

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

3 Referred to Committee on

4 Date:

5 Subject: Commerce and trade; economic development

6 Statement of purpose of bill as introduced: This bill proposes to adopt
7 multiple economic development provisions

8 An act relating to promoting economic development

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

10 * * * Vermont Strong Scholars Program * * *

11 Sec. 1. 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.

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

3 (A) encourage students to:

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

6 (ii) enroll and remain enrolled in a Vermont postsecondary
7 institution; and

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

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

12 (C) provide experiential learning through internship opportunities
13 with Vermont employers; and

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

16 (b) Vermont Strong Loan Forgiveness Program.

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

18 (A) Annually, on or before November 15, the Secretary of Commerce
19 and Community Development and the Commissioner of Labor, in consultation
20 with the Vermont State Colleges, the University of Vermont, the Vermont
21 Student Assistance Corporation, the Secretary of Human Services, and the

1 Secretary of Education, shall identify ~~economic sectors~~ occupations, projecting
2 at least four years into the future, that are or will be critical to the Vermont
3 economy.

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

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

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

17 (B) enrolled in his or her first year of study at a postsecondary
18 institution on or after July 1, 2015 and completed an associate's degree within
19 three years, or a bachelor's degree within six years of his or her enrollment
20 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 is subject to State funding available for the awards.

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

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

12 * * * Tourism and Marketing * * *

13 Sec. 2. TOURISM AND MARKETING INITIATIVE

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

1 (b) The appropriation provided in subsection (a) of this section is
2 contingent on a General Fund surplus at the end of fiscal year 2016 adequate to
3 support the appropriation.

4 * * * Vermont Employment Growth Incentive * * *

5 Sec. 3. 32 V.S.A. § 5930a(c)(2) is amended to read:

6 (2) The new jobs should make a net positive contribution to employment
7 in the area, and meet or exceed the ~~prevailing compensation level including~~
8 ~~wages and benefits, for the particular employment sector~~ livable wage at the
9 time of application, as calculated pursuant to 2 V.S.A. § 505(a)(3). The new
10 jobs should offer benefits and opportunities for advancement and professional
11 growth consistent with the employment sector.

12 Sec. 4. 32 V.S.A. § 5930b is amended to read:

13 § 5930b. VERMONT EMPLOYMENT GROWTH INCENTIVE

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

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

19 (2) “Application base payroll” means the total Vermont gross wages and
20 salaries paid to full-time, nonowner employees on an annualized basis at the

1 time of application, including employees who have been laid off or otherwise
2 terminated within six months prior to the date of application.

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

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

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

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

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

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

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

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

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

6 (12) [Repealed.]

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

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

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

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

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

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

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

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

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

11 (A) award period year base payroll; minus

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

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

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

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

4 (24) “Wage threshold” means the minimum annualized Vermont gross
5 wages and salaries paid, as determined by the Council, but not less than
6 ~~60 percent above the minimum wage at the time of application, in order for a~~
7 ~~new job to be a qualifying job under this section~~ the livable wage at the time of
8 application, as calculated pursuant to 2 V.S.A. § 505(a)(3).

9 (b) Authorization process.

10 (1) A business may apply to the Vermont Economic Progress Council
11 for approval of a performance-based employment growth incentive to be paid
12 out of the business’s withholding account upon approval by the Department of
13 Taxes pursuant to the conditions set forth in this section. Businesses shall not
14 be permitted to deduct approved incentives from withholding liability
15 payments otherwise due. In addition to any other information that the Council
16 may require in order to fulfill its obligations under section 5930a of this title,
17 an employment growth incentive application shall include all the following
18 information:

19 (A) application base number of jobs;

20 (B) total jobs at time of application;

21 (C) application base payroll;

- 1 (D) total payroll at time of application;
- 2 (E) jobs target for each year in the award period;
- 3 (F) payroll target for each year in the award period;
- 4 (G) capital investment target for each year in the award period; and
- 5 (H) a statement signed by the president or chief executive officer or
- 6 equivalent acknowledging that to the extent the applicant fails to meet the
- 7 minimum capital investment by the end of the award period, any incentives
- 8 remaining to be earned shall be limited, and any incentives taken shall be
- 9 subject to complete or partial reversal, pursuant to subdivisions (c)(10) and
- 10 (11) of this section.

11 (2) The Council shall review each application in accordance with

12 section 5930a of this title, except that the Council may provide for an initial

13 approval pursuant to the conditions set forth in subsection 5930a(c), followed

14 by a final approval at a later date, before December 31 of the calendar year in

15 which the economic activity commences.

