

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Ways and Means to which was referred House Bill No.  
3 868 entitled “An act relating to promoting economic development” respectfully  
4 reports that it has considered the same and recommends that the bill be  
5 amended as follows:

6 First: By striking out Secs. H.1–H.12 in their entirety and inserting in lieu  
7 thereof Secs. H.1–H.13 to read:

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

9 CHAPTER 2. VERMONT EMPLOYMENT GROWTH INCENTIVE

10 PROGRAM

11 Subchapter 1. Vermont Economic Progress Council

12 § 25. VERMONT ECONOMIC PROGRESS COUNCIL

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

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

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

20 (b) Membership.

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

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

7           (B) one member of the Vermont House of Representatives appointed  
8           by the Speaker of the House; and

9           (C) one member of the Vermont Senate appointed by the Senate  
10          Committee on Committees.

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

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

16          (c) Terms.

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

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

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

2           (d) Compensation.

3           (1) For attendance at a meeting and for other official duties, a member  
4 appointed by the Governor shall be entitled to compensation for services and  
5 reimbursement of expenses as provided in section 1010 of this title, except that  
6 a member who is a member of the General Assembly shall be entitled to  
7 compensation for services and reimbursement of expenses as provided in  
8 2 V.S.A. § 406.

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

14           (e) Operation.

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

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

18           (3) The Council shall have:

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

1           (B) administrative staff.

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

5           (g) Decisions not subject to review. A decision of the Council to approve  
6 or deny an application under subchapter 2 of this chapter, or to approve or  
7 deny a tax increment financing district pursuant to 24 V.S.A. chapter 53,  
8 subchapter 5 and section 5404a of this title, is an administrative decision that is  
9 not subject to the contested case hearing requirements under 3 V.S.A. chapter  
10 25 and is not subject to judicial review.

11           § 26. COST-BENEFIT MODEL

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

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

17           Subchapter 2. Vermont Employment Growth Incentive Program

18           § 30. PURPOSE; FORM OF INCENTIVES; ENHANCED INCENTIVES

19           ELIGIBLE APPLICANT

20           (a) Purpose. The purpose of the Vermont Employment Growth Incentive  
21 Program is to encourage a business to add new payroll, create new jobs, and

1 make new capital investments by sharing with the business a portion of the  
2 revenue generated by the new payroll, new jobs, and new capital investments.

3 (b) Form of incentives; enhanced incentives.

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

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

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

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

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

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

17 § 31. DEFINITIONS

18 As used in this subchapter:

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

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

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

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

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

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

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

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

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

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

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

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

9                   (ii) dental assistance;

10                  (iii) paid vacation;

11                  (iv) paid holidays;

12                  (v) child care;

13                  (vi) other extraordinary employee benefits;

14                  (vii) retirement benefits;

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

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

18           (E) When the position is added to base employment, the business's  
19           total employment exceeds its average annual employment during the two  
20           preceding years, unless the Council determines that the business is establishing

1 a significantly different, new line of business and creating new jobs in the new  
2 line of business that were not part of the business prior to filing its application.

3 (10) “Utilization period” means each year of the award period and the  
4 four years immediately following each year of the award period.

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

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

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

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

17 § 32. APPLICATION; APPROVAL CRITERIA; GUIDELINES

18 (a) Application.

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

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

3           (A) specify a payroll performance requirement;

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

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

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

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

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

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

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

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

2                   (A) would not occur; or

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

5           § 33. CALCULATING THE VALUE OF AN INCENTIVE

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

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

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

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

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

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

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

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

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

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

18                   LABOR MARKET AREA

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

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

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

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

7           (1) \$1,500,000.00 for one or more initial approvals; and

8           (2) \$1,000,000.00 for one or more final approvals.

