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S.138

Introduced by Committee on Economic Development, Housing and General
Affairs

Date:

Subject: Commerce and trade; economic development

Statement of purpose of bill as introduced: This bill proposes to promote economic development through provisions relating to the Vermont Employment Growth Incentive (VEGI) program, education and workforce training, tourism and marketing, targeted tax credits for motion picture production, angel investors, millennial enterprise zones, first-time homebuyer down payment assistance, manufacturing and energy rates, land use and economic development planning, and business growth and access to capital.

An act relating to promoting economic development

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

* * * Vermont Employment Growth Incentive * * *

Sec. 1. 32 V.S.A. § 5930a(c)(2) is amended to read:

(2) The new jobs should make a net positive contribution to employment in the area, and meet or exceed the ~~prevailing compensation level including wages and benefits, for the particular employment sector~~ livable wage at the time of application, as calculated pursuant to 2 V.S.A. § 505(a)(3). The new

1 jobs should offer benefits and opportunities for advancement and professional
2 growth consistent with the employment sector.

3 Sec. 2. 32 V.S.A. § 5930b is amended to read:

4 § 5930b. VERMONT EMPLOYMENT GROWTH INCENTIVE

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

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

10 (2) “Application base payroll” means the total Vermont gross wages and
11 salaries paid to full-time, nonowner employees on an annualized basis at the
12 time of application, including employees who have been laid off or otherwise
13 terminated within six months prior to the date of application.

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

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

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

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

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

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

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

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

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

17 (12) [Repealed.]

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

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

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

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

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

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

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

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

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

1 (A) award period year base payroll; minus

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

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

7 (22) "Utilization period" means the period during which incentives can
8 be claimed, and includes each year of the award period plus the four years
9 immediately following each year of the award period.

10 (23) "Vermont gross wages and salaries" means Medicare wages as
11 reported on Federal Tax Form W2 to the extent those wages are Vermont
12 wages, excluding income from nonstatutory stock options.

13 (24) "Wage threshold" means the minimum annualized Vermont gross
14 wages and salaries paid, as determined by the Council, but not less than
15 ~~60 percent above the minimum wage at the time of application, in order for a~~
16 ~~new job to be a qualifying job under this section~~ the livable wage at the time of
17 application, as calculated pursuant to 2 V.S.A. § 505(a)(3).

18 (b) Authorization process.

19 (1) A business may apply to the Vermont Economic Progress Council
20 for approval of a performance-based employment growth incentive to be paid
21 out of the business's withholding account upon approval by the Department of

1 Taxes pursuant to the conditions set forth in this section. Businesses shall not
2 be permitted to deduct approved incentives from withholding liability
3 payments otherwise due. In addition to any other information that the Council
4 may require in order to fulfill its obligations under section 5930a of this title,
5 an employment growth incentive application shall include all the following
6 information:

- 7 (A) application base number of jobs;
- 8 (B) total jobs at time of application;
- 9 (C) application base payroll;
- 10 (D) total payroll at time of application;
- 11 (E) jobs target for each year in the award period;
- 12 (F) payroll target for each year in the award period;
- 13 (G) capital investment target for each year in the award period; and
- 14 (H) a statement signed by the president or chief executive officer or
15 equivalent acknowledging that to the extent the applicant fails to meet the
16 minimum capital investment by the end of the award period, any incentives
17 remaining to be earned shall be limited, and any incentives taken shall be
18 subject to complete or partial reversal, pursuant to subdivisions (c)(10) and
19 (11) of this section.

20 (2) The Council shall review each application in accordance with
21 section 5930a of this title, except that the Council may provide for an initial

1 approval pursuant to the conditions set forth in subsection 5930a(c), followed
2 by a final approval at a later date, before December 31 of the calendar year in
3 which the economic activity commences.

4 (3) Except as provided in subdivision (5) of this subsection, the value of
5 the incentives will be dependent upon the net fiscal benefit resulting from
6 projected qualifying payroll and qualifying capital investment. An incentive
7 ratio shall be applied to the net fiscal benefit generated by the cost-benefit
8 model in order to determine the maximum award the Council may authorize
9 for each application it approves. The Council may establish a threshold for
10 wages in excess of, but not less than, the wage threshold, as defined in
11 subsection (a) of this section for individual applications the Council wishes to
12 approve. The Council shall calculate an incentive percentage for each
13 approved application as follows:

14
$$\text{Authorized award amount} \div \text{the five-year sum of all payroll targets}$$

15 (4) An approval shall specify: the application base jobs at the time of the
16 application; total jobs at time of application; the application base payroll; total
17 payroll at time of application; the incentive percentage; the wage threshold; the
18 payroll thresholds; a job target for each year of the award period; a payroll
19 target for each year of the award period; a capital investment target for each
20 year of the award period and description sufficient for application of
21 subdivisions (c)(10) and (11) of this section of the nature of qualifying capital

1 investment over the award period upon which approval shall be conditioned;
2 and the amount of the total award. The Council shall provide a copy of each
3 approval to the Department of Taxes along with a copy of the application
4 submitted by that applicant.

5 (5) Notwithstanding subdivision (3) of this subsection, the Council may
6 authorize incentives in excess of net fiscal benefit multiplied by the incentive
7 ratio ~~not to exceed an annual authorization established by law~~ for awards to
8 businesses located in a labor market area of this State in which the rate of
9 unemployment is greater than the average for the State or in which the average
10 annual wage is below the average annual wage for the State. As used in this
11 subdivision, a "labor market area" shall be as determined by the Department of
12 Labor.

13 (c) Claiming an employment growth incentive.

14 * * *

15 (6)(A) A business whose application is approved and, in the first,
16 second, or third year of the award period, fails to meet or exceed its payroll
17 target and one out of two of its jobs and capital investment targets may not
18 claim incentives in that year. To the extent such business reaches its first,
19 second, or third year award period targets within the succeeding two calendar
20 year reporting periods immediately succeeding year one, two, or three of the
21 award period, or within the extended period if an extension is granted under

1 subdivision (B) of this subdivision (6), whichever is applicable, such business
2 may claim incentives in five-year installments as provided in subdivisions (1)
3 through (4) of this subsection. A business which fails to meet or exceed its
4 payroll target and one of its two jobs and capital investment targets within this
5 time frame shall forfeit all authority under this section to earn and claim
6 incentives for award period year one, two, or three, as applicable, and any
7 future award period years. The Department of Taxes shall notify the Vermont
8 Economic Progress Council that the first, second, or third year award period
9 targets have not been met within the prescribed period, and the Council shall
10 rescind authority for the business to earn incentives for the activity in year one,
11 two, or three, as applicable, and any future award period years.

