 Vermont Economic Progress Council with regard to the administration of
7 ~~32 V.S.A. chapter 151, subchapter 11E~~ 10 V.S.A. chapter 4, subchapter 2; but
8 no person associated with those institutions or agencies may disclose that
9 information in any manner that would reveal the identity of any individual or
10 employing unit from or concerning whom the information was obtained by
11 Commissioner.

12 * * *

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

14 (11) To the Joint Fiscal Office or its agent, provided that the disclosure
15 relates to a successful business applicant under ~~section 5930a of this title~~
16 10 V.S.A. chapter 4, subchapter 2 and the ~~tax~~ incentive it has claimed and is
17 reasonably necessary for the Joint Fiscal Office or its agent to perform the
18 duties authorized by the Joint Fiscal Committee or a standing committee of the
19 General Assembly under ~~subsection 5930a(h) that subchapter~~; to the Auditor
20 of Accounts for the performance of duties under section 163 of this title; to the
21 Department of Economic Development for the purposes of subsection 5922(f)

1 of this title; and to the Vermont Economic Progress Council, provided that the
2 disclosure relates to a successful business applicant under ~~sections 5930a and~~
3 ~~5930b of this title~~ 10 V.S.A. chapter 4, subchapter 2 and the ~~tax~~ incentive it has
4 claimed and is reasonably necessary for the ~~council~~ Council to perform its
5 duties under ~~sections 5930a and 5930b~~ that subchapter.

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

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

8 * * *

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

15 ~~(I) Real property consisting of the value of remediation expenditures~~
16 ~~incurred by a business that has obtained the approval of the Vermont~~
17 ~~Economic Progress Council under section 5930a of this title for the~~
18 ~~construction of new, expanded, or renovated facilities on contaminated~~
19 ~~property eligible under the redevelopment of contaminated properties program~~
20 ~~pursuant to 10 V.S.A. § 6615a(f), including supporting infrastructure, on sites~~

1 ~~eligible for the United States Environmental Protection Agency “Brownfield~~
2 ~~Program,” for a period of 10 years. [Repealed.]~~

3 * * *

4 Sec. H.6. 32 V.S.A. § 5404a is amended to read:

5 § 5404a. PROPERTY TAX STABILIZATION AGREEMENTS; TAX
6 INCREMENT FINANCING DISTRICTS

7 (a) Tax agreements and exemptions affecting the education property tax
8 grand list. A tax agreement or exemption shall affect the education property
9 tax grand list of the municipality in which the property subject to the
10 agreement is located if the agreement or exemption is:

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

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

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

20 (2) A property tax stabilization agreement relating to industrial or
21 commercial property entered into under 24 V.S.A. § 2741, or comparable

1 municipal charter provisions or an exemption for the purposes of economic
2 development adopted by vote under sections 3834 (factories; quarries; mines),
3 3836 (private homes and dwellings), 3837 (airports), or 3838 (hotels) of this
4 title or comparable municipal charter provisions after June 30, 1997 if
5 subsequently approved by the Vermont Economic Progress Council pursuant
6 to this subsection and ~~section 5930a of this title~~ 10 V.S.A. chapter 4,
7 subchapter 2. An agreement or exemption may be approved by the Vermont
8 Economic Progress Council only if it has first been approved by the
9 municipality in which the property is located with respect to the municipal tax
10 liability of the property in that municipality. Any agreement or exemption
11 approved by the Vermont Economic Progress Council may not affect the
12 education tax liability of the property in a greater proportion than the
13 agreement or exemption affects the municipal tax liability of the property. A
14 municipality's approval of an agreement or exemption under this subsection
15 may be made conditional upon approval of the agreement or exemption by the
16 Vermont Economic Progress Council. The legislative body of the municipality
17 in which the property subject to the agreement or exemption is located or the
18 business that is subject to the agreement or exemption may request the
19 Vermont Economic Progress Council to approve an agreement or exemption
20 pursuant to ~~section 5930a of this title~~ 10 V.S.A. chapter 4, subchapter 2. The
21 Council shall also report to the General Assembly on the terms of the

1 agreement or exemption, and the effect of the agreement or exemption on the
2 education property tax grand list of the municipality and of the State. If so
3 approved by the Council, an agreement or exemption shall be effective to
4 reduce the property tax liability of the municipality under this chapter
5 beginning on April 1 of the year following approval.