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

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

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

1     § 35. ENHANCED INCENTIVE FOR ENVIRONMENTAL TECHNOLOGY

2             BUSINESS

3             (a) As used in this section, an “environmental technology business” means  
4 a business that:

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

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

10                     (A) waste management, including waste collection, treatment,  
11 disposal, reduction, recycling, and remediation;

12                     (B) natural resource protection and management, including water and  
13 wastewater purification and treatment, air pollution control and prevention or  
14 remediation, soil and groundwater protection or remediation, and hazardous  
15 waste control or remediation;

16                     (C) energy efficiency or conservation;

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

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

1           (1) the business’s potential share of new revenue growth shall be  
2           90 percent; and

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

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

6                   (B) multiply the business’s full-time payroll for the award year by  
7           20 percent of the background growth rate; and

8                   (C) subtract the product from the payroll performance requirement  
9           for the award year.

10           § 36. ENHANCED INCENTIVE FOR WORKFORCE TRAINING

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

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

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

18           (b) If a business is awarded a grant for training under this section, the  
19           Agency of Commerce and Community Development shall disburse grant funds  
20           for on-the-job training of 75 percent of wages for each employee in training or

1 75 percent of trainer expense, and the business shall be responsible for the  
2 remaining 25 percent of the applicable training costs.

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

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

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

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

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

15 § 37. EARNING AN INCENTIVE

16 (a) Earning an incentive; installment payments.

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

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

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

3           (C) meets or exceeds the jobs performance requirement specified for  
4           the award year, or the capital investment performance requirement specified  
5           for the award year, or both.

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

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

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

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

15          (b) Award year one.

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

20          (2) A business that does not meet the performance requirements  
21          specified for award year one within this period becomes ineligible to earn

1 incentives for the award year and for all remaining award years in the award  
2 period.

3 (c) Award years two and three.

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

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

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

12 Notwithstanding subsection (b) of this section:

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

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

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

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

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

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

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

4           (e) Award year four.

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

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

11          (f) Award year five.

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

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

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

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

4 § 38. CLAIMING AN INCENTIVE; ANNUAL FILING WITH  
5 DEPARTMENT OF TAXES

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

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

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

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

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

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

1     § 39. RECAPTURE; REDUCTION; REPAYMENT

2         (a) Recapture.

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

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

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

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

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

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

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

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

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

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

7           (1) The Department shall:

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

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

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

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

18           (B) the Department shall recapture the amount by which the value of  
19           the installment payments the business has already received exceeds the value  
20           of the reduced incentive.

1     § 40. REPORTING

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

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

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

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

12                 (A) the date and amount of authorization;

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

15                 (C) whether the authorization is active; and

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

17           (3) the following aggregate information:

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

20                 (B) the number of qualifying jobs; and

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

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

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

6       § 41. CONFIDENTIALITY OF PROPRIETARY BUSINESS

7               INFORMATION

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

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

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

5        § 42. ANNUAL PROGRAM CAP

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

9                (1) \$15,000,000.00 for one or more initial approvals; and

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

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

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

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

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

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

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

12 (e)(1) Subject to such restrictions as the Board may by regulation prescribe,  
13 information from unemployment insurance records may be made available to  
14 any public officer or public agency of this or any other state or the federal  
15 government dealing with the administration or regulation of relief, public  
16 assistance, unemployment compensation, a system of public employment  
17 offices, wages and hours of employment, workers' compensation,  
18 misclassification or miscoding of workers, occupational safety and health, or a  
19 public works program for purposes appropriate to the necessary operation of  
20 those offices or agencies. The Commissioner may also make information  
21 available to colleges, universities, and public agencies of the State for use in

1 connection with research projects of a public service nature, and to the  
2 Vermont Economic Progress Council with regard to the administration of  
3 ~~32 V.S.A. chapter 151, subchapter 11E~~ 32 V.S.A. chapter 2, subchapter 2; but  
4 no person associated with those institutions or agencies may disclose that  
5 information in any manner that would reveal the identity of any individual or  
6 employing unit from or concerning whom the information was obtained by  
7 Commissioner.

