

1 TO THE HONORABLE SENATE:

2 The Committee on Economic Development, Housing & General Affairs to
3 which was referred House Bill No. 868 entitled “An act relating to
4 miscellaneous economic development provisions” respectfully reports that it
5 has considered the same and recommends that the Senate propose to the House
6 that the bill be amended by striking out all after the enacting clause and
7 inserting in lieu thereof the following:

8 * * * Secs. A.1-G.1 omitted for brevity * * *

9 * * * Vermont Employment Growth Incentive * * *

10 **Sec. H.1. 32 V.S.A. chapter 105 is added to read:**

11 CHAPTER 105. VERMONT EMPLOYMENT GROWTH INCENTIVE

12 PROGRAM

13 Subchapter 1. Vermont Economic Progress Council

14 **§ 3025.** VERMONT ECONOMIC PROGRESS COUNCIL

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

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

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

1 (b) Membership.

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

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

9 (B) one member of the Vermont House of Representatives appointed
10 by the Speaker of the House; and

11 (C) one member of the Vermont Senate appointed by the Senate
12 Committee on Committees.

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

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

18 (c) Terms.

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

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

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

4 (d) Compensation.

5 (1) For attendance at a meeting and for other official duties, a member
6 appointed by the Governor shall be entitled to compensation for services and
7 reimbursement of expenses as provided in section 1010 of this title, except that
8 a member who is a member of the General Assembly shall be entitled to
9 compensation for services and reimbursement of expenses as provided in
10 2 V.S.A. § 406.

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

16 (e) Operation.

17 (1) The Governor shall appoint a chair from the Council’s members.

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

20 (3) The Council shall have:

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

4 (B) administrative staff.

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

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

14 § 3026. COST-BENEFIT MODEL

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

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

1 Subchapter 2. Vermont Employment Growth Incentive Program

2 § 3030. PURPOSE; FORM OF INCENTIVES; ENHANCED INCENTIVES

3 ELIGIBLE APPLICANT

4 (a) Purpose. The purpose of the Vermont Employment Growth Incentive
5 Program is to encourage a business to add incremental and qualifying payroll,
6 jobs, and capital investments by sharing with the business a portion of the
7 revenue generated by the new payroll, new jobs, and new capital investments,
8 thereby generating net new revenues to the State.

9 (b) Form of incentives; enhanced incentives.

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

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

14 (A) an enhanced incentive for a business in a labor market area with
15 higher than average unemployment or lower than average wages pursuant to
16 section 3034 of this title;

17 (B) an enhanced incentive for an environmental technology business
18 pursuant to section 3035 of this title; and

19 (C) an enhanced incentive for a business that participates in a State
20 workforce training program pursuant to section 3036 of this title.

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

3 § 3031. DEFINITIONS

4 As used in this subchapter:

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

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

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

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

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

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

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

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

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

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

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

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

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

17 (ii) dental assistance;

18 (iii) paid vacation;

19 (iv) paid holidays;

20 (v) child care;

21 (vi) other extraordinary employee benefits;

1 (vii) retirement benefits;

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

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

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

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

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

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

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

20 (B) for a business located in a labor market area in which the average
21 annual unemployment rate is higher than the average annual unemployment

1 rate for the State, 40 percent above the State minimum wage at the time of
2 application.

3 § 3032. APPLICATION; APPROVAL CRITERIA; GUIDELINES

4 (a) Application.

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

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

10 (A) specify a payroll performance requirement;

11 (B) specify a jobs performance requirement or a capital investment
12 performance requirement, or both; and

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

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

17 (1) Except as otherwise provided for an enhanced incentive for a
18 business in a qualifying labor market area under section 3034 of this title, the
19 new revenue the proposed activity generates to the State exceeds the costs of
20 the activity to the State.

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

1 (3) The proposed economic activity conforms to applicable town and
2 regional plans.

