

1 Introduced by Committee on Economic Development, Housing and General
2 Affairs

3 Date:

4 Subject: Commerce and trade; economic development

5 Statement of purpose of bill as introduced: This bill proposes to promote
6 economic development through provisions relating to the Vermont
7 Employment Growth Incentive (VEGI) program; education and workforce
8 training; tourism and marketing; targeted tax credits for motion picture
9 production, angel investors, millennial enterprise zones, and first-time
10 homebuyer down payment assistance; manufacturing and energy rates; land
11 use and economic development planning; and business growth and access to
12 capital

13 An act relating to promoting economic development

14 It is hereby enacted by the General Assembly of the State of Vermont:

15 * * * Vermont Employment Growth Incentive * * *

16 Sec. 1. 32 V.S.A. § 5930a(c)(2) is amended to read:

17 (2) The new jobs should make a net positive contribution to employment
18 in the area, and meet or exceed the ~~prevailing compensation level including~~
19 ~~wages and benefits, for the particular employment sector~~ livable wage at the
20 time of application, as calculated pursuant to 2 V.S.A. § 505(a)(3). The new

1 jobs should offer benefits and opportunities for advancement and professional
2 growth consistent with the employment sector.

3 Sec. 2. 32 V.S.A. § 5930b is amended to read:

4 § 5930b. VERMONT EMPLOYMENT GROWTH INCENTIVE

5 (a) Definitions. As used in this section:

6 (1) “Application base number of jobs” means the total number of
7 full-time Vermont jobs, on an annualized basis, held by nonowners at the time
8 of application, including employees that have been laid off or otherwise
9 terminated within six months of the date of application.

10 (2) “Application base payroll” means the total Vermont gross wages and
11 salaries paid to full-time, nonowner employees on an annualized basis at the
12 time of application, including employees who have been laid off or otherwise
13 terminated within six months prior to the date of application.

14 (3) “Authorized award amount” means the amount of the incentive
15 award as determined by the Vermont Economic Progress Council pursuant to
16 this section.

17 (4) “Award period” means the consecutive five years during which a
18 business may add qualifying jobs and qualifying capital investments eligible
19 for employment growth incentives under this section.

20 (5) “Base number of jobs” means the total number of full-time Vermont
21 jobs held by nonowners on an annualized basis.

1 (6) “Base payroll” means the total Vermont gross wages and salaries
2 actually paid to full-time, nonowner employees.

3 (7) “But-for” means the determination of whether, in the absence of the
4 economic incentive sought, the proposed economic development would not
5 occur or would occur in a significantly different and significantly less desirable
6 manner.

7 (8) “Capital investment target” means qualifying capital investment in
8 an award period year as represented on the Vermont employment growth
9 incentive application.

10 (9) “Full-time job” means a permanent position filled by an employee
11 who works at least 35 hours each week.

12 (10) “Incentive percentage” means the percentage applied to qualifying
13 payroll in order to calculate earned incentives.

14 (11) “Incentive ratio,” set at 80 percent, is the percentage applied to the
15 preincentive net fiscal benefit in order to calculate the maximum award that
16 may be authorized under this section.

17 (12) [Repealed.]

18 (13) “Jobs target” means the projected number of new qualifying jobs in
19 an award period year as reported on the Vermont employment growth
20 incentive application.

1 (14) “Net fiscal benefit” means the excess of the present value
2 benefit to the State over the present value cost to the State as calculated by the
3 cost-benefit model.

4 (15) “Nonowner” means an employee with no more than 10 percent
5 ownership interest, including attribution of ownership interests of the
6 employee’s spouse, parents, spouse’s parents, siblings, and children.

7 (16) “Payroll target” means the projected Vermont gross wages and
8 salaries for qualifying jobs in an award period year as reported on the Vermont
9 employment growth incentive application.

10 (17) “Payroll threshold” means expected average industry payroll
11 growth as determined by the cost-benefit model.

12 (18) “Projected average wage” means the total payroll targets divided by
13 the total jobs targets.

14 (19) “Qualifying capital investment” means projected investments in
15 Vermont in new facilities, machinery, and equipment, the value of which is an
16 input to the cost-benefit model in evaluating applications.

17 (20) “Qualifying jobs” means new, full-time Vermont jobs held by
18 nonowners that meet the wage threshold.

19 (21) “Qualifying payroll” means annualized Vermont gross wages and
20 salaries paid for qualifying jobs created in or carried forward to the award
21 period year, provided that:

1 (A) award period year base payroll; minus

2 (B) Vermont gross wages and salaries paid for new qualifying jobs
3 created in or carried forward to the award period year; equals or exceeds

4 (C) prior-year base payroll minus any carry-forward of qualifying
5 payroll under subdivision (c)(4) of this section, plus award-year payroll
6 threshold.

7 (22) “Utilization period” means the period during which incentives can
8 be claimed, and includes each year of the award period plus the four years
9 immediately following each year of the award period.

10 (23) “Vermont gross wages and salaries” means Medicare wages as
11 reported on Federal Tax Form W2 to the extent those wages are Vermont
12 wages, excluding income from nonstatutory stock options.

13 (24) “Wage threshold” means the minimum annualized Vermont gross
14 wages and salaries paid, as determined by the Council, but not less than
15 ~~60 percent above the minimum wage at the time of application, in order for a~~
16 ~~new job to be a qualifying job under this section~~ the livable wage at the time of
17 application, as calculated pursuant to 2 V.S.A. § 505(a)(3).

18 (b) Authorization process.

19 (1) A business may apply to the Vermont Economic Progress Council
20 for approval of a performance-based employment growth incentive to be paid
21 out of the business’s withholding account upon approval by the Department of

1 Taxes pursuant to the conditions set forth in this section. Businesses shall not
2 be permitted to deduct approved incentives from withholding liability
3 payments otherwise due. In addition to any other information that the Council
4 may require in order to fulfill its obligations under section 5930a of this title,
5 an employment growth incentive application shall include all the following
6 information:

- 7 (A) application base number of jobs;
- 8 (B) total jobs at time of application;
- 9 (C) application base payroll;
- 10 (D) total payroll at time of application;
- 11 (E) jobs target for each year in the award period;
- 12 (F) payroll target for each year in the award period;
- 13 (G) capital investment target for each year in the award period; and
- 14 (H) a statement signed by the president or chief executive officer or
15 equivalent acknowledging that to the extent the applicant fails to meet the
16 minimum capital investment by the end of the award period, any incentives
17 remaining to be earned shall be limited, and any incentives taken shall be
18 subject to complete or partial reversal, pursuant to subdivisions (c)(10) and
19 (11) of this section.

20 (2) The Council shall review each application in accordance with
21 section 5930a of this title, except that the Council may provide for an initial

1 approval pursuant to the conditions set forth in subsection 5930a(c), followed
2 by a final approval at a later date, before December 31 of the calendar year in
3 which the economic activity commences.

4 (3) Except as provided in subdivision (5) of this subsection, the value of
5 the incentives will be dependent upon the net fiscal benefit resulting from
6 projected qualifying payroll and qualifying capital investment. An incentive
7 ratio shall be applied to the net fiscal benefit generated by the cost-benefit
8 model in order to determine the maximum award the Council may authorize
9 for each application it approves. The Council may establish a threshold for
10 wages in excess of, but not less than, the wage threshold, as defined in
11 subsection (a) of this section for individual applications the Council wishes to
12 approve. The Council shall calculate an incentive percentage for each
13 approved application as follows:

14
$$\text{Authorized award amount} \div \text{the five-year sum of all payroll targets}$$

15 (4) An approval shall specify: the application base jobs at the time of the
16 application; total jobs at time of application; the application base payroll; total
17 payroll at time of application; the incentive percentage; the wage threshold; the
18 payroll thresholds; a job target for each year of the award period; a payroll
19 target for each year of the award period; a capital investment target for each
20 year of the award period and description sufficient for application of
21 subdivisions (c)(10) and (11) of this section of the nature of qualifying capital

1 investment over the award period upon which approval shall be conditioned;
2 and the amount of the total award. The Council shall provide a copy of each
3 approval to the Department of Taxes along with a copy of the application
4 submitted by that applicant.

5 (5) Notwithstanding subdivision (3) of this subsection, the Council may
6 authorize incentives in excess of net fiscal benefit multiplied by the incentive
7 ratio ~~not to exceed an annual authorization established by law~~ for awards to
8 businesses located in a labor market area of this State in which the rate of
9 unemployment is greater than the average for the State or in which the average
10 annual wage is below the average annual wage for the State. As used in this
11 subdivision, a “labor market area” shall be as determined by the Department of
12 Labor.

13 (c) Claiming an employment growth incentive.

14 * * *

15 (6)(A) A business whose application is approved and, in the first,
16 second, or third year of the award period, fails to meet or exceed its payroll
17 target and one out of two of its jobs and capital investment targets may not
18 claim incentives in that year. To the extent such business reaches its first,
19 second, or third year award period targets within the succeeding two calendar
20 year reporting periods immediately succeeding year one, two, or three of the
21 award period, or within the extended period if an extension is granted under

1 subdivision (B) of this subdivision (6), whichever is applicable, such business
2 may claim incentives in five-year installments as provided in subdivisions (1)
3 through (4) of this subsection. A business which fails to meet or exceed its
4 payroll target and one of its two jobs and capital investment targets within this
5 time frame shall forfeit all authority under this section to earn and claim
6 incentives for award period year one, two, or three, as applicable, and any
7 future award period years. The Department of Taxes shall notify the Vermont
8 Economic Progress Council that the first, second, or third year award period
9 targets have not been met within the prescribed period, and the Council shall
10 rescind authority for the business to earn incentives for the activity in year one,
11 two, or three, as applicable, and any future award period years.