16 (3) Except as provided in subdivision (5) of this subsection, the value of

17 the incentives will be dependent upon the net fiscal benefit resulting from

18 projected qualifying payroll and qualifying capital investment. An incentive

19 ratio shall be applied to the net fiscal benefit generated by the cost-benefit

20 model in order to determine the maximum award the Council may authorize

21 for each application it approves. The Council may establish a threshold for

1 wages in excess of, but not less than, the wage threshold, as defined in
2 subsection (a) of this section for individual applications the Council wishes to
3 approve. The Council shall calculate an incentive percentage for each
4 approved application as follows:

5
$$\text{Authorized award amount} \div \text{the five-year sum of all payroll targets}$$

6 (4) An approval shall specify: the application base jobs at the time of the
7 application; total jobs at time of application; the application base payroll; total
8 payroll at time of application; the incentive percentage; the wage threshold; the
9 payroll thresholds; a job target for each year of the award period; a payroll
10 target for each year of the award period; a capital investment target for each
11 year of the award period and description sufficient for application of
12 subdivisions (c)(10) and (11) of this section of the nature of qualifying capital
13 investment over the award period upon which approval shall be conditioned;
14 and the amount of the total award. The Council shall provide a copy of each
15 approval to the Department of Taxes along with a copy of the application
16 submitted by that applicant.

17 (5) Notwithstanding subdivision (3) of this subsection, the Council may
18 authorize incentives in excess of net fiscal benefit multiplied by the incentive
19 ratio ~~not to exceed an annual authorization established by law~~ for awards to
20 businesses located in a labor market area of this State in which the rate of
21 unemployment is greater than the average for the State or in which the average

1 annual wage is below the average annual wage for the State. As used in this
2 subdivision, a “labor market area” shall be as determined by the Department of
3 Labor.

4 (c) Claiming an employment growth incentive.

5 * * *

6 (6)(A) A business whose application is approved and, in the first,
7 second, or third year of the award period, fails to meet or exceed its payroll
8 target and one out of two of its jobs and capital investment targets may not
9 claim incentives in that year. To the extent such business reaches its first,
10 second, or third year award period targets within the succeeding two calendar
11 year reporting periods immediately succeeding year one, two, or three of the
12 award period, or within the extended period if an extension is granted under
13 subdivision (B) of this subdivision (6), whichever is applicable, such business
14 may claim incentives in five-year installments as provided in subdivisions (1)
15 through (4) of this subsection. A business which fails to meet or exceed its
16 payroll target and one of its two jobs and capital investment targets within this
17 time frame shall forfeit all authority under this section to earn and claim
18 incentives for award period year one, two, or three, as applicable, and any
19 future award period years. The Department of Taxes shall notify the Vermont
20 Economic Progress Council that the first, second, or third year award period
21 targets have not been met within the prescribed period, and the Council shall

1 rescind authority for the business to earn incentives for the activity in year one,
2 two, or three, as applicable, and any future award period years.

3 (B) Notwithstanding subdivision (A) of this subdivision (6), upon
4 notification by the Department of Taxes that a business has not reached its first
5 or second year award period targets within the succeeding two calendar year
6 reporting periods, the Vermont Economic Progress Council may review the
7 circumstances that caused the business to fail to meet the targets within the
8 required time period. If the Council determines that there is a reasonable
9 likelihood that the business will meet the award period targets, the Council
10 may extend the period to meet the targets for another two reporting periods,
11 reviewed annually, for award year one, and one reporting period for award
12 year two.

13 * * *

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

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

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

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

3 (2) If the business successfully completes new employee training
4 pursuant to the terms of its training grant and uses incentive funds to cover a
5 25 percent share of the training costs, the Agency of Commerce and
6 Community Development shall disburse grant funds for on-the-job training of
7 not more than 75 percent of wages for each employee in training, or not more
8 than 75 percent of trainer expense upon successful completion of training
9 hours.

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

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

17 (5) Upon notification by the Council, the Department of Taxes shall
18 disburse the full remaining value of the business's incentive, less the value of
19 the reimbursement to the Vermont Training Program for training expenses
20 pursuant to subdivision (3) of this subsection.

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

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

12 (i) Overall gross cap on total employment growth incentive and education
13 tax incentive authorizations. For any calendar year, the total amount of
14 employment growth incentives the Vermont Economic Progress Council is
15 authorized to approve under this section and property tax stabilizations under
16 32 V.S.A. § 5404a(a) shall not exceed \$10,000,000.00 from the General Fund
17 and Education Fund combined each year. This maximum annual amount may
18 be exceeded by the Vermont Economic Progress Council upon application to
19 and approval by the Emergency Board.

