

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Commerce & Economic Development to which was  
3 referred Senate Bill No. 138 entitled “An act relating to promoting economic  
4 development” respectfully reports that it has considered the same and  
5 recommends that the House propose to the Senate that the bill be amended by  
6 striking out all after the enacting clause and inserting in lieu thereof the  
7 following:

8 **A. General Commerce**

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

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

11 CHAPTER 16. BUSINESS RAPID RESPONSE TO

12 DECLARED STATE DISASTERS

13 § 1701. DEFINITIONS

14 In this chapter:

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

18 (2) “Declared State disaster or emergency” means a disaster or  
19 emergency event:

20 (A) for which a Governor’s state of emergency proclamation has  
21 been issued;

1           (B) for which a Presidential declaration of a federal major disaster or  
2           emergency has been issued; or

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

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

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

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

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

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

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

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

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

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

4           § 1702. OBLIGATIONS AFTER DISASTER RESPONSE PERIOD

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

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

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

20           (C) For purposes of any State or local tax on or measured by, in  
21           whole or in part, net or gross income or receipts, all activity of the out-of-state

1 business that is conducted in this State pursuant to this chapter shall be  
2 disregarded with respect to any filing requirements for such tax, including the  
3 filing required for a unitary or combined group of which the out-of-state  
4 business may be a part.

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

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

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

17 (b) Transaction taxes and fees. An out-of-state business and an out-of-state  
18 employee shall be required to pay transaction taxes and fees including fuel tax,  
19 sales and use tax on materials or services consumed or used in the State subject  
20 to sales and use tax, rooms and meals tax, car rental taxes or fees that the  
21 out-of-state affiliated business or out-of-state employee purchases for use or

1 consumption in the State during the disaster response period, unless such taxes  
2 are otherwise exempted during a disaster response period.

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

9 § 1703. ADMINISTRATION

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

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

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

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

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

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

10       \* \* \* Liability Insurance and Transportation Network Companies \* \* \*

11       Sec. A.2. 23 V.S.A. chapter 11, subchapter 2A is added to read:

12                    Subchapter 2A. Transportation Network Companies

13                    \* \* \*

14                    \* \* \* Manufacture of Gun Suppressors \* \* \*

15       Sec. A.3. 13 V.S.A. § 4010 is amended to read:

16       § 4010. GUN SILENCERS

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

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(b) Subsection (a) of this section shall not apply to a licensed manufacturer or a licensed importer, as defined in 18 U.S.C. § 921, who is also registered as a manufacturer or an importer pursuant to 26 U.S.C. § 5802, for the purpose of manufacturing, joint production, calibration, integration, incorporation, testing, permanent and temporary export, permanent and temporary import, research and development, repair, or sale of silencers in accordance with federal, State, and local law.

**Sec. A.4. STUDY AND REPORT; BLOCKCHAIN TECHNOLOGY**

On or before January 15, 2015, the Secretary of State, the Commissioner of Financial Regulation, and the Attorney General, shall consult with one or more Vermont delegates to the National Conference of Commissioners on Uniform State Laws and with one or more faculty at Vermont Law School, and together shall submit a report to the General Assembly its finding and recommendations on the potential opportunities and risks of creating a presumption of validity for electronic facts and records that employ blockchain technology and addressing any unresolved regulatory issues.

\* \* \* Fortified Wines \* \* \*

Sec. A.5. 7 V.S.A. § 2 is amended to read:

§ 2. DEFINITIONS



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

3 \* \* \*

4 (15) “Manufacturer’s or rectifier’s license”: a license granted by the  
5 Liquor Control Board that permits the holder to manufacture or rectify  
6 ~~spirituous liquors~~ spirits or fortified wines for export and sale to the Liquor  
7 Control Board, or malt beverages and vinous beverages for export and sale to  
8 bottlers or wholesale dealers. This license permits a manufacturer of vinous  
9 beverages or fortified wines to receive from another manufacturer licensed in  
10 or outside this ~~state~~ State bulk shipments of vinous beverages to rectify with  
11 the licensee’s own product, provided that the vinous beverages or fortified  
12 wines produced by a Vermont manufacturer may contain no more than  
13 25 percent imported vinous beverage. The Liquor Control Board may grant to  
14 a licensed manufacturer or rectifier a first-class restaurant or cabaret license or  
15 first- and third-class restaurant or cabaret license permitting the licensee to sell  
16 alcoholic beverages to the public only at the manufacturer’s premises, which,  
17 for the purposes of a manufacturer of malt beverages, includes up to two  
18 licensed establishments that are located on the contiguous real estate of the  
19 holder of the manufacturer’s license, provided the manufacturer owns or has  
20 direct control over those establishments. A manufacturer of malt beverages  
21 who also holds a first-class restaurant or cabaret license may serve to a

1 customer malt beverage by the glass, not to exceed eight glasses at one time  
2 and not to exceed four ounces in each glass. The Liquor Control Board may  
3 grant to a licensed manufacturer or a rectifier of malt beverages a second-class  
4 license permitting the licensee to sell alcoholic beverages to the public  
5 anywhere on the manufacturer's or rectifier's premises. A licensed  
6 manufacturer or rectifier of vinous beverages may serve, with or without  
7 charge, at an event held on premises of the licensee or the vineyard property,  
8 spirits and vinous beverages and malt beverages, provided the licensee gives  
9 the Department written notice of the event, including details required by the  
10 Department, at least five days before the event. Any beverages not  
11 manufactured by the licensee and served at the event shall be purchased on  
12 invoice from a licensed manufacturer or wholesale dealer or the Liquor Control  
13 Board.

14 \* \* \*

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

1           (20) “Spirits” or “spirituous liquors”: beverages that contain more than  
2 one percent of alcohol obtained by distillation, by chemical synthesis, or  
3 through concentration by freezing; ~~and~~ vinous beverages containing more than  
4 ~~16~~ 23 percent of alcohol; and ~~all vermouths of any alcohol content~~; malt  
5 beverages containing more than 16 percent of alcohol or more than six percent  
6 of alcohol if the terminal specific gravity thereof is less than 1.009; in each  
7 case measured by volume at 60 degrees Fahrenheit.

8   \* \* \*

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

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

19   \* \* \*

20           (27) “Special events permit”: a permit granted by the Liquor Control  
21 Board permitting a person holding a manufacturer’s or rectifier’s license to sell

1 by the glass or by unopened bottle spirits, fortified wines, malt beverages, or  
2 vinous beverages manufactured or rectified by the license holder at an event  
3 open to the public that has been approved by the local licensing authority. For  
4 the purposes of tasting only, the permit holder may distribute, with or without  
5 charge, beverages manufactured by the permit holder by the glass no more than  
6 two ounces per product and eight ounces total of malt beverages or vinous  
7 beverages and no more than one ounce in total of spirits or fortified wines to  
8 each individual. No more than ~~36~~ 104 special events permits may be issued to  
9 a holder of a manufacturer's or rectifier's license during a year. A special  
10 event permit shall be valid for the duration of each public event or four days,  
11 whichever is shorter. Requests for a special events permit, accompanied by the  
12 fee as required by subdivision 231(13) of this title, shall be submitted to the  
13 Department of Liquor Control at least five days prior to the date of the event.  
14 Each manufacturer or rectifier planning to attend a single special event under  
15 this permit may be listed on a single permit. However, each attendance at a  
16 special event shall count toward the manufacturer's or rectifier's ~~36~~ 104  
17 special-event-permit limitation.

18 (28) "Fourth-class license" or "farmers' market license": the license  
19 granted by the Liquor Control Board permitting a manufacturer or rectifier of  
20 malt ~~or~~ beverages, vinous beverages, fortified wines, or spirits to sell by the  
21 unopened container and distribute, by the glass, with or without charge,

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

20 \* \* \*

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

6           Sec. A.6. 7 V.S.A. § 104 is amended to read:

7           § 104. DUTIES; AUTHORITY TO RESOLVE ALLEGED VIOLATIONS

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

11   \* \* \*

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

13          § 107. DUTIES OF COMMISSIONER OF LIQUOR CONTROL

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

15   \* \* \*

16                 (2) Make regulations subject to the approval of the ~~board~~ Board  
17                 governing the hours during which such agencies shall be open for the sale of  
18                 ~~spirituous liquors,~~ spirits and fortified wines and governing the qualifications  
19                 ~~and, department, and salaries of the agencies’ employees therein and the~~  
20                 ~~salaries thereof.~~

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

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

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

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

16           (5) Purchase through the ~~commissioner of buildings and general services~~  
17 ~~spirituous liquors~~ Commissioner of Buildings and General Services spirits and  
18 fortified wines for and in behalf of the ~~liquor control board~~ Liquor Control  
19 Board, supervise the storage thereof and the distribution to local agencies,  
20 druggists ~~and~~, licensees of the third class, and holders of fortified wine permits.

1 and make regulations subject to the approval of the ~~board~~ Board regarding the  
2 sale and delivery from ~~such~~ the central storage plant.

3 \* \* \*

4 Sec. A.8. 7 V.S.A. § 110 is amended to read:

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

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

15 Sec. A.9. 7 V.S.A. § 112 is amended as follows:

16 § 112. LIQUOR CONTROL FUND

17 The ~~liquor control fund~~ Liquor Control Fund is hereby established. It shall  
18 consist of all receipts from the sale of spirits, fortified wines, and other items  
19 by the ~~department of liquor control~~ Department of Liquor Control; fees paid to  
20 the ~~department of liquor control~~ Department of Liquor Control for the benefit  
21 of the ~~department~~ Department; all other amounts received by the ~~department of~~



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

4 Sec. A.10. 7 V.S.A. § 222 is amended to read:

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

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

10 \* \* \*

11 (2) Upon making application ~~and,~~ paying the license fee provided in  
12 section 231 of this title, and upon satisfying the Board that such premises are  
13 leased, rented, or owned by the retail dealer and are a safe, sanitary, and proper  
14 place from which to sell malt and vinous beverages, a second-class license ~~for~~  
15 ~~the premises where such dealer shall carry on the business,~~ which shall  
16 authorize such dealer to export malt and vinous beverages, and to sell malt and  
17 vinous beverages to the public from such premises for consumption off the  
18 premises ~~and upon satisfying the Board that such premises are leased, rented,~~  
19 ~~or owned by such retail dealers and are safe, sanitary, and a proper place from~~  
20 ~~which to sell malt and vinous beverages.~~ A retail dealer carrying on business  
21 in more than one place shall be required to acquire a second-class license for

1 each place where ~~he or she shall so sell~~ the retail dealer sells malt and vinous  
2 beverages. No malt or vinous beverages shall be sold by a second-class  
3 licensee to a minor.

4 \* \* \*

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

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

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

14 (6) The Liquor Control Board may grant a fortified wine permit to a  
15 second-class licensee if the licensee files an application accompanied by the  
16 license fee as provided in section 231 of this title. The holder of a fortified  
17 wine permit may sell fortified wines to the public from the licensed premises  
18 for consumption off the premises. The Liquor Control Board shall issue no  
19 more than 150 fortified wine permits in any single year. The holder of a  
20 fortified wine permit shall purchase all fortified wines to be offered for sale to  
21 the public pursuant to the permit through the Liquor Control Board at a price

1 equal to no more than 75 percent of the current retail price for the fortified  
2 wine established by the Commissioner pursuant to subdivision 107(3)(B) of  
3 this title.

