TO THE HOUSE OF REPRESENTATIVES:

The Committee on Ways and Means to which was referred Senate Bill No. 138 entitled “An act relating to promoting economic development” respectfully reports that it has considered the same and recommends that the proposal of amendment of the Committee on Commerce and Economic Development be amended as follows:

* * * Declared State Disasters * * *

First: In Sec. A.1, in 11 V.S.A. § 1702(a)(1)(B), by striking out “sales and use tax,”

Second: In Sec. A.1, in 11 V.S.A. § 1702(b), after the final period, by adding a new sentence to read: “An out-of-state business making retail sales of tangible personal property during the disaster response period shall be subject to all sales tax registration, collection, reporting, and other requirements set forth in 32 V.S.A. chapter 233.”

* * * Tourism and Marketing * * *

Third: In Sec. D.2, by striking out 3 V.S.A. § 2477 (tourism and economic development marketing funding formula) in its entirety

* * * Vermont Employment Growth Incentive; Qualifying Jobs; Benefits * * *

Fourth: In Sec. G.2, in 32 V.S.A. § 5930b(a), by inserting the following after the asterisks:
(20) “Qualifying jobs” means new, full-time Vermont jobs held by nonowners that meet the wage threshold.

(20) “Qualifying job” means a new, full-time Vermont job held by a nonowner that meets the wage threshold and for which the employer provides at least three of the following:

(A) health care benefits with 50 percent or more of the premium paid by the employer;

(B) dental assistance;

(C) paid vacation;

(D) paid holidays;

(E) child care;

(F) other extraordinary employee benefits;

(G) retirement benefits;

(H) other paid time off, including paid sick days;

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*** Vermont Employment Growth Incentive; Wage Threshold ***

Fifth: In Sec. G.2, in 32 V.S.A. § 5930b(a), by striking out subdivision (24) in its entirety and inserting in lieu thereof a new subdivision (24) to read:

(24) “Wage threshold” means the minimum annualized Vermont gross wages and salaries paid, as determined by the Council, but not less than: 
(A) 60 percent above the minimum wage at the time of application,
in order for a new job to be a qualifying job under this section; or

(B) for a business located in a labor market area in which the
unemployment rate is at least 0.5 percent higher than the average
unemployment rate for the State, the greater of:

   (i) 40 percent above the State minimum wage at the time of
application; or

   (ii) $13.00 per hour.

*** Vermont Employment Growth Incentive; Grace Period Extension ***

Sixth: In Sec. G.2, in 32 V.S.A. § 5930b(c)(6)(B), by striking out
subdivision (iii) in its entirety and inserting in lieu thereof a new subdivision
(iii) to read:

   (iii) If the Council grants an extension pursuant to this subdivision
(B), the Council shall recalculate the value of the incentive using the
cost-benefit model and the wage threshold applicable at the time the extension
is granted and shall adjust the amount of the award as is necessary to account
for the extension of the award period and the updated wage threshold.

*** Vermont Employment Growth Incentive; Value-Added VEGI ***

Seventh: In Sec. G.2, in 32 V.S.A. § 5930b, by striking out subsection (i) in
its entirety and inserting in lieu thereof a new subsection (i) to read:

   (i) Employment growth incentive for value-added business.
(1) In this subsection:

(A) “Advanced manufacturing” means:

(i) an activity that depends on the use and coordination of information, automation, computation, software, sensing, and networking, or

(ii) an activity that uses cutting edge materials and emerging capabilities enabled by the physical and biological sciences, including nanotechnology, chemistry, and biology, that includes both new ways to manufacture existing products and the manufacture of new products emerging from new advanced technologies.

(B) “Value-added business” means a person that is subject to income taxation in Vermont and whose current or prospective economic activity in Vermont for which incentives are sought under this section is certified by the Secretary of Commerce and Community Development to be primarily in one or more of the following sectors:

(i) advanced manufacturing; or

(ii) information processing or information management services, including:

(I) computer hardware or software, and information and communication technologies, such as high-level software languages, graphics hardware and software, speech and optical character recognition, high-volume information storage and retrieval, and data compression;
(II) technological applications that use biological systems, living organisms or derivatives thereof, to make or modify products or processes for specific use;

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

(IV) computer systems design services such as planning and designing computer systems that integrate computer hardware, software, and communication technologies; and

(V) computer facilities management services, such as providing on-site management and operation of clients’ computer systems or data processing facilities, or both.