1 Sec. 5. 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. 6. 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. 7. 32 V.S.A. § 5930v is added to read:

2 § 5930v. ANGEL INVESTOR TAX CREDIT

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

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

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

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

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

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

20 (c)(1) To claim a credit pursuant to this section a qualified taxpayer shall
21 submit to the Vermont Economic Progress Council documentation and any

1 additional information requested by the Council necessary to demonstrate
2 compliance with the requirements of this section.

3 (2) The Council, 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 primarily engaged in manufacturing; or

20 (ii) is a knowledge-based business;

1 (I) whose value is based on intellectual property rights or
2 similar intangible assets; and

3 (II) whose primary purpose is to apply knowledge to
4 differentiate itself from other businesses through research, design,
5 development, or novel adaptation of inventions, original works, industrial
6 designs, computer software, information technology, or similar innovative
7 intellectual products and services.

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

10 (6) “Substantial owner” means a person who, after the investment, has
11 greater than 40 percent ownership interest in the qualified business, including
12 attribution of ownership interests of the individual’s spouse, parents, spouse’s
13 parents, siblings, and children; or is a person who is controlled by, or has
14 actual control of, the qualified business through any combination of ownership
15 and management.

16 Sec. 8. STRATEGIC EMPLOYER DESIGNATION

17 (a) The Governor shall have the authority to designate as a “Strategic
18 Employer” a for-profit businesses that is an export-oriented, dollar-importing
19 economic contributor and employer.

1 (b) The Governor may designate up to 10 businesses in each county, except
2 Chittenden County, where he or she may designate up to 15 businesses. The
3 period of the designation shall be three years.

4 (c) Notwithstanding any provision of law to the contrary, pursuant to
5 procedures adopted by the Agency of Commerce and Community
6 Development for the purpose of implementing this section, during the period
7 of designation a Strategic Employer shall be eligible to receive:

8 (1) targeted property tax incentives;

9 (2) energy surcharge exemptions;

10 (3) access to lower-cost electric rates;

11 (4) priority authorization and allocation of funding for workforce
12 education and training funds and programs; and

13 (5) priority authorization and allocation of funding for Vermont
14 Employment Growth Incentives.

15 Sec. 9. ALLOCATION OF VEGI REVENUES FOR WORKFORCE

16 TRAINING

17 Notwithstanding any provision of law to the contrary, the Secretary of
18 Administration shall have the authority to allocate up to 20 percent of the
19 State's share of revenues generated by earnings through the Vermont
20 Employment Growth Incentive, up to \$2.5 million, to the Agency of

1 Commerce and Community Development to provide workforce training for
2 Vermont employers in advance manufacturing and information technology.

3 Sec. 10. ADVANCED MANUFACTURING AND INFORMATION
4 TECHNOLOGY PROGRAMS

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

8 (1) Advanced Technology and Information Technology Readiness
9 Training Program. This training program shall provide training in critical,
10 immediate-term workforce need areas including technicians, mechanical and
11 technical skills, machinist training, web and graphic development, coding, and
12 health care technology services.

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

20 Sec. 11. 32 V.S.A. § 5930u is amended to read:

21 § 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

1 (a) As used in this section:

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

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

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

5 and eligible (c)(1) or that qualifies under the Vermont Housing Finance

6 Agency allocation plan criteria governing owner-occupied housing.

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

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

10 (4) “Committee” means the Joint Committee on Tax Credits consisting
11 of five members; a representative from the Department of Housing and
12 Community Affairs, the Vermont Housing and Conservation Board, the
13 Vermont Housing Finance Agency, the Vermont State Housing Authority, and
14 the Office of the Governor.

15 (5) “Credit certificate” means a certificate issued by the allocating
16 agency to a taxpayer that specifies the amount of affordable housing tax credits
17 that can be applied against the taxpayer’s individual or corporate income tax or
18 franchise or insurance premium tax liability as provided in this subchapter.

19 (6) “Eligible applicant” means any municipality, private sector
20 developer, ~~department of state government as defined in 10 V.S.A. § 6302(a),~~
21 State agency as defined in 10 V.S.A. § 6301a, the Vermont Housing Finance

1 Agency, or a nonprofit organization qualifying under 26 U.S.C. § 501(c)(3), or
2 cooperative housing organization, the purpose of which is ~~the creation and~~
3 ~~retention of~~ to create and retain affordable housing for lower income
4 Vermonters; and ~~the~~ which has in its bylaws that require a requirement that
5 ~~housing to~~ the housing the organization creates be maintained as affordable
6 housing for lower income Vermonters on a perpetual basis.

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

11 (8) “Section 42 credits” means tax credit provided by 26 U.S.C.
12 §§ 38 and 42.