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

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

8 (A) would not occur; or

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

11 § 3033. CALCULATING THE VALUE OF AN INCENTIVE

12 Except as otherwise provided for an enhanced incentive for a business in a
13 qualifying labor market area under section 3034 of this title, an enhanced
14 incentive for an environmental technology business under section 3035 of this
15 title, or an enhanced incentive for workforce training under section 3036 of this
16 title, the Council shall calculate the value of an incentive for an award year as
17 follows:

18 (1) Calculate new revenue growth. To calculate new revenue growth,
19 the Council shall use the cost-benefit model created pursuant to section 3026
20 of this title to determine the amount by which the new revenue generated by

1 the proposed economic activity to the State exceeds the costs of the activity to
2 the State.

3 (2) Calculate the business's potential share of new revenue growth.
4 Except as otherwise provided for an environmental technology business in
5 section 3035 of this title, to calculate the business's potential share of new
6 revenue growth, the Council shall multiply the new revenue growth determined
7 under subdivision (1) of this subsection by 80 percent.

8 (3) Calculate the incentive percentage. To calculate the incentive
9 percentage, the Council shall divide the business's potential share of new
10 revenue growth by the sum of the business's annual payroll performance
11 requirements.

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

15 (5) Calculate the value of the incentive. To calculate the value of the
16 incentive, the Council shall multiply qualifying payroll by the incentive
17 percentage.

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

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

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

4 § 3034. ENHANCED INCENTIVE FOR A BUSINESS IN A QUALIFYING
5 LABOR MARKET AREA

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

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

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

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

14 (1) \$1,500,000.00 for one or more initial approvals; and

15 (2) \$1,000,000.00 for one or more final approvals.

16 (c) The Council may increase the cap imposed in subdivision (b)(2) of this
17 section by not more than \$500,000.00 upon application to, and approval of, the
18 Emergency Board.

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

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

5 § 3035. ENHANCED INCENTIVE FOR ENVIRONMENTAL
6 TECHNOLOGY

7 BUSINESS

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

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

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

15 (A) waste management, including waste collection, treatment,
16 disposal, reduction, recycling, and remediation;

17 (B) natural resource protection and management, including water and
18 wastewater purification and treatment, air pollution control and prevention or
19 remediation, soil and groundwater protection or remediation, and hazardous
20 waste control or remediation;

21 (C) energy efficiency or conservation;

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

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

6 (1) the business's potential share of new revenue growth shall be
7 90 percent; and

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

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

11 (B) multiply the business's full-time payroll for the award year by
12 20 percent of the background growth rate; and

13 (C) subtract the product from the payroll performance requirement
14 for the award year.

15 § 3036. ENHANCED INCENTIVE FOR WORKFORCE TRAINING

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

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

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

3 (b) If a business is awarded a grant for training under this section, the
4 Agency of Commerce and Community Development shall disburse grant funds
5 for on-the-job training of 75 percent of wages for each employee in training or
6 75 percent of trainer expense, and the business shall be responsible for the
7 remaining 25 percent of the applicable training costs.

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

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

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

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

18 (3) disburse the remaining value of the incentive in annual installments
19 pursuant to section 3037 of this title.

20 § 3037. EARNING AN INCENTIVE

21 (a) Earning an incentive; installment payments.

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

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

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

7 (C) meets or exceeds the jobs performance requirement specified for
8 the award year, or the capital investment performance requirement specified
9 for the award year, or both.

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

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

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

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

19 (b) Award year one.

20 (1) For award year one, a business has from the date it commences its
21 proposed economic activity through December 31 of that year, plus two

1 additional years, to meet the performance requirements specified for award
2 year one.

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

7 (c) Award years two and three.

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

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

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

16 Notwithstanding subsection (b) of this section:

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

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

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

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

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

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

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

9 (e) Award year four.

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

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

16 (f) Award year five.

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

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

4 (g) Carrying forward growth that exceeds targets. If a business exceeds
5 one or more of the payroll performance requirement, the jobs performance
6 requirement, or the capital investment performance requirement specified for
7 an award year, the business may apply the excess payroll, excess jobs, and
8 excess capital investment toward the performance requirement specified for a
9 future award year, provided that the business maintains the excess payroll,
10 excess jobs, or excess capital investment into the future award year.

11 § 3038. CLAIMING AN INCENTIVE; ANNUAL FILING WITH
12 DEPARTMENT OF TAXES

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

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

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

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

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

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

8 (e) The Department shall not pay interest on any amounts it holds or pays
9 for an incentive or installment payment pursuant to this subchapter.