(2) A value-added business located in a labor market area in which the unemployment rate is at least 0.5 percent higher than the average unemployment rate for the State may submit an application for an enhanced incentive pursuant to this subsection.

(3) The Council shall consider and administer an application and award for an enhanced incentive under this subsection pursuant to the provisions of this section, except that:

(A) the “incentive ratio” pursuant to subdivision (a)(11) of this section shall be set at 90 percent; and
(B) the “payroll threshold” pursuant to subdivision (a)(17) of this section shall be deemed to be 20 percent of the expected average industry payroll growth as determined by the cost-benefit model.

* * * Down Payment Assistance Program * * *

Eighth: In Sec. G.7, in 32 V.S.A. § 5930u(b)(2)(B), by striking out the word “sale” and inserting in lieu thereof “transfer”

* * * Cloud Tax * * *

Ninth: By striking out Sec. G.8 in its entirety (prewritten software accessed remotely) and inserting in lieu thereof Sec. G.8. “[Reserved.]”

* * * R & D Tax Credit * * *

Tenth: By striking out Sec. G.10 in its entirety (R & D tax credit) and inserting in lieu thereof Sec. G.10. “[Reserved.]”

* * * Tax Amnesty * * *

Eleventh: By adding Secs. G.11–G.12 and a reader assistance heading to read:

* * * Tax Amnesty * * *

Sec. G.11. TAX AMNESTY

(a) Notwithstanding any law to the contrary, the Commissioner of Taxes shall establish a tax amnesty program during which all penalties that could be
assessed by the Commissioner shall be waived without the need for any showing by the taxpayer of reasonable cause or the absence of willful neglect if the taxpayer, prior to the expiration of the amnesty period, files proper returns for any tax types and any period for which the taxpayer has or had a filing obligation and pays the full amount of tax shown on such return together with all interest due thereon. The amnesty program shall be established for a period of six consecutive weeks to be determined by the Commissioner, to expire not later than October 2, 2015.

(b) The amnesty program shall apply to a tax liability of any tax type for any periods for which the due date of the return was before January 26, 2015, but shall not apply to those penalties which the Commissioner would not have the sole authority to waive, including fuel taxes administered under the International Fuel Tax Agreement or under the local option portions of taxes.

(c)(1) The Commissioner shall maintain records of the amnesty provided under this section, including:

(A) the number of taxpayers provided with amnesty;

(B) the types of tax liability for which amnesty was provided and, for each type of liability:

(i) the amount of tax liability collected by the Commissioner;

(ii) the amount of penalties forgone by virtue of the amnesty; and
(iii) the total outstanding tax liability due to the State, for the period through June 30, 2015, after the collection of all funds under this section.

(2) The Commissioner shall file a report detailing the information required by subdivision (1) of this subsection with the Clerk of the House of Representatives and the Secretary of the Senate, the Joint Fiscal Committee, the House Committee on Ways and Means, and the Senate Committee on Finance not later than December 15, 2015; provided, however, that the report shall not contain information sufficient to identify an individual taxpayer or the amnesty an individual taxpayer was provided under this section.

Sec. G.12. TAX AMNESTY PROGRAM ADMINISTRATION FUNDING

(a) The Commissioner of Taxes shall supervise and direct the execution of all laws vested in the Department of Taxes by, and shall formulate and carry out all policies relating to, section G.11 of this act.

(b) The Commissioner may:

(1) adopt rules necessary to implement the provisions of this chapter; and

(3) enter into contracts and perform such acts as are necessary to accomplish the purposes of this chapter.

(c) There is hereby created a fund to be known as the Tax Amnesty Administration Fund for the purpose of providing the financial means for the
Commissioner to administer under section G.11 of this act. All fees and assessments received by the Department pursuant to such administration shall be credited to this Fund.