4 Sec. A.11. 7 V.S.A. § 224 is amended to read:

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

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

16 \* \* \*

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

1 Sec. A.12. 7 V.S.A. § 225 is amended to read:

2 § 225. EDUCATIONAL SAMPLING EVENT PERMIT

3 (a) The ~~liquor control board~~ Liquor Control Board may grant an  
4 educational sampling event permit to a person to conduct an event that is open  
5 to the public and at which malt beverages, vinous beverages, fortified wines, or  
6 ~~spirituous liquors~~ spirits, or all ~~three~~ four are served only for the purposes of  
7 marketing and educational sampling, provided the event is also approved by  
8 the local licensing authority. At least 15 days prior to the event, an applicant  
9 shall submit an application to the ~~department~~ Department in a form required by  
10 the ~~department~~ Department. The application shall include a list of the  
11 alcoholic beverages to be acquired for sampling at the event, and the  
12 application shall be accompanied by a fee in the amount required pursuant to  
13 section 231 of this title. No more than four educational sampling event permits  
14 shall be issued annually to the same person. An educational sampling event  
15 permit shall be valid for no more than four consecutive days. The permit  
16 holder shall ~~assure~~ ensure all the following:

17 \* \* \*

18 (b) An educational sampling event permit holder:

19 \* \* \*

20 (2) May transport malt beverages, vinous beverages, fortified wines, and  
21 ~~spirituous liquors~~ spirits to the event site, and those beverages may be served at

1 the event by the permit holder or the holder's employees, volunteers, or  
2 representatives of a manufacturer, bottler, or importer participating in the  
3 event, provided they meet the server age and training requirements under this  
4 chapter.

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

6 \* \* \*

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

9 \* \* \*

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

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

12 Sec. A.13. 7 V.S.A. § 231 is amended to read:

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

14 (a) The following fees shall be paid:

15 \* \* \*

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

17 \* \* \*

18 Sec. A.14. 7 V.S.A. § 422 is amended to read:

19 § 422. TAX ON SPIRITUOUS LIQUOR

20 (a) A tax is assessed on the gross revenue ~~on~~ from the ~~retail~~ sale of  
21 ~~spirituous liquor~~ spirits and fortified wines in the State of Vermont, ~~including~~

1 ~~fortified wine, sold by the Liquor Control Board, or sold by~~ the retail sale of  
2 spirits and fortified wines in Vermont by a manufacturer or rectifier of  
3 ~~spirituous liquor~~ spirits or fortified wines, in accordance with the provisions of  
4 this title. The tax shall be at the following rates based on the gross revenue of  
5 the retail sales by the seller in the current year:

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

8 (2) if the gross revenue of the seller is between \$500,000.00 and  
9 \$750,000.00, the rate of tax is \$25,000.00 plus 10 percent of the gross revenues  
10 over \$500,000.00;

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

13 \* \* \*

14 Sec. A.15. STATUTORY REVISION

15 The Legislative Council, in its statutory revision capacity pursuant to  
16 2 V.S.A. § 424, is authorized to correct instances of the words “spirituous  
17 liquors” and “spirits” appearing in Title 7 of the Vermont Statutes Annotated  
18 to “spirits and fortified wines” as necessary to implement the intent of the  
19 revisions to 7 V.S.A. § 2 in this act.

20 \* \* \*

21 Sec. A.16. STUDY; REPORT

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

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

**B. Uniform Commercial Code**

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

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

§ 4A-108. ~~EXCLUSION OF CONSUMER TRANSACTIONS~~

~~GOVERNED BY FEDERAL LAW~~ RELATIONSHIP TO

ELECTRONIC FUND TRANSFER ACT

19       (a) ~~This~~ Except as provided in subsection (b) of this section, this article  
 20       does not apply to a funds transfer any part of which is governed by the

1 Electronic Fund Transfer Act of 1978 (15 U.S.C. § 1693 et seq.) as amended  
2 from time to time.

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

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

12 \* \* \* Uniform Commercial Code; Article 7 \* \* \*

13 Sec. B.2. REPEAL

14 9A V.S.A. article 7 is repealed.

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

16 ARTICLE 7. DOCUMENTS OF TITLE

17 Part 1. General

18 § 7-101. SHORT TITLE

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

20 § 7-102. DEFINITIONS AND INDEX OF DEFINITIONS

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20           § 7-103. RELATION OF ARTICLE TO TREATY OR STATUTE

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

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

10       (c) This article modifies, limits, and supersedes the federal Electronic  
11       Signatures in Global and National Commerce Act (15 U.S.C. Section 7001, et.  
12       seq.) but does not modify, limit, or supersede Section 101(c) of that act  
13       (15 U.S.C. Section 7001(c)) or authorize electronic delivery of any of the  
14       notices described in Section 103(b) of that act (15 U.S.C. Section 7003(b)).

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

17       § 7-104. NEGOTIABLE AND NONNEGOTIABLE DOCUMENT OF  
18       TITLE

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

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

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

9        § 7-105. REISSUANCE IN ALTERNATIVE MEDIUM

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

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

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

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

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

20           (2) the person that procured issuance of the tangible document warrants  
21       to all subsequent persons entitled under the tangible document that the

1 warrantor was a person entitled under the electronic document when the  
2 warrantor surrendered control of the electronic document to the issuer.

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

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

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

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

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

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

17 § 7-106. CONTROL OF ELECTRONIC DOCUMENT OF TITLE

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

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

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

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

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

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

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

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

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

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

20                              Part 2. Warehouse Receipts: Special Provisions

21                      § 7-201. PERSON THAT MAY ISSUE A WAREHOUSE RECEIPT;

1                    STORAGE UNDER BOND

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

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

8                    § 7-202. FORM OF WAREHOUSE RECEIPT; EFFECT OF OMISSION

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

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

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

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

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

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

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

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

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

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

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

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

15           § 7-203. LIABILITY FOR NONRECEIPT OR MISDESCRIPTION

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

20           (1) the document conspicuously indicates that the issuer does not know  
21           whether all or part of the goods in fact were received or conform to the



1 description, such as a case in which the description is in terms of marks or  
2 labels or kind, quantity, or condition, or the receipt or description is qualified  
3 by “contents, condition, and quality unknown”, “said to contain”, or words of  
4 similar import, if the indication is true; or

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

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

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

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

1 or the warehouse receipt. In this event, increased rates may be charged based  
2 on an increased valuation of the goods.

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

6 § 7-205. TITLE UNDER WAREHOUSE RECEIPT DEFEATED IN  
7 CERTAIN CASES

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

12 § 7-206. TERMINATION OF STORAGE AT WAREHOUSE'S OPTION

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

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

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

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

19       (e) A warehouse may satisfy its lien from the proceeds of any sale or  
20       disposition under this section but shall hold the balance for delivery on the

1 demand of any person to which the warehouse would have been bound to  
2 deliver the goods.

3 § 7-207. GOODS SHALL BE KEPT SEPARATE; FUNGIBLE GOODS

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

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

14 § 7-208. ALTERED WAREHOUSE RECEIPTS

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

20 § 7-209. LIEN OF WAREHOUSE

1       (a) A warehouse has a lien against the bailor on the goods covered by a  
2       warehouse receipt or storage agreement or on the proceeds thereof in its  
3       possession for charges for storage or transportation, including demurrage and  
4       terminal charges, insurance, labor, or other charges, present or future, in  
5       relation to the goods, and for expenses necessary for preservation of the goods  
6       or reasonably incurred in their sale pursuant to law. If the person on whose  
7       account the goods are held is liable for similar charges or expenses in relation  
8       to other goods whenever deposited and it is stated in the warehouse receipt or  
9       storage agreement that a lien is claimed for charges and expenses in relation to  
10       other goods, the warehouse also has a lien against the goods covered by the  
11       warehouse receipt or storage agreement or on the proceeds thereof in its  
12       possession for those charges and expenses, whether or not the other goods have  
13       been delivered by the warehouse. However, as against a person to which a  
14       negotiable warehouse receipt is duly negotiated, a warehouse's lien is limited  
15       to charges in an amount or at a rate specified in the warehouse receipt or, if no  
16       charges are so specified, to a reasonable charge for storage of the specific  
17       goods covered by the receipt subsequent to the date of the receipt.

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

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

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

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

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

12                   (C) power of disposition under sections 2-403, 2A-304(2), 2A-  
13       305(2), 9-320, or 9-321(c) of this title, or other statute or rule of law; or

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

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

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

3       § 7-210. ENFORCEMENT OF WAREHOUSE'S LIEN

4       (a) Except as otherwise provided in subsection (b) of this section, a  
5       warehouse's lien may be enforced by public or private sale of the goods, in  
6       bulk or in packages, at any time or place and on any terms that are  
7       commercially reasonable, after notifying all persons known to claim an interest  
8       in the goods. The notification shall include a statement of the amount due, the  
9       nature of the proposed sale, and the time and place of any public sale. The fact  
10       that a better price could have been obtained by a sale at a different time or in a  
11       method different from that selected by the warehouse is not of itself sufficient  
12       to establish that the sale was not made in a commercially reasonable manner.  
13       The warehouse sells in a commercially reasonable manner if the warehouse  
14       sells the goods in the usual manner in any recognized market therefore, sells at  
15       the price current in that market at the time of the sale, or otherwise sells in  
16       conformity with commercially reasonable practices among dealers in the type  
17       of goods sold. A sale of more goods than apparently necessary to be offered to  
18       ensure satisfaction of the obligation is not commercially reasonable, except in  
19       cases covered by the preceding sentence.

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

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

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

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

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

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



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

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

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

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

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

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

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

1 Part 3. Bills Of Lading: Special Provisions

2 § 7-301. LIABILITY FOR NONRECEIPT OR MISDESCRIPTION; “SAID  
3 TO CONTAIN”; “SHIPPER’S WEIGHT, LOAD, AND COUNT”;  
4 IMPROPER HANDLING

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

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

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

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

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

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

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

18       § 7-302. THROUGH BILLS OF LADING AND SIMILAR DOCUMENTS

19               OF TITLE

20       (a) The issuer of a through bill of lading, or other document of title  
21       embodying an undertaking to be performed in part by a person acting as its

1 agent or by a performing carrier, is liable to any person entitled to recover on  
2 the bill or other document for any breach by the other person or the performing  
3 carrier of its obligation under the bill or other document. However, to the  
4 extent that the bill or other document covers an undertaking to be performed  
5 overseas or in territory not contiguous to the continental United States or an  
6 undertaking including matters other than transportation, this liability for breach  
7 by the other person or the performing carrier may be varied by agreement of  
8 the parties.

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

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

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

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

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

8                   INSTRUCTIONS

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

13                   (1) the holder of a negotiable bill;

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

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

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

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

4        § 7-304. TANGIBLE BILLS OF LADING IN A SET

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

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

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

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

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

4       § 7-305. DESTINATION BILLS

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

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

13       § 7-306. ALTERED BILLS OF LADING

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

16       § 7-307. LIEN OF CARRIER

17       (a) A carrier has a lien on the goods covered by a bill of lading or on the  
18       proceeds thereof in its possession for charges after the date of the carrier’s  
19       receipt of the goods for storage or transportation, including demurrage and  
20       terminal charges, and for expenses necessary for preservation of the goods  
21       incident to their transportation or reasonably incurred in their sale pursuant to

1 law. However, against a purchaser for value of a negotiable bill of lading, a  
2 carrier's lien is limited to charges stated in the bill or the applicable tariffs or,  
3 if no charges are stated, a reasonable charge.