12 (B) Notwithstanding subdivision (A) of this subdivision (6), upon
13 notification by the Department of Taxes that a business has not reached its first
14 or second year award period targets within the succeeding two calendar year
15 reporting periods, the Vermont Economic Progress Council may review the
16 circumstances that caused the business to fail to meet the targets within the
17 required time period. If the Council determines that there is a reasonable
18 likelihood that the business will meet the award period targets, the Council
19 may extend the period to meet the targets for another two reporting periods,
20 reviewed annually, for award year one, and one reporting period for award
21 year two.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

* * *

(h) Enhanced training incentive. Notwithstanding any provision of law to the contrary, the Council may award an enhanced training incentive as follows:

(1) A business whose incentive application is approved may elect to claim an enhanced training incentive at any time during the award period by:

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

(B) applying for a grant from the Vermont Training Program to perform training for new employees who hold qualifying jobs.

(2) If the business successfully completes new employee training pursuant to the terms of its training grant and uses incentive funds to cover a 25 percent share of the training costs, the Agency of Commerce and Community Development shall disburse grant funds for on-the-job training of not more than 75 percent of wages for each employee in training, or not more than 75 percent of trainer expense upon successful completion of training hours.

(3) The Department of Taxes shall reimburse the Agency for 25 percent of the wages or trainer expense incurred by the Vermont Training Program pursuant to subdivision (2) of this subsection.

1 (4) If the business successfully completes its training and meets or
2 exceeds its payroll target and either its jobs target or capital investment target,
3 the Council shall approve the enhanced training incentive and notify the
4 Department of Taxes.

5 (5) Upon notification by the Council, the Department of Taxes shall
6 disburse the full remaining value of the business’s incentive, less the value of
7 the reimbursement to the Vermont Training Program for training expenses
8 pursuant to subdivision (3) of this subsection.

9 (6)(A) If, during the utilization period for the incentive paid pursuant to
10 this subsection (h), the business fails to maintain the qualifying jobs or
11 qualifying payroll established in the award year, or does not reestablish
12 qualifying jobs or qualifying payroll to 100 percent of the award year level, the
13 Department of Taxes shall recapture the enhanced incentive pursuant to
14 subsection (d) of this section.

15 (B) The amount of recapture shall equal the sum of the installments
16 that the Department would have disbursed if it had paid the incentive in
17 five-year installments pursuant to subdivision (c)(2) of this section for the
18 years during the utilization period that the qualifying jobs or qualifying payroll
19 were not maintained.

20 (i) Employment growth incentive for value-added business.

1 (1) As used in this subsection, a "value-added business" means a person
2 that is subject to income taxation in Vermont and whose current or prospective
3 economic activity in Vermont for which incentives are sought under this
4 section is certified by the Secretary of Commerce and Community
5 Development to be primarily in one or more of the following sectors:

6 (A) production of tangible products, other than real estate; or

7 (B) information processing or information management services,
8 including:

9 (i) computer hardware or software, and information and
10 communication technologies, such as high-level software languages, graphics
11 hardware and software, speech and optical character recognition, high-volume
12 information storage and retrieval, and data compression;

13 (ii) technological applications that use biological systems, living
14 organisms or derivatives thereof, to make or modify products or processes for
15 specific use;

16 (iii) custom computer programming services, such as writing,
17 modifying, testing, and supporting software to meet the needs of a particular
18 customer;

19 (iv) computer systems design services such as planning and
20 designing computer systems that integrate computer hardware, software, and
21 communication technologies;

1 (v) computer facilities management services, such as providing
2 on-site management and operation of clients' computer systems and/or data
3 processing facilities.

4 (2) Any application for a Vermont employment growth incentive under
5 this section for a value-added business shall be considered and administered
6 pursuant to all provisions of this section, except that:

7 (A) the "incentive ratio" pursuant to subdivision (a)(11) of this section
8 shall be set at 90 percent; and

9 (B) the "payroll threshold" pursuant to subdivision (a)(17) of this
10 section shall be deemed to be 20 percent of the expected average industry
11 payroll growth as determined by the cost-benefit model.

12 (j) Overall gross cap on total employment growth incentive and education
13 tax incentive authorizations.

14 (1) For any calendar year, the total amount of employment growth
15 incentives the Vermont Economic Progress Council is authorized to approve
16 under this section and property tax stabilizations under 32 V.S.A. § 5404a(a)
17 shall not exceed \$10,000,000.00 from the General Fund and Education Fund
18 combined each year.

19 (2) This maximum annual amount may be exceeded by the Vermont
20 Economic Progress Council upon application to and approval by the
21 Emergency Board.

1 Sec. 3. 2006 Acts and Resolves No. 184, Sec. 11 is amended to read:

2 Sec. 11. ~~VEGI; ANNUAL CALENDAR YEAR CAPS~~

3 ~~(a) Net negative awards cap. Notwithstanding any other provision of law,~~
4 ~~in any calendar year, the annual authorization for the total net fiscal cost of~~
5 ~~Vermont employment growth incentives that the Vermont economic progress~~
6 ~~council or the economic incentive review board may approve under 32 V.S.A.~~
7 ~~§ 5930b(b)(5) shall not exceed \$1,000,000.00 from the general fund.~~

8 ~~(b) Restrictions to labor market area. Employment growth incentives within~~
9 ~~the annual authorization amount in subsection (a) of this section shall be~~
10 ~~granted solely for awards to businesses located in a labor market area of this~~
11 ~~state in which the rate of unemployment is greater than the average for the~~
12 ~~state or in which the average annual wage is below the average annual wage~~
13 ~~for the state. For the purposes of this section, a “labor market area” shall be as~~
14 ~~determined by the department of labor.~~

15 ~~(c) Overall gross cap on total employment growth incentive and education~~
16 ~~tax incentive authorizations. For any calendar year, the total amount of~~
17 ~~employment growth incentives the Vermont economic progress council or the~~
18 ~~economic incentive review board is authorized to approve under 32 V.S.A.~~
19 ~~§ 5930b and property tax stabilizations and allocations under 32 V.S.A.~~
20 ~~§ 5404a(a) and (e) shall not exceed \$10,000,000.00 from the general fund and~~
21 ~~education fund combined each year. This maximum annual amount may be~~

1 ~~exceeded by the Vermont economic progress council upon application to and~~
2 ~~approval by the Emergency Board. [Repealed.]~~

3 Sec. 4. 10 V.S.A. § 531(d) is amended to read:

4 (d) In order to avoid duplication of programs or services and to provide the
5 greatest return on investment from training provided under this section, the
6 Secretary of Commerce and Community Development shall:

7 (1) consult with the Commissioner of Labor regarding whether the
8 grantee has accessed, or is eligible to access, other workforce education and
9 training resources;

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

19 (3) use funds under this section only to supplement training efforts of
20 employers and not to replace or supplant training efforts of employers.

1 Sec. 5. ALLOCATION OF VEGI REVENUES FOR WORKFORCE
2 TRAINING

3 Notwithstanding any provision of law to the contrary, the Secretary of
4 Administration shall have the authority to allocate up to 20 percent of the
5 State's share of revenues generated by earnings through the Vermont
6 Employment Growth Incentive, up to \$2.5 million, to the Agency of
7 Commerce and Community Development to provide workforce training for
8 Vermont employers in advance manufacturing and information technology.

9 Secs. 6-10 [Reserved.]

10 * * * Education and Workforce Training * * *

11 Sec. 11. 16 V.S.A. § 2888 is amended to read:

12 § 2888. VERMONT STRONG SCHOLARS AND INTERNSHIP
13 INITIATIVE

14 (a) Creation.

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

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

1 (A) encourage students to:

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

4 (ii) enroll and remain enrolled in a Vermont postsecondary
5 institution; and

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

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

10 (C) provide experiential learning through internship opportunities
11 with Vermont employers; and

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

14 (b) Vermont Strong Loan Forgiveness Program.

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

16 (A) Annually, on or before November 15, the Secretary of Commerce
17 and Community Development and the Commissioner of Labor, in consultation
18 with the Vermont State Colleges, the University of Vermont, the Vermont
19 Student Assistance Corporation, the Secretary of Human Services, and the
20 Secretary of Education, shall identify ~~economic sectors~~ occupations, projecting

1 at least four years into the future, that are or will be critical to the Vermont
2 economy.

3 (B) Based upon the identified ~~economic sectors~~ occupations and the
4 number of students anticipated to qualify for loan forgiveness under this
5 section, the Secretary of Commerce and Community Development shall
6 annually provide the General Assembly with the estimated cost of the Vermont
7 Student Assistance Corporation's loan forgiveness awards under the Loan
8 Forgiveness Program during the then-current fiscal year and each of the four
9 following fiscal years.

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

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

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

1 (C) becomes employed on a full-time basis in Vermont within
2 12 months of graduation in an ~~economic sector~~ occupation identified by the
3 Secretary and Commissioner under subdivision (1) of this subsection;

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

7 (E) remains a Vermont resident throughout the period of loan
8 forgiveness.

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

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

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

19 (C) ~~Loan~~ loan forgiveness may be awarded on a prorated basis to an
20 otherwise eligible Vermont resident who transfers to ~~and is graduated from~~ a

1 Vermont postsecondary institution and graduates after July 1, 2017, with an
2 associate's degree or after July 1, 2019, with a bachelor's degree.