12 (B) Notwithstanding subdivision (A) of this subdivision (6), upon
13 notification by the Department of Taxes that a business has not reached its first
14 or second year award period targets within the succeeding two calendar year
15 reporting periods, the Vermont Economic Progress Council may review the
16 circumstances that caused the business to fail to meet the targets within the
17 required time period. If the Council determines that there is a reasonable
18 likelihood that the business will meet the award period targets, the Council
19 may extend the period to meet the targets for another two reporting periods,
20 reviewed annually, for award year one, and one reporting period for award
21 year two.

1 * * *

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

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

6 (A) notifying the Council of its intent to pursue an enhanced training
7 incentive and dedicate its incentive funds to training through the Vermont
8 Training Program or a Workforce Education and Training Fund program; and

9 (B) applying for a grant from the Vermont Training Program or the
10 Workforce Education and Training Fund to perform training for new
11 employees who hold qualifying jobs.

12 (2) If the business successfully completes new employee training
13 pursuant to the terms of its training grant and uses incentive funds to cover a
14 25 percent share of the training costs, the Agency of Commerce and
15 Community Development, or the Department of Labor, as applicable, shall
16 disburse grant funds for on-the-job training of not more than 75 percent of
17 wages for each employee in training, or not more than 75 percent of trainer
18 expense upon successful completion of training hours.

19 (3) The Department of Taxes shall reimburse the Agency or the
20 Department for 25 percent of the wages or trainer expense incurred by the

1 Vermont Training Program or the Workforce Education and Training Fund
2 pursuant to subdivision (2) of this subsection.

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

7 (5) Upon notification by the Council, the Department of Taxes shall
8 disburse the full remaining value of the business's incentive, less the value of
9 the reimbursement to the Vermont Training Program or the Workforce
10 Education and Training Fund for training expenses pursuant to subdivision (3)
11 of this subsection.

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

18 (B) The amount of recapture shall equal the sum of the installments
19 that the Department would have disbursed if it had paid the incentive in
20 five-year installments pursuant to subdivision (c)(2) of this section for the

1 years during the utilization period that the qualifying jobs or qualifying payroll
2 were not maintained.

3 (i) Employment growth incentive for value-added business.

4 (1) As used in this subsection, a “value-added business” means a person
5 that is subject to income taxation in Vermont and whose current or prospective
6 economic activity in Vermont for which incentives are sought under this
7 section is certified by the Secretary of Commerce and Community
8 Development to be primarily in one or more of the following sectors:

9 (A) production of tangible products, other than real estate; or

10 (B) information processing or information management services,

11 including:

12 (i) computer hardware or software, and information and
13 communication technologies, such as high-level software languages, graphics
14 hardware and software, speech and optical character recognition, high-volume
15 information storage and retrieval, and data compression;

16 (ii) technological applications that use biological systems, living
17 organisms or derivatives thereof, to make or modify products or processes for
18 specific use;

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

1 (iv) computer systems design services such as planning and
2 designing computer systems that integrate computer hardware, software, and
3 communication technologies;

4 (v) computer facilities management services, such as providing
5 on-site management and operation of clients' computer systems and/or data
6 processing facilities.

7 (2) Any application for a Vermont employment growth incentive under
8 this section for a value-added business shall be considered and administered
9 pursuant to all provisions of this section, except that:

10 (A) the "incentive ratio" pursuant to subdivision (a)(11) of this
11 section shall be set at 90 percent; and

12 (B) the "payroll threshold" pursuant to subdivision (a)(17) of this
13 section shall be deemed to be 20 percent of the expected average industry
14 payroll growth as determined by the cost-benefit model.

15 (j) Overall gross cap on total employment growth incentive and education
16 tax incentive authorizations.

17 (1) For any calendar year, the total amount of employment growth
18 incentives the Vermont Economic Progress Council is authorized to approve
19 under this section and property tax stabilizations under 32 V.S.A. § 5404a(a)
20 shall not exceed \$10,000,000.00 from the General Fund and Education Fund
21 combined each year.

1 (2) This maximum annual amount may be exceeded by the Vermont
2 Economic Progress Council upon application to and approval by the
3 Emergency Board.

4 Sec. 3. 2006 Acts and Resolves No. 184, Sec. 11 is amended to read:

5 Sec. 11. ~~VEGI; ANNUAL CALENDAR YEAR CAPS~~

6 ~~(a) Net negative awards cap. Notwithstanding any other provision of law,~~
7 ~~in any calendar year, the annual authorization for the total net fiscal cost of~~
8 ~~Vermont employment growth incentives that the Vermont economic progress~~
9 ~~council or the economic incentive review board may approve under 32 V.S.A.~~
10 ~~§ 5930b(b)(5) shall not exceed \$1,000,000.00 from the general fund.~~

11 ~~(b) Restrictions to labor market area. Employment growth incentives within~~
12 ~~the annual authorization amount in subsection (a) of this section shall be~~
13 ~~granted solely for awards to businesses located in a labor market area of this~~
14 ~~state in which the rate of unemployment is greater than the average for the~~
15 ~~state or in which the average annual wage is below the average annual wage~~
16 ~~for the state. For the purposes of this section, a "labor market area" shall be as~~
17 ~~determined by the department of labor.~~

18 ~~(c) Overall gross cap on total employment growth incentive and education~~
19 ~~tax incentive authorizations. For any calendar year, the total amount of~~
20 ~~employment growth incentives the Vermont economic progress council or the~~
21 ~~economic incentive review board is authorized to approve under 32 V.S.A.~~

1 ~~§ 5930b and property tax stabilizations and allocations under 32 V.S.A.~~
2 ~~§ 5404a(a) and (e) shall not exceed \$10,000,000.00 from the general fund and~~
3 ~~education fund combined each year. This maximum annual amount may be~~
4 ~~exceeded by the Vermont economic progress council upon application to and~~
5 ~~approval by the Emergency Board. [Repealed.]~~

6 Sec. 4. 10 V.S.A. § 531(d) is amended to read:

7 (d) In order to avoid duplication of programs or services and to provide the
8 greatest return on investment from training provided under this section, the
9 Secretary of Commerce and Community Development shall:

10 (1) consult with the Commissioner of Labor regarding whether the
11 grantee has accessed, or is eligible to access, other workforce education and
12 training resources;

13 (2) disburse grant funds only for training hours that have been
14 successfully completed by employees; provided that, except for an award
15 under an enhanced training incentive as provided in 32 V.S.A. § 5930b(h), a
16 grant for on-the-job training shall either provide not more than 50 percent of
17 wages for each employee in training, or not more than 50 percent of trainer
18 expense, but not both, and further provided that training shall be performed in
19 accordance with a training plan that defines the subject of the training, the
20 number of training hours, and how the effectiveness of the training will be
21 evaluated; and

1 (3) use funds under this section only to supplement training efforts of
2 employers and not to replace or supplant training efforts of employers.

