

1 * * * Vermont Employment Growth Incentive * * *

2 Sec. H.1. 32 V.S.A. chapter 2 is added to read:

3 CHAPTER 2. VERMONT EMPLOYMENT GROWTH INCENTIVE PROGRAM

4 Subchapter 1. Vermont Economic Progress Council

5 § 25. VERMONT ECONOMIC PROGRESS COUNCIL

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

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

11 (2) tax increment financing districts pursuant to 24 V.S.A. chapter 53, subchapter 5
12 and section 5404a of this title.

13 (b) Membership.

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

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

20 (B) one member of the Vermont House of Representatives appointed by the
21 Speaker of the House; and

22 (C) one member of the Vermont Senate appointed by the Senate Committee on
23 Committees.

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

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

6 (c) Terms.

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

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

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

13 (d) Compensation.

14 (1) For attendance at a meeting and for other official duties, a member appointed
15 by the Governor shall be entitled to compensation for services and reimbursement of
16 expenses as provided in section 1010 of this title, except that a member who is a member
17 of the General Assembly shall be entitled to compensation for services and
18 reimbursement of expenses as provided in 2 V.S.A. § 406.

19 (2) A regional member who does not otherwise receive compensation and
20 reimbursement of expenses from his or her regional development or planning
21 organization shall be entitled to compensation and reimbursement of expenses for
22 attendance at meetings and for other official duties as provided in section 1010 of this
23 title.

1 (e) Operation.

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

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

5 (3) The Council shall have:

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

9 (B) administrative staff.

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

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

18 § 26. COST-BENEFIT MODEL

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

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

1 Subchapter 2. Vermont Employment Growth Incentive Program

2 § 30. PURPOSE; FORM OF INCENTIVES; ENHANCED INCENTIVES ELIGIBLE

3 APPLICANT

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

8 (b) Form of incentives; enhanced incentives.

9 (1) The Vermont Economic Progress Council may approve an incentive under this
10 subchapter in the form of direct cash payment in annual installments.

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

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

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

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

18 (c) Eligible applicant. Only a business may apply for an incentive pursuant to this
19 subchapter.

20 § 31. DEFINITIONS

21 In this subchapter:

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

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

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

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

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

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

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

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

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

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

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

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

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

6 (ii) dental assistance;

7 (iii) paid vacation;

8 (iv) paid holidays;

9 (v) child care;

10 (vi) other extraordinary employee benefits;

11 (vii) retirement benefits;

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

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

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

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

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

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

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

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

11 § 32. APPLICATION; APPROVAL CRITERIA; GUIDELINES

12 (a) Application.

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

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

17 (A) specify a payroll performance requirement;

18 (B) specify a jobs performance requirement or a capital investment performance
19 requirement, or both; and

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

22 (b) Mandatory criteria. The Council shall not approve an application unless it finds:

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

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

5 (3) The proposed economic activity conforms to applicable town and regional
6 plans.

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

10 (5) But for the incentive, the proposed economic activity:

11 (A) would not occur; or

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

14 § 33. CALCULATING THE VALUE OF AN INCENTIVE

15 Except as otherwise provided for an enhanced incentive for a business in a qualifying
16 labor market area under section 34 of this title, an enhanced incentive for an
17 environmental technology business under section 35 of this title, or an enhanced
18 incentive for workforce training under section 36 of this title, the Council shall calculate
19 the value of an incentive for an award year as follows:

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

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

6 (3) Calculate the incentive percentage. To calculate the “incentive percentage,”
7 the Council shall divide the business’s potential share of new revenue growth by the sum
8 of the business’s annual payroll performance requirements.

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

12 (5) Calculate the value of the incentive. To calculate the value of the incentive, the
13 Council shall multiply qualifying payroll by the incentive percentage.

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

16 (A) divide the value of the incentive by five; and

17 (B) adjust the value of the first installment payment so that it is proportional to
18 the actual number of days that new qualifying employees are employed in the first year of
19 hire.

