

Strike Sections H.11, H.12, and H.13 and insert:

Sec. H.11. VERMONT EMPLOYMENT GROWTH INCENTIVE **TECHNICAL** WORKING GROUP

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

(1) the State legislative economist;

(2) the State executive economist;

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

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

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

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

(b) The Technical Working Group shall review the following technical questions relating to the Vermont Employment Growth Incentive Program:

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

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

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

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

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

Sec. H.12. VERMONT EMPLOYMENT GROWTH INCENTIVE **POLICY** WORKING GROUP

(a) On or before August 15, 2016, the Agency of Commerce and Community Development shall convene a Vermont Employment Growth Incentive Policy Working Group composed of the following:

- (1) the State legislative economist or a designee of the Joint Fiscal Committee;
- (2) a policy analyst from the Agency of Commerce and Community Development;
- (4) an economic and labor market information chief from the Department of Labor;
- (5) a fiscal analyst from the Department of Taxes;
- (6) a designee of the Association of Regional Development Corporations;
- (7) a representative of the business community designated by the Governor;
- (8) a member of the public designated jointly by the Speaker of the House and the Senate Committee on Committees; and
- (9) the Executive Director of the Vermont Economic Progress Council.

(b) The Policy Working Group shall review the following policy questions relating to the Vermont Employment Growth Incentive Program:

- (1) whether the enhanced incentives available under the program are appropriate and necessary, including:
 - (A) an analysis of the growth in the environmental technology sector in Vermont as defined in the enhanced incentive for environmental technology business and whether growth in this sector obviates the need for the current enhancement;
 - (B) whether the State should forego additional net fiscal benefit under the enhancements and whether the policy objectives of the enhancements are met.
- (2) whether and how to include a mechanism in the Program for equity investments in incentive recipients or to recoup incentive payments in the event an incentive recipient is sold;
- (3) the size, industry, and profile of the businesses that historically have experienced, and are forecasted to experience, the most growth in Vermont, and whether the Program can be more targeted to these businesses;
- (4) changes to the Program to ensure incentives will benefit the creation and growth of more small businesses;
- (5) whether additional applicant and program data reporting and transparency could be accomplished without damage to applicant businesses.

(c) On or before January 15, 2018, the Policy Working Group shall report its findings, conclusions, recommendations, and supporting data for potential legislative action to the House Committees on Commerce and Economic Development, on Ways and Means, and on Appropriations, and to the Senate Committees on Economic Development, Housing and General Affairs, on Finance, and on Appropriations.

Sec. H.11. VERMONT EMPLOYMENT GROWTH INCENTIVE TECHNICAL WORKING GROUP

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

- (1) the State legislative economist;
- (2) the State executive economist;
- (3) a policy analyst from the Agency of Commerce and Community Development;
- (4) an economic and labor market information chief from the Department of Labor;
- (5) a fiscal analyst from the Department of Taxes; and
- (6) the Executive Director of the Vermont Economic Progress Council, who shall serve as a nonvoting ex officio member of the Group.

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

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

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

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

- (1) a detailed review and analysis of the enhanced incentives available under the program,
- (2) whether and how to include a mechanism in the Program for equity investments in incentive recipients or to recoup incentive payments in the event an incentive recipient is sold;
- (3) the size, industry, and profile of the businesses that historically have experienced, and are forecasted to experience, the most growth in Vermont, and whether the Program can be more targeted to these businesses;
- (4) changes to the Program to ensure incentives will benefit the creation and growth of more small businesses;
- (5) the extent to which the Program increases job opportunities for employees who are residents of Vermont;
- (6) whether the cost-benefit model is the most current and appropriate tool for evaluating fiscal impacts of the Program, whether it is effectively utilized, and for those applicants who assert that but for the incentive the scale or timing of the project would change, how to appropriately account for those changes when running the model;

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

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

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

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

Sec. H.13. VERMONT EMPLOYMENT GROWTH INCENTIVE; REVIEW; SMALL BUSINESS GROWTH

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

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

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

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