3 (4) Management.

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

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

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

12 (c) Vermont Strong Internship Program.

13 (1) Internship Program management.

14 (A) The Commissioner of Labor and the Secretary of Commerce and
15 Community Development shall jointly develop and implement the
16 organizational details of the Internship Program consistent with the purposes
17 and requirements of this section and may adopt rules pursuant to 3 V.S.A.
18 chapter 25 necessary to implement the Internship Program.

19 (B) The Commissioner, in consultation with the Secretary, shall issue
20 a request for proposals for a person to serve as an Internship Program
21 Intermediary, who shall perform the duties and responsibilities pursuant to the

1 terms of a performance contract negotiated by the Commissioner and the
2 Intermediary.

3 (C) The Department of Labor, the Agency of Commerce and
4 Community Development, the regional development corporations, and the
5 Intermediary, shall have responsibility for building connections within the
6 business community to ensure broad private sector participation in the
7 Internship Program.

8 (D) The Program Intermediary shall:

9 (i) identify and foster postsecondary internships that are rigorous,
10 productive, well-managed, and mentored;

11 (ii) cultivate relationships with employers, employer-focused
12 organizations, and State and regional government bodies;

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

15 (iv) create and maintain a registry of participating employers and
16 associated internship opportunities;

17 (v) coordinate and provide support to the participating student, the
18 employer, and the student's postsecondary institution;

19 (vi) develop and oversee a participation contract between each
20 student and employer, including terms governing the expectations for the

1 internship, a work plan, mentoring and supervision of the student, reporting by
2 the employer and student, and compensation terms; and

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

5 (2) Qualifying internships.

6 (A) Criteria. To qualify for participation in the Internship Program
7 an internship shall at minimum:

8 (i) be with a Vermont employer as approved by the Intermediary
9 in consultation with the Commissioner and Secretary;

10 (ii) pay compensation to an intern of at least the prevailing
11 minimum wage; and

12 (iii) meet the quality standards and expectations as established by
13 the Intermediary.

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

19 (3) Student eligibility. To participate in the Internship Program, an
20 individual shall be:

1 (A) a Vermont resident enrolled in a postsecondary institution in or
2 outside Vermont;

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

7 (C) a student enrolled in a Vermont postsecondary institution.

8 (d) Funding.

9 (1) Loan Forgiveness Program.

10 (A) Loan forgiveness; State funding.

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

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

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

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

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

9 (2) Internship Program. Notwithstanding any provision of law to the
10 contrary, the Commissioner of Labor shall have the authority to use funds
11 allocated to the Workforce Education and Training Fund established in
12 10 V.S.A. § 543 to implement the Internship Program created in this section.

13 Sec. 12. ADVANCED MANUFACTURING AND INFORMATION
14 TECHNOLOGY PROGRAMS

15 The Agency of Commerce and Community Development shall design and
16 implement two programs focused to increase workforce capacity in the sectors
17 of advanced manufacturing and information technology.

18 (1) Advanced Technology and Information Technology Readiness
19 Training Program. This training program shall provide training in critical,
20 immediate-term workforce need areas including technicians, mechanical and

1 technical skills, machinist training, web and graphic development, coding, and
2 health care technology services.

3 (2) Advance Manufacturing and Information Technology Employee
4 Development, Education, and Certification Program. This program shall
5 provide training in long-term critical workforce need areas including
6 technicians, mechanical and technical skills, machinist training, web design,
7 graphic development, coding, and health care technology services. This
8 program shall also provide allocations for education and training providers to
9 graduate and find jobs for Vermonters in Vermont employers in these sectors.

10 Secs. 13-19 [Reserved.]

11 * * * Tourism and Marketing * * *

12 Sec. 20. TOURISM AND MARKETING INITIATIVE

13 (a) Of the amount by which the meals and rooms tax revenue for fiscal year
14 2016 projected at the January 20, 2015, Emergency Board meeting exceeds the
15 fiscal year 2016 projection for the meals and rooms tax at the July 24, 2014,
16 Emergency Board meeting, up to 15 percent, but not more than \$750,000.00, is
17 appropriated to the Agency of Commerce and Community Development as
18 funding for a targeted economic development marketing brand initiative to
19 promote Vermont as a great place to do business.

1 (b) The Agency of Commerce and Community Development shall contract
2 with a private marketing firm located in Vermont to carry out the brand
3 initiative pursuant to this section.

4 [Sec. 21. 3 V.S.A. chapter 47, subchapter 7 is added to read:]

5 Subchapter 7. Vermont: Innovative by Nature

6 § 2551. VERMONT BRAND; ECONOMIC DEVELOPMENT AND

7 TOURISM STRATEGY

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

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

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

20 (2) the multitude and diversity of successful start-up businesses in
21 environmental technology, health technology, advanced manufacturing,

1 services technology, biotechnology, recreation technology, and social
2 technology;

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

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

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

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

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

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

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

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

1 (B) to enable Vermont businesses to align their own brand identities
2 with the Vermont brand, enhancing the reputations of both the business and
3 the State.

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

8 § 2552. FUNDING

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

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

18 Secs. 22-29 [Reserved.]

19 * * * Tax Credits * * *

20 Sec. 30. 32 V.S.A. chapter 245 is added to read:

21 CHAPTER 245: TAX CREDITS

1 § 11001. MOTION PICTURE PRODUCTION TAX CREDIT

2 (a) Definitions. In this section:

3 (1) “Agency” means the Agency of Commerce and Community

4 Development.

5 (2)(A) “Motion picture” means a feature-length film, video, video game,
6 television series, or commercial made in Vermont, in whole or in part, for
7 commercial distribution.

8 (B) “Motion picture” does not mean a television production featuring
9 news, current events, weather, financial market reports, sporting events, award
10 shows, productions solely for fundraising, long-form productions primarily to
11 market a product or service, or productions containing obscene material.

12 (3) “Motion picture production company” means a person engaged in
13 the business of producing motion pictures, but shall not include a person in
14 default on taxes owed to the State or on a loan made or guaranteed by the
15 State.

16 (4)(A) “Production expenditures” means preproduction, production, and
17 postproduction expenditures directly incurred in the production of a motion
18 picture.

19 (B) “Production expenditures” includes wages and salaries paid to
20 individuals employed in Vermont in the production of the motion picture, but
21 does not include wages or salaries in excess of \$1 million for any one

1 individual for one motion picture production; and the costs of the following
2 activities: set construction and operation, editing and related services,
3 photography, sound synchronization, lighting, wardrobe, make-up and
4 accessories; film processing, transfer, mixing, special and visual effects;
5 music; location fees and the cost of purchase or rental of facilities and
6 equipment; or any other production expense that may be determined by the
7 secretary to be an eligible production expense.

8 (C) “Production expenditures” does not include costs incurred for
9 marketing or advertising a motion picture.

10 (5) “Secretary” means the Secretary of the Agency of Commerce and
11 Community Development.

12 (6) “State-certified production” means a motion picture production
13 certified by the Agency, pursuant to rules adopted by the Agency, and
14 produced by a motion picture production company that has signed a reasonable
15 distribution plan with a major theatrical exhibitor, a television network, or a
16 cable television program.

17 (b) Motion picture production company tax credit. A motion picture
18 production company shall be allowed any or all of the following:

19 (1) A refundable credit against the income tax imposed under chapter
20 151 of this title in the amount of 25 percent of the production expenditures
21 incurred in the taxable year within the State, and directly related to a

1 production filmed in Vermont with a total production budget of at least
2 \$250,000.00, as certified by the Secretary.

3 (2) A refundable credit against the income tax imposed under chapter
4 151 of this title in the amount of 15 percent of production expenditures
5 incurred in the taxable year outside the State for items not available in
6 Vermont and which are directly related to a production filmed in Vermont with
7 a total production budget of at least \$250,000.00, as certified by the Secretary.

8 (3) A refundable credit against the income tax imposed under chapter
9 151 of this title in the amount of 10 percent of production expenditures
10 incurred in the taxable year within the State directly related to a 100-percent
11 animated production or a production for game consoles with embedded online
12 capabilities, as certified by the Secretary.

13 (c) Certification and administration.

14 (1) The Secretary shall determine by rule criteria for qualification of
15 motion picture projects in accordance with this section.

16 (2) Upon completion of the state-certified production, the Secretary
17 shall review the production expenditures and issue a credit certificate to the
18 taxpayer.

19 (3) A taxpayer applying for the credit certification shall reimburse the
20 Secretary for any audit the Secretary determines is required to certify the
21 credit.

1 § 11002. ANGEL INVESTOR TAX CREDIT

2 (a) A qualified taxpayer who makes an eligible venture capital investment:

3 (1) may claim a credit against his or her income tax liability imposed
4 under chapter 151 of this title for 50 percent of the value of each eligible
5 venture capital investment per qualifying business made during a taxable year;

6 (2) may claim credit in increments of 25 percent of the total credit over
7 four years; provided that the amount of the credit allowed under this section for
8 any one taxable year may not exceed 50 percent of the taxpayer's income tax
9 liability for the taxable year before application of the credit; and

10 (3) may carry forward for up to 10 years the value of credit that the
11 taxpayer could not claim due to the limitations in subdivision (2) of this
12 subsection.

13 (b)(1) The maximum aggregate investment in any one qualifying business
14 for which a single qualified investor may receive tax credit under this section is
15 limited to \$500,000.00 in any three consecutive years.