6 * * *

7 (b) An agreement affecting the education property tax grand list defined
8 under subsection (a) of this section shall reduce the municipality's education
9 property tax liability under this chapter for the duration of the agreement or
10 exemption without extension or renewal, and for a maximum of 10 years,
11 subject to the provisions of ~~subsection 5930b(f) of this title~~ 10 V.S.A.
12 chapter 4, subchapter 2. A municipality's property tax liability under this
13 chapter shall be reduced by any difference between the amount of the
14 education property taxes collected on the subject property and the amount of
15 education property taxes that would have been collected on such property if its
16 fair market value were taxed at the equalized nonresidential rate for the tax
17 year.

18 (c) Tax agreements not affecting the education property tax grand list.

19 A tax agreement shall not affect the education property tax grand list if it is:

20 * * *

1 (3) A property tax stabilization agreement relating to commercial or
2 industrial property entered into after July 1, 1997 by a municipality under
3 24 V.S.A. § 2741, or a property tax exemption for purposes of economic
4 development adopted by vote after July 1, 1997, which has not been approved
5 by the Vermont Economic Progress Council to affect the education grand list
6 under subsection (a)(2) of this section and ~~section 5930a of this title~~ 10 V.S.A.
7 chapter 4, subchapter 2. In granting property tax stabilization agreements for
8 commercial or industrial property under 24 V.S.A. § 2741, a municipality shall
9 consider any applicable guidelines established for the approval of such
10 stabilization agreements by the Vermont Economic Progress Council
11 established ~~in subsection 5930a(c) of this title~~ under 10 V.S.A. chapter 4,
12 subchapter 2.

13 * * *

14 Sec. H.7. 32 V.S.A. § 5813 is amended to read:
15 § 5813. STATUTORY PURPOSES

16 * * *

17 (u) ~~The statutory purpose of the Vermont employment growth incentive in~~
18 ~~section 5930b of this title is to provide a cash incentive to encourage quality~~
19 ~~job growth in Vermont.~~ [Repealed.]

20 * * *

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

1 (1) “Full-time job” ~~has the same meaning as defined in subdivision~~
2 ~~5930b(a)(9) of this title~~ means a permanent position filled by an employee who
3 works at least 35 hours per week.

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

5 (39) Sales of building materials within any three consecutive years in
6 excess of one million dollars in purchase value, ~~which may be reduced to~~
7 ~~\$250,000.00 in purchase value upon approval of the Vermont Economic~~
8 ~~Progress Council pursuant to section 5930a of this title,~~ used in the
9 construction, renovation, or expansion of facilities which are used exclusively,
10 except for isolated or occasional uses, for the manufacture of tangible personal
11 property for sale.

12 Sec. H.10. REPEAL

13 10 V.S.A §§ 25–26 and §§ 31-42 (Vermont Employment Growth Incentive
14 program) shall be repealed on July 1, 2027.

15 Sec. H.11. **VERMONT EMPLOYMENT GROWTH INCENTIVE**

16 **POLICY WORKING GROUP**

17 (a) On or before September 1, 2016, the Joint Fiscal Committee shall
18 convene a Vermont Employment Growth Incentive Policy Working Group
19 comprised of:

20 (1) the State legislative economist;

21 (2) the State executive economist;

1 (3) a policy analyst from the Agency of Commerce and Community

2 Development;

3 (4) an economic and labor market information chief from the

4 Department of Labor;

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

6 (6) the Executive Director of the Vermont Economic Progress Council,

7 who shall serve as a non-voting ex officio member of the Group.

8 (b) The Working Group shall review the following issues relating to the

9 Vermont Employment Growth Incentive Program:

10 (1) whether and how to include a mechanism in the program for equity
11 investments in incentive recipients or to recoup incentive payments in the
12 event an incentive recipient is sold;

13 (2) whether the program can integrate the use of business-specific
14 background growth rates in addition to, or in place of, industry-specific
15 background growth rates; and, if industry-specific background growth rates are
16 recommended, a methodology to routinely review, calculate and set those
17 rates;

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

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

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

9 * * * Blockchain Technology * * *

10 (H.737)

11 Sec. I.1. 12 V.S.A. § 1913 is added to read:

12 § 1913. BLOCKCHAIN ENABLING

13 (a) In this section “blockchain technology” means a mathematically
14 secured, chronological, and decentralized consensus ledger or database,
15 whether maintained via Internet interaction, peer-to-peer network, or
16 otherwise.

17 (b) Presumptions and admissibility.

18 (1) Extrinsic evidence of authenticity as a condition precedent to
19 admissibility in a Vermont court is not required for a record maintained by a
20 valid application of blockchain technology.

21 (2) The following presumptions apply:

1 (A) A fact or record verified through a valid application of
2 blockchain technology is authentic.