10 § 3039. RECAPTURE; REDUCTION; REPAYMENT

11 (a) Recapture.

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

14 (A) the business fails to file a claim as required in section 3038 of
15 this title; or

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

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

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

20 (2) If the Department determines that a business is subject to recapture
21 under subdivision (1) of this subsection, the business becomes ineligible to

1 earn or claim an additional incentive or installment payment for the remainder
2 of the utilization period.

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

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

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

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

14 (1) The Department shall:

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

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

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

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

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

8 (c) Tax liability.

9 (1) A person who has the duty and authority to remit taxes under this
10 title shall be personally liable for an installment payment that is subject to
11 recapture under this section.

12 (2) For purposes of this section, the Department of Taxes may use any
13 enforcement or collection action available for taxes owed pursuant to chapter
14 151 of this title.

15 § 3040. 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 § 3041. 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 § 3042. 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 to, and approval of,
8 the Emergency Board.

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. § 3036, 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 105, subchapter 2;
19 but 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 105,
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 105, subchapter 2 of this title and the ~~tax~~ incentive it has
16 claimed and is reasonably necessary for the ~~council~~ Council to perform its
17 duties under ~~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
3 105, subchapter 2 of this title is to ~~provide a cash incentive to encourage~~
4 ~~quality job growth in Vermont~~ encourage a business to add incremental and
5 qualifying payroll, jobs, and capital investments by sharing with the business a
6 portion of the revenue generated by the new payroll, new jobs, and new capital
7 investments, thereby generating net new revenues to the State.

8 * * *

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

10 (1) “Full-time job” ~~has the same meaning as defined in subdivision~~
11 ~~5930b(a)(9) of this title~~ means a permanent position filled by an employee who
12 works at least 35 hours per week.

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

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

21 **Sec. H.10. VEGI; REPEAL OF AUTHORITY TO AWARD INCENTIVES**

1 Notwithstanding any provision of law to the contrary, the Vermont
2 Economic Progress Council shall not accept or approve an application for a
3 Vermont Employment Growth Incentive under 32 V.S.A. chapter 105,
4 subchapter 2 on or after January 1, 2028.

5 Sec. H.11. VERMONT EMPLOYMENT GROWTH INCENTIVE

6 TECHNICAL WORKING GROUP

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

10 (1) the State legislative economist;

11 (2) the State executive economist;

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

13 Development;

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

15 Department of Labor;

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

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

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

19 (b) The Technical Working Group shall review technical questions relating
20 to the Vermont Employment Growth Incentive Program cost-benefit model,
21 including a review of whether the Program can integrate the use of

1 business-specific background growth rates in addition to, or in place of,
2 industry-specific background growth rates; and if industry-specific background
3 growth rates are recommended, a methodology to review, calculate, and set
4 those rates routinely.

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

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

12 (a) The Vermont Economic Progress Council shall review the following
13 policy questions relating to the Vermont Employment Growth Incentive
14 Program:

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

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

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; and

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

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

12 Sec. H.13. EXTENSION OF CURRENT VEGI STATUTE; TRANSITION
13 Sec. 3(c) of No. 184 of the Acts of the 2005 Adj. Sess. (2006), as amended by
14 Sec. 2 of No. 52 of the Acts of 2011, and as further amended by 2012 Acts and
15 Resolves No. 143, Sec. 20, is amended to read:

16 (c) Beginning April 1, 2009, the economic incentive review board is
17 authorized to grant payroll-based growth incentives pursuant to the Vermont
18 employment growth incentive program established by Sec. 9 of this
19 act. Unless extended by act of the General Assembly, as of July 1, 2017
20 January 1, 2018, no new Vermont employment growth incentive (VEGI)
21 awards under 32 V.S.A. § 5930b may be made. Any VEGI awards granted

1 prior to ~~July 1, 2017~~ January 1, 2018 may remain in effect until used and shall
2 governed by the provisions of 32 V.S.A chapter 105.

3 **Sec. H.14. PROSPECTIVE REPEAL OF CURRENT VEGI STATUTE**

4 32 V.S.A. §§ 5930a and 5930b are repealed.