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

21 LABOR MARKET AREA

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

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

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

4 (b) In each calendar year the amount by which the Council may increase the value of
5 all incentives pursuant to this section is:

6 (1) \$1,500,000.00 for one or more initial approvals; and

7 (2) \$1,000,000.00 for one or more final approvals.

8 (c) The Council may increase the cap imposed in subdivision (b)(2) of this section by
9 not more than \$500,000.00 upon application by the Governor to, and approval of, the
10 Joint Fiscal Committee.

11 (d) In evaluating the Governor's request, the Committee shall consider the economic
12 and fiscal condition of the State, including recent revenue forecasts and budget
13 projections

14 (e) The Council shall provide the Committee with testimony, documentation,
15 company-specific data, and any other information the Committee requests, to
16 demonstrate that increasing the cap will create a unique opportunity for return-on-
17 investment to the State.

18 § 35. ENHANCED INCENTIVE FOR ENVIRONMENTAL TECHNOLOGY

19 BUSINESS

20 (a) In this section, an "environmental technology business" means a business that:

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

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

4 (A) waste management, including waste collection, treatment, disposal,
5 reduction, recycling, and remediation;

6 (B) natural resource protection and management, including water and
7 wastewater purification and treatment, air pollution control and prevention or
8 remediation, soil and groundwater protection or remediation, and hazardous waste control
9 or remediation;

10 (C) energy efficiency or conservation;

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

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

15 (1) the business's potential share of new revenue growth shall be 90 percent; and

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

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

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

21 (C) subtract the product from the payroll performance requirement for the
22 award year.

1 § 36. ENHANCED INCENTIVE FOR WORKFORCE TRAINING

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

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

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

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

13 (c) A business that successfully completes its training, shall submit a written
14 certificate of completion to the Agency of Commerce and Community Development,
15 which shall notify the Department of Taxes.

16 (d) Upon notification by the Agency, and if the Department determines that the
17 business has earned the incentive for the award year, it shall:

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

20 (2) disburse to the Agency of Commerce and Community Development a payment
21 in an amount equal to 25 percent of the cost for training expenses pursuant to subsection

22 (b) of this section; and

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

3 § 37. EARNING AN INCENTIVE

4 (a) Earning an incentive; installment payments.

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

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

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

10 (C) meets or exceeds the jobs performance requirement specified for the award
11 year, or the capital investment performance requirement specified for the award year, or
12 both.

13 (2) A business that earns an incentive specified for an award year is eligible to
14 receive an installment payment for the year in which it earns the incentive and for each of
15 the next four years in which the business:

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

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

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

22 (b) Award year one.

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

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

7 (c) Award years two and three.

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

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

14 (d) Extending the earning period in award years one and two. Notwithstanding
15 subsection (b) of this section:

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

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

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

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

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

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

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

5 (e) Award year four.

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

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

12 (f) Award year five.

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

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

19 (g) Carrying forward growth that exceeds targets. If a business exceeds one or more
20 of the payroll performance requirement, the jobs performance requirement, or the capital
21 investment performance requirement specified for an award year, the business may apply
22 the excess payroll, excess jobs, and excess capital investment toward the performance

1 requirement specified for a future award year, provided that the business maintains the
2 excess payroll, excess jobs, or excess capital investment into the future award year.

3 § 38. CLAIMING AN INCENTIVE; ANNUAL FILING WITH

4 DEPARTMENT OF TAXES

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

7 (b) A business shall include the information the Department requires, including the
8 information required in section 5842 of this title and other documentation concerning
9 payroll, jobs, and capital investment necessary to determine whether the business earned
10 the incentive specified for an award year and any installment payment for which the
11 business is eligible.

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

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

16 (1) notify the business and the Council whether the business is entitled to an
17 installment payment for the applicable year; and

18 (2) make an installment payment to which the business is entitled.

19 § 39. RECAPTURE; REDUCTION; REPAYMENT

20 (a) Recapture.

21 (1) The Department of Taxes may recapture the value of one or more installment
22 payments a business has claimed, with interest, if:

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

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

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

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

5 (2) If the Department determines that a business is subject to recapture under
6 subdivision (1) of this subsection, the business becomes ineligible to earn or claim an
7 additional incentive or installment payment for the remainder of the utilization period.