3 (B) The date and time of the recordation of the fact or record
4 established through such a blockchain is the date and time that the fact or
5 record was added to the blockchain.

6 (C) The person established through such a blockchain as the person
7 who made such recordation is the person who made the recordation.

8 (3) A presumption does not extend to the truthfulness, validity, or legal
9 status of the contents of the fact or record.

10 (4) A person against whom the fact operates has the burden of
11 producing evidence sufficient to support a finding that the presumed fact,
12 record, time, or identity is not authentic as set forth on the date added to the
13 blockchain, but the presumption does not shift to a person the burden of
14 persuading the trier of fact that the underlying fact or record is itself accurate in
15 what it purports to represent.

16 (c) Without limitation, the presumption established in this section shall
17 apply to a fact or record maintained by blockchain technology to determine:

18 (1) contractual parties, provisions, execution, effective dates, and status;

19 (2) the ownership, assignment, negotiation, and transfer of money,

20 property, contracts, instruments, and other legal rights and duties;

1 (3) identity, participation, and status in the formation, management,
2 record keeping, and governance of any person;

3 (4) identity, participation, and status for interactions in private
4 transactions and with a government or governmental subdivision, agency, or
5 instrumentality;

6 (5) the authenticity or integrity of a record, whether publicly or privately
7 relevant; and

8 (6) the authenticity or integrity of records of communication.

9 (d) The provisions of this section shall not create or negate:

10 (1) an obligation or duty for any person to adopt or otherwise implement
11 blockchain technology for any purpose authorized in this section; or

12 (2) the legality or authorization for any particular underlying activity
13 whose practices or data are verified through the application of blockchain
14 technology.

15 * * * Regulation of Lodging Accommodations * * *

16 (H.816)

17 Sec. J.1. STUDY; INTERNET-BASED LODGING

18 On or before January 15, 2017, the Department of Taxes, the Department of
19 Health, the Department of Tourism and Marketing, the Department of
20 Financial Regulation, and the Division of Fire Safety within the Department of
21 Public Safety, engaging interested stakeholders as necessary, shall:

- 1 (1) review the provisions of law within their subject matter jurisdiction,
- 2 and enforcement of those provisions if any, applicable to Internet-based
- 3 lodging accommodations businesses; and
- 4 (2) report its findings, conclusions, and any recommendations for
- 5 administrative action, legislative action, or both, to the House Committees on
- 6 Commerce and Economic Development and on Ways and Means, and to the
- 7 Senate Committees on Finance and on Economic Development, Housing and
- 8 General Affairs.

* * * State Workforce Development Board * * *

(H.819)

Sec. K.1. 10 V.S.A. chapter 22A is amended to read:

CHAPTER 22A. WORKFORCE EDUCATION AND TRAINING

§ 540. WORKFORCE EDUCATION AND TRAINING LEADER

The Commissioner of Labor shall be the leader of workforce education and training in the State, and shall have the authority and responsibility for the coordination of workforce education and training within State government, including the following duties:

- (1) Perform the following duties in consultation with the State

Workforce ~~Investment~~ Development Board:

* * *

§ 541a. STATE WORKFORCE ~~INVESTMENT~~ DEVELOPMENT BOARD

1 (a) Board established; duties. Pursuant to the requirements of 29 U.S.C. §
2 ~~2821~~ 3111, the Governor shall establish a State Workforce ~~Investment~~
3 Development Board to assist the Governor in the execution of his or her duties
4 under the Workforce ~~Investment~~ Innovation and Opportunity Act of ~~1998~~ 2014
5 and to assist the Commissioner of Labor as specified in section 540 of this
6 title.

7 (b) Additional duties; planning; process. In order to inform its decision-
8 making and to provide effective assistance under subsection (a) of this section,
9 the Board shall:

10 * * *

11 (2) maintain familiarity with the federal Comprehensive Economic
12 Development Strategy (CEDS) and other economic development planning
13 processes, and coordinate workforce and education activities in the State,
14 including the development and implementation of the State plan required under
15 the Workforce ~~Investment~~ Innovation and Opportunity Act of ~~1998~~ 2014, with
16 economic development planning processes occurring in the State, as
17 appropriate.