3 Secs. 5–9. [Reserved]

4 * * * Education and Workforce Training * * *

5 Sec. 10. VERMONT STRONG SCHOLARS LOAN FORGIVENESS

6 FINDINGS; INTENT.

7 The General Assembly finds that the fundamental fairness, integrity, and
8 success of the Vermont Strong Scholars loan forgiveness program under
9 Sec. 11 of this act, whereby graduating high school students will be counseled
10 and encouraged to apply to Vermont schools, take certain courses, graduate
11 and then take certain Vermont jobs, in exchange for student loan forgiveness,
12 is critically dependent on the State providing reliable, sustainable, and
13 adequate funding for the loan forgiveness.

14 Sec. 11. 16 V.S.A. § 2888 is amended to read:

15 § 2888. VERMONT STRONG SCHOLARS AND INTERNSHIP

16 INITIATIVE

17 (a) Creation.

18 (1) There is created a postsecondary loan forgiveness and internship
19 initiative designed to forgive a portion of Vermont Student Assistance
20 Corporation loans of students employed in ~~economic sectors~~ occupations

1 identified as important to Vermont's economy and to build internship
2 opportunities for students to gain work experience with Vermont employers.

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

5 (A) encourage students to:

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

8 (ii) enroll and remain enrolled in a Vermont postsecondary
9 institution; and

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

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

14 (C) provide experiential learning through internship opportunities
15 with Vermont employers; and

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

18 (b) Vermont Strong Loan Forgiveness Program.

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

20 (A) Annually, on or before November 15, the Secretary of Commerce
21 and Community Development and the Commissioner of Labor, in consultation

1 with the Vermont State Colleges, the University of Vermont, the Association
2 of Vermont Independent Colleges, the Vermont Student Assistance
3 Corporation, the Secretary of Human Services, and the Secretary of Education,
4 shall identify ~~economic sectors~~ occupations, projecting at least four years into
5 the future, that are or will be critical to the Vermont economy.

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

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

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

19 (B) enrolled in his or her first year of study at a postsecondary
20 institution on or after July 1, 2015 and completed an associate's degree within

1 three years, or a bachelor's degree within six years of his or her enrollment
2 date;

3 (C) becomes employed on a full-time basis in Vermont within
4 12 months of graduation in an ~~economic sector~~ occupation identified by the
5 Secretary and Commissioner under subdivision (1) of this subsection;

6 (D) remains employed on a full-time basis in Vermont throughout the
7 period of loan forgiveness in an ~~economic sector~~ occupation identified by the
8 Secretary and Commissioner under subdivision (1) of this subsection; and

9 (E) remains a Vermont resident throughout the period of loan
10 forgiveness.

11 (3) Loan forgiveness. An eligible individual shall have a portion of his
12 or her Vermont Student Assistance Corporation loan forgiven as follows:

13 (A) ~~For~~ for an individual awarded an associate's degree, in an
14 amount equal to the comprehensive in-state tuition rate for 15 credits at the
15 Vermont State Colleges during the individual's final semester of enrollment, to
16 be prorated over the three years following graduation;

17 (B) ~~For~~ for an individual awarded a bachelor's degree, in an amount
18 equal to the comprehensive in-state tuition rate for 30 credits at the Vermont
19 State Colleges during the individual's final year of enrollment, to be prorated
20 over the five years following graduation;

1 (C) ~~Loan~~ loan forgiveness may be awarded on a prorated basis to an
2 otherwise eligible Vermont resident who transfers to ~~and is graduated from a~~
3 Vermont postsecondary institution and graduates after July 1, 2017, with an
4 associate's degree or after July 1, 2019, with a bachelor's degree.

5 (4) Management.

6 (A) The Secretary of Commerce and Community Development shall
7 develop all organizational details of the Loan Forgiveness Program consistent
8 with the purposes and requirements of this section.

9 (B) The Secretary shall enter into a memorandum of understanding
10 with the Vermont Student Assistance Corporation for management of the Loan
11 Forgiveness Program.

12 (C) The Secretary may adopt rules pursuant to 3 V.S.A. chapter 25
13 necessary to implement the Program.

14 (c) Vermont Strong Internship Program.

15 (1) Internship Program management.

16 (A) The Commissioner of Labor and the Secretary of Commerce and
17 Community Development shall jointly develop and implement the
18 organizational details of the Internship Program consistent with the purposes
19 and requirements of this section and may adopt rules pursuant to 3 V.S.A.
20 chapter 25 necessary to implement the Internship Program.

1 (B) The Commissioner, in consultation with the Secretary, shall issue
2 a request for proposals for a person to serve as an Internship Program
3 Intermediary, who shall perform the duties and responsibilities pursuant to the
4 terms of a performance contract negotiated by the Commissioner and the
5 Intermediary.

6 (C) The Department of Labor, the Agency of Commerce and
7 Community Development, the regional development corporations, and the
8 Intermediary, shall have responsibility for building connections within the
9 business community to ensure broad private sector participation in the
10 Internship Program.

11 (D) The Program Intermediary shall:

12 (i) identify and foster postsecondary internships that are rigorous,
13 productive, well-managed, and mentored;

14 (ii) cultivate relationships with employers, employer-focused
15 organizations, and State and regional government bodies;

16 (iii) build relationships with Vermont postsecondary institutions
17 and facilitate recruitment of students to apply for available internships;

18 (iv) create and maintain a registry of participating employers and
19 associated internship opportunities;

20 (v) coordinate and provide support to the participating student, the
21 employer, and the student's postsecondary institution;

1 (vi) develop and oversee a participation contract between each
2 student and employer, including terms governing the expectations for the
3 internship, a work plan, mentoring and supervision of the student, reporting by
4 the employer and student, and compensation terms; and

5 (vii) carry out any additional activities and duties as directed by
6 the Commissioner.

