



**STATE OF VERMONT**  
OFFICE OF LEGISLATIVE COUNCIL

**MEMORANDUM**

From: David P. Hall, Legislative Counsel  
Date: May 4, 2015  
Subject: Section-by-section summary of draft 14.1 of the House proposal of amendment to S.138 as adopted by the House Commerce Committee.

**A. General Commerce**

***Sec. A.1 – Business Rapid Response to Declared State Disasters***

This section provides that in the event of officially declared state disaster or emergency, out of state employees of a company registered to do business in Vermont or employees of an out of state business that has a mutual assistance agreement with a Vermont electric utility may, for a 60 day period of time, do work in Vermont repairing “critical infrastructure” (communications networks and electric utility infrastructure) without being considered to have established a level of presence that would require the business to register, file, or remit State or local taxes or that would require the business or its out of state employees to be subject to any State licensing or registration requirements

***Sec. A.2 – Manufacture of Gun Suppressors***

Current Vermont law prohibits the manufacture, sale, possession, or use of a gun suppressor. This section creates an exception for a person that is a manufacturer or importer that is licensed and registered pursuant to federal law to manufacture, sell, possess, or use a gun suppressor in the ordinary course of his or her business as a manufacturer or importer.

***Sec. A. 3. – Study and Report; Blockchain Technology***

Directs the Attorney General, Department of Financial Regulation, and Secretary of State to report to the General Assembly on opportunities and risks of creating a presumption of validity for electronic facts and records that employ blockchain technology

***Secs. A.4-A.16 – Fortified Wines***

These sections amend Title 7 to do three things:

1. Create a fortified wine permit that will permit a licensed retailer of wine and beer (a second-class licensee) to also sell fortified wines containing between 16% and 23% alcohol.
  - a. The number of fortified wine permits is limited to 150 and permit holders will be required to purchase the fortified wines they sell through the Department of Liquor Control.
2. Increases the number of special events permits that a manufacturer or rectifier of alcoholic beverages can obtain from 36 per year to 104 per year.
  - a. A special events permit allows a manufacturer to conduct a tasting and sell its products to the public for a limited period of time.
3. Permits a manufacturer or rectifier of spirits or fortified wines with a licensed tasting room (fourth-class license) on its premises to serve samples of the manufacturer's product either by itself or as part of a mixed drink.
  - a. Currently, a manufacturer cannot serve a sample of its product in a mixed drink.

**B. Uniform Commercial Code**

***Sec. B.1 – Update to Article 4A***

Adopts the most recent update from NCCUSL on UCC Article 4A, to clarify that the UCC applies to certain electronic funds transfers not covered by federal law.

***Secs. B.2 – B.9 – Update to Article 7***

Adopts the most recent update from NCCUSL on UCC Article 7 and complementary changes to other Articles, which governs documents of title, including bills of lading and

warehouse receipts. The primary purpose of the update is to account for the increased use of electronic documents of title.

### **C. Workforce Education, Training, and Development**

#### ***C.1-C.2 – Vermont Strong Scholars Program and Internship Initiative***

Within the loan forgiveness program, changes “economic sectors” to “occupations” to be designated as qualifying for loan forgiveness; adds the Association of Vermont Independent Colleges to group that designates occupations; specifies that qualifying employment must be full time, and clarifies timing for enrollment and graduation. Within the internship program, eliminates duties of the “Program Intermediary,” which will be performed within DOL. On funding, specifies that availability and payment of loan forgiveness is subject to State funding available for awards.

#### ***C.3 – Amendments to WET Fund Provisions; 10 V.S.A. §§ 543-544***

Modifies language to clarify eligible activities for funding through from the Workforce Education and Training Fund and eligible participation in the Vermont Career Internship Program.

#### ***C.4 – Youth Employment Working Group***

Creates a youth employment working group to recommend measures to increase work-experience opportunities for 16 and 17 year olds in Vermont.

#### ***C.5 – Vermont Governor’s Committee on Employment of People with Disabilities***

Adds to the Committee two members: one from the Division for the Blind and Visually Impaired within DAIL, and one from the State of Vermont Office of Veterans Affairs.

#### ***C.6 – C.8 – Vermont ABLE Savings Program***

Adopts enabling legislation authorizing the Treasurer or designee to establish a Program consistent with current federal law and anticipated regulations and creates an ABLÉ Task Force within the Office of the Treasurer to advise on the design and implementation of the Program.

***C.9 – Medicaid for Working People with Disabilities***

Directs the Agency of Human Services to request appropriate permissions from the CMS and to adopt rules to address income and eligibility requirements for participants in this program who work and may have income from other program sources.

***C.10 – Vermont Career Technical Education; Study and Report***

Directs the Agency of Education, Department of Labor, Agency of Commerce and Community Development, and the Vermont State Colleges to collaborate on how to better utilize Vermont's centers for career technical education to provide training aligned with high-wage, high-skill, high-demand employment opportunities.