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

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

14 § 7-308. ENFORCEMENT OF CARRIER'S LIEN

15 (a) A carrier's lien on goods may be enforced by public or private sale of  
16 the goods, in bulk or in packages, at any time or place and on any terms that  
17 are commercially reasonable, after notifying all persons known to claim an  
18 interest in the goods. The notification shall include a statement of the amount  
19 due, the nature of the proposed sale, and the time and place of any public sale.  
20 The fact that a better price could have been obtained by a sale at a different  
21 time or in a method different from that selected by the carrier is not of itself



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

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

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

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

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

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

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

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

8        § 7-309. DUTY OF CARE; CONTRACTUAL LIMITATION OF  
9        CARRIER'S LIABILITY

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

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

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

4                                Part 4. Warehouse Receipts and Bills of Lading:

5    General Obligations

6        § 7-401. IRREGULARITIES IN ISSUE OF RECEIPT OR BILL OR  
7                                CONDUCT OF ISSUER

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

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

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

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

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

18        § 7-402. DUPLICATE DOCUMENT OF TITLE; OVERISSUE

19        A duplicate or any other document of title purporting to cover goods  
20        already represented by an outstanding document of the same issuer does not  
21        confer any right in the goods, except as provided in the case of tangible bills of

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

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

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

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

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

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

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

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

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

3           (7) any other lawful excuse.

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

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

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

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

15          § 7-404. NO LIABILITY FOR GOOD-FAITH DELIVERY PURSUANT TO

16                   DOCUMENT OF TITLE

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

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

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

3                   Part 5. Warehouse Receipts And Bills Of Lading:

4                           Negotiation And Transfer

5           § 7-501. FORM OF NEGOTIATION AND REQUIREMENTS OF DUE

6                   NEGOTIATION

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

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

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

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

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

19                   (5) A document is duly negotiated if it is negotiated in the manner stated  
20 in this subsection to a holder that purchases it in good faith, without notice of  
21 any defense against or claim to it on the part of any person, and for value,

1 unless it is established that the negotiation is not in the regular course of  
2 business or financing or involves receiving the document in settlement or  
3 payment of a monetary obligation.

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

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

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

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

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

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

4        § 7-502. RIGHTS ACQUIRED BY DUE NEGOTIATION

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

7            (1) title to the document;

8            (2) title to the goods;

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

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

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



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

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

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

8           § 7-503. DOCUMENT OF TITLE TO GOODS DEFEATED IN CERTAIN  
9           CASES

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

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

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

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

17                   (C) power of disposition under section 2-403, subdivisions  
18 2A-304(2) or 2A-305(2), section 9-320, or subsection 9-321(c) of this title or  
19 other statute or rule of law; or

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

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

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

11       § 7-504. RIGHTS ACQUIRED IN ABSENCE OF DUE NEGOTIATION;

12                    EFFECT OF DIVERSION; STOPPAGE OF DELIVERY

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

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

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

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

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

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

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

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

1     § 7-505. INDORSER NOT GUARANTOR FOR OTHER PARTIES

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

4     § 7-506. DELIVERY WITHOUT INDORSEMENT: RIGHT TO COMPEL

5                     INDORSEMENT

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

10    § 7-507. WARRANTIES ON NEGOTIATION OR DELIVERY OF

11                     DOCUMENT OF TITLE

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

16                     (1) the document is genuine;

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

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

1     § 7-508. WARRANTIES OF COLLECTING BANK AS TO DOCUMENTS

2             OF TITLE

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

9     § 7-509. ADEQUATE COMPLIANCE WITH COMMERCIAL CONTRACT

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

13                    Part 6. Warehouse Receipts and Bills of Lading:

14                            Miscellaneous Provisions

15     § 7-601. LOST, STOLEN, OR DESTROYED DOCUMENTS OF TITLE

16            (a) If a document of title is lost, stolen, or destroyed, a court may order  
17     delivery of the goods or issuance of a substitute document and the bailee may  
18     without liability to any person comply with the order. If the document was  
19     negotiable, a court may not order delivery of the goods or issuance of a  
20     substitute document without the claimant's posting security unless it finds that  
21     any person that may suffer loss as a result of nonsurrender of possession or

1 control of the document is adequately protected against the loss. If the  
2 document was nonnegotiable, the court may require security. The court may  
3 also order payment of the bailee's reasonable costs and attorney's fees in any  
4 action under this subsection.

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

12 § 7-602. JUDICIAL PROCESS AGAINST GOODS COVERED BY  
13 NEGOTIABLE DOCUMENT OF TITLE

14 Unless a document of title was originally issued upon delivery of the goods  
15 by a person that did not have power to dispose of them, a lien does not attach  
16 by virtue of any judicial process to goods in the possession of a bailee for  
17 which a negotiable document of title is outstanding unless possession or  
18 control of the document is first surrendered to the bailee or the document's  
19 negotiation is enjoined. The bailee may not be compelled to deliver the goods  
20 pursuant to process until possession or control of the document is surrendered  
21 to the bailee or to the court. A purchaser of the document for value without

1 notice of the process or injunction takes free of the lien imposed by judicial  
2 process.

3 § 7-603. CONFLICTING CLAIMS; INTERPLEADER

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

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

10 ARTICLE 1. GENERAL PROVISIONS

11 \* \* \*

12 § 1-201. GENERAL DEFINITIONS

13 \* \* \*

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

16 \* \* \*

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

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

5 \* \* \*

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

9 (16) “Document of title” ~~includes bill of lading, dock warrant, dock~~  
10 ~~receipt, warehouse receipt or order for the delivery of goods, and also any~~  
11 ~~other document which~~ means a record (i) that in the regular course of business  
12 or financing is treated as adequately evidencing that the person in possession  
13 or control of the record ~~is~~ entitled to receive, control, hold, and dispose of the  
14 ~~document record~~ and the goods ~~the record covers~~ and (ii) that purports to be  
15 issued by or addressed to a bailee and to cover goods in the bailee’s possession  
16 which are either identified or are fungible portions of an identified mass The  
17 term includes a bill of lading, transport document, dock warrant, dock receipt,  
18 warehouse receipt, and order for delivery of goods. ~~To be a document of title,~~  
19 ~~a document must purport to be issued by or addressed to a bailee and purport to~~  
20 ~~cover goods in the bailee’s possession which are either identified or are~~  
21 ~~fungible portions of an identified mass~~ An electronic document of title means a



1 document of title evidenced by a record consisting of information stored in an  
2 electronic medium. A tangible document of title means a document of title  
3 evidenced by a record consisting of information that is inscribed on a tangible  
4 medium.

5 \* \* \*

6 (21) “Holder” means:

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

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

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

14 \* \* \*

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

17 \* \* \*

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

19 ARTICLE 2. SALES

20 \* \* \*

21 § 2-103. DEFINITIONS AND INDEX OF DEFINITIONS

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\* \* \*

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

- “Check”. Section 3-104.
- “Consignee”. Section 7-102.
- “Consignor”. Section 7-102.
- “Consumer goods”. Section 9-102.
- “Dishonor”. Section 3-502.
- “Draft”. Section 3-104.

\* \* \*

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

\* \* \*

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

1 persons who are in the position of seller and buyer in respect to the goods  
2 (§ 2-707).

3 \* \* \*

4 § 2-310. OPEN TIME FOR PAYMENT OR RUNNING OF CREDIT;

5 AUTHORITY TO SHIP UNDER RESERVATION

6 Unless otherwise agreed:

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

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

13 (c) if delivery is authorized and made by way of documents of title  
14 otherwise than by subsection (b) of this section then payment is due regardless  
15 of where the goods are to be received (i) at the time and place at which the  
16 buyer is to receive delivery of the tangible documents or ~~regardless of where~~  
17 ~~the goods are to be received (ii)~~ at the time the buyer is to receive delivery of  
18 the electronic documents and at the seller's place of business, or if none, the  
19 seller's residence; and

20 (d) where the seller is required or authorized to ship the goods on credit  
21 the credit period runs from the time of shipment but post-dating the invoice or

1 delaying its dispatch will correspondingly delay the starting of the credit  
2 period.

3 \* \* \*

4 § 2-323. FORM OF BILL OF LADING REQUIRED IN OVERSEAS  
5 SHIPMENT; “OVERSEAS”

6 \* \* \*

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

12 \* \* \*

13 § 2-401. PASSING OF TITLE; RESERVATION FOR SECURITY;  
14 LIMITED APPLICATION OF THIS SECTION

15 \* \* \*

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

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

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

4 \* \* \*

5 § 2-503. MANNER OF SELLER'S TENDER OF DELIVERY

6 \* \* \*

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

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

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

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

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

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

7 § 2-505. SELLER'S SHIPMENT UNDER RESERVATION

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

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

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

20 (2) When shipment by the seller with reservation of a security interest is in  
21 violation of the contract for sale it constitutes an improper contract for

1 transportation within the preceding section but impairs neither the rights given  
2 to the buyer by shipment and identification of the goods to the contract nor the  
3 seller's powers as a holder of a negotiable document of title.

4 § 2-506. RIGHTS OF FINANCING AGENCY

5 \* \* \*

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

10 \* \* \*

11 § 2-509. RISK OF LOSS IN THE ABSENCE OF BREACH

12 \* \* \*

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

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

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

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

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

\* \* \*

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

\* \* \*

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

\* \* \*

(2) As against such buyer the seller may stop delivery until:  
(a) receipt of the goods by the buyer; or  
(b) acknowledgment to the buyer by any bailee of the goods except a carrier that the bailee holds the goods for the buyer; or  
(c) such acknowledgment to the buyer by a carrier by reshipment or as ~~warehouseman~~ a warehouse; or  
(d) negotiation to the buyer of any negotiable document of title covering the goods.  
(3)(a) To stop delivery the seller must so notify as to enable the bailee by reasonable diligence to prevent delivery of the goods.



