

1                   **H.868 – VEGI Sections As Passed by House**

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

3                   **CHAPTER 2. VERMONT EMPLOYMENT GROWTH INCENTIVE**

4                                   **PROGRAM**

5                                   **Subchapter 1. Vermont Economic Progress Council**

6           **§ 25. VERMONT ECONOMIC PROGRESS COUNCIL**

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

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

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

14                   (b) Membership.

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

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

1           (B) one member of the Vermont House of Representatives appointed  
2           by the Speaker of the House; and

3           (C) one member of the Vermont Senate appointed by the Senate  
4           Committee on Committees.

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

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

10          (c) Terms.

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

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

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

17          (d) Compensation.

18           (1) For attendance at a meeting and for other official duties, a member  
19           appointed by the Governor shall be entitled to compensation for services and  
20           reimbursement of expenses as provided in section 1010 of this title, except that  
21           a member who is a member of the General Assembly shall be entitled to

1 compensation for services and reimbursement of expenses as provided in  
2 2 V.S.A. § 406.

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

8 (e) Operation.

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

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

12 (3) The Council shall have:

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

16 (B) administrative staff.

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

20 (g) Decisions not subject to review. A decision of the Council to approve  
21 or deny an application under subchapter 2 of this chapter, or to approve or

1 deny a tax increment financing district pursuant to 24 V.S.A. chapter 53,  
2 subchapter 5 and section 5404a of this title, is an administrative decision that is  
3 not subject to the contested case hearing requirements under 3 V.S.A. chapter  
4 25 and is not subject to judicial review.

5 § 26. COST-BENEFIT MODEL

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

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

11 Subchapter 2. Vermont Employment Growth Incentive Program

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

13 ELIGIBLE APPLICANT

14 (a) Purpose. The purpose of the Vermont Employment Growth Incentive  
15 Program is to encourage a business to add new payroll, create new jobs, and  
16 make new capital investments by sharing with the business a portion of the  
17 revenue generated by the new payroll, new jobs, and new capital investments.

18 (b) Form of incentives; enhanced incentives.

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

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

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

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

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

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

11 § 31. DEFINITIONS

12           As used in this subchapter:

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

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

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

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

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

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

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

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

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

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

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

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

1                    (i) health care benefits with 50 percent or more of the premium

2 paid by the business;

3                    (ii) dental assistance;

4                    (iii) paid vacation;

5                    (iv) paid holidays;

6                    (v) child care;

7                    (vi) other extraordinary employee benefits;

8                    (vii) retirement benefits;

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

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

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

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

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

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

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

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

10           § 32. APPLICATION; APPROVAL CRITERIA; GUIDELINES

11           (a) Application.

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

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

17                           (A) specify a payroll performance requirement;

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

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



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

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

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

8            (3) The proposed economic activity conforms to applicable town and  
9        regional plans.

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

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

15            (A) would not occur; or

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

18        § 33. CALCULATING THE VALUE OF AN INCENTIVE

19            Except as otherwise provided for an enhanced incentive for a business in a  
20        qualifying labor market area under section 34 of this title, an enhanced  
21        incentive for an environmental technology business under section 35 of this

1 title, or an enhanced incentive for workforce training under section 36 of this  
2 title, the Council shall calculate the value of an incentive for an award year as  
3 follows:

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

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

14 (3) Calculate the incentive percentage. To calculate the "incentive  
15 percentage," the Council shall divide the business's potential share of new  
16 revenue growth by the sum of the business's annual payroll performance  
17 requirements.

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

1           (5) Calculate the value of the incentive. To calculate the value of the  
2           incentive, the Council shall multiply qualifying payroll by the incentive  
3           percentage.

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

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

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

10           § 34. ENHANCED INCENTIVE FOR A BUSINESS IN A QUALIFYING  
11           LABOR MARKET AREA

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

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

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

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

20                   (1) \$1,500,000.00 for one or more initial approvals; and

21                   (2) \$1,000,000.00 for one or more final approvals.

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

4        (d) In evaluating the Governor’s request, the Committee shall consider the  
5        economic and fiscal condition of the State, including recent revenue forecasts  
6        and budget projections.

7        (e) The Council shall provide the Committee with testimony,  
8        documentation, company-specific data, and any other information the  
9        Committee requests to demonstrate that increasing the cap will create an  
10       opportunity for return on investment to the State.

11       § 35. ENHANCED INCENTIVE FOR ENVIRONMENTAL TECHNOLOGY

12                BUSINESS

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

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

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

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

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

5           (C) energy efficiency or conservation;

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

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

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

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

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

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

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

1     § 36. ENHANCED INCENTIVE FOR WORKFORCE TRAINING

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

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

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

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

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

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

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

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

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

6           § 37. EARNING AN INCENTIVE

7           (a) Earning an incentive; installment payments.

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

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

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

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

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

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

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

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

6           (b) Award year one.

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

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

15           (c) Award years two and three.

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

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



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

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

4 Notwithstanding subsection (b) of this section:

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

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

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

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

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

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

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

17 (e) Award year four.