16 (2) The maximum aggregate investment in any one qualified business
17 for which all qualified investors may receive tax credit under this section is
18 limited to \$5,000,000.00.

19 (c)(1) To claim a credit pursuant to this section, a qualified taxpayer shall
20 submit to the Agency of Commerce and Community Development

1 documentation and any additional information requested by the Agency
2 necessary to demonstrate compliance with the requirements of this section.

3 (2) The Agency, upon review and confirmation of the qualified
4 taxpayer’s eligibility for a credit, shall issue a credit certificate to the taxpayer,
5 who shall file the certificate with the Department of Taxes with his or her State
6 income tax return for the applicable year.

7 (d) In this section:

8 (1) “At-risk debt” means debt which is not secured, is not guaranteed by
9 a substantial owner of the business, will not be repaid for at least five years, or
10 bears a reasonable rate of interest.

11 (2) “Eligible venture capital investment” means up to \$500,000.00 of
12 total investment by one person, which is equity or at-risk debt investment in
13 one qualified business, for expenditure by the qualified business on the plant,
14 equipment, research, and development, or as working capital in Vermont.

15 (3) “Qualified business” means a business that:

16 (A) has its principal place of business in this State;

17 (B) had in the year preceding the investment annual gross sales of
18 \$3,000,000.00 or less; and

19 (C)(i) is a manufacturer;

20 (ii) is engaged in the development or application of advanced
21 technologies;

1 (iii) provides a service that is sold or rendered, or is projected to
2 be sold or rendered, predominantly outside of the State;

3 (iv) brings capital into the State, as determined by the Agency of
4 Commerce and Community Development; or

5 (v) is a visual media production company, as determined by the
6 Agency of Commerce and Community Development.

7 (4) “Qualified taxpayer” means a taxpayer who is not a substantial
8 owner of the qualified business.

9 (5) “Substantial owner” means a person who, after the investment, has
10 greater than 20 percent ownership interest in the qualified business, including
11 attribution of ownership interests of the individual’s spouse, parents, spouse’s
12 parents, siblings, and children; or is a person who is controlled by, or has
13 actual control of, the qualified business through any combination of ownership
14 and management.

1 § 11003. MILLENNIAL ENTERPRISE ZONE TAX CREDIT

2 (a) Purpose. The purpose of this section is to create incentives through tax
3 credits for:

4 (1) creating new, high-paying jobs in advanced manufacturing, value-
5 added food production, information technology, or in a new, next generation
6 industry; and

7 (2) investing capital in research, design, and facilities in these sectors.

8 (b) Designation. The Secretary of Commerce and Community
9 Development shall have the authority to declare a millennial enterprise zone,
10 which may be a virtual space or geographical area, or both, where one or more
11 persons are investing human, intellectual, physical, or economic capital in
12 building a business in advanced manufacturing, value-added food, information
13 technology, or in a new, next generation industry.

14 (c) Eligibility criteria. To be eligible for a credit under this section a
15 person shall:

16 (1) be engaged in creating new full-time jobs for Vermont residents;

17 (2) pay gross wages and benefits to its employees that average at least
18 150 percent of the Vermont minimum wage; and

19 (3) have its primary place of business located in Vermont.

20 (d) Tax credit.

1 (1) A person shall be eligible for a credit against his or her income tax
2 liability imposed under chapter 151 of this title for job creation or investment
3 within a designated millennial enterprise zone in a tax year, as follows:

4 (A) five percent of the value of the gross wages and benefits of each
5 new, full-time job created and maintained for 12 months;

6 (B) 50 percent of the value of capital investment in real or personal
7 property of the business; and

8 (C) 10% of the value of the business's investment in research and
9 development.

10 (2) The amount of total credit available pursuant to this section shall not
11 exceed 50% of a person's tax liability per taxable year.

12 (3) A person who is eligible for credit but unable to claim the full
13 amount because of the cap under subdivision (2) of this subsection may carry
14 forward the value of any unused credit for up to 10 years.

15 (4) Upon application and demonstration that a person meets the criteria
16 to qualify for credit under this section, the Secretary of Commerce and
17 Community Development shall issue a tax certificate to the person, who shall
18 file the certificate with his or her tax return in each year he or she wishes to
19 claim available credit.

1 (e) The Secretary of Commerce and Community Development shall have
2 the authority to adopt rules and procedures to implement the provisions of this
3 section.

4 Sec. 31. 32 V.S.A. § 5930u is amended to read:

5 § 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

6 (a) As used in this section:

7 (1) “Affordable housing project” or “project” means:

8 (A) a rental housing project identified in 26 U.S.C. § 42(g); or

9 (B) owner-occupied housing identified in 26 U.S.C. § 143~~(e) and (f)~~

10 ~~and eligible~~ (c)(1) or that qualifies under the Vermont Housing Finance
11 Agency ~~allocation plan~~ criteria governing owner-occupied housing.

12 (2) “Affordable housing tax credits” means the tax credit provided by
13 this subchapter.

14 (3) “Allocating agency” means the Vermont Housing Finance Agency.

15 (4) “Committee” means the Joint Committee on Tax Credits consisting
16 of five members; a representative from the Department of Housing and
17 Community Affairs, the Vermont Housing and Conservation Board, the
18 Vermont Housing Finance Agency, the Vermont State Housing Authority, and
19 the Office of the Governor.

20 (5) “Credit certificate” means a certificate issued by the allocating
21 agency to a taxpayer that specifies the amount of affordable housing tax credits

1 that can be applied against the taxpayer’s individual or corporate income tax or
2 franchise or insurance premium tax liability as provided in this subchapter.

3 (6) “Eligible applicant” means any municipality, private sector
4 developer, ~~department of state government as defined in 10 V.S.A. § 6302(a),~~
5 State agency as defined in 10 V.S.A. § 6301a, the Vermont Housing Finance
6 Agency, or a nonprofit organization qualifying under 26 U.S.C. § 501(c)(3), or
7 cooperative housing organization, the purpose of which is ~~the creation and~~
8 ~~retention of~~ to create and retain affordable housing for ~~lower income~~
9 Vermonters; with lower income and ~~the~~ which has in its bylaws that require a
10 requirement that ~~housing to~~ the housing the organization creates be maintained
11 as affordable housing for ~~lower income~~ Vermonters with lower income on a
12 perpetual basis.

13 (7) “Eligible cash contribution” means an amount of cash contributed to
14 the owner, developer, or sponsor of an affordable housing project and
15 determined by the allocating agency as eligible for affordable housing tax
16 credits.

17 (8) “Section 42 credits” means tax credit provided by 26 U.S.C.
18 §§ 38 and 42.

19 (9) “Allocation plan” means the plan recommended by the Committee
20 and approved by the Vermont Housing Finance Agency, which sets forth the
21 eligibility requirements and process for selection of eligible housing projects to

1 receive affordable housing tax credits under this section. The allocation plan
2 shall include:

3 (A) requirements for creation and retention of affordable housing for
4 ~~low income~~ persons; with low income; and

5 (B) requirements to ensure that eligible housing is maintained as
6 affordable by subsidy covenant, as defined in 27 V.S.A. § 610 on a perpetual
7 basis, and meets all other requirements of the Vermont Housing Finance
8 Agency related to affordable housing.

9 (b) Eligible tax credit allocations.

10 (1) Affordable housing credit allocation.

11 (A) An eligible applicant may apply to the allocating agency for an
12 allocation of affordable housing tax credits under this section related to an
13 affordable housing project authorized by the allocating agency under the
14 allocation plan. In the case of a specific affordable rental housing project, the
15 eligible applicant ~~must~~ shall also be the owner or a person having the right to
16 acquire ownership of the building and ~~must~~ shall apply prior to placement of
17 the affordable housing project in service. In the case of owner-occupied
18 housing units, the applicant ~~must apply prior to purchase of the unit and must~~
19 shall ensure that the allocated funds will be used to ensure that the housing
20 ~~qualifies or program funds remain~~ as an affordable housing resource for all
21 future owners ~~of the housing~~. The allocating agency shall issue a letter of

1 approval if it finds that the applicant meets the priorities, criteria, and other
2 provisions of subdivision ~~(2)(B)~~ of this ~~subsection~~ subdivision (1). The burden
3 of proof shall be on the applicant.

4 ~~(2)(B)~~ Upon receipt of a completed application, the allocating agency
5 shall award an allocation of affordable housing tax credits with respect to a
6 project ~~under this section shall be granted~~ to an applicant, provided the
7 applicant demonstrates to the satisfaction of the ~~committee~~ allocating agency
8 all of the following:

9 ~~(A)(i)~~ The owner of the project has received from the allocating
10 agency a binding commitment for, a reservation or allocation of, or an
11 out-of-cap determination letter for, Section 42 credits, or meets the
12 requirements of the allocation plan for development or financing of units to be
13 owner-occupied;

14 ~~(B)(ii)~~ The project has received community support.

15 (2) Down payment assistance program.

16 (A) The Vermont Housing Finance Agency shall have the authority
17 to allocate affordable housing tax credits to finance down payment assistance
18 loans that meet the following requirements:

19 (i) the loan is made in connection with a mortgage through an
20 Agency program;

1 (ii) the borrower is a first-time homebuyer of an owner-occupied
2 primary residence; and

3 (iii) the borrower uses the loan for the borrower’s down payment,
4 or closing costs, or both.

5 (B) The Agency shall require the borrower to repay the loan upon the
6 sale or refinance of the residence.

7 (C) The Agency shall use the proceeds of loans made under the
8 program for future down payment assistance.