8 \* \* \*

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

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

1 and is reasonably necessary for the ~~council~~ Council to perform its duties under  
2 ~~sections 5930a and 5930b~~ that subchapter.

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

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

5 \* \* \*

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

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

20 \* \* \*

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

2 § 5404a. TAX STABILIZATION AGREEMENTS; TAX INCREMENT  
3 FINANCING DISTRICTS

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

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

9 (A) a tax stabilization agreement for any purpose authorized under  
10 24 V.S.A. § 2741 or comparable municipal charter provisions entered into or  
11 proposed and voted by the municipality before July 1, 1997, or a property tax  
12 exemption adopted by vote pursuant to chapter 125 of this title or comparable  
13 municipal charter provisions before July 1, 1997; or

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

17 (2) A tax stabilization agreement relating to industrial or commercial  
18 property entered into under 24 V.S.A. § 2741, or comparable municipal charter  
19 provisions ~~or an exemption for the purposes of economic development adopted~~  
20 ~~by vote under sections 3834 (factories; quarries; mines), 3836 (private homes~~  
21 ~~and dwellings), 3837 (airports), or 3838 (hotels) of this title or comparable~~

1 ~~municipal charter provisions after June 30, 1997 if subsequently approved by~~  
2 ~~the Vermont Economic Progress Council pursuant to this subsection and~~  
3 ~~section 5930a of this title. An agreement or exemption may be approved by~~  
4 ~~the Vermont Economic Progress Council only if it has first been approved by~~  
5 ~~the municipality in which the property is located with respect to the municipal~~  
6 ~~tax liability of the property in that municipality. Any agreement or exemption~~  
7 ~~approved by the Vermont Economic Progress Council may not affect the~~  
8 ~~education tax liability of the property in a greater proportion than the~~  
9 ~~agreement or exemption affects the municipal tax liability of the property. A~~  
10 ~~municipality's approval of an agreement or exemption under this subsection~~  
11 ~~may be made conditional upon approval of the agreement or exemption by the~~  
12 ~~Vermont Economic Progress Council. The legislative body of the municipality~~  
13 ~~in which the property subject to the agreement or exemption is located or the~~  
14 ~~business that is subject to the agreement or exemption may request the~~  
15 ~~Vermont Economic Progress Council to approve an agreement or exemption~~  
16 ~~pursuant to section 5930a of this title. The Council shall also report to the~~  
17 ~~General Assembly on the terms of the agreement or exemption, and the effect~~  
18 ~~of the agreement or exemption on the education property tax grand list of the~~  
19 ~~municipality and of the State. If so approved by the Council, an agreement or~~  
20 ~~exemption shall be effective to reduce the property tax liability of the~~

1 ~~municipality under this chapter beginning April 1 of the year following~~  
2 ~~approval.~~

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

11 \* \* \*

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

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

3 (1) A tax exemption adopted by vote of a municipality after July 1, 1997  
4 under chapter 125 of this title, or voted under a comparable municipal charter  
5 provision or other provision of law for property owned by nonprofit  
6 organizations used for public, pious, or charitable purposes, ~~other than~~  
7 ~~economic development exemptions voted under section 3834, 3836, 3837, or~~  
8 ~~3838 of this title and approved by the Vermont Economic Progress Council,~~ or  
9 exemptions of property of a nonprofit volunteer fire, rescue, or ambulance  
10 organization adopted by vote of a municipality.

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

14 (3) A tax stabilization agreement relating to commercial or industrial  
15 property entered into after July 1, 1997 by a municipality under 24 V.S.A.  
16 § 2741, ~~or a property tax exemption for purposes of economic development~~  
17 ~~adopted by vote after July 1, 1997, which has not been approved by the~~  
18 ~~Vermont Economic Progress Council to affect the education grand list under~~  
19 ~~subsection (a)(2) of this section and section 5930a of this title. In granting tax~~  
20 ~~stabilization agreements for commercial or industrial property under 24 V.S.A.~~  
21 ~~§ 2741, a municipality shall consider any applicable guidelines established for~~

1 ~~the approval of such stabilization agreements by the Vermont Economic~~  
2 ~~Progress Council established in subsection 5930a(c) of this title.~~

3 \* \* \*

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

5 § 5813. STATUTORY PURPOSES

6 \* \* \*

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

11 \* \* \*

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

13 (1) “Full-time job” ~~has the same meaning as defined in subdivision~~  
14 ~~5930b(a)(9) of this title~~ means a permanent position filled by an employee who  
15 works at least 35 hours per week.

