

1 TO THE HONORABLE SENATE:

2 The Committee on Finance to which was referred House Bill No. 868
3 entitled “An act relating to miscellaneous economic development provisions”
4 respectfully reports that it has considered the same and recommends that the
5 report of the Committee on Economic Development, Housing and General
6 Affairs be amended as follows:

7 First: By striking out Sec. A.1 (adding one legislative member to VEDA) in
8 its entirety and inserting in lieu thereof: Sec. A.1. [Reserved.]

9 Second: By striking out Sec. A.5 in its entirety and inserting in lieu thereof
10 a new Sec. A.5 to read:

11 Sec. A.5. 10 V.S.A. § 234 is amended to read:

12 § 234. THE VERMONT JOBS FUND

13 * * *

14 (c) Monies in the Fund may be loaned to the Vermont Agricultural Credit
15 Program to support its lending operations as established in chapter 16A of this
16 title at interest rates and on terms and conditions to be set by the Authority to
17 establish a line of credit in an amount not to exceed ~~\$60,000,000.00~~
18 \$100,000,000.00 to be advanced to the Vermont Agricultural Credit Program
19 to support its lending operations as established in chapter 16A of this title.

20 * * *

1 Sec. H.12. VEGI; REPEAL OF AUTHORITY TO AWARD INCENTIVES

2 Notwithstanding any provision of law to the contrary, the Vermont
3 Economic Progress Council shall not accept or approve an application for a
4 Vermont Employment Growth Incentive under 32 V.S.A. chapter 105,
5 subchapter 2 on or after January 1, 2022.

6 Sec. H.13. VERMONT EMPLOYMENT GROWTH INCENTIVE

7 PROGRAM REVIEW

8 (a) On or before August 15, 2016, the Vermont Economic Progress Council
9 shall convene a Vermont Employment Growth Incentive Program Review
10 Group.

11 (b) The Group shall consist of the following members:

12 (1) the Executive Director of the Vermont Economic Progress Council;

13 (2) a representative of the Vermont Regional Development Corporations
14 appointed by the Secretary of Commerce and Community Development;

15 (3) a representative of the business community designated by the
16 Governor; and

17 (4) a member of the public designated jointly by the Speaker of the
18 House and the Senate Committee on Committees.

19 (c) The Group shall review the following questions relating to the Vermont
20 Employment Growth Incentive Program:

1 (1) whether the enhanced incentives available under the program are
2 appropriate and necessary, including:

3 (A) an analysis of the growth in the environmental technology sector
4 in Vermont as defined in the enhanced incentive for environmental technology
5 business and whether growth in this sector obviates the need for the current
6 enhancement; and

7 (B) whether the State should forego additional net fiscal benefit
8 under the enhancements and whether the policy objectives of the
9 enhancements are met;

10 (2) whether and how to include a mechanism in the Program for equity
11 investments in incentive recipients;

12 (3) whether and under what circumstances the Department of Taxes
13 should have, and should exercise, the authority to recapture the value of
14 incentives paid to a business that is subsequently sold or relocated out of the
15 State, or that eliminates qualifying jobs after receiving an incentive;

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

19 (5) the size, industry, and profile of the businesses that historically have
20 experienced, and are forecast to experience, the most growth in Vermont, and
21 whether the Program should be more targeted to these businesses;

1 (6) changes to the Program to ensure incentives will benefit the creation
2 and growth of more small businesses; and

3 (7) whether additional applicant and program data reporting and
4 transparency could be accomplished without damage to applicant businesses.

5 (d) On or before January 15, 2018, the Group shall report its findings,
6 conclusions, recommendations, and supporting data for legislative action to the
7 House Committees on Commerce and Economic Development, on Ways and
8 Means, and on Appropriations, and to the Senate Committees on Economic
9 Development, Housing and General Affairs, on Finance, and on
10 Appropriations.