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

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

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

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

19 (1) The Department shall:

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

1 (B) reduce the value of any remaining installment payments for which the
2 business is eligible by the same proportion.

3 (2) If the value of the installment payments the business has already received
4 exceeds the value of the reduced incentive, then:

5 (A) the business becomes ineligible to claim any additional installment
6 payments for the award period; and

7 (B) the Department shall recapture the amount by which the value of the
8 installment payments the business has already received exceeds the value of the reduced
9 incentive.

10 § 40. REPORTING

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

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

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

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

20 (A) the date and amount of authorization;

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

23 (C) whether the authorization is active;

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

2 (3) the following aggregate information:

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

5 (B) the number of qualifying jobs; and

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

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

9 (d) Notwithstanding any provision of law to the contrary, an incentive awarded
10 pursuant to this subchapter shall be treated as a tax expenditure for purposes of chapter 5
11 of this title.

12 § 41. CONFIDENTIALITY OF PROPRIETARY BUSINESS

13 INFORMATION

14 (a) The Vermont Economic Progress Council and the Department of Taxes shall use
15 measures to protect proprietary financial information, including reporting information in
16 an aggregate form.

17 (b) Information and materials submitted by a business concerning its income taxes
18 and other confidential financial information shall not be subject to public disclosure
19 under the State's public records law in 1 V.S.A. chapter 5, but shall be available to the
20 Joint Fiscal Office or its agent upon authorization of the Joint Fiscal Committee or a
21 standing committee of the General Assembly, and shall also be available to the Auditor
22 of Accounts in connection with the performance of duties under section 163 of this title;
23 provided, however, that the Joint Fiscal Office or its agent and the Auditor of Accounts

1 shall not disclose, directly or indirectly, to any person any proprietary business
2 information or any information that would identify a business except in accordance with
3 a judicial order or as otherwise specifically provided by law.

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

8 § 42. ANNUAL PROGRAM CAP

9 (a) In each calendar year the Vermont Economic Progress Council may approve one
10 or more incentives under this subchapter, the total value of which shall not exceed:

11 (1) \$15,000,000.00 for one or more initial approvals; and

12 (2) \$10,000,000.00 for one or more final approvals.

13 (b) The Council may increase the cap imposed in subdivision (a)(2) of this section by
14 not more than \$5,000,000.00 upon application by the Governor to, and approval of, the
15 Joint Fiscal Committee.

16 (c) In evaluating the Governor's request, the Committee shall consider the economic
17 and fiscal condition of the State, including recent revenue forecasts and budget
18 projections

19 (d) The Council shall provide the Committee with testimony, documentation,
20 company-specific data, and any other information the Committee requests, to
21 demonstrate that increasing the cap will create a unique opportunity for return-on-
22 investment to the State.

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

1 (2) disburse grant funds only for training hours that have been successfully
2 completed by employees; provided that, except for an award under an enhanced ~~training~~
3 incentive for workforce training as provided in ~~32 V.S.A. § 5930b(h)~~ 32 V.S.A. § 36, a
4 grant for on-the-job training shall either provide not more than 50 percent of wages for
5 each employee in training; or not more than 50 percent of trainer expense, but not both,
6 and further provided that training shall be performed in accordance with a training plan
7 that defines the subject of the training, the number of training hours, and how the
8 effectiveness of the training will be evaluated; and
9 Sec. H.3. 21 V.S.A. § 1314(e)(1) is amended to read:

10 (e)(1) Subject to such restrictions as the Board may by regulation prescribe,
11 information from unemployment insurance records may be made available to any public
12 officer or public agency of this or any other state or the federal government dealing with
13 the administration or regulation of relief, public assistance, unemployment compensation,
14 a system of public employment offices, wages and hours of employment, workers'
15 compensation, misclassification or miscoding of workers, occupational safety and health,
16 or a public works program for purposes appropriate to the necessary operation of those
17 offices or agencies. The Commissioner may also make information available to colleges,
18 universities, and public agencies of the State for use in connection with research projects
19 of a public service nature, and to the Vermont Economic Progress Council with regard to
20 the administration of ~~32 V.S.A. chapter 151, subchapter 11E~~ 32 V.S.A. chapter 2,
21 subchapter 2; but no person associated with those institutions or agencies may disclose
22 that information in any manner that would reveal the identity of any individual or

1 employing unit from or concerning whom the information was obtained by
2 Commissioner.