5 * * * Secs. I.1 - K.3 omitted for trees * * *

6 * * * Vermont Creative Network * * *

7 **Sec. L.1. VERMONT CREATIVE NETWORK**

8 (a) Creation. The Vermont Arts Council, an independent nonprofit
9 corporation, in collaboration with statewide partners, shall perform the duties
10 specified in this section and establish the Vermont Creative Network, which
11 shall be:

12 (1) a communications, advocacy, and capacity-building entity that
13 strengthens Vermont's creative sector, utilizes it to enhance Vermonters'
14 quality of life, increases the State's economic vitality; and

15 (2) based on a collective impact model and shall use Results Based
16 Accountability as a planning and assessment tool.

17 (b) Outcomes and Indicators.

18 (1) The outcomes of the Vermont Creative Network are as follows:

19 (A) The Vermont creative sector enhances Vermonters' quality of
20 life and has a positive economic impact on the State.

1 (B) Participants in Vermont’s creative sector thrive as significant
2 contributors to the State’s general and economic well-being.

3 (C) Participants in Vermont’s creative sector effectively share their
4 talents with a broad range of Vermonters and visitors throughout the State.

5 (D) The creative sector focuses its collective energy on planning and
6 development to advance the creative sector and its contributions to
7 Vermonters’ quality of life and the State’s economic well-being.

8 (E) Participants in Vermont’s creative sector collaborate to identify,
9 advocate on behalf of, and promote common interests.

10 (2) Indicators to measure the success of these outcomes include the
11 following:

12 (A) advancement of quality of life measures;

13 (B) improvements in planning and development;

14 (C) increases in workforce development;

15 (D) increases in economic activity;

16 (E) inclusion of creativity and innovation in the Vermont brand;

17 (F) increases in access and equity;

18 (G) increases in sustainability; and

19 (H) cross-pollination with other sectors.

20 (c) Duties. With oversight and support from the Vermont Arts Council, the
21 Vermont Creative Network shall perform the following duties:

1 (1) On or before June 30, 2017, the Vermont Creative Network shall
2 create, and may update and revise as necessary, a strategic plan that:

3 (A) identifies and addresses the needs of the creative sector and gaps
4 in the creative sector’s infrastructure;

5 (B) includes a plan to inventory Vermont’s creative sector and
6 creative industries based on existing data, studies, and analysis, including:

7 (i) existing assets, infrastructure, and resources;

8 (ii) the potential for new creators to enter the local economy, the
9 methods to secure appropriate space and other infrastructure, and the
10 opportunities and barriers to creative labor;

11 (iii) the types of creative products, services, and industries
12 available in Vermont, and the financial viability of each; and

13 (iv) the current and potential markets in which Vermont creators
14 can promote, distribute, and sell their products and services.

15 (2) The Vermont Creative Network shall support regional creativity
16 zones.

17 (3) The Vermont Creative Network shall identify methods and
18 opportunities to strengthen the links within the sector, including:

19 (A) advocacy for the use of local arts and cultural resources by
20 Vermont schools, businesses, and institutions;

1 (B) support for initiatives that improve direct marketing of arts,
2 culture, and creativity to consumers; and

3 (C) identifying creative financing opportunities for the creative
4 sector.

5 (d) Authority. To accomplish the goals and perform the duties in this
6 section, the Vermont Creative Network may:

7 (1) create a Network steering team;

8 (2) hire or assign staff;

9 (3) seek and accept funds from private and public entities; and

10 (4) utilize technical assistance, loans, grants, or other means approved
11 by the Network steering team.

12 (e) Report.

13 (1) On or before January 15, 2017, the Vermont Arts Council shall
14 submit a report concerning the activities of the Vermont Creative Network to
15 the Governor and to the General Assembly.

16 (2) The report shall include a summary of work, including progress
17 toward meeting the program outcomes, information regarding any meetings of
18 the Network steering team, an accounting of all revenues and expenses related
19 to the Network, and recommendations regarding future Network activity.

20 Sec. L.2. APPROPRIATION

1 In Fiscal Year 2017, the amount of \$35,000.00 is appropriated from the
2 General Fund to the Vermont Arts Council to perform the duties specified in
3 this act.