7 (2) Qualifying internships.

8 (A) Criteria. To qualify for participation in the Internship Program
9 an internship shall at minimum:

10 (i) be with a Vermont employer as approved by the Intermediary
11 in consultation with the Commissioner and Secretary;

12 (ii) pay compensation to an intern of at least the prevailing
13 minimum wage; and

14 (iii) meet the quality standards and expectations as established by
15 the Intermediary.

16 (B) Employment of interns. Interns shall be employed by the
17 sponsoring employer except, with the approval of the Commissioner on a
18 case-by-case basis, interns may be employed by the Intermediary and assigned
19 to work with a participating Vermont employer, in which case the sponsoring
20 employer shall contribute funds as determined by the Commissioner.

1 (3) Student eligibility. To participate in the Internship Program, an
2 individual shall be:

3 (A) a Vermont resident enrolled in a postsecondary institution in or
4 outside Vermont;

5 (B) a student who graduated from a postsecondary institution within
6 24 months of entering the program who was classified as a Vermont resident
7 during that schooling or who is a student who attended a postsecondary
8 institution in Vermont; or

9 (C) a student enrolled in a Vermont postsecondary institution.

10 (d) Funding.

11 (1) Loan Forgiveness Program.

12 (A) Loan forgiveness; State funding.

13 (i) There is created a special fund to be known as the Vermont
14 Strong Scholars Fund pursuant to 32 V.S.A. chapter 7, subchapter 5, which
15 shall be used and administered by the Secretary of Commerce and Community
16 Development solely for the purposes of loan forgiveness pursuant to this
17 section.

18 (ii) The Fund shall consist of sums to be identified by the
19 Secretary from any source accepted for the benefit of the Fund and interest
20 earned from the investment of Fund balances.

1 (iii) Any interest earned and any remaining balance at the end of
2 the fiscal year shall be carried forward in the Fund.

3 (iv) The availability and payment of loan forgiveness awards
4 under this ~~subdivision~~ chapter is subject to State funding available for the
5 awards.

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

11 (2) Internship Program. Notwithstanding any provision of law to the
12 contrary, the Commissioner of Labor shall have the authority to use funds
13 allocated to the Workforce Education and Training Fund established in
14 10 V.S.A. § 543 to implement the Internship Program created in this section.

15 Sec. 12. ADVANCED MANUFACTURING AND INFORMATION

16 TECHNOLOGY PROGRAMS; ANALYSIS

17 The Agency of Commerce and Community Development, Agency of
18 Education, and the Department of Labor shall conduct an analysis of the
19 workforce education and training programs in manufacturing, advanced
20 manufacturing, and information technology that currently exist in Vermont for
21 mechanical and technical skills, machinist training, web and graphic

1 development, coding, health care technology services, and other high-demand
2 positions in Vermont. The State agencies and department shall collaborate to
3 support the advancement of programs and initiatives, including providing
4 financial resources as appropriate from their program funds.

5 Sec. 13. 21 V.S.A. § 497a is amended to read:

6 § 497a. COMMITTEE ESTABLISHED

7 There is hereby established a permanent committee to be known as the
8 Vermont ~~governor's committee on employment of people with disabilities~~
9 Governor's Committee on Employment of People with Disabilities, to consist
10 of ~~21~~ 22 members, including a one representative of each from the Vermont
11 ~~employment service division~~ Department of Labor's Workforce Development
12 Career Services Division and the Jobs for Veterans State Grant Program, one
13 representative of from the ~~vocational rehabilitation division of the department~~
14 ~~of disabilities, aging, and independent living~~ Department of Disabilities, Aging
15 and Independent Living Vocational Rehabilitation Division and one from the
16 Division for the Blind and Visually Impaired, one representative of the
17 ~~veterans' administration, one representative of the veterans' employment~~
18 ~~service~~ Veterans' Administration, and 17 members to be appointed by the
19 ~~governor~~ Governor. The appointive members shall hold office for the term
20 specified or until their successors are named by the ~~governor~~ Governor. The
21 members shall receive no salary for their services as such, but the necessary

1 expenses of the ~~committee~~ Committee shall be paid by the ~~state~~ State. ~~Those~~
2 ~~persons acting as said committee on June 29, 1963 shall continue as such until~~
3 ~~their successors are appointed as herein provided.~~

4 Secs. 14–19. [Reserved]

5 * * * Tax Credits * * *

6 Sec. 20. 32 V.S.A. chapter 245 is added to read:

7 CHAPTER 245: TAX CREDITS

8 § 11001. ANGEL INVESTOR TAX CREDIT

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

10 (1) may claim a credit against his or her income tax liability imposed
11 under chapter 151 of this title for 40 percent of the value of each eligible
12 venture capital investment per qualifying business made during a taxable year;

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

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

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

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

7 (c)(1) To claim a credit pursuant to this section, a qualified taxpayer shall
8 submit to the Agency of Commerce and Community Development
9 documentation and any additional information requested by the Agency
10 necessary to demonstrate compliance with the requirements of this section.

11 (2) The Agency, upon review and confirmation of the qualified
12 taxpayer's eligibility for a credit, shall issue a credit certificate to the taxpayer,
13 who shall file the certificate with the Department of Taxes with his or her State
14 income tax return for the applicable year.

15 (d) In this section:

16 (1) "At-risk debt" means debt which is not secured, is not guaranteed by
17 a substantial owner of the business, will not be repaid for at least five years, or
18 bears a reasonable rate of interest.

19 (2) "Eligible venture capital investment" means up to \$500,000.00 of
20 total investment by one person, which is equity or at-risk debt investment in

1 one qualified business, for expenditure by the qualified business on the plant,
2 equipment, research, and development, or as working capital in Vermont.

3 (3) "Qualified business" means a business that:

4 (A) has its principal place of business in this State;

5 (B) had in the year preceding the investment annual gross sales of
6 \$3,000,000.00 or less; and

7 (C)(i) is a manufacturer;

8 (ii) is engaged in the development or application of advanced
9 technologies;

10 (iii) provides a service that is sold or rendered, or is projected to
11 be sold or rendered, predominantly outside of the State;

12 (iv) brings capital into the State, as determined by the Agency of
13 Commerce and Community Development; or

14 (v) is a visual media production company, as determined by the
15 Agency of Commerce and Community Development.

16 (4) "Qualified taxpayer" means a taxpayer who is not a substantial
17 owner of the qualified business.