3 * * *

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

5 (11) To the Joint Fiscal Office or its agent, provided that the disclosure relates to a
6 successful business applicant under ~~section 5930a of this title~~ 32 V.S.A. chapter 2,
7 subchapter 2 and the ~~tax~~ incentive it has claimed and is reasonably necessary for the Joint
8 Fiscal Office or its agent to perform the duties authorized by the Joint Fiscal Committee
9 or a standing committee of the General Assembly under ~~subsection 5930a(h)~~ that
10 subchapter; to the Auditor of Accounts for the performance of duties under section 163 of
11 this title; to the Department of Economic Development for the purposes of subsection
12 5922(f) of this title; and to the Vermont Economic Progress Council, provided that the
13 disclosure relates to a successful business applicant under ~~sections 5930a and 5930b of~~
14 ~~this title~~ 32 V.S.A. chapter 2, subchapter 2 and the ~~tax~~ incentive it has claimed and is
15 reasonably necessary for the ~~council~~ Council to perform its duties under ~~sections 5930a~~
16 ~~and 5930b~~ that subchapter.

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

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

19 * * *

20 (H) ~~Real property, excluding land, consisting of unoccupied new facilities, or~~
21 ~~unoccupied facilities under renovation or expansion, owned by a business that has~~
22 ~~obtained the approval of the Vermont Economic Progress Council under section 5930a of~~

1 ~~this title that is less than 75 percent complete, not in use as of April 1 of the applicable~~
2 ~~tax year, and for a period not to exceed two years. [Repealed.]~~

3 (I) ~~Real property consisting of the value of remediation expenditures incurred~~
4 ~~by a business that has obtained the approval of the Vermont Economic Progress Council~~
5 ~~under section 5930a of this title for the construction of new, expanded or renovated~~
6 ~~facilities on contaminated property eligible under the redevelopment of contaminated~~
7 ~~properties program pursuant to 10 V.S.A. § 6615a(f), including supporting infrastructure,~~
8 ~~on sites eligible for the United States Environmental Protection Agency “Brownfield~~
9 ~~Program,” for a period of 10 years. [Repealed.]~~

10 * * *

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

12 § 5404A. TAX STABILIZATION AGREEMENTS; TAX INCREMENT FINANCING
13 DISTRICTS

14 (a) Tax agreements and exemptions affecting the education property tax grand list. A
15 tax agreement or exemption shall affect the education property tax grand list of the
16 municipality in which the property subject to the agreement is located if the agreement or
17 exemption is:

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

19 (A) a tax stabilization agreement for any purpose authorized under 24 V.S.A. §
20 2741 or comparable municipal charter provisions entered into or proposed and voted by
21 the municipality before July 1, 1997, or a property tax exemption adopted by vote
22 pursuant to chapter 125 of this title or comparable municipal charter provisions before
23 July 1, 1997; or