**D. Tourism and Economic Development Marketing**

***D.1 – Findings and Purpose***

One-time funding for an initiative to target out-of-State businesses and employees.

***D.2*** – Makes technical changes to name of DHCD; Expands Department of Tourism and Marketing mission to emphasize economic development marketing; creates funding formula in statute for marketing;

***D.3-*** Directs Department of Tourism and Marketing to deliver a legislative proposal and report to identify the goals, targets, performance measures, and results of its economic development marketing programs.

***D.4*** – \$500,000.00 appropriation for economic development marketing

***D.5-D.6. Domestic Export Program***

Codifies program and directs AAFM to pursue internal and external funding to support continued operation of program.

**E. Access to Capital**

***E.1-E.2 – Vermont Entrepreneurial Lending Program; VEDA Lending***

Expands eligible projects for VEDA lending to certain advanced manufacturers.

***E.3 – Treasurer’s Credit Facility for Local Investments; Extension of Sunset***

Extends program for one year.

***E.4 – Exemption from Lender License Requirements for Commercial Loans***

Raises exemption from licensure for loans, other than residential mortgage loans, from \$75,000 to \$250,000.00.

**F. Natural Resources, Land Use, and Planning**

***F.1 – Economic Development Strategy; Deference to Regional Plans***

Directs executive branch to defer to adopted regional plan or CEDS when allocating resources for adverse local impacts from major employer activity.

***F.2-F.4 – Southern Vermont Economic Development Zone***

F.2 - Findings and purpose;

F.3 - establishes Southern Vermont Economic Development Zone

F.4 – establishes Southern Vermont Economic Development Zone Study Committee and requires report on design and implementation of the Zone

***F.5 – Act 250; Implementation of Criterion 9(L)***

This section directs the Natural Resources Board to engage in a public process leading to revisions to its procedures for implementing the settlement patterns criterion (9L) added last year to Act 250.

The section also directs the Agency of Commerce and Community Development, in conjunction with the Natural Resources Board and the Agency of Natural Resources, to develop outreach materials for Criterion 9L and a training plan for developers, local officials, and others.

***F.6-F.7 – Municipal Land Use; Vermont Neighborhood Development Area; Act 250; Primary Agricultural Soils***

These sections are housekeeping. They revise statutes to conform to prior acts. Sec. F.6 corrects a statute to reflect the creation in 2013 of a designation for neighborhood development areas. Sec. F.7 corrects a different statute to reflect the expansion in 2014 of Act 250's 1:1 ratio for mitigating primary agricultural soils from designated growth centers only to other designated areas such as designated downtowns.

***F.8 – Acquisition of Land by Public Agencies; Conservation Easements***

This section provides that if an organization, such as a land trust, acquires property subject to a conservation easement that it owns, then the easement stays in effect.

***F.9 – Certificate of Public Good; Methane Digesters***

This clarifies the scope of the Public Service Board's jurisdiction over stand-alone electric generation facilities that are methane digesters using feedstock from off-site farms and states that this jurisdiction shall not include the farms contributing the feedstock.

**G. Tax Credits and Business Incentives**

***G.1-G.4 – Vermont Employment Growth Incentive Provisions***

**G.1** – makes necessary technical change to 32 V.S.A. § 5930a

G.2 – amends 32 V.S.A. § 5930b as follows:

- (a)(24)(B) - changes wage threshold to include jobs that pay 40% above minimum wage if located in a labor market area where unemployment rate is greater than State average
- (b)(5)(A)-(B) – codifies existing \$1 million cap for “net negative” awards in labor market areas; authorizes E-Board to raise \$1 m cap for “net negative” awards
- (c)(6)(A)-(B) - authorizes extension of award period for business who don’t meet targets due to circumstances beyond its control;
- (h) - creates enhanced training incentive
- (i) – creates enhanced employment growth incentive for value-added businesses
- (j) – codifies existing \$10 million aggregate program cap and existing E-Board authority to raise cap

G.3 – repeals session law relating to program caps; codified above

G.4 – makes conforming technical change to 10 VSA § 531 (Vermont Training Program)

***G.5 – Employee Relocation Tax Credit Study***

Creates study committee to study and report on a credit for out-of-state employee for relocation expenses for a qualifying Vermont job.

***G.6-G.7 – Downpayment Assistance Program***

Authorizes VHFA to make downpayment assistance loans to qualifying first-time homebuyers.

***G.8 – Prewritten Software Accessed Remotely***

Clarifies applicability of “cloud tax.”

***G.9 – Wood Products Manufacturer Incentive*** – extends for one additional year

***G.10 – Research and Development Tax Credit***

Restores credit to 30% and eliminates reporting requirement.

**H. Effective Dates**