18 (5) "Substantial owner" means a person who, after the investment, has
19 greater than 20 percent ownership interest in the qualified business, including
20 attribution of ownership interests of the individual's spouse, parents, spouse's
21 parents, siblings, and children; or is a person who is controlled by, or has

1 actual control of, the qualified business through any combination of ownership
2 and management.

3 § 11002. MILLENNIAL ENTERPRISE ZONE TAX CREDIT

4 (a) Purpose. The purpose of this section is to create incentives through tax
5 credits for:

6 (1) creating new, high-paying jobs in information technology and
7 related fields, including digital networks, robotics, and virtual worlds; and

8 (2) investing capital in research, design, and facilities in these sectors.

9 (b) Designation. The Secretary of Commerce and Community
10 Development shall have the authority to declare a millennial enterprise zone,
11 which may be a virtual space or geographical area, or both, where one or more
12 persons are investing human, intellectual, physical, or economic capital in
13 building a business in information technology or related fields, including
14 digital networks, robotics, and virtual worlds.

15 (c) Eligibility criteria. To be eligible for a credit under this section a
16 person shall:

17 (1) be engaged in a business in a qualifying sector and creating new,
18 full-time jobs in Vermont; and

19 (2) pay gross wages and benefits to its employees that average at least
20 150 percent of the Vermont minimum wage.

1 (d) Tax credit.

2 (1) A person shall be eligible for a credit against his or her income tax
3 liability imposed under chapter 151 of this title for job creation or investment
4 within a designated millennial enterprise zone in a tax year as follows:

5 (A) five percent of the value of the gross wages and benefits of each
6 new, full-time job created and maintained for 12 months;

7 (B) 50 percent of the value of capital investment in real or personal
8 property of the business; and

9 (C) 10 percent of the value of the business's investment in research
10 and development.

11 (2) The amount of total credit available pursuant to this section shall not
12 exceed 50 percent of a person's tax liability per taxable year.

13 (3) A person who is eligible for credit but unable to claim the full
14 amount because of the cap under subdivision (2) of this subsection may carry
15 forward the value of any unused credit for up to 10 years.

16 (4) Upon application and demonstration that a person meets the criteria
17 to qualify for credit under this section, the Secretary of Commerce and
18 Community Development shall issue a tax certificate to the person, who shall
19 file the certificate with his or her tax return in each year he or she wishes to
20 claim available credit.

1 (e) The Secretary of Commerce and Community Development shall have
2 the authority to adopt rules and procedures to implement the provisions of this
3 section.

4 Sec. 21. 32 V.S.A. § 5930u is amended to read:

5 § 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

6 (a) As used in this section:

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

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

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

10 ~~and eligible (c)(1) or that qualifies~~ under the Vermont Housing Finance
11 Agency ~~allocation plan~~ criteria governing owner-occupied housing.

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

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

15 (4) “Committee” means the Joint Committee on Tax Credits consisting
16 of five members; a representative from the Department of Housing and
17 Community Affairs, the Vermont Housing and Conservation Board, the
18 Vermont Housing Finance Agency, the Vermont State Housing Authority, and
19 the Office of the Governor.

20 (5) “Credit certificate” means a certificate issued by the allocating
21 agency to a taxpayer that specifies the amount of affordable housing tax credits

1 that can be applied against the taxpayer's individual or corporate income tax or
2 franchise or insurance premium tax liability as provided in this subchapter.

3 (6) "Eligible applicant" means any municipality, private sector
4 developer, ~~department of state government as defined in 10 V.S.A. § 6302(a),~~
5 State agency as defined in 10 V.S.A. § 6301a, the Vermont Housing Finance
6 Agency, or a nonprofit organization qualifying under 26 U.S.C. § 501(c)(3), or
7 cooperative housing organization, the purpose of which is ~~the creation and~~
8 ~~retention of~~ to create and retain affordable housing for ~~lower income~~
9 Vermonters; with lower income and ~~the~~ which has in its bylaws ~~that require a~~
10 requirement that ~~housing to~~ the housing the organization creates be maintained
11 as affordable housing for ~~lower income~~ Vermonters with lower income on a
12 perpetual basis.

13 (7) "Eligible cash contribution" means an amount of cash contributed to
14 the owner, developer, or sponsor of an affordable housing project and
15 determined by the allocating agency as eligible for affordable housing tax
16 credits.

17 (8) "Section 42 credits" means tax credit provided by 26 U.S.C.
18 §§ 38 and 42.

19 (9) "Allocation plan" means the plan recommended by the Committee
20 and approved by the Vermont Housing Finance Agency, which sets forth the
21 eligibility requirements and process for selection of eligible housing projects to

1 receive affordable housing tax credits under this section. The allocation plan
2 shall include:

3 (A) requirements for creation and retention of affordable housing for
4 ~~low income~~ persons; with low income; and

5 (B) requirements to ensure that eligible housing is maintained as
6 affordable by subsidy covenant, as defined in 27 V.S.A. § 610 on a perpetual
7 basis, and meets all other requirements of the Vermont Housing Finance
8 Agency related to affordable housing.

9 (b) Eligible tax credit allocations.

10 (1) Affordable housing credit allocation.

11 (A) An eligible applicant may apply to the allocating agency for an
12 allocation of affordable housing tax credits under this section related to an
13 affordable housing project authorized by the allocating agency under the
14 allocation plan. In the case of a specific affordable rental housing project, the
15 eligible applicant ~~must~~ shall also be the owner or a person having the right to
16 acquire ownership of the building and ~~must~~ shall apply prior to placement of
17 the affordable housing project in service. In the case of owner-occupied
18 housing units, the applicant ~~must apply prior to purchase of the unit and must~~
19 shall ensure that the allocated funds ~~will be used to ensure that the housing~~
20 qualifies or program funds remain as an affordable housing resource for all
21 future owners ~~of the housing~~. The allocating agency shall issue a letter of

1 approval if it finds that the applicant meets the priorities, criteria, and other
2 provisions of subdivision ~~(2)(B)~~ of this ~~subsection~~ subdivision (1). The burden
3 of proof shall be on the applicant.

4 ~~(2)(B)~~ Upon receipt of a completed application, the allocating agency
5 shall award an allocation of affordable housing tax credits with respect to a
6 project ~~under this section shall be granted~~ to an applicant, provided the
7 applicant demonstrates to the satisfaction of the ~~committee~~ allocating agency
8 all of the following:

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

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

15 (2) Down payment assistance program.