18 (c) Membership. The Board shall consist of the Governor and the
19 following members who are appointed by the Governor in conformance with
20 the federal Workforce Innovation and Opportunity Act and who serve at his or
21 her pleasure, unless otherwise indicated:

- 1 (1) the Commissioner of Labor;
- 2 (2) two members of the Vermont House of Representatives appointed by
- 3 the Speaker of the House;
- 4 ~~(2)~~(3) two members of the Vermont Senate appointed by the Senate
- 5 Committee on Committees;
- 6 ~~(3)~~(4) the President of the University of Vermont ~~or designee;~~
- 7 ~~(4)~~(5) the Chancellor of the Vermont State Colleges ~~or designee;~~
- 8 ~~(5)~~(6) the President of the Vermont Student Assistance Corporation ~~or~~
- 9 designee;
- 10 ~~(6)~~(7) a representative of an independent Vermont college or university;
- 11 ~~(7) the Secretary of Education or designee;~~
- 12 (8) a director of a regional technical center;
- 13 (9) a principal of a Vermont high school;
- 14 (10) two representatives of labor organizations who have been
- 15 nominated by a State labor federations federation;
- 16 (11) two representatives of individuals and organizations who have
- 17 experience with respect to youth activities, as defined in 29 U.S.C. § ~~2801~~(52)
- 18 3102(71);
- 19 (12) two representatives of individuals and organizations who have
- 20 experience in the delivery of workforce investment activities, as defined in 29
- 21 U.S.C. § ~~2801~~(51) 3102(68);

1 (13) the lead State agency officials with responsibility for the programs
2 and activities carried out by one-stop partners, as described in 29 U.S.C. §
3 ~~2841(b)~~ 3151(b), or if no official has that responsibility, ~~a representative~~
4 representatives in the State with ~~expertise~~ responsibility relating to these
5 programs and activities;

6 (14) the Commissioner of Economic Development;

7 (15) ~~the Commissioner of Labor~~ the Secretary of Commerce and
8 Community Development;

9 (16) the Secretary of Human Services ~~or designee~~;

10 (17) the Secretary of Education;

11 (18) two individuals who have experience in, and can speak for, the
12 training needs of underemployed and unemployed Vermonters; and

13 ~~(18)~~(19) a number of appointees sufficient to constitute a majority of the
14 Board who:

15 (A) are owners, chief executives, or operating officers of businesses,
16 and other business executives or employers with optimum policymaking or
17 hiring authority;

18 (B) represent businesses with employment opportunities that reflect
19 ~~the~~ in-demand sectors and employment opportunities of in the State; and

20 (C) are appointed from among individuals nominated by State
21 business organizations and business trade associations.

1 (d) Operation of Board.

2 (1) Member representation.

3 (A) A member of the State Board may send a designee that meets the
4 requirements of subdivision (B) of this subsection to any State Board meeting
5 who shall count towards a quorum and shall be allowed to vote as a member of
6 the Board on behalf of the Board member for whom he or she serves as a
7 designee.

8 (B) Members of the State Board or their designees who represent
9 organizations, agencies, or other entities shall be individuals with optimum
10 policymaking authority within the organizations, agencies, or entities.

11 ~~(B)~~(C) The members of the Board shall represent diverse regions of
12 the State, including urban, rural, and suburban areas.

13 * * *

14 (6) Reimbursement.

15 * * *

16 (B) Unless otherwise compensated by his or her employer for
17 performance of his or her duties on the Board, a nonlegislative member of the
18 Board shall be eligible for per diem compensation of \$50.00 per day for
19 attendance at a meeting of the Board, and for reimbursement of his or her
20 necessary expenses, which shall be paid ~~by the Department of Labor solely~~

1 ~~from~~ through funds available for that purpose under the Workforce ~~Investment~~
2 Innovation and Opportunity Act of ~~1998~~ 2014.

3 (7) Conflict of interest. A member of the Board shall not:

4 * * *

5 (B) engage in any activity that the Governor determines constitutes a
6 conflict of interest as specified in the State Plan required under 29 U.S.C. §
7 ~~2822~~ 3112 or 3113.

8 (8) Sunshine provision. The Board shall make available to the public,
9 on a regular basis through open meetings, information regarding the activities
10 of the Board, including information regarding the State Plan adopted pursuant
11 to 29 U.S.C. § ~~2822~~ 3112 or 3113 and prior to submission of the State Plan to
12 the U.S. Secretary of Labor, information regarding membership, and, on
13 request, minutes of formal meetings of the Board.

14 § 541b. WORKFORCE EDUCATION AND TRAINING; DUTIES OF
15 OTHER STATE AGENCIES, DEPARTMENTS, AND PRIVATE
16 PARTNERS

17 (a) To ensure the State Workforce ~~Investment~~ Development Board and the
18 Commissioner of Labor are able to fully perform their duties under this
19 chapter, each agency and department within State government, and each
20 person who receives funding from the State, shall comply within a reasonable

1 period of time with a request for data and information made by the Board or
2 the Commissioner in furtherance of their duties under this chapter.