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

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

7 \* \* \*

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

9 ARTICLE 2A. LEASES

10 \* \* \*

11 § 2A-103. DEFINITIONS AND INDEX OF DEFINITIONS

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

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

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\* \* \*

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

\* \* \*

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

\* \* \*

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

\* \* \*

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

\* \* \*

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

3 (a) receipt of the goods by the lessee;

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

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

8 \* \* \*

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

10 ARTICLE 4. BANK DEPOSITS AND COLLECTIONS

11 \* \* \*

12 § 4-104. DEFINITIONS AND INDEX OF DEFINITIONS

13 \* \* \*

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

16 “Acceptance” § 3-409

17 “Alteration” § 3-407

18 “Cashier’s check” § 3-104

19 “Certificate of deposit” § 3-104

20 “Certified check” § 3-409

21 “Check” § 3-104

- 1 “Demand draft” § 3-104
- 2 “Holder in due course” § 3-302
- 3 “Instrument” § 3-104
- 4 “Notice of dishonor” § 3-503
- 5 “Order” § 3-103
- 6 “Ordinary care” § 3-103
- 7 “Person entitled to enforce” § 3-301
- 8 “Presentment” § 3-501
- 9 “Promise” § 3-103
- 10 “Prove” § 3-103
- 11 “Teller’s check” § 3-104
- 12 “Unauthorized signature” § 3-403

\* \* \*

14 § 4-210. SECURITY INTEREST OF COLLECTING BANK IN ITEMS,  
15 ACCOMPANYING DOCUMENTS AND PROCEEDS

\* \* \*

17 (c) Receipt by a collecting bank of a final settlement for an item is a  
18 realization on its security interest in the item, accompanying documents, and  
19 proceeds. So long as the bank does not receive final settlement for the item or  
20 give up possession of the item or possession or control of the accompanying

1 documents for purposes other than collection, the security interest continues to  
2 that extent and is subject to ~~Article~~ article 9 of this title, but:

3 (1) no security agreement is necessary to make the security interest  
4 enforceable (§ 9-203(b)(3)(A));

5 (2) no filing is required to perfect the security interest; and

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

8 \* \* \*

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

10 ARTICLE 8. INVESTMENT SECURITIES

11 \* \* \*

12 § 8-102. DEFINITIONS

13 (a) In this article:

14 \* \* \*

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

17 (i) a security;

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





- 1 “Lease agreement” Section 2A-103.
- 2 “Lease contract” Section 2A-103.
- 3 “Leasehold interest” Section 2A-103.
- 4 “Lessee” Section 2A-103.
- 5 “Lessee in ordinary course of business” Section 2A-103.
- 6 “Lessor” Section 2A-103.
- 7 “Lessor’s residual interest” Section 2A-103.
- 8 “Letter of credit” Section 5-102.
- 9 “Merchant” Section 2-104.
- 10 “Negotiable instrument” Section 3-104.
- 11 “Nominated person” Section 5-102.
- 12 “Note” Section 3-104.
- 13 “Proceeds of a letter of credit” Section 5-114.
- 14 “Prove” Section 3-103.
- 15 “Sale” Section 2-106.
- 16 “Securities account” Section 8-501.
- 17 “Securities intermediary” Section 8-102.
- 18 “Security” Section 8-102.
- 19 “Security certificate” Section 8-102.
- 20 “Security entitlement” Section 8-102.
- 21 “Uncertificated security” Section 8-102.



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

3 \* \* \*

4 § 9-203. ATTACHMENT AND ENFORCEABILITY OF SECURITY  
5 INTEREST; PROCEEDS; SUPPORTING OBLIGATIONS;  
6 FORMAL REQUISITES

7 \* \* \*

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

11 (1) value has been given;

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

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

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

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

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

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

8 \* \* \*

9 § 9-207. RIGHTS AND DUTIES OF SECURED PARTY HAVING

10 POSSESSION OR CONTROL OF COLLATERAL

11 \* \* \*

12 (c) Except as otherwise provided in subsection (d) of this section, a secured  
13 party having possession of collateral or control of collateral under section 7-  
14 106, 9-104, 9-105, 9-106, or 9-107 of this title:

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

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

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

20 \* \* \*

1 § 9-208. ADDITIONAL DUTIES OF SECURED PARTY HAVING  
2 CONTROL OF COLLATERAL

3 \* \* \*

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

5 \* \* \*

6 (4) a secured party having control of investment property under section  
7 8-106(d)(2) or 9-106(b) shall send to the securities intermediary or commodity  
8 intermediary with which the security entitlement or commodity contract is  
9 maintained an authenticated record that releases the securities intermediary or  
10 commodity intermediary from any further obligation to comply with  
11 entitlement orders or directions originated by the secured party; ~~and~~

12 (5) a secured party having control of a letter-of-credit right under section  
13 9-107 shall send to each person having an unfulfilled obligation to pay or  
14 deliver proceeds of the letter of credit to the secured party an authenticated  
15 release from any further obligation to pay or deliver proceeds of the letter of  
16 credit to the secured party; and

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

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

20 (B) if the debtor designates a custodian that is the designated  
21 custodian with which the authoritative copy of the electronic document is

1 maintained for the secured party, communicate to the custodian an  
2 authenticated record releasing the designated custodian from any further  
3 obligation to comply with instructions originated by the secured party and  
4 instructing the custodian to comply with instructions originated by the  
5 debtor; and

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

10 \* \* \*

11 § 9-301. LAW GOVERNING PERFECTION AND PRIORITY OF  
12 SECURITY INTERESTS

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

16 \* \* \*

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

20 \* \* \*

1 § 9-310. WHEN FILING REQUIRED TO PERFECT SECURITY  
2 INTEREST OR AGRICULTURAL LIEN; SECURITY  
3 INTERESTS AND AGRICULTURAL LIENS TO WHICH FILING  
4 PROVISIONS DO NOT APPLY

5 \* \* \*

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

8 \* \* \*

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

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

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

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

18 \* \* \*

1 § 9-312. PERFECTION OF SECURITY INTERESTS IN CHATTEL  
2 PAPER, DEPOSIT ACCOUNTS, DOCUMENTS, GOODS  
3 COVERED BY DOCUMENTS, INSTRUMENTS, INVESTMENT  
4 PROPERTY, LETTER-OF-CREDIT RIGHTS, AND MONEY;  
5 PERFECTION BY PERMISSIVE FILING; TEMPORARY  
6 PERFECTION WITHOUT FILING OR TRANSFER OF  
7 POSSESSION

8 \* \* \*

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

13 \* \* \*

14 § 9-313. WHEN POSSESSION BY OR DELIVERY TO SECURED PARTY  
15 PERFECTS SECURITY INTEREST WITHOUT FILING

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

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§ 9-314. PERFECTION BY CONTROL

(a) A security interest in investment property, deposit accounts, letter-of-credit rights, ~~or~~ electronic chattel paper, or electronic documents may be perfected by control of the collateral under section 7-106, 9-104, 9-105, 9-106, or 9-107.

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

\* \* \*

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

\* \* \*

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

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

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

11 \* \* \*

12 § 9-338. PRIORITY OF SECURITY INTEREST OR AGRICULTURAL  
13 LIEN PERFECTED BY FILED FINANCING STATEMENT  
14 PROVIDING CERTAIN INCORRECT INFORMATION

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

18 (1) the security interest or agricultural lien is subordinate to a conflicting  
19 perfected security interest in the collateral to the extent that the holder of the  
20 conflicting security interest gives value in reasonable reliance upon the  
21 incorrect information; and





1 and encouraged to apply to Vermont schools, take certain courses, graduate  
2 and then take certain Vermont jobs, in exchange for student loan forgiveness,  
3 is critically dependent on the State providing reliable, sustainable, and  
4 adequate funding for the loan forgiveness that does not diminish resources for  
5 other State workforce education and training programs.

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

7 § 2888. VERMONT STRONG SCHOLARS AND INTERNSHIP  
8 INITIATIVE

9 (a) Creation.

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

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

17 (A) encourage students to:

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

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

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

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

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

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

9 (b) Vermont Strong Loan Forgiveness Program.

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

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

18 (B) Based upon the identified ~~economic sectors~~ occupations and the  
19 number of students anticipated to qualify for loan forgiveness under this  
20 section, the Secretary of Commerce and Community Development shall  
21 annually provide the General Assembly with the estimated cost of the Vermont

1 Student Assistance Corporation's loan forgiveness awards under the Loan  
2 Forgiveness Program during the then-current fiscal year and each of the four  
3 following fiscal years.

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

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

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

14 (C) becomes employed on a full-time basis in Vermont within  
15 12 months of graduation in an ~~economic sector~~ occupation identified by the  
16 Secretary and Commissioner under subdivision (1) of this subsection;

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

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

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

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

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

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

15           (4) Management.

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

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

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

3 (c) Vermont Strong Internship Program.

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

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

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

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

20 (C) The Department of Labor, the Agency of Commerce and  
21 Community Development, and the regional development corporations, ~~and the~~

1 ~~Intermediary~~, shall have responsibility for building connections within the  
2 business community to ensure broad private sector participation in the  
3 Internship Program.

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

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

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

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

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

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

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

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

3                   ~~(2) Qualifying internships.~~

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

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

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

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

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

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

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



1           ~~(B) a student who graduated from a postsecondary institution within~~  
2           ~~24 months of entering the program who was classified as a Vermont resident~~  
3           ~~during that schooling or who is a student who attended a postsecondary~~  
4           ~~institution in Vermont; or~~

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

6           (d) Funding.

7           (1) Loan Forgiveness Program.

8           (A) Loan forgiveness; State funding.

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

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

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

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

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

6 (2) Internship Program. Notwithstanding any provision of law to the  
7 contrary, the Commissioner of Labor shall have the authority to use funds  
8 allocated to the Workforce Education and Training Fund established in  
9 10 V.S.A. § 543 to implement the Internship Program created in this section.

10 \* \* \* Workforce Education and Training Fund \* \* \*

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

12 Chapter 22A: Workforce Education and Training

13 \* \* \*

14 § 543. WORKFORCE EDUCATION AND TRAINING FUND; GRANT  
15 PROGRAMS

16 (a) Creation. There is created a Workforce Education and Training Fund in  
17 the Department of Labor to be managed in accordance with 32 V.S.A. chapter  
18 7, subchapter 5.

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

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

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

5           (3) apprenticeship-related instruction, pre-apprenticeship, and industry-  
6 recognized credential training; and

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

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

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

17           (1) The Department shall grant awards from the Fund ~~shall be made to~~  
18 ~~employers and entities that offer programs that require collaboration between~~  
19 ~~employees and businesses, including~~ private, public, and nonprofit entities,  
20 institutions of higher education, high schools, technical centers, and workforce

1 education and training programs. ~~Funding shall be for training programs and~~  
2 ~~student internship programs that:~~

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

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

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

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

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

17 (e) [Repealed].

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

21 (1) Training Programs.

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

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

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

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

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

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

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

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

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

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

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

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

1 (g) [Repealed.]

2 § 544. VERMONT CAREER INTERNSHIP PROGRAM

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

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

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

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

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

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

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

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

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

14          (4) As used in this section, "internship" means a learning experience  
15          working with an employer where the intern may, but does not necessarily,  
16          receive academic credit, financial remuneration, a stipend, or any combination  
17          of these.

18          (b) The Department of Labor, in collaboration with the Agencies of  
19          Agriculture, Food and Markets and of Education, State-funded postsecondary  
20          educational institutions, the State Workforce Investment Board, and other State



1 agencies and departments that have workforce education and training and  
2 training monies, shall:

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

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

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

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

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

1                                   \* \* \* Youth Employment Working Group \* \* \*

2                   Sec. C.4. YOUTH EMPLOYMENT WORKING GROUP

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

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

7                                   (1) the Commissioner of Labor or designee;

8                                   (2) the Department of Labor Workforce Education and Training

9                   Coordinator;

10                                  (3) the Secretary of Education or designee;

11                                  (4) the Secretary of Commerce and Community Development or

12                   designee;

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

14                   Secretary of Education;

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

16                   the Speaker;

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

18                   Committees;

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

20                                  (9) one member of the labor community to be appointed by the

21                   Governor.

1        (c) The group shall:

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

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

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

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

11           (e) Legislative members of the group shall be entitled to compensation and  
12        expenses as provided in 2 V.S.A. § 406.