13 (9) “Allocation plan” means the plan recommended by the Committee
14 and approved by the Vermont Housing Finance Agency, which sets forth the
15 eligibility requirements and process for selection of eligible housing projects to
16 receive affordable housing tax credits under this section. The allocation plan
17 shall include:

18 (A) requirements for creation and retention of affordable housing for
19 ~~low income~~ persons, with low income; and

20 (B) requirements to ensure that eligible housing is maintained as
21 affordable by subsidy covenant, as defined in 27 V.S.A. § 610 on a perpetual

1 basis, and meets all other requirements of the Vermont Housing Finance
2 Agency related to affordable housing.

3 (b) Eligible tax credit allocations.

4 (1) Affordable housing credit allocation.

5 (A) An eligible applicant may apply to the allocating agency for an
6 allocation of affordable housing tax credits under this section related to an
7 affordable housing project authorized by the allocating agency under the
8 allocation plan. In the case of a specific affordable rental housing project, the
9 eligible applicant ~~must~~ shall also be the owner or a person having the right to
10 acquire ownership of the building and ~~must~~ shall apply prior to placement of
11 the affordable housing project in service. In the case of owner-occupied
12 housing units, the applicant ~~must apply prior to purchase of the unit and must~~
13 shall ensure that the allocated ~~funds will be used to ensure that the housing~~
14 qualifies or program funds remain as an affordable housing resource for all
15 future owners ~~of the housing~~. The allocating agency shall issue a letter of
16 approval if it finds that the applicant meets the priorities, criteria, and other
17 provisions of subdivision ~~(2)(B)~~ of this ~~subsection~~ subdivision (1). The burden
18 of proof shall be on the applicant.

19 ~~(2)(B)~~ Upon receipt of a completed application, the allocating agency
20 shall award an allocation of affordable housing tax credits with respect to a
21 project ~~under this section shall be granted~~ to an applicant, provided the

1 applicant demonstrates to the satisfaction of the ~~committee~~ allocating agency
2 all of the following:

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

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

9 (2) Down payment assistance program.

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

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

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

17 (iii) the borrower uses the loan for the borrower's down payment,
18 or closing costs, or both.

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

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

3 (c) Amount of credit. A taxpayer who makes an eligible cash contribution
4 shall be entitled to claim against the taxpayer's individual income, corporate,
5 franchise, or insurance premium tax liability a credit in an amount specified on
6 the taxpayer's credit certificate. The first-year allocation of a credit amount to
7 a taxpayer shall also be deemed an allocation of the same amount in each of
8 the following four years.

9 (d) Availability of credit. The amount of affordable housing tax credit
10 allocated with respect to a project shall be available to the taxpayer every year
11 for five consecutive tax years, beginning with the tax year in which the eligible
12 cash contribution is made. Total tax credits available to the taxpayer shall be
13 the amount of the first-year allocation plus the succeeding four years' deemed
14 allocations.

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

1 (f) ~~{Deleted.}~~ [Repealed.]

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

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

7 (B) \$300,000.00 per year for owner-occupied unit applicants
8 financing or down payment loans consistent with the allocation plan, including
9 for new construction and manufactured housing, for a total aggregate limit of
10 \$1,500,000.00 over any given five-year period that credits are available under
11 this subdivision.

12 (2) In fiscal years 2016 through 2020, the allocating agency may award
13 up to \$125,000.00 per year for loans through the down payment assistance
14 program created in subdivision (b)(2) of this section for a total aggregate limit
15 of \$625,000.00 over the five-year period that credits are available under this
16 subdivision.

17 (h) ~~In any fiscal year, total first-year allocations plus succeeding-year~~
18 ~~deemed allocations shall not exceed \$3,500,000.00.~~ The aggregate limit for all
19 credit allocations available under this section in any fiscal year is
20 \$4,125,000.00.

21 Sec. 12. 10 V.S.A. § 280BB is amended:

1 § 280BB. VERMONT ENTREPRENEURIAL LENDING PROGRAM

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

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

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

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

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

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

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

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

11 (3) The business adopts energy and thermal efficiency practices in its
12 operations or otherwise operates in a way that reflects a commitment to green
13 energy principles.

14 (4) The business will create jobs that pay a livable wage and significant
15 benefits to Vermont employees.

16 (d) The Authority shall include provisions in the terms of an loan made
17 under the Program to ensure that a loan recipient shall maintain operations
18 within the State for a minimum of five years from the date on which the
19 recipient receives the loan funds from the Authority or shall otherwise be
20 required to repay the outstanding funds in full.

1 Sec. X. EFFECTIVE DATES

2 This act shall take effect on July 1, 2015, except, notwithstanding 1 V.S.A.
3 § 214, Secs. 3–6 (Vermont Employment Growth Incentive provisions) shall
4 take effect retroactively as of January 1, 2015.

5