3 (b) The Agency of Commerce and Community Development shall
4 coordinate its work in adopting a statewide economic development plan with
5 the activities of the Board and the Commissioner of Labor, ~~including the~~
6 ~~development and implementation of the State Plan for workforce education~~
7 ~~and training required under the Workforce Investment Innovation and~~
8 ~~Opportunity Act of 1998 2014.~~

9 § 542. REGIONAL WORKFORCE EDUCATION AND TRAINING

10 (a) The Commissioner of Labor, in coordination with the Secretary of
11 Commerce and Community Development, and in consultation with the State
12 Workforce Investment Development Board, is authorized to issue performance
13 grants to one or more persons to perform workforce education and training
14 activities in a region.

15 * * *

16 § 543. WORKFORCE EDUCATION AND TRAINING FUND; GRANT
17 PROGRAMS

18 * * *

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

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* * *

§ 544. VERMONT STRONG INTERNSHIP PROGRAM

* * *

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

* * *

Sec. K.2. 10 V.S.A. § 531(a)(1) is amended to read:

(a)(1) The Secretary of Commerce and Community Development, in consultation with the State Workforce ~~Investment~~ Development Board, shall have the authority to design and implement a Vermont Training Program, the purpose of which shall be to issue performance-based grants to employers and to education and training providers to increase employment opportunities in Vermont consistent with this chapter.

Sec. K.3. 16 V.S.A. § 1542(b) is amended to read:

(b) A regional advisory board, with the consent of the State Workforce ~~Investment~~ Development Board, may delegate its responsibilities to the grantee that performs workforce development activities in the region pursuant to 10 V.S.A. § 542. In this case, the grantee shall become the regional advisory

1 board unless and until the school board that operates the career technical center
2 requests that the regional advisory board be reconstituted pursuant to
3 subsection (a) of this section.

4 * * * Vermont Creative Network * * *

5 (H.820)

6 Sec. L.1 10 V.S.A. § 10 is added to read:

7 § 10. THE VERMONT CREATIVE NETWORK

8 (a) Creation. The Vermont Arts Council, an independent nonprofit
9 corporation, in collaboration with statewide partners, shall perform the duties
10 specified in this section and establish the Vermont Creative Network, which
11 shall be:

12 (1) a communications, advocacy, and advancement entity that
13 strengthens Vermont’s creative sector, utilizes it to enhance Vermonters’
14 quality of life, increases the State’s economic vitality; and

15 (2) based on a collective impact model and use Results Based
16 Accountability as a planning and assessment tool.

17 (b) Outcomes and Indicators.

18 (1) The outcomes of the Vermont Creative Network are as follows:

19 (A) The Vermont creative sector enhances Vermonters’ quality of
20 life and has a positive economic impact on the State.

1 (B) Participants in Vermont’s creative sector thrive as significant
2 contributors to the State’s general and economic well-being.

3 (C) Participants in Vermont’s creative sector effectively share their
4 stories and talents with a broad range of Vermonters and visitors throughout
5 the State.

6 (D) The creative sector focuses its collective energy on planning and
7 development to advance the creative sector and its contributions to
8 Vermonters’ quality of life and the State’s economic well-being.

9 (E) Participants in Vermont’s creative sector collaborate to identify,
10 advocate on behalf of, and promote common interests.

11 (2) Indicators to measure the success of these outcomes include the
12 following:

13 (A) Advancement of quality of life measures.

14 (B) Improvements in planning and development.

15 (C) Increases in workforce development.

16 (D) Increases in economic activity.

17 (E) Inclusion of creativity and innovation in the Vermont brand.

18 (F) Increases in access and equity.

19 (G) Increases in sustainability.

20 (H) Cross pollination with other sectors.

1 (d) Duties. The Vermont Creative Network shall perform the following
2 duties:

3 (1) On or before June 30, 2017, the Vermont Creative Network shall
4 create, and may update and revise as necessary, a strategic plan to develop the
5 creative sector that:

6 (A) identifies and addresses the needs of the creative sector and gaps
7 in the creative sector's infrastructure;

8 (B) includes a plan to inventory Vermont's creative sector and
9 creative industries based on existing data, studies, and analysis, including:

10 (i) existing assets, infrastructure, and resources;

11 (ii) the potential for new creators to enter the local economy, the
12 methods to secure appropriate space and other infrastructure, and the
13 opportunities and barriers to creative labor;

14 (iii) the types of creative products, services, and industries
15 available in Vermont, and the financial viability of each;

16 (iv) the current and potential markets in which Vermont creators
17 can promote, distribute, and sell their products and services;

18 (2) The Vermont Creative Network shall support regional creativity
19 zones.