4 Sec. L.3. IMPLEMENTATION

5 Notwithstanding any provision of this act to the contrary, if the General
6 Assembly does not appropriate \$35,000.00 or more in funding to the Vermont
7 Arts Council to implement this act, the Council is encouraged, but is not
8 required, to perform the duties specified in Sec. L.1 of this act.

9 * * * Employee Ownership * * *

10 Sec. M.1. [Reserved.]

11 **Sec. M.2. EXPANDING EMPLOYEE OWNERSHIP; FEASIBILITY**

12 **STUDIES FOR EMPLOYEE STOCK OWNERSHIP PLANS AND**

13 **WORKER COOPERATIVE CONVERSIONS; APPROPRIATION**

14 (a) The amount of \$35,000.00 is appropriated from the General Fund to
15 the Agency of Commerce and Community Development in fiscal year 2017 to
16 support feasibility studies for the creation of an employee stock ownership
17 plan or worker cooperative, for up to one-half of the cost of the study, with a
18 maximum of \$25,000.00 per company.

19 (b) On or before January 1, 2018, the Agency shall submit a report to the
20 General Assembly and the Governor detailing the expenditure of sums

1 appropriated pursuant to this section and evaluating the success of the
2 assistance and promotion program.

3 * * * Secs. N.1 – O.2 omitted for concision * * *

4 * * * Southern Vermont Economic Development Marketing and Planning * * *

5 **Sec. P.1. SOUTHERN VERMONT SUSTAINABLE MARKETING**

6 **PROJECT; APPROPRIATION**

7 In fiscal year 2017, of the amounts paid by Entergy Nuclear Vermont
8 Yankee, LLC to the State of Vermont pursuant paragraph 11 of the
9 December 23, 2013 Memorandum of Understanding in Public Service Board
10 Docket No. 7862 to promote economic development in Windham County, the
11 Secretary of Commerce and Community Development shall transfer
12 \$75,000.00 to the Brattleboro Development Credit Corporation to implement a
13 Southern Vermont Sustainable Recruitment and Marketing Project, a publicly
14 and privately funded multi-faceted marketing campaign that serves as a vehicle
15 for employers across the Southern Vermont Economic Development Zone to
16 collaboratively promote and recruit employees and visitors to southern
17 Vermont.

18 **Sec. P.2. BENNINGTON COUNTY ECONOMIC DEVELOPMENT**

19 **PLANNING; APPROPRIATION**

1 In fiscal year 2017, the amount of \$50,000.00 is appropriated from the
2 General Fund to the Bennington County Regional Commission, which the
3 Commission shall use to:

4 (1) identify Bennington County region businesses, institutions,
5 individuals, and resources that are critical for building a partnership with the
6 Windham County region;

7 (2) establish a steering committee of interested parties, consistent with
8 guidelines established by the U.S. Economic Development Administration for
9 Comprehensive Economic Development Strategy steering committees, to serve
10 as the foundation for economic development work in the Bennington County
11 region;

12 (3) focus the steering committee, the private sector, and municipalities
13 on the process required for developing a Comprehensive Economic
14 Development Strategy, and solicit commitments, as appropriate, from these
15 parties for performing the work;

16 (4) publicize the initiative to build support for performing regional
17 economic development work; and

18 (5) partner with the Windham County region to host a Southern
19 Vermont Economic Development Summit, to share economic success stories
20 from southern Vermont and present the steps needed to develop the Southern
21 Vermont Comprehensive Economic Development Strategy.

1 Sec. R.1. 9 V.S.A. § 6002(b)(7) is amended to read:

2 (7) ~~a representative~~ two representatives, each from a nonprofit entity
3 that provides financial literacy and related services to persons with low
4 income;

5 (A) one appointed by the Governor; and

6 (B) one appointed by the Office of Economic Opportunity from
7 among candidates proposed by the Community Action Agencies;

8 * * *

9 * * * Vermont Enterprise Fund * * *

10 **Sec. S.1. APPROPRIATION; VERMONT ENTERPRISE FUND**

11 In fiscal year 2017 the amount of \$120,000.00 is appropriated from the
12 General Fund to the Vermont Enterprise Fund created in 2014 Acts and
13 Resolves No. 179, Sec. E.100.5.