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

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

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

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

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

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

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

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

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

8 (f) ~~[Deleted.]~~ [Repealed.]

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

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

14 (B) \$300,000.00 per year for owner-occupied unit applicants
15 financing or down payment loans consistent with the allocation plan, including
16 for new construction and manufactured housing, for a total aggregate limit of
17 \$1,500,000.00 over any given five-year period that credits are available under
18 this subdivision.

19 (2) In fiscal years 2016 through 2020, the allocating agency may award
20 up to \$125,000.00 per year for loans through the down payment assistance
21 program created in subdivision (b)(2) of this section for a total aggregate limit

1 of \$625,000.00 over the five-year period that credits are available under this
2 subdivision.

3 (h) ~~In any fiscal year, total first year allocations plus succeeding year~~
4 ~~deemed allocations shall not exceed \$3,500,000.00.~~ The aggregate limit for all
5 credit allocations available under this section in any fiscal year is
6 \$4,125,000.00.

7 Secs. 22–29. [Reserved]

8 * * * Land Use; Economic Development Planning * * *

9 Sec. 30. 24 V.S.A. § 2793b(b) is amended to read:

10 (b) Within 45 days of receipt of a completed application, the State Board
11 shall designate a new town center development district if the State Board finds,
12 with respect to that district, the municipality has:

13 (1) A confirmed planning process under section 4350 of this title,
14 developed a municipal center plan, and adopted bylaws and ordinances that
15 implement the plan, including an official map, and a design review district
16 created under this title or other regulations that adequately control the physical
17 form and scale of development.

18 (2) Provided a community investment agreement that has been executed
19 by authorized representatives of the municipal government, businesses, and
20 property owners within the District, and community groups with an articulated
21 purpose of supporting downtown interests, and contains the following:

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(F) Evidence that civic and public buildings or publicly owned structures or facilities devoted to community use do exist, or will exist in the center, as shown by the capital improvement plan or the capital budget and program, and the official map.

* * *

Sec. 31. 10 V.S.A. § 6081(w) is added to read:

(w) Improvements to be constructed within an industrial park that was in existence as of January 1, 2010 and subject to an “umbrella permit” issued under this chapter shall not be required to obtain a permit or permit amendment if each of the following applies:

(1) The improvements will comply with those specific conditions of the umbrella permit included to resolve issues critical to issuance of the permit. Such conditions shall not include any requirement under the umbrella permit to obtain a permit amendment.

(2) The municipality in which the improvements will be located has in effect a land use plan and zoning and subdivisions bylaws under 24 V.S.A. chapter 117.

(3) The municipality has issued a municipal land use permit for the improvements under that chapter.

1 (4) The Agency of Natural Resources has issued those permits and
2 approvals that its enabling statutes require for the improvements.

3 Sec. 32. 24 V.S.A. § 2787 is added to read:

4 § 2787. ENTERPRISE ZONES

5 (a) After consultation with the regional planning commission and the
6 planning commission of each affected municipality, a regional development
7 corporation may propose an enterprise zone consisting of a list of properties
8 contiguous or adjacent to each other to serve as locations for new or expanded
9 manufacturing.

10 (b) The regional development corporation shall provide notice and
11 opportunity to submit written comment and request a public hearing on each
12 proposal for an enterprise zone.

13 (1) The corporation shall provide notice of the proposal on its web page
14 and directly to each affected regional planning commission, the legislative
15 body and planning commission of each affected municipality, and the
16 landowners of record in the proposed enterprise zone.

17 (2) The corporation may hold a public hearing on request or on its own
18 motion and shall hold a public hearing if requested by an affected regional
19 planning commission, the legislative body or planning commission of an
20 affected municipality, or a group consisting of or representing 25 or more
21 persons within an affected region or municipality.

1 (3) The contested case provisions of 3 V.S.A. chapter 25 shall not apply
2 to the designation of an enterprise zone.

3 (c) After providing the notice and opportunity required by subsection (b) of
4 this section, the regional development corporation may designate an enterprise
5 zone if it finds that each property included in the zone is a suitable and
6 commercially viable location on which to site manufacturing and will be
7 supported by transportation, water, wastewater, and other necessary
8 infrastructure in sufficient capacity to support manufacturing. The
9 corporation's decision on the enterprise zone shall respond to each comment
10 received.

11 (d) On designation of an enterprise zone under this section:

12 (1) The Agency of Natural Resources shall issue a decision on an
13 application for each permit or approval that its enabling statutes require for
14 development in the zone within 45 days of the date of application.

15 (2) The regional development corporation or municipality in which the
16 zone is located may apply for and receive a "master plan" permit or partial
17 findings, or both, for the zone under 10 V.S.A. chapter 151 and the rules
18 adopted under that chapter. If a master plan permit is issued, then subsequent
19 development within the zone shall require no further permits or permit
20 amendments under 10 V.S.A. chapter 151, notwithstanding any provision of
21 that chapter to the contrary.

1 Sec. 33. ACT 250; GUIDANCE ON SETTLEMENT PATTERNS

2 CRITERION

3 (a) The General Assembly finds that:

4 (1) 2014 Acts and Resolves No. 147, Sec. 2 amended 10 V.S.A.

5 § 6086(a)(9)(L) (Criterion 9L) to become a settlement patterns criterion. The
6 purpose of the amendment was to promote new development that is consistent
7 with Vermont's historic development pattern of compact centers surrounded by
8 working lands; to encourage the efficient use of land, roads, utilities and other
9 infrastructure; and to promote development within existing settlements.

10 (2) Since that amendment, the Natural Resource Board (the Board) has
11 worked with the Agency of Commerce and Community Development
12 (ACCD), the Agency of Natural Resources (ANR) and others to provide
13 training and guidance to state agencies, regional planning commissions, trade
14 associations, municipal planners, development consultants, attorneys and
15 others about this change to Criterion 9L.

16 (3) Effective October 17, 2014, the Board adopted a procedure to
17 implement Criterion 9L (the Criterion 9L Procedure).

18 (b) The General Assembly determines that more education and improved
19 guidance would be beneficial in implementing Criterion 9L. Procedures and
20 guidance issued on Criterion 9L shall be consistent with the purpose stated in
21 subdivision (a)(1) of this section.

1 (1) The Board shall revise the Criterion 9L Procedure in full
2 collaboration with ACCD and ANR.

3 (A) Prior to completing this revision, the Board shall solicit input
4 from affected parties and the public including planners, developers,
5 municipalities, and environmental advocacy organizations.