9 (c) Amount of credit. A taxpayer who makes an eligible cash contribution
10 shall be entitled to claim against the taxpayer’s individual income, corporate,
11 franchise, or insurance premium tax liability a credit in an amount specified on
12 the taxpayer’s credit certificate. The first-year allocation of a credit amount to
13 a taxpayer shall also be deemed an allocation of the same amount in each of
14 the following four years.

15 (d) Availability of credit. The amount of affordable housing tax credit
16 allocated with respect to a project shall be available to the taxpayer every year
17 for five consecutive tax years, beginning with the tax year in which the eligible
18 cash contribution is made. Total tax credits available to the taxpayer shall be
19 the amount of the first-year allocation plus the succeeding four years’ deemed
20 allocations.

1 (e) Claim for credit. A taxpayer claiming affordable housing tax credits
2 shall submit with each return on which such credit is claimed a copy of the
3 allocating agency's credit allocation to the affordable housing project and the
4 taxpayer's credit certificate. Any unused affordable housing tax credit may be
5 carried forward to reduce the taxpayer's tax liability for no more than 14
6 succeeding tax years, following the first year the affordable housing tax credit
7 is allowed.

8 (f) ~~[Deleted.]~~ [Repealed.]

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

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

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

19 (2) In fiscal years 2016 through 2020, the allocating agency may award
20 up to \$125,000.00 per year for loans through the down payment assistance
21 program created in subdivision (b)(2) of this section for a total aggregate limit

1 of \$625,000.00 over the five-year period that credits are available under this
2 subdivision.

3 (h) ~~In any fiscal year, total first year allocations plus succeeding year~~
4 ~~deemed allocations shall not exceed \$3,500,000.00.~~ The aggregate limit for all
5 credit allocations available under this section in any fiscal year is
6 \$4,125,000.00.

7 Secs. 32-39. [Reserved.]

8 * * * Manufacturing; Energy Rates* * *

9 Sec. 40. 10 V.S.A. § 280bb is amended to read:

10 § 280bb. VERMONT ENTREPRENEURIAL LENDING PROGRAM

11 (a) There is created the Vermont Entrepreneurial Lending Program to be
12 administered by the Vermont Economic Development Authority. The Program
13 shall seek to meet the working capital and capital-asset financing needs of
14 Vermont-based businesses in seed, start-up, and growth stages. The Program
15 shall specifically seek to fulfill capital requirement needs that are unmet in
16 Vermont, including:

17 (1) loans ~~up to \$100,000.00~~ to manufacturing businesses and software
18 developers with innovative products that typically reflect long-term, organic
19 growth;

1 (2) loans up to \$1,000,000.00 in growth-stage companies that do not
2 meet the underwriting criteria of other public and private entrepreneurial
3 financing sources; and

4 (3) loans to businesses that are unable to access adequate capital
5 resources because the primary assets of these businesses are typically
6 intellectual property or similar nontangible assets.

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

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

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

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

1 (n) Notwithstanding any contrary provision in this section, the provisions
2 of section 218(h) of this title shall apply to alternative regulation under this
3 section.

4 Secs. 42-49. [Reserved]

5 * * * Land Use; Economic Development Planning * * *

6 Sec. 50. 24 V.S.A. § 2793b(b) is amended to read:

7 (b) Within 45 days of receipt of a completed application, the State Board
8 shall designate a new town center development district if the State Board finds,
9 with respect to that district, the municipality has:

10 (1) A confirmed planning process under section 4350 of this title,
11 developed a municipal center plan, and adopted bylaws and ordinances that
12 implement the plan, including an official map, and a design review district
13 created under this title or other regulations that adequately control the physical
14 form and scale of development.

15 (2) Provided a community investment agreement that has been executed
16 by authorized representatives of the municipal government, businesses, and
17 property owners within the District, and community groups with an articulated
18 purpose of supporting downtown interests, and contains the following:

19 * * *

20 (F) Evidence that civic and public buildings or green or open public
21 space that promotes social interaction or community identity ~~do~~ does exist, or

1 will exist in the center, as shown by the capital improvement plan or the capital
2 budget and program, and the official map.

3 * * *

4 Sec. 51. 10 V.S.A. § 6081(w) is added to read:

5 (w) Improvements to be constructed within an industrial park that was in
6 existence and subject to an “umbrella permit” as of January 1, 2010 shall not
7 be required to obtain a permit or permit amendment if each of the following
8 applies:

9 (1) The improvements will comply with those specific conditions of the
10 umbrella permit included to resolve issues critical to issuance of the permit.
11 Such conditions shall not include any requirement under the umbrella permit
12 to obtain a permit amendment.

13 (2) The municipality in which the improvements will be located has in
14 effect a land use plan and zoning and subdivisions bylaws under 24 V.S.A.
15 chapter 117.

16 (3) The municipality has issued a municipal land use permit for the
17 improvements under that chapter.

18 (4) The Agency of Natural Resources has issued those permits and
19 approvals that its enabling statutes require for the improvements.

20 Sec. 52. 24 V.S.A. § 2787 is added to read:

21 § 2787. ENTERPRISE ZONES

1 (a) After consultation with the regional planning commission and the
2 planning commission of each affected municipality, a regional development
3 corporation may propose an enterprise zone consisting of a list of properties
4 contiguous or adjacent to each other to serve as locations for new or expanded
5 manufacturing.

6 (b) The regional development corporation shall provide notice and
7 opportunity to submit written comment and request a public hearing on each
8 proposal for an enterprise zone.

9 (1) The corporation shall provide notice of the proposal on its web page
10 and directly to each affected regional planning commission, the legislative
11 body and planning commission of each affected municipality, and the
12 landowners of record in the proposed enterprise zone.

13 (2) The corporation may hold a public hearing on request or on its own
14 motion and shall hold a public hearing if requested by an affected regional
15 planning commission, the legislative body or planning commission of an
16 affected municipality, or a group consisting of or representing 25 or more
17 persons within an affected region or municipality.

18 (3) The contested case provisions of 3 V.S.A. chapter 25 shall not apply
19 to the designation of an enterprise zone.

20 (c) After providing the notice and opportunity required by subsection (b) of
21 this section, the regional development corporation may designate an enterprise

1 zone if it finds that each property included in the zone is a suitable and
2 commercially viable location on which to site manufacturing and will be
3 supported by transportation, water, wastewater and other necessary
4 infrastructure in sufficient capacity to support manufacturing. The
5 corporation’s decision on the enterprise zone shall respond to each comment
6 received.

7 (d) On designation of an enterprise zone under this section:

8 (1) The Agency of Natural Resources shall issue each permit or
9 approval that its enabling statutes require for development in the zone within
10 45 days of application.

11 (2) The regional development corporation or municipality in which the
12 zone is located may apply for and receive a “master plan” permit or partial
13 findings, or both, for the zone under 10 V.S.A. chapter 151 and the rules
14 adopted under that chapter. If a master plan permit is issued, then subsequent
15 development within the zone shall require no further permits or permit
16 amendments under 10 V.S.A. chapter 151, notwithstanding any provision of
17 that chapter to the contrary.

18 Sec. 53. ACT 250; GUIDANCE ON SETTLEMENT PATTERNS

19 CRITERION

20 (a) The General Assembly finds that:

1 (1) 2014 Acts and Resolves No. 147, Sec. 2 amended 10 V.S.A.
2 § 6086(a)(9)(L) (Criterion 9L) to become a settlement patterns criterion. The
3 purpose of the amendment was to promote new development that is consistent
4 with Vermont’s historic development pattern of compact centers surrounded by
5 working lands; to encourage the efficient use of land, roads, utilities and other
6 infrastructure; and to promote development within existing settlements.

7 (2) Since that amendment, the Natural Resource Board (the Board) has
8 worked with the Agency of Commerce and Community Development
9 (ACCD), the Agency of Natural Resources (ANR) and others to provide
10 training and guidance to state agencies, regional planning commissions, trade
11 associations, municipal planners, development consultants, attorneys and
12 others about this change to Criterion 9L.

13 (3) Effective October 17, 2014, the Board adopted a procedure to
14 implement Criterion 9L (the Criterion 9L Procedure).

15 (b) The General Assembly determines that more education and improved
16 guidance would be beneficial in implementing Criterion 9L.

17 (1) The Board shall revise the Criterion 9L Procedure in full
18 collaboration with ACCD and ANR.

19 (A) Prior to completing this revision, the Board shall solicit input
20 from affected parties and the public including planners, developers,
21 municipalities, and environmental advocacy organizations.

1 (B) The Board shall adopt the revision in the form of a procedure
2 under 3 V.S.A. chapter 25 or as a guidance document, or may include some of
3 the subject matter in a procedure and some in a guidance document.

4 (2) Following the Board’s revision of the Criterion 9L procedure,
5 ACCD shall work with the NRB and ANR to develop outreach material
6 including illustrative examples and implement a training plan on Criterion 9L
7 for local elected officials, municipal boards, state and regional organizations
8 and associations, environmental groups, consultants, and developers.

9 Sec. 54. 3 V.S.A. § 2293 is amended to read:

10 § 2293. DEVELOPMENT CABINET

11 (a) Legislative purpose. The General Assembly deems it prudent to
12 establish a permanent and formal mechanism to assure collaboration and
13 consultation among State agencies and departments, in order to support and
14 encourage Vermont's economic development, while at the same time
15 conserving and promoting Vermont's traditional settlement patterns, its
16 working and rural landscape, its strong communities, and its healthy
17 environment, all in a manner set forth in this section.