14 * * * Workforce Housing; Pilot Projects;

15 Down Payment Assistance Program* * *

16 **Sec. T.1. PURPOSE**

17 The purpose of Sec. T.2 of this act is to promote the creation of workforce
18 housing:

19 (1) by creating two or more workforce housing pilot projects in targeted
20 areas that benefit from funding for infrastructure improvements;

1 (2) by funding grants to municipalities so they can pursue designated
2 downtown development districts, designated new town centers, designated
3 growth centers, and designated neighborhood development areas, and by
4 capitalizing on the existing regulatory benefits for these designated areas to
5 promote the creation of new workforce housing; and

6 (3) by extending the First Time Homebuyer’s Down Payment
7 Assistance Program through the Vermont Housing Finance Agency to provide
8 loans to more Vermont employees for down payment assistance and closing
9 costs.

10 **Sec. T.2. WORKFORCE HOUSING PILOT PROJECTS;**

11 **INFRASTRUCTURE IMPROVEMENTS; APPROPRIATION**

12 (a) Definition. As used in this act, “workforce housing pilot project”
13 means a discrete project located on a single tract or multiple contiguous tracts
14 of land that consists exclusively of owner-occupied housing or rental housing,
15 or both, that meets each of the following:

16 (1) The project includes 12 or more independent dwelling units, which
17 may be detached or connected.

18 (2)(A) A minimum of 25 percent of the total number of units in the
19 project will be owned by or rented to occupants whose gross annual household
20 income does not exceed 80 percent of:

1 (i) the county median income, as defined by the U.S. Department
2 of Housing and Urban Development; or

3 (ii) the standard metropolitan statistical area median income, if the
4 municipality is located in such an area, as defined by the U.S. Department of
5 Housing and Urban Development; and

6 (B) the total annual cost of the housing, including principal, interest,
7 taxes, insurance, and condominium association fees for owner-occupied
8 housing, and rent, utilities, and condominium association fees for rental
9 housing, is not more than 30 percent of the gross annual household income.

10 (3)(A) A minimum of 50 percent of the total number of units in the
11 project will be owned by or rented to occupants whose gross annual household
12 income exceeds 80 percent, but does not exceed 120 percent, of:

13 (i) the county median income, as defined by the U.S. Department
14 of Housing and Urban Development; or

15 (ii) the standard metropolitan statistical area median income, if the
16 municipality is located in such an area, as defined by the U.S. Department of
17 Housing and Urban Development; and

18 (B) the total annual cost of the housing, including principal, interest,
19 taxes, insurance, and condominium association fees, is not more than 30
20 percent of the gross annual household income.

21 (4) The project will:

1 (A) be located in a designated downtown development district,
2 designated new town center, designated growth center, or designated
3 neighborhood development area under 24 V.S.A. chapter 76A; or

4 (B)(i) have a minimum residential density greater than or equal to
5 four single-family detached dwelling units per acre, exclusive of accessory
6 dwelling units as defined in 24 V.S.A. § 4303, or no fewer than the average
7 existing density of the surrounding neighborhood, whichever is greater; and

8 (ii) the area in which the project is located represents a logical
9 extension of an existing compact settlement pattern and is consistent with
10 smart growth principles as defined in 24 V.S.A. § 2791.

11 (b) Pilot projects.

12 (1) Of the amounts appropriated to the Agency of Human Services to
13 replace legacy technologies pursuant to 2010 Acts and Resolves No. 156,
14 Sec. D.106(c)(1), as amended by 2011 Acts and Resolves No. 63, Sec. C.100,
15 the amount of \$1,000,000.00 is hereby appropriated to the Vermont Housing
16 and Conservation Board for the purpose of awarding grants to fund
17 infrastructure improvements benefitting two or more workforce housing pilot
18 projects pursuant to this section.

19 (2) The Board, in consultation with the Department of Housing and
20 Community Development, shall create an application and approval process to
21 select two or more workforce housing pilot projects to provide the funding for

1 all or a portion of infrastructure improvements that benefit the project or
2 projects.

3 (c) Eligibility.