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

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

4           (f) Award year five.

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

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

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

1     § 38. CLAIMING AN INCENTIVE; ANNUAL FILING WITH

2             DEPARTMENT OF TAXES

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

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

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

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

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

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

18     § 39. RECAPTURE; REDUCTION; REPAYMENT

19            (a) Recapture.

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

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

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

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

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

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

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

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

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

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

1           (1) The Department shall:

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

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

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

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

12                   (B) the Department shall recapture the amount by which the value of  
13           the installment payments the business has already received exceeds the value  
14           of the reduced incentive.

15           § 40. REPORTING

16                   (a) On or before September 1 of each year, the Vermont Economic  
17           Progress Council and the Department of Taxes shall submit a joint report on  
18           the incentives authorized in this subchapter to the House Committees on Ways  
19           and Means, on Commerce and Economic Development, and on  
20           Appropriations, to the Senate Committees on Finance, on Economic

1 Development, Housing and General Affairs, and on Appropriations, and to the  
2 Joint Fiscal Committee.

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

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

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

6 (A) the date and amount of authorization;

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

9 (C) whether the authorization is active; and

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

11 (3) the following aggregate information:

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

14 (B) the number of qualifying jobs; and

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

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

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

1     § 41. CONFIDENTIALITY OF PROPRIETARY BUSINESS

2             INFORMATION

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

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

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

21     § 42. ANNUAL PROGRAM CAP

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

4                (1) \$15,000,000.00 for one or more initial approvals; and

5                (2) \$10,000,000.00 for one or more final approvals.

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

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

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

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

17                (2) disburse grant funds only for training hours that have been  
18        successfully completed by employees; provided that, except for an award  
19        under an enhanced ~~training~~ incentive for workforce training as provided in  
20        ~~32 V.S.A. § 5930b(h)~~ 32 V.S.A. § 36, a grant for on-the-job training shall  
21        either provide not more than 50 percent of wages for each employee in



1 training, or not more than 50 percent of trainer expense, but not both, and  
2 further provided that training shall be performed in accordance with a training  
3 plan that defines the subject of the training, the number of training hours, and  
4 how the effectiveness of the training will be evaluated; and

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

6 (e)(1) Subject to such restrictions as the Board may by regulation prescribe,  
7 information from unemployment insurance records may be made available to  
8 any public officer or public agency of this or any other state or the federal  
9 government dealing with the administration or regulation of relief, public  
10 assistance, unemployment compensation, a system of public employment  
11 offices, wages and hours of employment, workers' compensation,  
12 misclassification or miscoding of workers, occupational safety and health, or a  
13 public works program for purposes appropriate to the necessary operation of  
14 those offices or agencies. The Commissioner may also make information  
15 available to colleges, universities, and public agencies of the State for use in  
16 connection with research projects of a public service nature, and to the  
17 Vermont Economic Progress Council with regard to the administration of  
18 ~~32 V.S.A. chapter 151, subchapter 11E~~ 32 V.S.A. chapter 2, subchapter 2; but  
19 no person associated with those institutions or agencies may disclose that  
20 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  
6 relates to a successful business applicant under ~~section 5930a~~ chapter 2,  
7 subchapter 2 of this title and the ~~tax~~ incentive it has claimed and is reasonably  
8 necessary for the Joint Fiscal Office or its agent to perform the duties  
9 authorized by the Joint Fiscal Committee or a standing committee of the  
10 General Assembly under ~~subsection 5930a(h)~~ that subchapter; to the Auditor  
11 of Accounts for the performance of duties under section 163 of this title; to the  
12 Department of Economic Development for the purposes of subsection 5922(f)  
13 of this title; and to the Vermont Economic Progress Council, provided that the  
14 disclosure relates to a successful business applicant under ~~sections 5930a and~~  
15 ~~5930b~~ chapter 2, subchapter 2 of this title and the ~~tax~~ incentive it has claimed  
16 and is reasonably necessary for the ~~council~~ Council to perform its duties under  
17 ~~sections 5930a and 5930b~~ that subchapter.

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

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

20 \* \* \*

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

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

15                           \* \* \*

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

17           § 5404a. TAX STABILIZATION AGREEMENTS; TAX INCREMENT

18                   FINANCING DISTRICTS

19           (a) Tax agreements and exemptions affecting the education property tax  
20 grand list. A tax agreement or exemption shall affect the education property

1 tax grand list of the municipality in which the property subject to the  
2 agreement is located if the agreement or exemption is:

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

4 (A) a tax stabilization agreement for any purpose authorized under  
5 24 V.S.A. § 2741 or comparable municipal charter provisions entered into or  
6 proposed and voted by the municipality before July 1, 1997, or a property tax  
7 exemption adopted by vote pursuant to chapter 125 of this title or comparable  
8 municipal charter provisions before July 1, 1997; or