6 (B) The Board shall adopt the revision in the form of a procedure
7 under 3 V.S.A. chapter 25 or as a guidance document, or may include some of
8 the subject matter in a procedure and some in a guidance document.

9 (2) Following the Board's revision of the Criterion 9L procedure,
10 ACCD shall work with the NRB and ANR to develop outreach material
11 including illustrative examples and implement a training plan on Criterion 9L
12 for local elected officials, municipal boards, state and regional organizations
13 and associations, environmental groups, consultants, and developers.

14 Sec. 34. 10 V.S.A. § 6081(p) is amended to read:

15 (p) No permit or permit amendment is required for any change to a project
16 that is located entirely within a downtown development district designated
17 pursuant to 24 V.S.A. § 2793 or a growth center designated pursuant to
18 24 V.S.A. § 2793c, if the change consists exclusively of any combination of
19 mixed use and mixed income housing, and the cumulative changes within any
20 continuous period of five years, commencing on or after the effective date of
21 this subsection, remain below the jurisdictional threshold applicable to the

1 municipality specified in ~~subdivision 6001(3)(B)~~ subdivisions
2 6001(3)(A)(I)(aa) through (ff) of this title. Notwithstanding any contrary
3 provision of this chapter, mixed use that is exempt under this subsection may
4 include small scale, low impact manufacturing.

5 Sec. 35-39. [Reserved]

6 * * * Business Growth; Access to Capital;

7 Tourism and Marketing * * *

8 Sec. 40. TOURISM AND MARKETING INITIATIVE

9 (a) Of the amount by which the meals and rooms tax revenue for fiscal year
10 2016 projected at the January 20, 2015, Emergency Board meeting exceeds the
11 fiscal year 2016 projection for the meals and rooms tax at the July 24, 2014,
12 Emergency Board meeting, up to 15 percent, but not more than \$750,000.00, is
13 appropriated to the Agency of Commerce and Community Development to
14 promote economic development strategies targeted to prospective employers
15 and employees outside the State:

16 (1) to emphasize Vermont's long history of innovation, including
17 agricultural, business, and technical innovation, product design, and
18 entrepreneurship; and

19 (2) to promote Vermont as both a great place to live and a great place to
20 do business.

1 (b) The Agency of Commerce and Community Development may contract
2 with a private marketing firm located in Vermont to carry out the brand
3 initiative pursuant to this section.

4 Sec. 41. 6 V.S.A. chapter 207 is amended to read:

5 CHAPTER 207: PROMOTION AND MARKETING OF VERMONT

6 FOODS AND PRODUCTS

7 * * *

8 Subchapter 3. Agricultural Exports

9 § 4621. DOMESTIC EXPORT PROGRAM

10 (a) The Secretary of Agriculture, Food and Markets, in collaboration with
11 the Agency of Commerce and Community Development and the Chief
12 Marketing Officer, shall have the authority to create a Domestic Export
13 Program, the purpose of which may include:

14 (1) connecting Vermont producers with brokers, buyers, and distributors
15 in other U.S. state and regional markets;

16 (2) providing technical and marketing assistance to Vermont producers
17 to convert these connections into increased sales and sustainable commercial
18 relationships; and

19 (3) providing one-time matching grants to attend trade shows and
20 similar events to expand producers' market presence in other U.S. states,
21 subject to available funding.

1 (b) The Secretary shall collect data on the activities and outcomes of the
2 program authorized under this section and submit his or her findings and
3 recommendations in a report on or before January 15 of each year to the House
4 Committees on Agriculture and Forest Products and on Commerce and
5 Economic Development and to the Senate Committees on Agriculture and on
6 Economic Development, Housing and General Affairs.

7 Sec. 42. IMPLEMENTATION; DOMESTIC EXPORT PROGRAM

8 The Secretary of Agriculture, Food and Markets shall pursue grants and
9 other funding, and shall seek to identify operational efficiencies within the
10 Agency, in order to adequately sustain the creation and implementation of
11 activities under the domestic export program authorized in 6 V.S.A. § 4621.

12 Sec. 43. 10 V.S.A. § 280bb is amended to read:

13 § 280bb. VERMONT ENTREPRENEURIAL LENDING PROGRAM

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

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

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

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

10 * * *

11 Sec. 44. PEER-TO-PEER LENDING; STUDY; REPORT

12 (a) The Department of Financial Regulation, in collaboration with the
13 Agency of Commerce and Community Development, shall conduct a study and
14 analysis of models for peer-to-peer lending and investment that will enable
15 established entrepreneurs to connect with emerging entrepreneurs and
16 increased lending, equity investment, and business mentoring while preserving
17 adequate regulatory oversight and business consumer protection.

18 (b) The Department and the Agency shall report its findings and any
19 recommendations for legislation on or before December 1, 2015, to the House
20 Committee on Commerce and Community Development and to the Senate
21 Committee on Economic Development, Housing and General Affairs.

1 Sec. 45. MEDIA PRODUCTION DATABASE

2 (a) The Agency of Commerce and Community Development shall create
3 and maintain a current media production database, which it shall make
4 available to the public through its website and other appropriate sources, of
5 production resources that are in the State.

6 (b) The database shall be a searchable directory of media production
7 professionals, including location scouts, lighting resources, animation, studios,
8 equipment rental, sites, editing equipment, independent contractors who work
9 in production, acting, and photographers.

10 (c) The Agency shall seek to partner with one or more Vermont colleges,
11 universities, or other internship programs to support the creation and
12 maintenance of the database pursuant to this section.

13 Sec. 46. Sec. 25 of Act 199 of 2014 (sunset of Treasurer's credit facility for
14 local investments and Treasurer's local investment advisory committee) is
15 amended to read:

16 Sec. 25. SUNSET

17 Secs. 23–24 of this act shall be repealed on July 1, ~~2015~~ 2016.

18 Secs. 47–49. [Reserved]

1 * * * Fortified Wines * * *

2 Sec. 50. 7 V.S.A. § 2 is amended to read:

3 § 2. DEFINITIONS

4 The following words as used in this title, unless a contrary meaning is
5 required by the context, shall have the following meaning:

6 * * *

7 (10) "First-class license": a license granted by the control
8 commissioners permitting the licensee to sell malt or vinous beverages, except
9 fortified wines, to the public for consumption only on the premises for which
10 the license is granted.