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

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

19           \* \* \* Analysis of Current Workforce Training Programs \* \* \*

20        Sec. C.5. ADVANCED MANUFACTURING AND INFORMATION

21           TECHNOLOGY PROGRAMS; ANALYSIS

1        The Agency of Commerce and Community Development, Agency of  
2        Education, and the Department of Labor shall conduct an analysis of the  
3        workforce education and training programs in manufacturing, advanced  
4        manufacturing, and information technology that currently exist in Vermont for  
5        mechanical and technical skills, machinist training, web and graphic  
6        development, coding, health care technology services, and other high-demand  
7        positions in Vermont. The State agencies and department shall collaborate to  
8        support the advancement of programs and initiatives, including providing  
9        financial resources as appropriate from their program funds.

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

12        Sec. C.6. 21 V.S.A. § 497a is amended to read:

13        § 497a. COMMITTEE ESTABLISHED

14        There is hereby established a permanent committee to be known as the  
15        ~~Vermont governor’s committee on employment of people with disabilities~~  
16        Governor’s Committee on Employment of People with Disabilities, to consist  
17        of ~~21~~ 22 members, including a one representative ~~of~~ each from the Vermont  
18        ~~employment service division~~ Department of Labor’s Workforce Development  
19        Division and the Jobs for Veterans State Grant, one representative ~~of~~ from the  
20        ~~vocational rehabilitation division of the department of disabilities, aging, and~~  
21        ~~independent living~~ Department of Disabilities, Aging and Independent Living

1 Vocational Rehabilitation Division and one from the Division for the Blind and  
2 Visually Impaired, one representative of the ~~veterans' administration~~, one  
3 ~~representative of the veterans' employment service~~ Veterans' Administration,  
4 and 17 members to be appointed by the ~~governor~~ Governor. The appointive  
5 members shall hold office for the term specified or until their successors are  
6 named by the ~~governor~~ Governor. The members shall receive no salary for  
7 their services as such, but the necessary expenses of the ~~committee~~ Committee  
8 shall be paid by the ~~state~~ State. ~~Those persons acting as said committee on~~  
9 ~~June 29, 1963 shall continue as such until their successors are appointed as~~  
10 ~~herein provided.~~

11 \* \* \* Vermont ABLE Savings Program \* \* \*

12 Sec. C.7. PURPOSE

13 The purpose of this act is:

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

17 (2) to provide secure funding for disability-related expenses on behalf of  
18 designated beneficiaries with disabilities that will supplement, but not  
19 supplant, benefits provided through private insurance, the Medicaid program  
20 under Title XIX of the Social Security Act, the supplemental security income

1 program under Title XVI of such Act, the beneficiary's employment, and other  
2 sources.

3 Sec. C.8. 33 V.S.A. chapter 80 is added to read:

4 CHAPTER 80: VERMONT ACHIEVING A BETTER LIFE EXPERIENCE

5 (ABLE) SAVINGS PROGRAM

6 § 8001. PROGRAM ESTABLISHED

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4        § 8002. DEFINITIONS

5        In this chapter:

6            (1) “ABLE account” means an account established by an eligible  
7            individual, owned by the eligible individual, and maintained under the  
8            Vermont ABLE Savings Program.

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

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

14                (A) certifies that:

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

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



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

4           (4) “Eligible individual” means:

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

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

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

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

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

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

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

19           (7) “Qualified disability expense” means an expense related to the  
20           eligible individual’s blindness or disability which is made for the benefit of an  
21           eligible individual who is the designated beneficiary, including the following

1 expenses: education, housing, transportation, employment training and  
2 support, assistive technology and personal support services, health, prevention  
3 and wellness, financial management and administrative services, legal fees,  
4 expenses for oversight and monitoring, funeral and burial expenses, and other  
5 expenses, which are approved by the Secretary under regulations and  
6 consistent with the purposes of this section.

7 (8) “Secretary” means the Secretary of the U.S. Department of  
8 the Treasury.

9 § 8003. PROGRAM LIMITATIONS

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

12 (1) unless it is in cash; or

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

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

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

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

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

12       § 8005. REPORTS

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

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

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

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

10        Sec. C.9. VERMONT ABLÉ TASK FORCE; REPORTS

11        The State Treasurer shall convene a Vermont ABLÉ Task Force to include  
12        representatives of the Department of Disabilities, Aging and Independent  
13        Living, the Vermont Developmental Disabilities Council, Vermont Center for  
14        Independent Living; Green Mountain Self-Advocates, and other stakeholders  
15        with relevant expertise, to provide recommendations on or before January 15,  
16        2016 to the House Committee on Commerce and Economic Development and  
17        the Senate Committee on Economic Development, Housing and General  
18        Affairs on planning and delivery of the ABLÉ Savings Program, including:

19                (1) promotion and marketing of the Program;

20                (2) rules governing operation of ABLÉ accounts, including mechanisms  
21        for consumer convenience;

1           (3) fees charged to account owners;

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

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

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

8           \* \* \* Enhancing Eligibility and Work Incentives for the Medicaid for Working

9                           Persons with Disabilities Program \* \* \*

10          Sec. C.10. MEDICAID FOR WORKING PEOPLE WITH DISABILITIES;

11                           RULEMAKING

12           (a) On or before October 1, 2015, the Agency of Human Services shall  
13 request permission from the Centers for Medicare and Medicaid Services  
14 (CMS) in order to increase to \$10,000.00 per individual and \$15,000.00 per  
15 couple the asset limit for eligibility for the Medicaid for Working People with  
16 Disabilities program. Within 30 days following CMS approval of the  
17 increased asset limit, the Agency of Human Services shall commence the  
18 rulemaking process pursuant to 3 V.S.A. chapter 25 to amend its rules  
19 accordingly.

20           (b) On or before October 1, 2015, the Agency of Human Services shall  
21 request permission from CMS to disregard the income of a spouse who is a

1 Medicaid for Working People with Disabilities beneficiary when calculating  
2 the eligibility of the other spouse to receive traditional Medicaid benefits.  
3 Within 30 days following CMS approval of the income disregard, the Agency  
4 of Human Services shall commence the rulemaking process pursuant to 3  
5 V.S.A. chapter 25 to amend its rules accordingly.

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

15 (d) On or before October 1, 2015, the Agency of Human Services shall  
16 request permission from CMS to disregard Social Security retirement income  
17 for the purpose of calculating eligibility for the Medicaid for Working People  
18 with Disabilities program for beneficiaries who have reached the Social  
19 Security retirement age and whose Social Security Disability Insurance  
20 benefits have automatically converted to Social Security retirement benefits.  
21 Within 30 days following CMS approval of the income disregard, the Agency

1 of Human Services shall commence the rulemaking process pursuant to  
2 3 V.S.A. chapter 25 to amend its rules accordingly.

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

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

12 \* \* \* Vermont Career Technical Education \* \* \*

13 Sec. C.11. VERMONT CAREER TECHNICAL EDUCATION

14 (a). Findings and intent.

15 (1) The “on time” graduation rate for high school students in Vermont is  
16 86.6% (2013).

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

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

3           (4) Vermont’s workforce is aging, with 27.7% of all workers over the  
4           age of 55.

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

9           (6) Occupational projections for 2022 show a breakdown of occupations  
10          by required educational attainment as follows: 64% of jobs will require a high  
11          school diploma or less; 10% will require either an associates degree or some  
12          other form of post-secondary education or training; 20% will require a  
13          bachelor’s degree; and 6% will require higher than a bachelor’s degree.

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

17          (8) Vermont’s Career and Technical Education Centers (CTE’s) are a  
18          key resource in preparing Vermonters for careers and meeting the workforce  
19          needs of Vermont employers.

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



1           (10) Vermont’s CTE’s do not currently offer enough high priority  
2           programs of study of the size, scope, and quality necessary to prepare high  
3           school students for these current and anticipated high skill, high wage, high  
4           demand job openings.

5           (11) Due to the demands and complexity of these jobs, CTE  
6           programming should provide new courses in a sequence from grades 9-12,  
7           with smooth transitions to postsecondary training and/or further education.

8           (12) There is an approved project within the Vermont Comprehensive  
9           Economic Development Strategies (CEDS) which identifies six high priority  
10           cluster/sectors programs of study which the Agency of Education is currently  
11           implementing.

12           (13) The CEDS project for high priority CTE programs of study will  
13           provide uniform high quality programs at the centers across the state.

14           (14) The Vermont Department of Labor, the Agency of Commerce and  
15           Community Development, the Agency of Education, and the Vermont State  
16           Colleges should collaborate more closely to develop high school CTE  
17           programs of study aligned with the needs of Vermont’s employers.

18           (15) In some cases, the funding models for the CTE’s act as a  
19           disincentive for school districts to send their students to regional technical  
20           centers.

1           (16) The purpose of this section is to direct the Department of Labor, the  
2           Agency of Commerce and Community Development, the Agency of  
3           Education, and the Vermont State Colleges to collaborate on how to better  
4           utilize Vermont’s CTE’s.

5           (b) Study and report.

6           (1) On or before December 1, 2015, the Agency of Education, the  
7           Department of Labor, and the Agency of Commerce and Community  
8           Development to develop suggestions and report to legislative committees of  
9           jurisdiction on how Vermont’s regional technical education and career centers  
10           can be better utilized to provide training aligned with high wage, high skills,  
11           high demand employment opportunities in Vermont.

12           (2) The Agencies and Department shall notify the House Committee on  
13           Commerce and Education of all meetings [in accordance with Vermont’s open  
14           meeting law].

15           (3) The report required by this section shall address the following:

16           (A) how the Agency of Education will develop priority pathway  
17           programs of study with regional CTE’s in collaboration with the Department  
18           of Labor and the Agency of Commerce and Community Development;

19           (B) how these programs can include opportunities for post-secondary  
20           enrollment in apprenticeships, internships, approved training programs and

1 sub-baccalaureate programs in collaboration with the Department of Labor and  
2 the Agency of Commerce and Community Development;

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

5 (D) what barriers or challenges exist to the development and  
6 implementation of high quality priority pathways as described in the CEDS  
7 approved project; and

8 (E) one or more recommendations to address the financial  
9 disincentive for school districts to send students to the CTE's created by the  
10 CTE funding model.

11 **D. Tourism and Economic Development Marketing**

12 Sec. D.1. TOURISM AND MARKETING INITIATIVE

13 (a) Of the amount by which the meals and rooms tax revenue for fiscal year  
14 2016 projected at the January 20, 2015, Emergency Board meeting exceeds the  
15 fiscal year 2016 projection for the meals and rooms tax at the July 24, 2014,  
16 Emergency Board meeting, up to 15 percent, but not more than \$750,000.00, is  
17 appropriated to the Agency of Commerce and Community Development to  
18 promote economic development strategies targeted to prospective employers  
19 and employees outside the State;

1           (1) to emphasize Vermont’s long history of innovation, including  
2           agricultural, business, and technical innovation, product design, and  
3           entrepreneurship; and

4           (2) to promote Vermont as both a great place to live and a great place to  
5           do business.