20 (3) The Vermont Creative Network shall identify methods and
21 opportunities to strengthen the links within the sector, including:

1 (A) advocacy for the use of local arts and cultural resources by
2 Vermont schools, businesses, and institutions;

3 (B) support for initiatives that improve direct marketing of arts,
4 culture, and creativity to consumers; and

5 (C) identifying creative financing opportunities for the creative
6 sector.

7 (e) Authority. To accomplish the goals and perform the duties in this
8 section, the Vermont Creative Network may:

9 (1) create a Network steering team;

10 (2) hire or assign staff;

11 (3) seek and accept funds from private and public entities; and

12 (4) utilize technical assistance, loans, grants, or other means approved

13 by the Network steering team.

14 (f) Annual Report.

15 (1) On or before January 15 of each year, the Vermont Creative

16 Network shall submit a report concerning its activities to the Governor and to
17 the General Assembly.

18 (2) The report shall include a summary of work, including progress
19 toward meeting the program outcomes [data/indicators?], information
20 regarding any meetings of the Network steering team, an accounting of all

1 revenues and expenses related to the Network, and recommendations regarding
2 future Network activity.

3 Sec. L.2. APPROPRIATION

4 In Fiscal Year 2017, the amount of \$50,000.00 is appropriated from the
5 General Fund to the Vermont Arts Council to perform the duties specified in
6 this act.

7 Sec. L.3. IMPLEMENTATION

8 Notwithstanding any provision of this act to the contrary, if the General
9 Assembly does not appropriate \$50,000.00 or more in funding to the Vermont
10 Arts Council to implement this act, the Council is encouraged, but is not
11 required, to perform the duties specified in 10 V.S.A. § 10.

12 * * * Employee Ownership * * *

13 (H.551)

14 Sec. M.1. 32 V.S.A. § 5828a is added to read:

15 § 5828a. CREDIT FOR SALE TO EMPLOYEE STOCK OWNERSHIP

16 PLAN OR WORKER COOPERATIVE

17 (a) As used in this section:

18 (1) “Employee stock ownership plan” means an employee stock
19 ownership plan as defined in 26 U.S.C. § 4975(e)(7).

20 (2) “Qualifying business” means a privately held business with 500 or
21 fewer employees.

1 (3) “Worker cooperative” means:

2 (A) an eligible worker-owned cooperative as defined in 26 U.S.C.
3 § 1042(c);

4 (B) a worker cooperative organized under 11 V.S.A. chapter 8; or

5 (C) an organization that meets the following criteria:

6 (i) employees of the organization constitute a majority of
7 its membership;

8 (ii) members of the organization hold a majority of the
9 voting power;

10 (iii) members of the organization have the authority to elect a
11 majority of the board of directors on the basis of one person, one vote; and

12 (iv) the organization allocates a majority of its allocated earnings
13 and losses to members on the basis of:

14 (I) patronage;

15 (II) capital contributions; or

16 (III) a combination of (I) and (II).

17 (b)(1) A taxpayer of this State may claim a credit against the tax imposed
18 under section 5822 or 5832 of this title for 50 percent of the net capital gain
19 from the sale or exchange to an employee stock ownership plan or worker
20 cooperative of 30 percent or more of the capital assets of a qualifying business
21 in which the taxpayer has an interest.

1 (2) The taxpayer may claim a credit pursuant to this section for the year
2 in which the sale occurred and may carry forward unused credit for the next
3 three years.

4 Sec. M.2. EXPANDING EMPLOYEE OWNERSHIP; FEASIBILITY

5 STUDIES FOR EMPLOYEE STOCK OWNERSHIP PLANS AND
6 WORKER COOPERATIVE CONVERSIONS; APPROPRIATION

7 (a) The amount of \$50,000.00 is appropriated from the General Fund to the
8 Agency of Commerce and Community Development in fiscal year 2017 to
9 support feasibility studies for the creation of an employee stock ownership plan
10 or worker cooperative, for up to one-half of the cost of the study, with a
11 maximum of \$25,000.00 per company.

12 (b) On or before January 1, 2018, the Agency shall submit a report to the
13 General Assembly and the Governor detailing the expenditure of sums
14 appropriated pursuant to this section and evaluating the success of the
15 assistance and promotion program.

16 * * * Veterans Entrepreneurship Program * * *

17 Sec. N.1. FINDINGS AND PURPOSE

18 (a) The General Assembly finds:

19 (1) According to 2015 report on economy by Forbes, Vermont ranks
20 46th in operating costs for small business within the United States.