18 (b) Development Cabinet.

19 (1) A Development Cabinet is created, to consist of the Secretaries of
20 the Agencies of Administration, of Agriculture, Food and Markets, of

1 Commerce and Community Development, of Education, of Natural Resources,
2 and of Transportation.

3 (2) The Governor or the Governor's designee shall chair the
4 Development Cabinet.

5 (3) The Development Cabinet shall advise the Governor on how best to
6 implement the purposes of this section, and shall recommend changes as
7 appropriate to improve implementation of those purposes.

8 (4) The Development Cabinet may establish interagency work groups to
9 support its mission, drawing membership from any agency or department of
10 State government.

11 (5) Any interagency work groups established under this subsection shall
12 evaluate, test the feasibility of, and suggest alternatives to economic
13 development proposals, including proposals for public-private partnerships,
14 submitted to them for consideration.

15 (6) The Development Cabinet shall refer to appropriate interagency
16 workgroups any economic development proposal that has a significant impact
17 on the inventory or use of State land or buildings.

18 (c) All State agencies that have programs or take actions affecting land use,
19 including those identified under 3 V.S.A. chapter 67, shall, through or in
20 conjunction with the members of the Development Cabinet:

21 (1) Support conservation of working lands and open spaces.

1 (2) Strengthen agricultural and forest product economies, and encourage
2 the diversification of these industries.

3 (3) Develop and implement plans to educate the public by encouraging
4 discussion at the local level about the impacts of poorly designed growth, and
5 support local efforts to enhance and encourage development and economic
6 growth in the State's existing towns and villages.

7 (4) Administer tax credits, loans, and grants for water, sewer, housing,
8 schools, transportation, and other community or industrial infrastructure, in a
9 manner consistent with the purposes of this section.

10 (5) To the extent possible, endeavor to make the expenditure of State
11 appropriations consistent with the purposes of this section.

12 (6) Encourage development in, and work to revitalize, land and buildings
13 in existing village and urban centers, including "brownfields," housing stock,
14 and vacant or underutilized development zones. Each agency is to set
15 meaningful and quantifiable benchmarks.

16 (7) Encourage communities to approve settlement patterns based on
17 maintaining the State's compact villages, open spaces, working landscapes, and
18 rural countryside.

19 (8) Encourage relatively intensive residential development close to
20 resources such as schools, shops, and community centers and make
21 infrastructure investments to support this pattern.

1 (9) Support recreational opportunities that build on Vermont's
2 outstanding natural resources, and encourage public access for activities such
3 as boating, hiking, fishing, skiing, hunting, and snowmobiling. Support and
4 work collaboratively to make possible sound development and well-planned
5 growth in existing recreational infrastructure.

6 (10) Provide means and opportunity for downtown housing for mixed
7 social and income groups in each community.

8 (11) Repealed.]

9 (12) Encourage timely and efficient processing of permit applications
10 affecting land use, including 10 V.S.A. chapter 151 and the subdivision
11 regulations adopted under 18 V.S.A. § 1218, in order to encourage the
12 development of affordable housing and small business expansion, while
13 protecting Vermont's natural resources.

14 (13) Participate in creating a long-term economic development plan,
15 including making available the members of any agency or department of State
16 government as necessary and appropriate to support the mission of an
17 interagency work group established under subsection (b) of this section.

18 (d)(1) ~~Pursuant to the recommendations of the Oversight Panel on~~
19 ~~Economic Development created in 2010 Acts and Resolves No. 146, Sec. 66,~~
20 ~~the~~ The Development Cabinet shall create an interagency work group as

1 provided in subsection (b) of this section with the Secretary of Commerce and
2 Community Development serving as its chair.

3 (2) The mission of the Work Group shall be to develop a long-term
4 economic development plan for the State, which shall identify goals and
5 recommend actions to be taken over ten years, and which shall be consistent
6 with the four goals of economic development identified in 10 V.S.A. § 3 and
7 the outcomes for economic development identified in 2010 Acts and Resolves
8 No. 68, Sec. 8.

9 (e)(1) On or before January 15, ~~2014~~ 2016, and every two years thereafter,
10 the Development Cabinet or its Work Group shall complete a long-term
11 economic development plan as required under subsection (d) of this section
12 and recommend it to the Governor.

13 (2) Commencing with the plan due on or before January 15, ~~2016~~ 2018,
14 the Development Cabinet or its Work Group may elect only to prepare and
15 recommend to the Governor an update of the long-term economic development
16 plan.

17 (3) Administrative support for the economic development planning
18 efforts of the Development Cabinet or its Work Group shall be provided by the
19 Agency of Commerce and Community Development.

20 (f) Limitations. This Cabinet is strictly an information gathering and
21 coordinating cabinet and confers no additional enforcement powers.

1 Sec. 55. 10 V.S.A. § 6081(p) is amended to read:

2 (p) No permit or permit amendment is required for any change to a project
3 that is located entirely within a downtown development district designated
4 pursuant to 24 V.S.A. § 2793 or a growth center designated pursuant to
5 24 V.S.A. § 2793c, if the change consists exclusively of any combination of
6 mixed use and mixed income housing, and the cumulative changes within any
7 continuous period of five years, commencing on or after the effective date of
8 this subsection, remain below the jurisdictional threshold for a priority housing
9 project specified in subdivision ~~6001(3)(B)~~ 6001(3)(A) of this title.

10 Secs. 56-59. [Reserved].

11 * * * Business Growth; Access to Capital * * *

12 Sec. 60. 6 V.S.A. chapter 207 is amended to read:

13 CHAPTER 207: PROMOTION AND MARKETING OF VERMONT

14 FOODS AND PRODUCTS

15 * * *

16 SUBCHAPTER 3: AGRICULTURAL EXPORTS

1 § 4621. DOMESTIC EXPORT PROGRAM

2 (a) The Secretary of Agriculture, Food and Markets, in collaboration with
3 the Agency of Commerce and Community Development and the Chief
4 Marketing Officer create a Domestic Export Program within the “Made in
5 Vermont” designation program, the purpose of which shall be to:

6 (1) connect Vermont producers with brokers, buyers, and distributors in
7 other U.S. state and regional markets;

8 (2) provide technical and marketing assistance to Vermont producers to
9 convert these connections into increased sales and sustainable commercial
10 relationships; and

11 (3) provide one-time matching grants of up to \$2,000.00 per business to
12 attend trade shows and similar events to expand producers’ market presence in
13 other U.S. states, subject to available funding.

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

20 Sec. 61. 8 V.S.A. chapter 73 is amended to read:

21 CHAPTER 73. LICENSED LENDERS

1 § 2200. DEFINITIONS

2 As used in this chapter:

3 (1) “Commercial loan” means ~~any~~ a loan or extension of credit that is
4 ~~described in 9 V.S.A. § 46(1), (2), or (4). The term does not include a loan or~~
5 ~~extension of credit secured in whole or in part by an owner-occupied one- to~~
6 ~~four-unit dwelling;~~

7 (A) an obligation of a corporation, including a municipal or nonprofit
8 corporation;

9 (B) an obligation incurred by a person to finance an income-
10 producing business or activity, but not including an obligation incurred to
11 finance a family dwelling of four units or fewer when used as a residence by
12 the person or to finance real estate which is devoted to agricultural purposes as
13 part of an operating farming unit when used as a residence by the borrower; or

14 (C) an obligation guaranteed or insured by the United States of
15 America or any agency thereof.

16 * * *

17 § 2201. LICENSES REQUIRED

18 * * *

19 (d) No lender license, mortgage broker license, or sales finance company
20 license shall be required of:

21 * * *

1 ~~(12)(A) A person making an unsecured commercial loan, which loan is~~
2 ~~expressly subordinate to the prior payment of all senior indebtedness of the~~
3 ~~commercial borrower regardless of whether such senior indebtedness exists at~~
4 ~~the time of the loan or arises thereafter. The loan may or may not include the~~
5 ~~right to convert all or a portion of the amount due on the loan to an equity~~
6 ~~interest in the commercial borrower.~~

7 ~~(B) As used in this subdivision (12), “senior indebtedness” means:~~

8 ~~(i) all indebtedness of the commercial borrower for money~~
9 ~~borrowed from depository institutions, trust companies, insurance companies,~~
10 ~~and licensed lenders, and any guarantee thereof; and~~

11 ~~(ii) any other indebtedness of the commercial borrower that the~~
12 ~~lender and the commercial borrower agree shall constitute senior indebtedness.~~

13 ~~[Repealed.]~~

14 * * *

15 ~~(h) This chapter shall not apply to commercial loans of \$1,000,000.00 or~~
16 ~~more.~~

17 § 2202. APPLICATION FOR LICENSE; LICENSE AND INVESTIGATION
18 FEES

19 (a) Application for a license shall be in writing, under oath, and in the form
20 prescribed by the Commissioner, and shall contain the name and the address of
21 the residence and place of business of the applicant, and if the applicant is a

1 partnership or association, of every member thereof, and if a corporation, of
2 each officer and director thereof; also the county and municipality with street
3 and number, if any, where the business is to be conducted and such further
4 information as the Commissioner may require.

5 (b) At the time of making application, the applicant shall pay to the
6 Commissioner a fee for investigating the application and a license fee for a
7 period terminating on the last day of the current calendar year. The following
8 fees are imposed on applicants:

9 (1) For an applicant for a lender's license, \$1,000.00 as a license fee,
10 and \$1,000.00 as an application and investigation fee for the initial license.
11 For each additional lender license from the same applicant, \$500.00 as a
12 license fee and \$500.00 as an application and investigation fee.