(1) All payments from the Tax Amnesty Administration Fund for the advertising of the Tax Amnesty Program and associated expenses, including contractual services as necessary, shall be disbursed from the State Treasury only upon warrants issued by the Commissioner, after receipt of proper documentation regarding services rendered and expenses incurred.

(2) The Commissioner may anticipate receipts to the Tax Amnesty Administration Fund and issue warrants based thereon.

*** Effective Dates ***

Twelfth: By striking out Sec. H.1 in its entirety (effective dates) and inserting in lieu thereof a new Sec. H.1 to read:

Sec. H.1. EFFECTIVE DATES

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

(1) Sec. A.3 (blockchain technology study);

(2) Sec. B.1 (Uniform Commercial Code, Article 4A);

(3) Secs. C.1–C.2 (Vermont Strong Scholars and Internship Initiative);

(4) Sec. C.4 (youth employment working group);

(5) Sec. C.5 (Vermont Governor’s Committee on Employment of People with Disabilities);
(6) Secs. C.6–C.8 (Vermont ABLE Savings Program);
(7) Sec. C.9 (Medicaid for working people with disabilities);
(8) Sec. C.10 (Vermont career technical education report);
(9) Secs. D.5–D.6 (Domestic Export Program);
(10) Secs. E.1–E.2 (Vermont Economic Development Authority; green manufacture of microbeads);
(11) Sec. E.3 (extending sunset of Treasurer’s credit facility for local investments and Treasurer’s local investment advisory committee);
(12) Sec. F.1 (deference to regional planning);
(13) Secs. F.2–F.4 (Southern Vermont Economic Development Zone);
(14) Sec. F.5 (Act 250; implementation of settlement patterns criteria);
(15) Sec. F.9 (certificate of public good; methane digesters); and

(b) The following sections shall take effect on July 1, 2015:
(1) Sec. A.1 (business rapid response to declared State disasters);
(2) Sec. A.2 (manufacture of gun suppressors);
(3) Sec. C.3 (Workforce Education and Training Fund revisions);
(4) Secs. D.1–D.4 (Tourism and marketing initiative; appropriation);
(5) Sec. E.4 (increase in license exemption for commercial lending);
(6) Sec. F.6 (municipal land use; neighborhood development area);
(7) Sec. F.7 (Act 250; primary agricultural soils);

(8) Sec. F.8 (conservation easements);

(9) Sec. G.5 (employee relocation tax credit study);

(10) Secs. G.6–G.7 (downpayment assistance program); and

(11) Sec. G.9 (wood products manufacturer incentive).

(c) In Sec. A.4, in 7 V.S.A. § 2, subdivisions (27) (definition; “special events permit”) and (28) (definition; “fourth-class license”) shall take effect on July 1, 2015. The remaining provisions of Sec. A.4 (alcoholic beverages; definitions) shall take effect on January 1, 2016.

(d) Secs. A.5–A.15 (fortified wines) shall take effect on January 1, 2016.

(e) Secs. B.2–B.9 (Uniform Commercial Code; Article 7) shall take effect on passage and shall apply as follows:

(1) This act shall apply to a document of title that is issued or a bailment that arises on or after the effective date of this act.

(2) This act does not apply to a document of title that is issued or a bailment that arises before the effective date of this act even if the document of title or bailment would be subject to this act if the document of title had been issued or bailment had arisen on or after the effective date of this act.

(3) This act does not apply to a right of action that has accrued before the effective date of this act.
(4) A document of title issued or a bailment that arises before the effective date of this act and the rights, obligations, and interests flowing from that document or bailment are governed by any statute or other rule amended or repealed by this act as if amendment or repeal had not occurred and may be terminated, completed, consummated, or enforced under that statute or other rule.

(f)(1) Notwithstanding 1 V.S.A. § 214, other than 32 V.S.A. § 5930b(c) (extension of time to meet first or second year award targets), Secs. G.1–G.4 (Vermont Employment Growth Incentive) shall take effect retroactively as of January 1, 2015:

(2) In Sec. G.2, 32 V.S.A. § 5930b(c) (extension of time to meet first or second year award targets) shall take effect on July 1, 2015.

(Committee vote: ____________)

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Representative ___________
FOR THE COMMITTEE