11 Sec. H.14. VERMONT EMPLOYMENT GROWTH INCENTIVE

12 PROGRAM; TECHNICAL WORKING GROUP REVIEW

13 (a) The Joint Fiscal Committee shall convene a Vermont Employment
14 Growth Incentive Program Technical Working Group that shall consist of the
15 following members, as designated by the Committee:

16 (1) the legislative economist or another designee from the Joint Fiscal
17 Office;

18 (2) a policy analyst from the Agency of Commerce and Community
19 Development;

20 (3) an economic and labor market information chief from the
21 Department of Labor; and

1 (4) a fiscal analyst from the Department of Taxes or the State economist.

2 (b) The Group shall meet not more than twice and shall review the
3 following questions relating to the Vermont Employment Growth Incentive
4 Program:

5 (1) whether the cost-benefit model is the most current and appropriate
6 tool for evaluating fiscal impacts of the Program and whether it is effectively
7 utilized;

8 (2) whether the inputs to the cost-benefit model should be adjusted for
9 those applicants who assert that but for the incentive the scale or timing of the
10 project would change;

11 (3) whether the Program can integrate the use of business-specific
12 background growth rates in addition to, or in place of, industry-specific
13 background growth rates; and, if industry-specific background growth rates are
14 recommended, a methodology to review, calculate, and set those rates
15 routinely; and

16 (4) whether differential rates in annual average wages or annual average
17 unemployment, defined by labor market area, are appropriate triggers for an
18 incentive enhancement for projects located in, or lower wage threshold for jobs
19 created in, qualifying labor market areas, and whether the margins of error in
20 annual labor market area wage and unemployment rates are within an
21 acceptable range of tolerance for this use.

1 (c) On or before November 15, 2016 the Group shall submit a report of its
2 findings and conclusions to the Joint Fiscal Committee, the VEGI Program
3 Review Group, and the General Assembly.

4 Sec. H.15. VERMONT EMPLOYMENT GROWTH INCENTIVE

5 PROGRAM; QUALIFYING JOB; BENEFITS; REVIEW

6 On or before December 15, 2016, the Vermont Economic Progress Council
7 shall consider and report its recommendations to the House Committees on
8 Commerce and Economic Development, on Ways and Means, and on
9 Appropriations, and to the Senate Committees on Economic Development,
10 Housing and General Affairs, on Finance, and on Appropriations, on
11 quantifiable standards for the type, quality, and value of employee benefits that
12 an applicant must offer in order for a new job to count as a “qualifying job” for
13 purposes of the Vermont Employment Growth Incentive Program.

14 Twelfth: By striking out Sec. Z.1 in its entirety and inserting in lieu thereof
15 a new Sec. Z.1 to read:

16 Sec. Z.1. EFFECTIVE DATES

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

18 (1) Secs. A.2–A.7 (Vermont Economic Development Authority).

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

20 (3) Sec. E.4 (technical correction to business registration statute).

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

1 (5) Sec. Q.2 (tax study).

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

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

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

5 (3) Secs. H.10 (extension of sunset) and H.13–H.15 (program reviews).

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

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

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

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

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

11 (9) Secs. S.1–S.3 (Vermont Enterprise Fund; appropriation).

12 (10) Secs. T.1–T.4 (workforce housing; down payment assistance).

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

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

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

16 domestication of a corporation).

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

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

19 (A) a limited liability company formed on or after July 1, 2015; and

20 (B) except as otherwise provided in subdivision (4) of this

21 subsection, a limited liability company formed before July 1, 2015 that elects,

1 in the manner provided in its operating agreement or by law for amending the
2 operating agreement, to be subject to this act.

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

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

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

12 (e) Sec. R.1 (Financial Literacy Commission) shall take effect on July 2,
13 2016.

14 (f) Secs. H.1–H.9 (Vermont Employment Incentive Growth Program) and
15 Secs. H.11–H.12 (prospective repeal of current VEGI statute; prospective
16 repeal of authority to issue award incentives) shall take effect on January 1,
17 2018.

18
19
20 (Committee vote: _____)

1

2

Senator _____

3

FOR THE COMMITTEE