13 (2) For an applicant for a mortgage broker's license, other than a
14 mortgage broker that meets each of the requirements of subdivisions
15 (b)(3)(A)-(B), \$500.00 as a license fee, and \$500.00 as an application and
16 investigation fee.

17 (3) For an applicant for a mortgage broker's license that meets each of
18 the following requirements, \$250.00 as a license fee, and \$250.00 as an
19 application and investigation fee:

20 (A) ~~The~~ the applicant is an individual sole proprietor; and

1 (B) ~~No~~ no person, other than the applicant, shall be authorized to act
2 as a mortgage broker under the applicant's license.

3 (4) For an applicant for a mortgage loan originator license, \$50.00 as a
4 license fee, and \$50.00 as an application and investigation fee.

5 (5) For an applicant for a sales finance company's license, \$350.00 as a
6 license fee, and \$350.00 as an application and investigation fee.

7 (c) In connection with an application for a license, the applicant and each
8 officer, director, and control person of the applicant shall furnish to the
9 Nationwide Mortgage Licensing System and Registry information concerning
10 the applicant's identity, including:

11 (1) Fingerprints for submission to the Federal Bureau of Investigation,
12 and any governmental agency or entity authorized to receive such information
13 for a state, national, and international criminal history background check.

14 (2) Personal history and experience in a form prescribed by the
15 Nationwide Mortgage Licensing System and Registry, including the
16 submission of authorization for the Nationwide Mortgage Licensing System
17 and Registry and the Commissioner to obtain:

18 (A) ~~An~~ an independent credit report and credit score obtained from a
19 consumer reporting agency described in Section 603(p) of the Fair Credit
20 Reporting Act for the purpose of evaluating the applicant's financial
21 responsibility at the time of application and may obtain additional credit

1 reports and credit scores to confirm the licensee's continued compliance with
2 the financial responsibility requirements of this chapter; and

3 (B) ~~Information~~ information related to any administrative, civil, or
4 criminal findings by any governmental jurisdiction.

5 (3) Any other information required by the Nationwide Mortgage
6 Licensing System and Registry or the Commissioner.

7 (d) ~~This section does not apply to a lender making only commercial loans.~~
8 [Repealed.]

9 § 2202a. ~~APPLICATION FOR COMMERCIAL LENDER LICENSE; FEES~~

10 (a) ~~Application for a license for a lender making solely commercial loans~~
11 ~~shall be in writing, under oath, and in the form prescribed by the~~
12 ~~Commissioner, and shall contain the name and address of the residence and the~~
13 ~~place of business of the applicant and, if the applicant is a partnership or~~
14 ~~association, of every member thereof, and, if a corporation, of each officer,~~
15 ~~director, and control person thereof; the county and municipality with street~~
16 ~~and number, if any, where the business is to be conducted; and such further~~
17 ~~information as the Commissioner may require.~~

18 (b) ~~At the time of making application, the applicant shall pay to the~~
19 ~~Commissioner a \$500.00 fee for investigating the application and a \$500.00~~
20 ~~initial license fee for a period terminating on the last day of the current~~
21 ~~calendar year.~~

1 ~~(c) In connection with an application for a commercial lender license, the~~
2 ~~applicant and each officer, director, and control person of the applicant shall~~
3 ~~furnish to the Nationwide Mortgage Licensing System and Registry (NMLSR)~~
4 ~~information concerning the applicant’s identity and the identity of each of the~~
5 ~~applicant’s officers, directors, and control persons, including:~~

6 ~~(1) Fingerprints for submission to the Federal Bureau of Investigation~~
7 ~~and for any other governmental agency or entity authorized to receive such~~
8 ~~information for a state, national, and international criminal history background~~
9 ~~check.~~

10 ~~(2) Personal history and experience in a form prescribed by the~~
11 ~~NMLSR, including the submission of authorization for the NMLSR and the~~
12 ~~Commissioner to obtain information related to any administrative, civil, or~~
13 ~~criminal findings by any governmental jurisdiction.~~

14 ~~(3) Any other information required by the NMLSR or the~~
15 ~~Commissioner. [Repealed.]~~

16 § 2203. BOND; LIQUID ASSETS REQUIRED

17 * * *

18 (d) Every applicant for a lender’s license shall also prove, in form
19 satisfactory to the Commissioner, that the applicant has liquid assets of
20 \$25,000.00, or such greater amount as the Commissioner may require,
21 available for the operation of such business at the location specified in the

1 application. ~~Every applicant wishing to make commercial loans shall prove~~
2 ~~liquid assets in an amount of \$50,000.00 or such greater amount as the~~
3 ~~Commissioner may require.~~

4 * * *

5 (f) ~~This section does not apply to a lender making only commercial loans.~~

6 [Repealed.]

7 § 2204. APPROVAL OF APPLICATION AND ISSUANCE OF LICENSE

8 * * *

9 (d) ~~This section does not apply to a lender making only commercial loans.~~

10 [Repealed.]

11 * * *

12 § 2207. ADDITIONAL BOND; LIQUID ASSETS TO BE MAINTAINED

13 * * *

14 (c) ~~Every licensee making commercial loans shall maintain liquid assets in~~
15 ~~an amount deemed necessary by the commissioner, but in no event less than~~
16 ~~\$50,000.00. [Repealed.]~~

17 * * *

18 § 2209. RENEWAL OF LICENSE

19 (a) On or before December 1 of each year, every licensee shall renew its
20 license for the next succeeding calendar year and shall pay to the
21 Commissioner a renewal of license fee. At a minimum, the licensee shall

1 continue to meet the standards for license issuance under section 2204 of this
2 title. At the same time, the licensee shall maintain with the Commissioner a
3 bond in the amount and of the character as required by section 2203 of this title
4 or as required by the Commissioner under section 2207 of this title. The
5 license renewal fee shall be:

6 * * *

7 (6) ~~For the renewal of a lender's license for a lender making only~~
8 ~~commercial loans, \$500.00. [Repealed.]~~

9 * * *

10 § 2216. MORTGAGE LENDING; SPECIFIC REQUIREMENTS;

11 EXCEPTIONS

12 Every licensee engaging in the making of loans secured by a lien against
13 real estate located in this state, whether conducting its affairs as an agent or
14 principal and whether operating from facilities within the ~~state~~ State or by
15 mail, telephone or by electronic means, shall comply with the general
16 provisions of this chapter unless exempted herein. A licensee making such
17 loans through a third person, shall only make loans through a person licensed
18 as a mortgage broker and as a mortgage loan originator under this chapter,
19 unless such third person is exempt from such licensing provisions. Any lender
20 who makes such loans through a third person required to be licensed and not so
21 licensed, in addition to being subject to all applicable penalties under Vermont

1 law, shall be responsible for the acts or omissions of the third person as a
2 principal is responsible for the acts and omissions of its agent. Every licensee
3 making loans secured by a lien against real estate shall comply with sections
4 10403 and 10404, and subchapter 2 of chapter 200 of this title, and shall also
5 be subject to the following specific limitations:

6 * * *

7 (6) ~~This section shall not apply to commercial loans.~~ [Repealed.]

8 * * *

9 § 2220. DISCLOSURE REQUIRED BY MORTGAGE LENDER

10 In advance of taking any fee or collecting any charges for a mortgage loan,
11 or at the time the prospective borrower submits a signed application, a written
12 disclosure shall be provided by the lender to the prospective borrower setting
13 forth all provisions relating to interest rates applicable to the loan, and specific
14 disclosure regarding any possibility that the lender may change its role to that
15 of a mortgage broker. ~~This section shall not apply to commercial loans.~~

16 * * *

17 § 2224. ANNUAL REPORT; MORTGAGE CALL REPORTS

18 * * *

19 (b) Annually, within 90 days of the end of its fiscal year, each licensed
20 lender, mortgage broker, and sales finance company shall file financial
21 statements with the Commissioner in a form and substance satisfactory to the

1 Commissioner, which financial statements must include a balance sheet and
2 income statement. ~~This subsection does not apply to a lender making only~~
3 ~~commercial loans.~~

4 * * *

5 § 2228. USE OF OTHER NAMES OR BUSINESS PLACES

6 No licensee shall transact such business or make any loan provided for by
7 this chapter under any other name or at any other place of business than that
8 named in the license. ~~This section shall not apply to commercial loans made to~~
9 ~~a borrower located outside Vermont for use outside Vermont.~~

10 § 2229. CONFESSIONS OF JUDGMENT; POWERS OF ATTORNEY;

11 CONTENTS OF NOTES

12 No licensee shall take any confession of judgment. No licensee shall take
13 any power of attorney excepting such as may be incorporated in a form of note
14 approved by the ~~commissioner~~ Commissioner for use in the financing of
15 insurance premiums. No licensee shall take any note, promise to pay, or
16 security that does not accurately disclose the actual amount of the loan, the
17 time for which it is made, and the agreed rate of interest, nor any instrument in
18 which blank spaces are left to be filled in after execution. ~~Notwithstanding the~~
19 ~~foregoing provisions of this section, the commissioner may by rule exempt~~
20 ~~from all or part of this section commercial loans.~~

21 § 2230. RATE OF INTEREST

1 * * *

2 (d) ~~This section shall not apply to commercial loans.~~ [Repealed.]