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

12 (2) A tax stabilization agreement relating to industrial or commercial  
13 property entered into under 24 V.S.A. § 2741, or comparable municipal charter  
14 provisions ~~or an exemption for the purposes of economic development adopted~~  
15 ~~by vote under sections 3834 (factories; quarries; mines), 3836 (private homes~~  
16 ~~and dwellings), 3837 (airports), or 3838 (hotels) of this title or comparable~~  
17 ~~municipal charter provisions after June 30, 1997 if subsequently approved by~~  
18 ~~the Vermont Economic Progress Council pursuant to this subsection and~~  
19 ~~section 5930a of this title. An agreement or exemption may be approved by~~  
20 ~~the Vermont Economic Progress Council only if it has first been approved by~~  
21 ~~the municipality in which the property is located with respect to the municipal~~

1 ~~tax liability of the property in that municipality. Any agreement or exemption~~  
2 ~~approved by the Vermont Economic Progress Council may not affect the~~  
3 ~~education tax liability of the property in a greater proportion than the~~  
4 ~~agreement or exemption affects the municipal tax liability of the property. A~~  
5 ~~municipality's approval of an agreement or exemption under this subsection~~  
6 ~~may be made conditional upon approval of the agreement or exemption by the~~  
7 ~~Vermont Economic Progress Council. The legislative body of the municipality~~  
8 ~~in which the property subject to the agreement or exemption is located or the~~  
9 ~~business that is subject to the agreement or exemption may request the~~  
10 ~~Vermont Economic Progress Council to approve an agreement or exemption~~  
11 ~~pursuant to section 5930a of this title. The Council shall also report to the~~  
12 ~~General Assembly on the terms of the agreement or exemption, and the effect~~  
13 ~~of the agreement or exemption on the education property tax grand list of the~~  
14 ~~municipality and of the State. If so approved by the Council, an agreement or~~  
15 ~~exemption shall be effective to reduce the property tax liability of the~~  
16 ~~municipality under this chapter beginning April 1 of the year following~~  
17 ~~approval.~~

18 (3) An agreement relating to affordable housing, which ~~may be~~  
19 ~~submitted to the council for its approval under subdivision (2) of this~~  
20 ~~subsection, or alternatively may be approved under this subdivision by the~~  
21 Commissioner of Taxes upon recommendation of the Commissioner of

1 Housing and Community Affairs provided the agreement provides either for  
2 new construction housing projects or rehabilitated preexisting housing projects  
3 and secures federal financial participation which may include projects financed  
4 with federal low income housing tax credits.

5 \* \* \*

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

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

18 (1) A tax exemption adopted by vote of a municipality after July 1, 1997  
19 under chapter 125 of this title, or voted under a comparable municipal charter  
20 provision or other provision of law for property owned by nonprofit  
21 organizations used for public, pious, or charitable purposes, ~~other than~~

1 ~~economic development exemptions voted under section 3834, 3836, 3837, or~~  
2 ~~3838 of this title and approved by the Vermont Economic Progress Council, or~~  
3 exemptions of property of a nonprofit volunteer fire, rescue, or ambulance  
4 organization adopted by vote of a municipality.

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

8 (3) A tax stabilization agreement relating to commercial or industrial  
9 property entered into after July 1, 1997 by a municipality under 24 V.S.A.  
10 § 2741, ~~or a property tax exemption for purposes of economic development~~  
11 ~~adopted by vote after July 1, 1997, which has not been approved by the~~  
12 ~~Vermont Economic Progress Council to affect the education grand list under~~  
13 ~~subsection (a)(2) of this section and section 5930a of this title. In granting tax~~  
14 ~~stabilization agreements for commercial or industrial property under 24 V.S.A.~~  
15 ~~§ 2741, a municipality shall consider any applicable guidelines established for~~  
16 ~~the approval of such stabilization agreements by the Vermont Economic~~  
17 ~~Progress Council established in subsection 5930a(c) of this title.~~

18 \* \* \*

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

20 § 5813. STATUTORY PURPOSES

21 \* \* \*

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

5 \* \* \*

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

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

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

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

18 Sec. H.10. REPEAL

19 32 V.S.A §§ 30–42 (Vermont Employment Growth Incentive Program)  
20 shall be repealed on July 1, 2020.

21 Sec. H.11. VERMONT EMPLOYMENT GROWTH INCENTIVE



1                    TECHNICAL WORKING GROUP

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

5                    (1) the State legislative economist;

6                    (2) the State executive economist;

7                    (3) a policy analyst from the Agency of Commerce and Community  
8 Development;

9                    (4) an economic and labor market information chief from the  
10 Department of Labor;

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

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

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

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

7       Sec. H.12. VERMONT EMPLOYMENT GROWTH INCENTIVE; REVIEW

8       (a) The Vermont Economic Progress Council shall review the following  
9       policy questions relating to the Vermont Employment Growth Incentive  
10       Program:

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

14       (2) how to most effectively ensure, through the application and award  
15       process, that recipients of VEGI incentives are in compliance with all federal  
16       and State water quality and air quality laws and regulations;

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

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

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