6           (b) The Agency of Commerce and Community Development may contract  
7           with a private marketing firm located in Vermont to carry out the brand  
8           initiative pursuant to this section.

9           Sec. D.2. 3 V.S.A. chapter 47, subchapter 7 is added to read:

10                           Subchapter 7. Vermont: Innovative by Nature

11           § 2551. VERMONT BRAND; ECONOMIC DEVELOPMENT AND  
12                           TOURISM STRATEGY

13           (a) Vermont: Innovative by Nature. The Agency of Commerce and  
14           Community Development shall design, maintain, and promote an integrated  
15           economic development and tourism and marketing brand initiative entitled  
16           “Vermont: Innovative by Nature” that incorporates a new vision of Vermont  
17           environmentalism, one which equally promotes both the qualities of the natural  
18           environment and the many positive features of the current economic  
19           environment in the State.

1        (b) Marketing the Vermont Brand. The brand initiative shall convey the  
2        message that what makes Vermont a great place makes Vermont a great place  
3        to do business, highlighting:

4                (1) Vermont’s long history of innovation, including agricultural,  
5        business, and technical innovation, product design, and entrepreneurship;

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

10               (3) the benefits of Vermont’s size, scale, and accessibility to  
11        government officials and resources, which make Vermont a State where  
12        business can start small and grow; and

13               (4) the benefits of Vermont’s educational and workforce development  
14        resources, and its highly skilled and highly educated population.

15        (c) Tourism and Marketing. The Agency shall integrate the Vermont:  
16        Innovative by Nature brand initiative as appropriate into its tourism and  
17        marketing materials, partnerships, and promotions:

18               (1) to increase occupancy rates, tourism spending, and State revenues  
19        generated through the rooms and meals tax; and

20               (2) to promote Vermont’s image as a desirable location both for  
21        recreation and for business development.

1           (d) Economic Development Supporting Existing and Future Businesses.

2           (1) The Agency shall design and implement the Vermont: Innovative by  
3 Nature brand initiative:

4           (A) to recruit and develop new businesses and to maintain growth of  
5 and provide support to existing businesses; and

6           (B) to enable Vermont businesses to align their own brand identities  
7 with the Vermont brand, enhancing the reputations of both the business and  
8 the State.

9           (2) The Agency shall establish outreach and information-gathering  
10 procedures that will allow Vermont businesses to comment on the design and  
11 implementation of the Vermont: Innovative by Nature initiative and also to  
12 provide ongoing feedback to the Agency on the effectiveness of the initiative.

13           § 2552. FUNDING

14           (a) In addition to any other funds appropriated to the Department of  
15 Tourism and Marketing, in each fiscal year, the General Assembly shall  
16 appropriate to the Department for the purpose of implementing section 2551 of  
17 this title 75 percent of the amount by which the total meals and rooms tax  
18 revenue collected in the immediately preceding fiscal year exceeds the total  
19 meals and rooms tax revenue collected in the fiscal year two years preceding  
20 the current fiscal year.

1        (b) The additional amount appropriated in a fiscal year pursuant to this  
2        section shall not exceed \$2,000,000.00.

3        Sec. D.3. 6 V.S.A. chapter 207 is amended to read:

4                CHAPTER 207: PROMOTION AND MARKETING OF VERMONT

5                                FOODS AND PRODUCTS

6    \* \* \*

7                                Subchapter 3. Agricultural Exports

8        § 4621. DOMESTIC EXPORT PROGRAM

9                (a) The Secretary of Agriculture, Food and Markets, in collaboration with  
10        the Agency of Commerce and Community Development and the Chief  
11        Marketing Officer, shall have the authority to create a Domestic Export  
12        Program, the purpose of which may include:

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

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

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

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

7        Sec. D.4. IMPLEMENTATION; DOMESTIC EXPORT PROGRAM

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

13       Sec. D.5. MEDIA PRODUCTION DATABASE

14       (a) The Agency of Commerce and Community Development shall create  
15       and maintain a current media production database, which it shall make  
16       available to the public through its website and other appropriate sources, of  
17       production resources that are in the State.

18       (b) The database shall be a searchable directory of media production  
19       professionals, including location scouts, lighting resources, animation, studios,  
20       equipment rental, sites, editing equipment, independent contractors who work  
21       in production, acting, and photographers.





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

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

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

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

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

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

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

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

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

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

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

14 § 212. DEFINITIONS

15 As used in this chapter:

16 \* \* \*

17 (6) "Eligible facility" or "eligible project" means any industrial,  
18 commercial, or agricultural enterprise or endeavor approved by the authority  
19 that meets the criteria established in the Vermont Sustainable Jobs Strategy  
20 adopted by the Governor under section 280b of this title, including land and  
21 rights in land, air, or water, buildings, structures, machinery, and equipment of

1 such eligible facilities or eligible projects, except that an eligible facility or  
2 project shall not include the portion of an enterprise or endeavor relating to the  
3 sale of goods at retail where such goods are manufactured primarily out of  
4 state, and except further that an eligible facility or project shall not include the  
5 portion of an enterprise or endeavor relating to housing. Such enterprises or  
6 endeavors may include:

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

14 \* \* \*

1 Sec. E.3. Sec. 71. 10 V.S.A. chapter 14 is amended to read:

2 Chapter 14: ~~The Vermont Venture Capital Fund~~ The Vermont Entrepreneur to  
3 Entrepreneur Lending and Investment Program

4 § 281. THE VERMONT ENTREPRENEUR TO ENTREPRENEUR

5 LENDING AND INVESTMENT PROGRAM

6 (a) There is created within the Department of Economic Development in  
7 the Agency of Commerce and Community Development the Vermont  
8 Entrepreneur to Entrepreneur Lending and Investment Program.

9 (b)(1) The Department shall create and maintain a registry for established  
10 entrepreneurs who wish to make loans or investments and for emerging  
11 entrepreneurs who seek investments.

12 (2) The Department shall facilitate matchmaking between potential  
13 investors and recipients through its website, events, or other mechanisms as it  
14 deems appropriate and effective.

15 (c) Notwithstanding any provision of law to the contrary, an established  
16 entrepreneur registered with the Department pursuant to subsection (b) of this  
17 section:

18 (1) may make one or more commercial loans to one or more registered  
19 emerging entrepreneurs with a maximum annual interest rate of not more than  
20 12 percent, up to an aggregate cap of \$500,000.00;

1           (2) shall not be subject to the licensed lender provisions of 8 V.S.A.  
2           chapter 73; and

3           (3) shall be eligible for a credit against his or her income tax liability  
4           imposed under 32 V.S.A. chapter 151, in an amount equal to 50 percent of the  
5           interest earned on a loan made pursuant to this section, in each tax year in  
6           which he or she earns interest.

7           (d) An established entrepreneur registered with the Department pursuant to  
8           subsection (b) of this section:

9           (1) may make one or more equity investments in a business operated by  
10          a registered emerging entrepreneur up to an aggregate cap of \$500,000.00;

11          (2) shall be eligible for a credit against his or her income tax liability  
12          imposed under 32 V.S.A. chapter 151, in an amount equal to 50 percent of the  
13          amount of dividends or capital gains earned on his or her investment made  
14          pursuant to this section, in each tax year in which he or she earns dividends or  
15          capital gains.

16          (e) A registered person who is the recipient of a loan or an equity  
17          investment pursuant to this section shall be eligible for a tax credit against his  
18          or her tax liability imposed under 32 V.S.A. chapter 151, in the amount of  
19          \$1,000.00 for each new full-time job created and maintained for two years,  
20          which he or she may claim for the tax year of the second anniversary of the  
21          date of hire.

1       (f) The Department shall have the authority to adopt rules and procedures  
2       to administer the program created in this section, including:

3           (1) standards for establishing a registration fee and registration tracking  
4       number for each loan or equity investment made through the program;

5           (2) standards for eligibility criteria and ensuring eligibility and  
6       compliance consistent with the program; and

7           (3) a process for awarding tax credit certificates for qualifying taxpayers  
8       pursuant to the program, which a taxpayer shall file with his or her Vermont  
9       income tax return for the tax year in which he or she claims credit.

10       Sec. E.4. PEER-TO-PEER LENDING; STUDY; REPORT

11       (a) The Department of Financial Regulation, in collaboration with the  
12       Agency of Commerce and Community Development, shall conduct a study and  
13       analysis of models for peer-to-peer lending and investment that will enable  
14       established entrepreneurs to connect with emerging entrepreneurs and  
15       increased lending, equity investment, and business mentoring while preserving  
16       adequate regulatory oversight and business consumer protection.

17       (b) The Department and the Agency shall report its findings and any  
18       recommendations for legislation on or before December 1, 2015, to the House  
19       Committee on Commerce and Community Development and to the Senate  
20       Committee on Economic Development, Housing and General Affairs.

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

4 Sec. 25. SUNSET

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

6 **Sec. E.6. 8 V.S.A. § 2201 is amended to read:**

7 **§ 2201. LICENSES REQUIRED**

8 \* \* \*

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

11 \* \* \*

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

15 \* \* \*

16 **F. Natural Resources, Land Use, and Planning**

17 \* \* \* Giving Deference to Regional Planning and Planners in Mitigating

18 Adverse Economic Impacts of Major Employers \* \* \*

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

20 **§ 2787. ECONOMIC DEVELOPMENT STRATEGY; DEFERENCE TO**

21 **REGIONAL PLANS; CEDS;**



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

10        (1) the Executive Branch shall give substantial deference to the regional  
11        plan and CEDS when using or distributing funds or other resources meant to  
12        mitigate anticipated local and regional economic and fiscal challenges, or shall  
13        provide the regional planning commission for the region with its basis for not  
14        providing substantial deference; and

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

18        Sec. F.2. SOUTHERN VERMONT ECONOMIC DEVELOPMENT

19                ZONE; REPORT

20                                \* \* \*

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

1       Sec. F.3. ACT 250; IMPLEMENTATION OF SETTLEMENT PATTERNS

2                   CRITERION

3           (a) The General Assembly finds that:

4                   (1) 2014 Acts and Resolves No. 147, Sec. 2 amended 10 V.S.A.

5           § 6086(a)(9)(L) (Criterion 9L) to become a settlement patterns criterion. The  
6           purpose of the amendment was to guide and accomplish coordinated, efficient,  
7           and economic development in the State that is consistent with Vermont's  
8           historic settlement pattern of compact centers separated by rural countryside.

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

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

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

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

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

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

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

9           Sec. F.4. 24 V.S.A. § 4471(e) is amended to read:

10           (e) ~~Vermont neighborhood~~ Neighborhood development area.

11           Notwithstanding subsection (a) of this section, a determination by an  
12           appropriate municipal panel shall not be subject to appeal if the determination  
13           is that a proposed residential development within a designated downtown  
14           development district, designated growth center, ~~or~~ designated Vermont  
15           neighborhood, or designated neighborhood development area seeking  
16           conditional use approval will not result in an undue adverse effect on the  
17           character of the area affected, ~~as provided in~~ under subdivision 4414(3)(A)(ii)  
18           of this title.