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

4 (2) A tax stabilization agreement relating to industrial or commercial property
5 entered into under 24 V.S.A. § 2741, or comparable municipal charter provisions ~~or an~~
6 ~~exemption for the purposes of economic development adopted by vote under sections~~
7 ~~3834 (factories; quarries; mines), 3836 (private homes and dwellings), 3837 (airports), or~~
8 ~~3838 (hotels) of this title or comparable municipal charter provisions after June 30, 1997~~
9 ~~if subsequently approved by the Vermont Economic Progress Council pursuant to this~~
10 ~~subsection and section 5930a of this title. An agreement or exemption may be approved~~
11 ~~by the Vermont Economic Progress Council only if it has first been approved by the~~
12 ~~municipality in which the property is located with respect to the municipal tax liability of~~
13 ~~the property in that municipality. Any agreement or exemption approved by the Vermont~~
14 ~~Economic Progress Council may not affect the education tax liability of the property in a~~
15 ~~greater proportion than the agreement or exemption affects the municipal tax liability of~~
16 ~~the property. A municipality's approval of an agreement or exemption under this~~
17 ~~subsection may be made conditional upon approval of the agreement or exemption by the~~
18 ~~Vermont Economic Progress Council. The legislative body of the municipality in which~~
19 ~~the property subject to the agreement or exemption is located or the business that is~~
20 ~~subject to the agreement or exemption may request the Vermont Economic Progress~~
21 ~~Council to approve an agreement or exemption pursuant to section 5930a of this title. The~~
22 ~~Council shall also report to the General Assembly on the terms of the agreement or~~
23 ~~exemption, and the effect of the agreement or exemption on the education property tax~~

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

4 (3) An agreement relating to affordable housing, which ~~may be submitted to the~~
5 ~~council for its approval under subdivision (2) of this subsection, or alternatively~~ may be
6 approved under this subdivision by the Commissioner of Taxes upon recommendation of
7 the Commissioner of Housing and Community Affairs provided the agreement provides
8 either for new construction housing projects or rehabilitated preexisting housing projects
9 and secures federal financial participation which may include projects financed with
10 federal low income housing tax credits.

11 * * *

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

21 (c) Tax agreements not affecting the education property tax grand list. A tax
22 agreement shall not affect the education property tax grand list if it is:

1 (1) A tax exemption adopted by vote of a municipality after July 1, 1997 under
2 chapter 125 of this title, or voted under a comparable municipal charter provision or other
3 provision of law for property owned by nonprofit organizations used for public, pious, or
4 charitable purposes, ~~other than economic development exemptions voted under section~~
5 ~~3834, 3836, 3837, or 3838 of this title and approved by the Vermont Economic Progress~~
6 ~~Council,~~ or exemptions of property of a nonprofit volunteer fire, rescue, or ambulance
7 organization adopted by vote of a municipality.

8 (2) A tax stabilization agreement relating to agricultural property, forest land, open
9 space land, or alternate energy generating plants entered into after July 1, 1997 by a
10 municipality under 24 V.S.A. § 2741.

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

20 * * *

21 Sec. H.7. 32 V.S.A. § 5813 is amended to read:

22 § 5813. STATUTORY PURPOSES

23 * * *

1 (u) The statutory purpose of the ~~Vermont employment growth incentive~~ Vermont
2 Employment Growth Incentive Program in ~~section 5930b-~~ chapter 2, subchapter 2 of this
3 title is to provide a cash incentive to encourage quality job growth in Vermont.

4 * * *

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

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

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

10 (39) Sales of building materials within any three consecutive years in excess of
11 one million dollars in purchase value, ~~which may be reduced to \$250,000.00 in purchase~~
12 ~~value upon approval of the Vermont Economic Progress Council pursuant to section~~
13 ~~5930a of this title,~~ used in the construction, renovation, or expansion of facilities which
14 are used exclusively, except for isolated or occasional uses, for the manufacture of
15 tangible personal property for sale.

16 Sec. H.10. REPEAL

17 32 V.S.A §§ 30-42 (Vermont Employment Growth Incentive Program) shall be
18 repealed on July 1, 2020.

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

20 **TECHNICAL WORKING GROUP**

21 (a) On or before August 15, 2016 the Joint Fiscal Committee shall convene a
22 Vermont Employment Growth Incentive Technical Working Group composed of the
23 following:

- 1 (1) the State legislative economist;
- 2 (2) the State executive economist;
- 3 (3) a policy analyst from the Agency of Commerce and Community Development;
- 4 (4) an economic and labor market information chief from the Department of

5 Labor; and

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

- 7 (6) the Executive Director of the Vermont Economic Progress Council, who shall
- 8 serve as a nonvoting ex officio member of the Group.