4 (1) Not more than one project may be located in a municipality with a
5 population of more than 10,000 full-time residents.

6 (2) Not more than one project may be located in a single county.

7 (3) Eligible infrastructure improvements shall include roads, sidewalks,
8 bridges, culverts, water, wastewater, stormwater, and other utilities.

9 (4) To remain eligible for grant funds, the person developing a project
10 shall complete the project within two years from the effective date of a grant
11 agreement with the Board.

12 (5) The Board shall give preference to proposals in which some or all of
13 the units required by subdivision (a)(2) of this section are subject to covenants
14 or other restrictions that make them perpetually affordable.

15 (d) Reports.

16 (1) On or before December 15, 2016, the Vermont Housing and
17 Conservation Board shall submit an initial report to the House Committees on
18 Commerce and Economic Development and on General, Housing and Military
19 Affairs and the Senate Committee on Economic Development, Housing and
20 General Affairs, on action it has taken pursuant to this act, the status of any

1 workforce housing pilot projects, and any recommendations for additional
2 administrative or legislative action.

3 (2) On or before December 15, 2016, the Agency of Commerce and
4 Community Development shall report to the House Committees on Commerce
5 and Economic Development and on General, Housing and Military Affairs and
6 the Senate Committee on Economic Development, Housing and General
7 Affairs on the following:

8 (A) A review of existing statutes and programs, such as property tax
9 reallocation, that may serve as tools to update existing housing stock.

10 (B) Data from the Agency of Natural Resources, the Agency of
11 Agriculture, Food and Markets, and the Natural Resources Board with respect
12 to priority housing projects.

13 (i) For each such project, these agencies shall provide in the
14 report:

15 (I) Whether the project received an exemption under 10 V.S.A.
16 chapter 151 (Act 250).

17 (II) The amount of the fee savings under Act 250.

18 (III) The amount of the fee savings under permit programs
19 administered by the Agency of Natural Resources.

1 (IV) The cost under 10 V.S.A. § 6093 to mitigate primary
2 agricultural soils and a comparison to what that cost of such mitigation would
3 have been if the project had not qualified as a priority housing project.

4 (ii) Based on this data, the report shall summarize the benefits
5 provided to priority housing projects.

6 (iii) In this subdivision (B), “primary agricultural soils” and
7 “priority housing project” have the same meaning as in 10 V.S.A. § 6001.

8 (C) The results of a process led by the Executive Director of the
9 Vermont Economic Progress Council to engage stakeholders, including
10 representatives of the private lending industry; the private housing
11 development industry; a municipality that has an Tax Increment Financing
12 District; a municipality that has a designated downtown, growth center, or
13 neighborhood development area; a municipality that has a priority housing
14 project; the Department of Housing and Community Development; the
15 Department of Economic Development; the Department of Taxes; and the
16 Vermont Housing and Conservation Board, to investigate alternative municipal
17 infrastructure financing to enable smaller communities to build the needed
18 infrastructure to support mixed-income housing projects in communities
19 around the State.

20 (3) On or before December 15, 2018, the Vermont Housing and
21 Conservation Board shall submit a final report to the House Committees on

1 Commerce and Economic Development and on General, Housing and Military
2 Affairs and the Senate Committee on Economic Development, Housing and
3 General Affairs on action it has taken pursuant to this act, the status of any
4 workforce housing pilot projects, and any recommendations for additional
5 administrative or legislative action.

6 **Sec. T.3. 32 V.S.A. § 5930u is amended to read:**

7 **§ 5930u. TAX CREDIT FOR AFFORDABLE HOUSING**

8 * * *

9 (g)(1) In any fiscal year, the allocating agency may award up to:

10 (A) \$400,000.00 in total first-year credit allocations to all applicants
11 for rental housing projects, for ~~a total~~ an aggregate limit of \$2,000,000.00 over
12 any given five-year period that credits are available under this subdivision (A);

13 (B) \$300,000.00 in total first-year credit allocations for
14 owner-occupied unit financing or down payment loans consistent with the
15 allocation plan, including for new construction and manufactured housing, for
16 ~~a total~~ an aggregate limit of \$1,500,000.00 over any given five-year period that
17 credits are available under this subdivision (B).