19           \* \* \* Act 250; Primary Agricultural Soils \* \* \*

20           Sec. F.5. 10 V.S.A. § 6086(a)(9)(B) is amended to read:

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

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

9                   (ii) except in the case of an application for a project located in a  
10                  designated ~~growth center~~ area listed in subdivision 6093(a)(1) of this title,  
11                  there are no lands other than primary agricultural soils owned or controlled by  
12                  the applicant which are reasonably suited to the purpose of the development or  
13                  subdivision; ~~and~~

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

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

5 \* \* \* Acquisition of Land by Public Agencies; Conservation Easements \* \* \*

6 Sec. F.6. 10 V.S.A. § 6310 is added to read:

7 § 6310. CONSERVATION EASEMENT HOLDER; NONMERGER

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

### 11 **G. Tax Credits and Business Incentives**

12 \* \* \* Vermont Employment Growth Incentive (VEGI) \* \* \*

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

14 (2) The new jobs should make a net positive contribution to employment  
15 ~~in the area, and meet or exceed the prevailing compensation level including~~  
16 ~~wages and benefits, for the particular employment sector~~ consistent with the  
17 applicable wage threshold for the labor market area. The new jobs should  
18 offer benefits and opportunities for advancement and professional growth  
19 consistent with the employment sector.

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

21 § 5930b. VERMONT EMPLOYMENT GROWTH INCENTIVE

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

2 \* \* \*

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

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

7 (B) 40 percent above the State minimum wage at the time of  
8 application for a businesses located in a labor market area of this State in  
9 which the unemployment rate is greater than the average unemployment rate  
10 for the State.

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

13 (b) Authorization process.

14 (1) A business may apply to the Vermont Economic Progress Council  
15 for approval of a performance-based employment growth incentive to be paid  
16 out of the business’s withholding account upon approval by the Department of  
17 Taxes pursuant to the conditions set forth in this section. Businesses shall not  
18 be permitted to deduct approved incentives from withholding liability  
19 payments otherwise due. In addition to any other information that the Council  
20 may require in order to fulfill its obligations under section 5930a of this title,

1 an employment growth incentive application shall include all the following  
2 information:

3 (A) application base number of jobs;

4 (B) total jobs at time of application;

5 (C) application base payroll;

6 (D) total payroll at time of application;

7 (E) jobs target for each year in the award period;

8 (F) payroll target for each year in the award period;

9 (G) capital investment target for each year in the award period; and

10 (H) a statement signed by the president or chief executive officer or  
11 equivalent acknowledging that to the extent the applicant fails to meet the  
12 minimum capital investment by the end of the award period, any incentives  
13 remaining to be earned shall be limited, and any incentives taken shall be  
14 subject to complete or partial reversal, pursuant to subdivisions (c)(10) and  
15 (11) of this section.

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

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

11                     Authorized award amount ÷ the five-year sum of all payroll targets

12          (4) An approval shall specify: the application base jobs at the time of the  
13          application; total jobs at time of application; the application base payroll; total  
14          payroll at time of application; the incentive percentage; the wage threshold; the  
15          payroll thresholds; a job target for each year of the award period; a payroll  
16          target for each year of the award period; a capital investment target for each  
17          year of the award period and description sufficient for application of  
18          subdivisions (c)(10) and (11) of this section of the nature of qualifying capital  
19          investment over the award period upon which approval shall be conditioned;  
20          and the amount of the total award. The Council shall provide a copy of each



1 approval to the Department of Taxes along with a copy of the application  
2 submitted by that applicant.

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

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

14 (ii) The Council shall have the authority to exceed the cap  
15 imposed in subdivision (5)(B)(i) of this subsection upon application to and  
16 approval by the Emergency Board.

17 (c) Claiming an employment growth incentive.

18 \* \* \*

19 (6)(A) A business whose application is approved and, in the first,  
20 second, or third year of the award period, fails to meet or exceed its payroll  
21 target and one out of two of its jobs and capital investment targets may not

1 claim incentives in that year. To the extent such business reaches its first,  
2 second, or third year award period targets within the succeeding two calendar  
3 year reporting periods immediately succeeding year one, two, or three of the  
4 award period, or within the extended period if an extension is granted under  
5 subdivision (B) of this subdivision (6), whichever is applicable, such business  
6 may claim incentives in five-year installments as provided in subdivisions (1)  
7 through (4) of this subsection. A business which fails to meet or exceed its  
8 payroll target and one of its two jobs and capital investment targets within this  
9 time frame shall forfeit all authority under this section to earn and claim  
10 incentives for award period year one, two, or three, as applicable, and any  
11 future award period years. The Department of Taxes shall notify the Vermont  
12 Economic Progress Council that the first, second, or third year award period  
13 targets have not been met within the prescribed period, and the Council shall  
14 rescind authority for the business to earn incentives for the activity in year one,  
15 two, or three, as applicable, and any future award period years.

16 (B)(i) Notwithstanding subdivision (6)(A) of this subsection, if a  
17 business determines that it may not reach its first or second year award period  
18 targets within the succeeding two calendar year reporting periods due to facts  
19 or circumstances beyond its control, the business may request that the Council  
20 extend the period to meet the targets for another two reporting periods,

1 reviewed annually, for award year one, and one reporting period for award  
2 year two.

3 (ii) The Council may grant an extension pursuant to this  
4 subdivision (B) if it determines that the business failed to meets its targets due  
5 to facts or circumstances beyond the control of the business and that there is a  
6 reasonable likelihood the business will meet the award period targets within  
7 the extension period.

8 (iii) If the Council grants an extension pursuant to this subdivision  
9 (B), the Council shall re-calculate the value of the incentive using the  
10 cost-benefit model and adjust the amount of the award as is necessary to  
11 account for the extension of the award period.

12 \* \* \*

13 (h) Enhanced training incentive. Notwithstanding any provision of law to  
14 the contrary, the Council may award an enhanced training incentive as follows:

15 (1) A business whose incentive application is approved may elect to  
16 claim an enhanced training incentive at any time during the award period by:

17 (A) notifying the Council of its intent to pursue an enhanced training  
18 incentive and dedicate its incentive funds to training through the Vermont  
19 Training Program or a Workforce Education and Training Fund program; and

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

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

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

15           (5) Upon notification by the Council, the Department of Taxes:

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

19           (B) shall disburse to the Agency of Commerce and Community  
20           Development, or the Department of Labor, as applicable, a payment in an

1 amount equal to 25 percent of the cost for training expenses pursuant to  
2 subdivision (3) of this subsection; and

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

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

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

16 (i) Overall gross cap on total employment growth incentive and education  
17 tax incentive authorizations.

18 (1) For any calendar year, the total amount of employment growth  
19 incentives the Vermont Economic Progress Council is authorized to approve  
20 under this section and property tax stabilizations under 32 V.S.A. § 5404a(a)

1 shall not exceed \$10,000,000.00 from the General Fund and Education Fund  
2 combined each year.

3 (2) The Council shall have the authority to exceed the cap imposed in  
4 subdivision (1) of this subsection upon application to and approval by the  
5 Emergency Board.

6 Sec. G.3. 2006 Acts and Resolves No. 184, Sec. 11 is amended to read:

7 Sec. 11. ~~VEGI; ANNUAL CALENDAR YEAR CAPS~~

8 ~~(a) Net negative awards cap. Notwithstanding any other provision of law,~~  
9 ~~in any calendar year, the annual authorization for the total net fiscal cost of~~  
10 ~~Vermont employment growth incentives that the Vermont economic progress~~  
11 ~~council or the economic incentive review board may approve under 32 V.S.A.~~  
12 ~~§ 5930b(b)(5) shall not exceed \$1,000,000.00 from the general fund.~~

13 ~~(b) Restrictions to labor market area. Employment growth incentives within~~  
14 ~~the annual authorization amount in subsection (a) of this section shall be~~  
15 ~~granted solely for awards to businesses located in a labor market area of this~~  
16 ~~state in which the rate of unemployment is greater than the average for the~~  
17 ~~state or in which the average annual wage is below the average annual wage~~  
18 ~~for the state. For the purposes of this section, a “labor market area” shall be as~~  
19 ~~determined by the department of labor.~~

20 ~~(c) Overall gross cap on total employment growth incentive and education~~  
21 ~~tax incentive authorizations. For any calendar year, the total amount of~~

1 ~~employment growth incentives the Vermont economic progress council or the~~  
2 ~~economic incentive review board is authorized to approve under 32 V.S.A.~~  
3 ~~§ 5930b and property tax stabilizations and allocations under 32 V.S.A.~~  
4 ~~§ 5404a(a) and (e) shall not exceed \$10,000,000.00 from the general fund and~~  
5 ~~education fund combined each year. This maximum annual amount may be~~  
6 ~~exceeded by the Vermont economic progress council upon application to and~~  
7 ~~approval by the Emergency Board. [Repealed.]~~

8 Sec. G.4. 10 V.S.A. § 531(d) is amended to read:

9 (d) In order to avoid duplication of programs or services and to provide the  
10 greatest return on investment from training provided under this section, the  
11 Secretary of Commerce and Community Development shall:

12 (1) consult with the Commissioner of Labor regarding whether the  
13 grantee has accessed, or is eligible to access, other workforce education and  
14 training resources;

15 (2) disburse grant funds only for training hours that have been  
16 successfully completed by employees; provided that, except for an award  
17 under an enhanced training incentive as provided in 32 V.S.A. § 5930b(h), a  
18 grant for on-the-job training shall either provide not more than 50 percent of  
19 wages for each employee in training, or not more than 50 percent of trainer  
20 expense, but not both, and further provided that training shall be performed in  
21 accordance with a training plan that defines the subject of the training, the

1 number of training hours, and how the effectiveness of the training will be  
2 evaluated; and

3 (3) use funds under this section only to supplement training efforts of  
4 employers and not to replace or supplant training efforts of employers.

5 \* \* \* Incentives; Tax Credits \* \* \*

6 Sec. G.5. Sec. 20. 32 V.S.A. chapter 245 is added to read:

7 CHAPTER 245: TAX CREDITS

8 § 11001. EMPLOYEE RELOCATION TAX CREDIT

9 (a) In this section:

10 (1) “Qualifying employee” means a natural person who on or after July  
11 1, 2015:

12 (A) moves to Vermont from another state or country and maintains  
13 his or her permanent residence in Vermont for 12 consecutive months or  
14 longer; and

15 (B) works the equivalent of at least 35 hours per week in a  
16 consecutive 12-month period and earns at least 175 percent of the livable  
17 wage calculated under 2 V.S.A. § 505(a) in a qualifying job.

18 (2) “Qualifying job” means a permanent employment position in  
19 Vermont with an employer that is domiciled or authorized to business in this  
20 State.



1           (3) “Relocation expenses” mean the reasonable expenses a person incurs  
2           in relocating his or her family to Vermont for the purpose of establishing his or  
3           her permanent residence in Vermont and accepting and maintaining qualifying  
4           employment.

5           (b)(1) A qualifying employee shall be eligible for a refundable credit for  
6           relocation expenses in the amount of \$5,000.00 against his or her income tax  
7           liability imposed under chapter 151 of this title.

8           (2) A qualifying employee may claim the credit provided in this section  
9           in the tax year in which he or she completes his or her first consecutive 12-  
10           month period in a qualifying job.