3 * * *

4 § 2231. ~~CONTRACTS TO BE REPAYABLE IN MONTHLY~~
5 ~~INSTALLMENTS; MAXIMUM TERM; ADDITIONAL CHARGES~~
6 ~~PROHIBITED; INVALIDITY OF LOAN CONTRACT~~

7 * * *

8 (c) ~~This section shall not apply to commercial loans.~~ [Repealed.]

9 * * *

10 § 2232a. ~~REQUIREMENTS REGARDING THE BORROWER~~

11 * * *

12 (f) ~~This section shall not apply to commercial loans.~~ [Repealed.]

13 * * *

14 § 2238. ~~OUT-OF-STATE COMMERCIAL LOANS~~

15 ~~A commercial loan made to a borrower located outside Vermont for use~~
16 ~~outside Vermont shall be deemed to be made outside the state of Vermont and~~
17 ~~shall not be subject to this chapter except upon written agreement of the~~
18 ~~licensee and borrower.~~ [Repealed.]

19 * * *

20 Sec. 62. 7 V.S.A. § 2 is amended to read:

21 § 2. DEFINITIONS

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

3 * * *

4 (10) "First-class license": a license granted by the control
5 commissioners permitting the licensee to sell malt or vinous beverages, except
6 fortified wines, to the public for consumption only on the premises for which
7 the license is granted.

8 * * *

9 (19) "Second-class license": a license granted by the control
10 commissioners permitting the licensee to export malt or vinous beverages and
11 to sell malt or vinous beverages to the public for consumption off the premises
12 for which the license is granted. The Liquor Control Board may grant a second
13 class licensee a fortified wine permit that permits the licensee to export and to
14 sell fortified wines to the public for consumption off the licensed premises.

15 (20) "Spirits" or "spirituous liquors": beverages that contain more than
16 one percent of alcohol obtained by distillation, by chemical synthesis, or
17 through concentration by freezing; and ~~vinous beverages containing more than~~
18 ~~16 percent of alcohol; and all vermouths of any alcohol content; malt~~
19 beverages containing more than 16 percent of alcohol or more than six percent
20 of alcohol if the terminal specific gravity thereof is less than 1.009; in each
21 case measured by volume at 60 degrees Fahrenheit.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21

* * *

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

(23) “Vinous beverages”: all fermented beverages of any name or description manufactured or obtained for sale from the natural sugar content of fruits; or other agricultural product, containing sugar, the alcoholic content of which is ~~not less than one percent nor more than 16 percent~~ at least one percent but no more than 23 percent by volume at 60 degrees Fahrenheit, ~~except that all vermouths shall be purchased and retailed by and through the Liquor Control Board as authorized in chapters 5 and 7 of this title~~ including fortified wines.

* * *

(28) “Fourth-class license” or “farmers’ market license”: the license granted by the Liquor Control Board permitting a manufacturer or rectifier of malt or vinous beverages or spirits to sell by the unopened container and distribute, by the glass, with or without charge, beverages manufactured by the licensee. No more than a combined total of ten fourth-class and farmers’ market licenses may be granted to a licensed manufacturer or rectifier. At only one fourth-class license location, a manufacturer or rectifier of vinous beverages, malt beverages, or spirits may sell by the unopened container and

1 distribute by the glass, with or without charge, vinous beverages, malt
2 beverages, or spirits produced by no more than five additional manufacturers
3 or rectifiers, provided these beverages are purchased on invoice from the
4 manufacturer or rectifier. A manufacturer or rectifier of vinous beverages,
5 malt beverages, or spirits may sell its product to no more than five additional
6 manufacturers or rectifiers. A fourth-class licensee may distribute by the glass
7 no more than two ounces of malt or vinous beverage, except fortified wine,
8 with a total of eight ounces to each retail customer and no more than
9 one-quarter ounce of spirits or fortified wine with a total of one ounce to each
10 retail customer for consumption on the manufacturer's premises or at a
11 farmers' market. A farmers' market license is valid for all dates of operation
12 for a specific farmers' market location.

13 * * *

14 (38) "Fortified wines": vinous beverages, including those to which
15 spirits have been added during manufacture, containing at least 16 percent
16 alcohol but no more than 23 percent alcohol by volume at 60 degrees
17 Fahrenheit, and all vermouths of any alcohol content.

18 Sec. 63. 7 V.S.A. § 222 is amended to read:

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

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

4 * * *

5 (2) Upon making application ~~and~~, paying the license fee provided in
6 section 231 of this title, and upon satisfying the Board that such premises are
7 leased, rented, or owned by the retail dealer and are a safe, sanitary, and proper
8 place from which to sell malt and vinous beverages, a second-class license ~~for~~
9 ~~the premises where such dealer shall carry on the business,~~ which shall
10 authorize such dealer to export malt and vinous beverages, and to sell malt and
11 vinous beverages to the public from such premises for consumption off the
12 premises ~~and upon satisfying the Board that such premises are leased, rented,~~
13 ~~or owned by such retail dealers and are safe, sanitary, and a proper place from~~
14 ~~which to sell malt and vinous beverages.~~ A retail dealer carrying on business
15 in more than one place shall be required to acquire a second-class license for
16 each place where ~~he or she shall so sell~~ the retail dealer sells malt and vinous
17 beverages. No malt or vinous beverages shall be sold by a second-class
18 licensee to a minor.

19 * * *

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

4 (B) The holder of a first-class license may serve a sampler flight of
5 up to 12 ounces in the aggregate of vinous beverages, except fortified wines, to
6 a single customer at one time.

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

10 (6) The Liquor Control Board may grant a fortified wine permit to a
11 second class licensee if the licensee files an application accompanied by the
12 license fee as provided in section 231 of this title. The holder of a fortified
13 wine permit may sell fortified wines to the public from the licensed premises
14 for consumption off the premises. The Liquor Control Board shall issue no
15 more than 200 fortified wine permits in any single year.

16 Sec. 64. 7 V.S.A. § 224 is amended to read:

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

18 (a) The ~~liquor control board~~ Liquor Control Board may grant to a person
19 who operates a hotel, restaurant, cabaret, or club a license of the third class if
20 the person files an application accompanied by the license fee as provided in
21 section 231 of this title for the premises in which the business of the hotel,

1 restaurant, cabaret, or club is carried on. The holder of a ~~third-class~~ third-class
2 license may sell ~~spirituous liquors~~ spirits and fortified wines for consumption
3 only on the premises covered by the license. The applicant for a ~~third-class~~
4 third-class license shall satisfy the ~~liquor control board~~ Liquor Control Board
5 that the applicant is the bona fide owner or lessee of the premises and that the
6 premises are operated for the purpose covered by the license.

7 * * *

8 Sec. 65. 7 V.S.A. § 225 is amended to read:

9 § 225. EDUCATIONAL SAMPLING EVENT PERMIT

10 * * *

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

13 (1) Malt beverages: \$0.265 per gallon served.

14 (2) Vinous beverages, except fortified wines: \$0.55 per gallon served.

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

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

17 Sec. 66. 7 V.S.A. § 231 is amended to read:

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

19 (a) The following fees shall be paid:

20 * * *

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18

* * *

Sec. 67. 7 V.S.A. § 421 is amended to read:

§ 421. TAX ON MALT AND VINOUS BEVERAGES

(a) Every bottler and wholesaler shall pay to the Commissioner of Taxes the sum of 26 and one-half cents per gallon for every gallon or its equivalent of malt beverage containing not more than six percent of alcohol by volume at 60 degrees Fahrenheit sold by them to retailers in the State ~~and~~ the sum of 55 cents per gallon for each gallon of malt beverage containing more than six percent of alcohol by volume at 60 degrees Fahrenheit and each gallon of vinous beverages, except fortified wines, sold by them to retailers in the ~~state~~ and State, and the sum of \$19.80 for each gallon of fortified wine sold by them to retailers in the State. Every bottler and wholesaler shall also pay to the Liquor Control Board all fees for bottler's and wholesaler's licenses. A manufacturer or rectifier of malt or vinous beverages shall pay the taxes required by this subsection to the Commissioner of Taxes for all malt and vinous beverages, including fortified wines, manufactured or rectified by them and sold at retail.

* * *

1 Sec. 68. 7 V.S.A. § 422 is amended to read:

2 § 422. TAX ON SPIRITUOUS LIQUOR

3 (a) A tax is assessed on the gross revenue ~~on~~ from the retail sale of
4 spirituous liquor in the State of Vermont, ~~including fortified wine, sold by the~~
5 Liquor Control Board, or ~~sold by~~ a manufacturer or rectifier of spirituous
6 liquor, in accordance with the provisions of this title. The tax shall be at the
7 following rates based on the gross revenue of the retail sales by the seller in the
8 current year:

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

11 (2) if the gross revenue of the seller is between \$500,000.00 and
12 \$750,000.00, the rate of tax is \$25,000.00 plus 10 percent of the gross revenues
13 over \$500,000.00;

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

16 * * *

17 Sec. 69. STUDY; REPORT

18 (a) On or before January 15, 2018, the Commissioner of Liquor Control, in
19 consultation with the holders of second-class licenses and fortified wine
20 permits, shall evaluate whether the number of fortified wine permits issued
21 pursuant to 7 V.S.A. § 222 is sufficient, and how the issuance of fortified wine

1 permits has affected the sales of fortified wines in Vermont and the variety of
2 fortified wines available to Vermont consumers.

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

10 Sec. 100. EFFECTIVE DATES

11 This act shall take effect on July 1, 2015, except, notwithstanding 1 V.S.A.
12 § 214, Secs. 1–4 (Vermont Employment Growth Incentive provisions) shall
13 take effect retroactively as of January 1, 2015.