21 (2) Vermont ranked number 42nd Best State for Business.

1 ~~(3) Vermont ranked 45th in Growth Prospects.~~

2 ~~(4) Vermont experienced a small job growth increase of 1.6 percent~~
3 ~~between 2014 and 2015.~~

4 ~~(5) The states with the best economic outlook are Utah, North Dakota,~~
5 ~~Indiana, North Carolina, and Arizona, two of which have successful veterans~~
6 ~~economic development programs:~~

7 ~~(A) Utah has a program called “Boots to Business.”~~

8 ~~(B) North Dakota has the Veterans with Disabilities Entrepreneurship~~
9 ~~Program.~~

10 (1) Veterans employ 5.7 million people within the United States.

11 (2) Veterans own or lead 30 percent of all businesses in the United
12 States, including:

13 (A) 24 Hour Fitness: Carl Liebert III, who served two years aboard a
14 Navy vessel as a supply officer.

15 (B) 7-Eleven: Joe DePinto, who served five years as an Army field
16 artillery officer.

17 (C) FedEx: Fredrick Smith, who served four years in the Marine
18 Corps.

19 (D) General Motors: Daniel Akerson, who served five years as an
20 officer on a Navy destroyer.

1 (E) Johnson & Johnson: Alex Gorsky, who served six years in the
2 Army, earning a Ranger tab and Airborne wings.

3 (F) Lockheed Martin: Robert Stevens, who served in the Marines

4 (G) Procter & Gamble: Robert McDonald, who served for five years
5 as a captain in the Army.

6 (H) Verizon Communications: Lowell McAdam, who served six
7 years in the Navy as a Seabee.

8 (b) The purposes of this act are to:

9 (1) incentivize U.S. and Vermont veterans to establish and maintain
10 viable businesses within the State of Vermont;

11 (2) create jobs and businesses with a higher rate of success within the
12 State, fostering economic development;

13 (3) continue to utilize the resources that military personnel provide to
14 local communities and business ethics after their extensive leadership training
15 and experiences;

16 (4) provide additional revenue and attract out-of-state talent and ideas;

17 (5) increase population size in the State; and

18 (6) foster an environment that encourages small business growth within
19 the State.

1 Sec. N.2. 10 V.S.A. § 9 is added to read:

2 § 9. VETERANS ENTREPRENEURSHIP PROGRAM

3 (a) In each economic development program that operates with State funds
4 or makes loans, grants, services, or other economic development incentives of
5 or using State funds, the program shall give preference from among its
6 applicants, which are otherwise qualified and substantially equivalent, to a
7 business in which one or more qualifying veterans holds a majority of the
8 ownership interest.

9 (b) As used in this section, “qualifying veteran” means a resident of
10 Vermont who served on active duty in the U.S. Armed Forces or the Vermont
11 National Guard or Vermont Air National Guard and who received an
12 honorable discharge.

13 Sec. N.3. IMPLEMENTATION

14 On or before January 15, 2017, each economic development program
15 operator subject to 10 V.S.A. § 9 shall report to the House Committees on
16 General, Housing and Military Affairs and on Commerce and Economic
17 Development and to the Senate Committee on Economic Development,
18 Housing and General Affairs on the policies or procedures it has adopted to
19 comply with 10 V.S.A. § 9.

20 * * * Vermont Sustainable Jobs Fund * * *

21 Sec. O.1. 10 V.S.A. § 328 is amended to read:

1 § 328. CREATION OF THE SUSTAINABLE JOBS FUND PROGRAM

2 (a) There is created a Sustainable Jobs Fund Program to create quality jobs
3 that are compatible with Vermont's natural and social environment.

4 (b) The Vermont Economic Development Authority shall incorporate a
5 nonprofit corporation pursuant to the provisions of subdivision 216(14) of this
6 title to administer the Sustainable Jobs Fund Program, and to fulfill the
7 purposes of this chapter by means of loans or grants to eligible applicants for
8 eligible activities, provided that any funds contributed to the Program by the
9 Authority under subsection (c) of this section shall be used for lending
10 purposes only.

11 (c)(1) Notwithstanding the provisions of subdivision 216(14) of this title,
12 the Authority may contribute not more than \$1,000,000.00 to the capital of the
13 corporation formed under this section, and the Board of Directors of the
14 corporation formed under this section shall consist of:

15 (A) the Secretary of Commerce and Community Development or his
16 or her designee;

17 (B) the Secretary of Agriculture, Food and Markets or his or her
18 designee;

19 (C) a director appointed by the Governor; and

20 (D) eight independent directors, no more than two of whom shall be
21 State government employees or officials, and who shall be selected as

1 vacancies occur by vote of the existing directors from a list of names offered
2 by a nominating committee of the Board created for that purpose.