11           (c)(1) To claim a credit pursuant to this section, a qualifying employee  
12           shall submit to the regional development corporation, or to the Agency of  
13           Commerce and Community Development, as applicable, documentation and  
14           information specified by the Agency necessary to demonstrate compliance  
15           with the requirements of this section.

16           (2) The corporation or the Agency, upon review and confirmation of the  
17           qualifying employee’s eligibility for a credit, shall issue a credit certificate to  
18           the qualifying employee, who shall file the certificate with the Department of  
19           Taxes with his or her State income tax return for the applicable year.

20           (3) The Secretary of Commerce and Community Development, in  
21           consultation with the regional development corporations and the

1 Commissioner of Taxes, shall have the authority to adopt forms, procedures,  
2 and rules necessary to implement the provisions of this section.

3 (d)(1) Credits available under this section shall be allocated as follows:

4 (A) 10 credits to each of the 12 regional development corporations  
5 that a corporation may award in its direction to one or more businesses within  
6 its region; and

7 (B) 30 credits to the Agency of Commerce and Community  
8 Development that the Agency may award in its discretion to one or more  
9 businesses within the State.

10 (2) The maximum amount of credit available to all claimants under this  
11 section in each tax year shall not exceed \$750,000.00.

12 (e) The Agency, in consultation with the regional development  
13 corporations, may adopt additional eligibility criteria for credit awards,  
14 including criteria:

15 (1) based on economic development region, population, economic  
16 necessity, or to a certain number of incentives available each quarter or other  
17 time segment;

18 (2) limiting credits to match or complement an incentive available from  
19 an employer for relocation expenses; and

1           (3) limiting credits to positions that have been vacant for a particular  
2           time, or to positions that the employer certifies it has attempted to fill from  
3           among the existing workforce but has been unsuccessful.

4           Sec. G.6. 32 V.S.A. § 5930u is amended to read:

5           § 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

6           (a) As used in this section:

7           (1) “Affordable housing project” or “project” means:

8           (A) a rental housing project identified in 26 U.S.C. § 42(g); or

9           (B) owner-occupied housing identified in 26 U.S.C. § 143~~(e)~~ ~~and (f)~~

10           ~~and eligible~~ (c)(1) or that qualifies under the Vermont Housing Finance  
11           Agency ~~allocation plan~~ criteria governing owner-occupied housing.

12           (2) “Affordable housing tax credits” means the tax credit provided by  
13           this subchapter.

14           (3) “Allocating agency” means the Vermont Housing Finance Agency.

15           (4) “Committee” means the Joint Committee on Tax Credits consisting  
16           of five members; a representative from the Department of Housing and  
17           Community Affairs, the Vermont Housing and Conservation Board, the  
18           Vermont Housing Finance Agency, the Vermont State Housing Authority, and  
19           the Office of the Governor.

20           (5) “Credit certificate” means a certificate issued by the allocating  
21           agency to a taxpayer that specifies the amount of affordable housing tax credits

1 that can be applied against the taxpayer’s individual or corporate income tax or  
2 franchise or insurance premium tax liability as provided in this subchapter.

3 (6) “Eligible applicant” means any municipality, private sector  
4 developer, ~~department of state government as defined in 10 V.S.A. § 6302(a),~~  
5 State agency as defined in 10 V.S.A. § 6301a, the Vermont Housing Finance  
6 Agency, or a nonprofit organization qualifying under 26 U.S.C. § 501(c)(3), or  
7 cooperative housing organization, the purpose of which is ~~the creation and~~  
8 retention of ~~to create and retain~~ affordable housing for lower income  
9 Vermonters; ~~with lower income and the~~ which has in its bylaws that require a  
10 requirement that ~~housing to~~ the housing the organization creates be maintained  
11 as affordable housing for lower income Vermonters with lower income on a  
12 perpetual basis.

13 (7) “Eligible cash contribution” means an amount of cash contributed to  
14 the owner, developer, or sponsor of an affordable housing project and  
15 determined by the allocating agency as eligible for affordable housing tax  
16 credits.

17 (8) “Section 42 credits” means tax credit provided by 26 U.S.C.  
18 §§ 38 and 42.

19 (9) “Allocation plan” means the plan recommended by the Committee  
20 and approved by the Vermont Housing Finance Agency, which sets forth the  
21 eligibility requirements and process for selection of eligible housing projects to

1 receive affordable housing tax credits under this section. The allocation plan  
2 shall include:

3 (A) requirements for creation and retention of affordable housing for  
4 ~~low income~~ persons; with low income; and

5 (B) requirements to ensure that eligible housing is maintained as  
6 affordable by subsidy covenant, as defined in 27 V.S.A. § 610 on a perpetual  
7 basis, and meets all other requirements of the Vermont Housing Finance  
8 Agency related to affordable housing.

9 (b) Eligible tax credit allocations.

10 (1) Affordable housing credit allocation.

11 (A) An eligible applicant may apply to the allocating agency for an  
12 allocation of affordable housing tax credits under this section related to an  
13 affordable housing project authorized by the allocating agency under the  
14 allocation plan. In the case of a specific affordable rental housing project, the  
15 eligible applicant ~~must~~ shall also be the owner or a person having the right to  
16 acquire ownership of the building and ~~must~~ shall apply prior to placement of  
17 the affordable housing project in service. In the case of owner-occupied  
18 housing units, the applicant ~~must apply prior to purchase of the unit and must~~  
19 shall ensure that the allocated funds will be used to ensure that the housing  
20 ~~qualifies~~ or program funds remain as an affordable housing resource for all  
21 future owners ~~of the housing~~. The allocating agency shall issue a letter of

1 approval if it finds that the applicant meets the priorities, criteria, and other  
2 provisions of subdivision ~~(2)(B)~~ of this ~~subsection~~ subdivision (1). The burden  
3 of proof shall be on the applicant.

4 ~~(2)(B)~~ Upon receipt of a completed application, the allocating agency  
5 shall award an allocation of affordable housing tax credits with respect to a  
6 project ~~under this section shall be granted~~ to an applicant, provided the  
7 applicant demonstrates to the satisfaction of the ~~committee~~ allocating agency  
8 all of the following:

9 ~~(A)(i)~~ The owner of the project has received from the allocating  
10 agency a binding commitment for, a reservation or allocation of, or an  
11 out-of-cap determination letter for, Section 42 credits, or meets the  
12 requirements of the allocation plan for development or financing of units to be  
13 owner-occupied;

14 ~~(B)(ii)~~ The project has received community support.

15 (2) Down payment assistance program.

16 (A) The Vermont Housing Finance Agency shall have the authority  
17 to allocate affordable housing tax credits to finance down payment assistance  
18 loans that meet the following requirements:

19 (i) the loan is made in connection with a mortgage through an  
20 Agency program;

1                   (ii) the borrower is a first-time homebuyer of an owner-occupied  
2 primary residence; and

3                   (iii) the borrower uses the loan for the borrower’s down payment,  
4 or closing costs, or both.

5                   (B) The Agency shall require the borrower to repay the loan upon the  
6 sale or refinance of the residence.

7                   (C) The Agency shall use the proceeds of loans made under the  
8 program for future down payment assistance.

9           (c) Amount of credit. A taxpayer who makes an eligible cash contribution  
10 shall be entitled to claim against the taxpayer’s individual income, corporate,  
11 franchise, or insurance premium tax liability a credit in an amount specified on  
12 the taxpayer’s credit certificate. The first-year allocation of a credit amount to  
13 a taxpayer shall also be deemed an allocation of the same amount in each of  
14 the following four years.

15           (d) Availability of credit. The amount of affordable housing tax credit  
16 allocated with respect to a project shall be available to the taxpayer every year  
17 for five consecutive tax years, beginning with the tax year in which the eligible  
18 cash contribution is made. Total tax credits available to the taxpayer shall be  
19 the amount of the first-year allocation plus the succeeding four years’ deemed  
20 allocations.

1 (e) Claim for credit. A taxpayer claiming affordable housing tax credits  
2 shall submit with each return on which such credit is claimed a copy of the  
3 allocating agency's credit allocation to the affordable housing project and the  
4 taxpayer's credit certificate. Any unused affordable housing tax credit may be  
5 carried forward to reduce the taxpayer's tax liability for no more than 14  
6 succeeding tax years, following the first year the affordable housing tax credit  
7 is allowed.

8 (f) ~~{Deleted.}~~ [Repealed.]

9 (g)(1) In any fiscal year, the allocating agency may award up to:

10 (A) \$400,000.00 in total first-year credit allocations to all applicants  
11 for rental housing projects, for a total aggregate limit of \$2,000,000.00 over  
12 any given five-year period that credits are available under this subdivision; and  
13 may award up to

14 (B) \$300,000.00 per year in total first-year credit allocations for  
15 owner-occupied unit applicants financing or down payment loans consistent  
16 with the allocation plan, including for new construction and manufactured  
17 housing, for a total aggregate limit of \$1,500,000.00 over any given five-year  
18 period that credits are available under this subdivision.

19 (2) In fiscal years 2016 through 2020, the allocating agency may award  
20 up to \$125,000.00 in total first-year credit allocations for loans through the  
21 down payment assistance program created in subdivision (b)(2) of this section



1 for a total aggregate limit of \$625,000.00 over the five-year period that credits  
2 are available under this subdivision.

3 (h) ~~In any fiscal year, total first year allocations plus succeeding year~~  
4 ~~deemed allocations shall not exceed \$3,500,000.00.~~ The aggregate limit for all  
5 credit allocations available under this section in any fiscal year is  
6 \$4,125,000.00.

7 **Sec. G.7. PREWRITTEN SOFTWARE ACCESSED REMOTELY**

8 Charges for the right to remotely access prewritten software shall not be  
9 considered charges for tangible personal property under 32 V.S.A. § 9701(7).

10 \* \* \* Wood Products Manufacturer Incentive \* \* \*

11 **Sec. G.8. 2014 Acts and Resolves No. 179, Sec. G.100(b) is amended to read:**

12 (b) **Sec. E.100.6 (wood products manufacture incentive) shall take effect**  
13 **retroactively on January 1, 2014 and apply to tax year 2014 and 2015.**

14 **Sec. G.8. 32 V.S.A. § 5930ii is amended to read:**

15 **§ 5930II. RESEARCH AND DEVELOPMENT TAX CREDIT**

16 (a) A taxpayer of this State shall be eligible for a credit against the tax  
17 imposed under this chapter in an amount equal to ~~27~~ 30 percent of the amount  
18 of the federal tax credit allowed in the taxable year for eligible research and  
19 development expenditures under 26 U.S.C. § 41(a) and which are made within  
20 this State.

1 (b) Any unused credit available under subsection (a) of this section may be  
2 carried forward for up to 10 years.

3 ~~(c) Each year, on or before January 15, the Department of Taxes shall~~  
4 ~~publish a list containing the names of the taxpayers who have claimed a credit~~  
5 ~~under this section during the most recent completed calendar year.~~

6 **H. Telecommunications**

7 Sec. H.1. [RESERVED]

8 **I. Effective Dates**

9 Sec. I.1. EFFECTIVE DATES

10 \* \* \*

11  
12 (Committee vote: \_\_\_\_\_)

13 \_\_\_\_\_

14 Representative \_\_\_\_\_

15 FOR THE COMMITTEE

16