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

17 (39) Sales of building materials within any three consecutive years in  
18 excess of one million dollars in purchase value, ~~which may be reduced to~~  
19 ~~\$250,000.00 in purchase value upon approval of the Vermont Economic~~  
20 ~~Progress Council pursuant to section 5930a of this title,~~ used in the  
21 construction, renovation, or expansion of facilities which are used exclusively,

1 except for isolated or occasional uses, for the manufacture of tangible personal  
2 property for sale.

3 Sec. H.10. REPEAL

4 32 V.S.A §§ 30–42 (Vermont Employment Growth Incentive Program)  
5 shall be repealed on July 1, 2020.

6 Sec. H.11. VERMONT EMPLOYMENT GROWTH INCENTIVE

7 TECHNICAL WORKING GROUP

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

11 (1) the State legislative economist;

12 (2) the State executive economist;

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

14 Development;

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

16 Department of Labor;

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

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

19 who shall serve as a nonvoting ex officio member of the Group.

20 (b) The Technical Working Group shall review technical questions relating  
21 to the Vermont Employment Growth Incentive Program cost-benefit model

1 and shall review whether the Program can integrate the use of business-specific  
2 background growth rates in addition to, or in place of, industry-specific  
3 background growth rates; and, if industry-specific background growth rates are  
4 recommended, a methodology to review, calculate, and set those rates  
5 routinely.

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

12 Sec. H.12. VERMONT EMPLOYMENT GROWTH INCENTIVE  
13 PROGRAM REVIEW; AUDITOR OF ACCOUNTS

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

16 (1) a detailed review and analysis of the enhanced incentives available  
17 under the program,

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

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

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

6           (5) the extent to which the Program increases job opportunities for  
7           employees who are residents of Vermont;

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

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

16           (8) enhanced incentives for businesses located in a qualifying labor  
17           market area, whether differential rates in average annual wages or  
18           unemployment are an appropriate triggers for an enhancement, whether the  
19           State should forego most or all of the net fiscal benefit under the enhancement,  
20           and instances of awards where the triggering rates of unemployment or wages  
21           is within the margin of error; and

1           (9) reporting requirements and transparency in reporting and publicly  
2           available information.

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

9           Sec. H.13. VERMONT EMPLOYMENT GROWTH INCENTIVE; REVIEW;

10                               SMALL BUSINESS GROWTH

11           (a) The Vermont Economic Progress Council, in collaboration with the  
12           Department of Labor, shall review:

13           (1) the size, industry, and profile of the businesses that historically have  
14           experienced, and are forecasted to experience, the most growth in Vermont,  
15           and whether the Program can be more targeted to these businesses; and

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

18           (b) On or before January 15, 2017, the Council shall report its findings,  
19           conclusions, recommendations, and supporting data for legislative action to the  
20           House Committees on Commerce and Economic Development, on Ways and  
21           Means, and on Appropriations, and to the Senate Committees on Economic

1 Development, Housing and General Affairs, on Finance, and on  
2 Appropriations.

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

5 Sec. M.1. [Reserved.]

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

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

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

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

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

12 (4) Secs. H.11–H.13 (VEGI; technical working group; auditor; review).

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

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

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

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

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

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

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

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

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

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

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

4

5

6           (Committee vote: \_\_\_\_\_)

7

\_\_\_\_\_

8

Representative \_\_\_\_\_

9

FOR THE COMMITTEE