3 (2)(A) Each independent director shall serve a term of three years or
4 until his or her earlier resignation.

5 (B) A director may be reappointed, but no independent director and
6 no director appointed by the Governor shall serve for more than three terms.

7 (C) The director appointed by the Governor shall serve at the pleasure
8 of the Governor and may be removed at any time with or without cause.

9 (3) A director of the Board who is or is appointed by a State government
10 official or employee shall not be eligible to hold the position of Chair, Vice
11 Chair, Secretary, or Treasurer of the Board.

12 ~~(d) The Vermont Economic Development Authority may hire or assign a~~
13 ~~program director to administer, manage, and direct the affairs and business of~~
14 ~~the Board, subject to the policies, control, and direction of the corporation~~
15 ~~formed under this section. [Repealed.]~~

16 (e) The Agency of Commerce and Community Development shall have the
17 authority and responsibility for the administration and implementation of the
18 Program.

19 (f) The Vermont Sustainable Jobs Fund Program shall work collaboratively
20 with the Agency of Agriculture, Food and Markets to assist the Vermont

1 slaughterhouse industry in supporting its efforts at productivity and
2 sustainability.

3 Sec. O.2. 2002 Acts and Resolves No. 142, Sec. 254(a) is amended to read:

4 ~~(a) All authority and responsibility for the administration and
5 implementation of the sustainable jobs fund and the sustainable jobs program
6 established by chapter 15A of Title 10 is transferred from the Vermont
7 economic development authority to the agency of commerce and community
8 development, secretary's office. The agency shall be the successor to all rights
9 and obligations of the authority in any matter pertaining to the fund and the
10 program on and after July 1, 2002. [Repealed.]~~

11
12 * * * Effective Dates * * *

13 Sec. **X**. EFFECTIVE DATES

14 (a) This section and the following sections shall take effect on passage:

15 (1) Secs. A.1–A.7 (Vermont Economic Development Authority).

16 (2) Sec. B.1 (cooperatives; electronic voting).

17 (3) Sec. E.3 (technical correction to business registration statute).

18 (4) Sec. G.1 (Medicaid for working people with disabilities).

19 (b) The following sections shall take effect on July 1, 2016:

20 (1) Secs. C.1–C.2 (regional planning and development).

21 (2) Sec. D.1 (Vermont Training Program).

1 (3) Secs. F.1–F.9 (Vermont State Treasurer).

2 (4) Secs. H.11 (VEGI working group).

3 (5) Sec. I.1 (blockchain technology).

4 (6) Sec. J.1 (Internet-based lodging accommodations study).

5 (7) Secs. K.1–K.3 (State Workforce Development Board).

6 (8) Secs. L.1–L.3 (Vermont Creative Network).

7 (9) Secs. M.1–M.2 (employee ownership).

8 (10) Secs. N.1–N.3 (Veterans Entrepreneurship Program).

9 (11) Secs. O.1–O.2 (Vermont Sustainable Jobs Fund).

10 (c) The following sections shall take effect on July 1, 2017:

11 (1) Secs. E.1–E.2 (conversion, merger, share exchange, and
12 domestication of a corporation).

13 (2) Secs. H.1–H.10 (Vermont Employment Incentive Growth program).

14 (d)(1) Notwithstanding 1 V.S.A. § 214, Sec. E.3 (technical corrections to
15 LLC Act) shall take effect retroactively as of July 1, 2015, and apply only to:

16 (A) a limited liability company formed on or after July 1, 2015; and

17 (B) except as otherwise provided in subdivision (4) of this

18 subsection, a limited liability company formed before July 1, 2015 that elects,

19 in the manner provided in its operating agreement or by law for amending the

20 operating agreement, to be subject to this act.

1 (2) Sec. E.3 does not affect an action commenced, a proceeding brought,
2 or a right accrued before July 1, 2015.

3 (3) Except as otherwise provided in subdivision (4) of this subsection,
4 Sec. E.3 shall apply to all limited liability companies on and after July 1, 2016.

5 (4) For the purposes of applying Sec. E.3 to a limited liability company
6 formed before July 1, 2015, for the purposes of applying 11 V.S.A. § 4023 and
7 subject to 11 V.S.A. § 4003, language in the company's articles of
8 organization designating the company's management structure operates as if
9 that language were in the operating agreement.