9 (b) The Technical Working Group shall review technical questions relating to the
10 Vermont Employment Growth Incentive Program cost-benefit model and shall review
11 whether the Program can integrate the use of business-specific background growth rates
12 in addition to, or in place of, industry-specific background growth rates; and, if industry-
13 specific background growth rates are recommended, a methodology to review, calculate,
14 and set those rates routinely.

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

20 **Sec. H.12. VERMONT EMPLOYMENT GROWTH INCENTIVE**

21 **PROGRAM REVIEW; AUDITOR OF ACCOUNTS**

22 (a) The Auditor of Accounts shall conduct a complete program review of the Vermont
23 Employment Growth Incentive Program, including:

1 (1) a detailed review and analysis of the enhanced incentives available under the
2 program.

3 (2) whether and how to include a mechanism in the Program for equity
4 investments in incentive recipients or to recoup incentive payments in the event an
5 incentive recipient is sold;

6 (3) the size, industry, and profile of the businesses that historically have
7 experienced, and are forecasted to experience, the most growth in Vermont, and whether
8 the Program can be more targeted to these businesses;

9 (4) changes to the Program to ensure incentives will benefit the creation and
10 growth of more small businesses;

11 (5) the extent to which the Program increase job opportunities for employees who
12 are residents of Vermont;

13 (6) whether the cost-benefit model is the most current and appropriate tool for
14 evaluating fiscal impacts of the Program, whether it is effectively utilized, and for those
15 applicants who assert that but for the incentive the scale or timing of the project would
16 change, how to appropriately account for those changes when running the model;

17 (7) growth in the environmental technology sector in Vermont, as defined in the
18 enhanced incentive for environmental technology business, and whether growth in this
19 sector obviates the need for the enhancements;

20 (8) enhanced incentives for businesses located in a qualifying labor market area,
21 whether differential rates in average annual wages or unemployment are an appropriate
22 triggers for an enhancement, whether the State should forego most or all of the net fiscal

1 benefit under the enhancement, and instances of awards where the triggering rates of
2 unemployment or wages is within the margin of error; and
3 (9) reporting requirements and transparency in reporting and publicly available
4 information.

5 (b) On or before October 1, 2019, the Auditor shall report his or her findings,
6 conclusions, recommendations, and supporting data for legislative action to the House
7 Committees on Commerce and Economic Development, on Ways and Means, and on
8 Appropriations, and to the Senate Committees on Economic Development, Housing and
9 General Affairs, on Finance, and on Appropriations.

10 Second: By striking out Sec. M.1 in its entirety and inserting in lieu thereof:

11 Sec. M.1. [Reserved.]

12 Third: In Sec. Q.1 by striking out subsections (b)–(c) in their entirety and inserting in
13 lieu thereof new subsections (b)–(c) to read:

14 Sec. Q.1. EFFECTIVE DATES

15 (b) The following sections shall take effect on July 1, 2016:

16 (1) Secs. C.1–C.2 (regional planning and development).

17 (2) Sec. D.1 (Vermont Training Program).

18 (3) Secs. F.1–F.9 (Vermont State Treasurer).

19 (4) Secs. H.11–H.12 (VEGI; technical working group; auditor).

20 (5) Sec. I.1 (blockchain technology).

21 (6) Sec. J.1 (Internet-based lodging accommodations study).

22 (7) Secs. K.1–K.3 (State Workforce Development Board).

23 (8) Secs. L.1–L.3 (Vermont Creative Network).

1 (9) Sec. M.2 (employee ownership).

2 (10) Secs. N.1–N.3 (Veterans Entrepreneurship Program).

3 (11) Secs. O.1–O.2 (Vermont Sustainable Jobs Fund).

4 (12) Secs. P.1–P.2 (southern Vermont economic development).

5 (c) The following sections shall take effect on July 1, 2017:

6 (1) Secs. E.1–E.2 (conversion, merger, share exchange, and domestication of a
7 corporation).

8 (2) Secs. H.1–H.10 (Vermont Employment Incentive Growth Program).