18 (2) ~~In fiscal years 2016, 2017, and 2018, the allocating agency may~~
19 ~~award up to \$125,000.00 in total first-year credit allocations for loans through~~
20 ~~the Down Payment Assistance Program created in subdivision (b)(2) of this~~

1 ~~section for a total aggregate limit of \$375,000.00 over the five year period that~~
2 ~~credits are available under this subdivision.~~

3 In any fiscal year, total first-year credit allocations under subdivision (1)
4 of this subsection plus succeeding-year deemed allocations shall not exceed
5 \$3,500,000.00.

6 (h) ~~The aggregate limit for all credit allocations available under this section~~
7 ~~in any fiscal year is \$3,875,000.00.~~

8 (1) In fiscal year 2016 through fiscal year 2022, the allocating agency
9 may award up to \$125,000.00 in total first-year credit allocations for loans
10 through the Down Payment Assistance Program created in subdivision (b)(2)
11 of this section.

12 (2) In any fiscal year, total first-year credit allocations under subdivision
13 (1) of this subsection plus succeeding-year deemed allocations shall not exceed
14 \$625,000.00.

15 * * * Effective Dates * * *

16 **Sec. Z.1.** EFFECTIVE DATES

17 (a) This section and the following sections shall take effect on passage:

18 (1) Secs. A.1–A.7 (Vermont Economic Development Authority).

19 (2) Sec. B.1 (cooperatives; electronic voting).

20 (3) Sec. E.3 (technical correction to business registration statute).

21 (4) Sec. G.1 (Medicaid for working people with disabilities).

1 (5) Sec. Q.1 (cross border study).

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

3 (1) Sec. D.1 (Vermont Training Program).

4 (2) Secs. F.1–F.9 (Vermont State Treasurer).

5 (3) Secs. H.11–H.13 (Technical Working Group review; VEPC review).

6 (4) Sec. I.1 (blockchain technology).

7 (5) Sec. J.1 (Internet-based lodging accommodations study).

8 (6) Secs. K.1–K.3 (State Workforce Development Board).

9 (7) Secs. L.1–L.3 (Vermont Creative Network).

10 (8) Secs. M.1–M.2 (employee ownership).

11 (9) Secs. N.1–N.3 (Veterans Entrepreneurship Program).

12 (10) Secs. O.1–O.2 (Vermont Sustainable Jobs Fund).

13 (11) Secs. P.1–P.2 (southern Vermont economic development).

14 (12) Sec. S.1 (appropriation; Vermont Enterprise Fund).

15 (13) Secs. T.1–T.3 (workforce housing; down payment assistance).

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

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

18 (2) Secs. E.1–E.2 (conversion, merger, share exchange, and

19 domestication of a corporation).

20 (d)(1) Notwithstanding 1 V.S.A. § 214, Sec. E.3 (technical corrections to

21 LLC Act) shall take effect retroactively as of July 1, 2015, and apply only to:

1 (A) a limited liability company formed on or after July 1, 2015; and
2 (B) except as otherwise provided in subdivision (4) of this
3 subsection, a limited liability company formed before July 1, 2015 that elects,
4 in the manner provided in its operating agreement or by law for amending the
5 operating agreement, to be subject to this act.

6 (2) Sec. E.3 does not affect an action commenced, a proceeding brought,
7 or a right accrued before July 1, 2015.

8 (3) Except as otherwise provided in subdivision (4) of this subsection,
9 Sec. E.3 shall apply to all limited liability companies on and after July 1, 2016.

10 (4) For the purposes of applying Sec. E.3 to a limited liability company
11 formed before July 1, 2015, for the purposes of applying 11 V.S.A. § 4023 and
12 subject to 11 V.S.A. § 4003, language in the company’s articles of
13 organization designating the company’s management structure operates as if
14 that language were in the operating agreement.

15 (e) Sec. R.1 (Financial Literacy Commission) shall take effect on July 2,
16 2016.

17 (f) Secs. H.1–H.10 (Vermont Employment Incentive Growth program) and
18 Sec. H.14 (prospective repeal of VEGI statute) shall take effect on January 1,
19 2018.

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(Committee vote: _____)

Senator _____

FOR THE COMMITTEE