11 * * *

12 (19) "Second-class license": a license granted by the control
13 commissioners permitting the licensee to export malt or vinous beverages and
14 to sell malt or vinous beverages to the public for consumption off the premises
15 for which the license is granted. The Liquor Control Board may grant a
16 second-class licensee a fortified wine permit that permits the licensee to export
17 and to sell fortified wines to the public for consumption off the licensed
18 premises.

19 (20) "Spirits" or "spirituous liquors": beverages that contain more than
20 one percent of alcohol obtained by distillation, by chemical synthesis, or
21 through concentration by freezing; ~~and~~ vinous beverages containing more than

1 ~~16~~ 23 percent of alcohol; and ~~all vermouths of any alcohol content~~; malt
2 beverages containing more than 16 percent of alcohol or more than six percent
3 of alcohol if the terminal specific gravity thereof is less than 1.009; in each
4 case measured by volume at 60 degrees Fahrenheit.

5 * * *

6 (22) "Third-class license": a license granted by the Liquor Control
7 Board permitting the licensee to sell ~~spirituous liquors~~ spirits and fortified
8 wines for consumption only on the premises for which the license is granted.

9 (23) "Vinous beverages": all fermented beverages of any name or
10 description manufactured or obtained for sale from the natural sugar content of
11 fruits; or other agricultural product, containing sugar, the alcoholic content of
12 which is ~~not less than one percent nor more than 16 percent~~ at least one percent
13 but no more than 23 percent by volume at 60 degrees Fahrenheit, ~~except that~~
14 ~~all vermouths shall be purchased and retailed by and through the Liquor~~
15 ~~Control Board as authorized in chapters 5 and 7 of this title~~ including fortified
16 wines.

17 * * *

18 (28) "Fourth-class license" or "farmers' market license": the license
19 granted by the Liquor Control Board permitting a manufacturer or rectifier of
20 malt or vinous beverages or spirits to sell by the unopened container and
21 distribute; by the glass, with or without charge, beverages manufactured by the

1 licensee. No more than a combined total of ten fourth-class and farmers'
2 market licenses may be granted to a licensed manufacturer or rectifier. At only
3 one fourth-class license location, a manufacturer or rectifier of vinous
4 beverages, malt beverages, or spirits may sell by the unopened container and
5 distribute by the glass, with or without charge, vinous beverages, malt
6 beverages, or spirits produced by no more than five additional manufacturers
7 or rectifiers, provided these beverages are purchased on invoice from the
8 manufacturer or rectifier. A manufacturer or rectifier of vinous beverages,
9 malt beverages, or spirits may sell its product to no more than five additional
10 manufacturers or rectifiers. A fourth-class licensee may distribute by the glass
11 no more than two ounces of malt or vinous beverage, except fortified wine,
12 with a total of eight ounces to each retail customer and no more than
13 one-quarter ounce of spirits or fortified wine with a total of one ounce to each
14 retail customer for consumption on the manufacturer's premises or at a
15 farmers' market. A farmers' market license is valid for all dates of operation
16 for a specific farmers' market location.

17 * * *

18 (38) "Fortified wines": vinous beverages, including those to which
19 spirits have been added during manufacture, containing at least 16 percent
20 alcohol but no more than 23 percent alcohol by volume at 60 degrees
21 Fahrenheit.

1 Sec. 51. 7 V.S.A. § 222 is amended to read:

2 § 222. FIRST- AND SECOND-CLASS LICENSES, GRANTING OF; SALE
3 TO MINORS; CONTRACTING FOR FOOD SERVICE

4 With the approval of the Liquor Control Board, the control commissioners
5 may grant the following licenses to a retail dealer for the premises where the
6 dealer carries on business ~~the following~~:

7 * * *

8 (2) Upon making application ~~and~~, paying the license fee provided in
9 section 231 of this title, and upon satisfying the Board that such premises are
10 leased, rented, or owned by the retail dealer and are a safe, sanitary, and proper
11 place from which to sell malt and vinous beverages, a second-class license ~~for~~
12 ~~the premises where such dealer shall carry on the business~~, which shall
13 authorize such dealer to export malt and vinous beverages, and to sell malt and
14 vinous beverages to the public from such premises for consumption off the
15 premises ~~and upon satisfying the Board that such premises are leased, rented,~~
16 ~~or owned by such retail dealers and are safe, sanitary, and a proper place from~~
17 ~~which to sell malt and vinous beverages~~. A retail dealer carrying on business
18 in more than one place shall be required to acquire a second-class license for
19 each place where ~~he or she shall so sell~~ the retail dealer sells malt and vinous
20 beverages. No malt or vinous beverages shall be sold by a second-class
21 licensee to a minor.

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(5)(A) The holder of a first-class license may serve a sampler flight of up to 32 ounces in the aggregate of malt beverages to a single customer at one time.

(B) The holder of a first-class license may serve a sampler flight of up to 12 ounces in the aggregate of vinous beverages, except fortified wines, to a single customer at one time.

(C) The holder of a third-class license may serve a sampler flight of up to four ounces in the aggregate of ~~spirituous liquors~~ spirits or fortified wines to a single customer at one time.

(6) The Liquor Control Board may grant a fortified wine permit to a second class licensee if the licensee files an application accompanied by the license fee as provided in section 231 of this title. The holder of a fortified wine permit may sell fortified wines to the public from the licensed premises for consumption off the premises. The Liquor Control Board shall issue no more than 200 fortified wine permits in any single year.

Sec. 52. 7 V.S.A. § 224 is amended to read:

§ 224. ~~THIRD-CLASS~~ THIRD-CLASS LICENSES; OPEN CONTAINERS

(a) The ~~liquor control board~~ Liquor Control Board may grant to a person who operates a hotel, restaurant, cabaret, or club a license of the third class if the person files an application accompanied by the license fee as provided in

1 section 231 of this title for the premises in which the business of the hotel,
2 restaurant, cabaret, or club is carried on. The holder of a ~~third-class~~ third-class
3 license may sell ~~spirituous liquors~~ spirits and fortified wines for consumption
4 only on the premises covered by the license. The applicant for a ~~third-class~~
5 third-class license shall satisfy the ~~liquor control board~~ Liquor Control Board
6 that the applicant is the bona fide owner or lessee of the premises and that the
7 premises are operated for the purpose covered by the license.

8 * * *

9 Sec. 53. 7 V.S.A. § 225 is amended to read:

10 § 225. EDUCATIONAL SAMPLING EVENT PERMIT

11 * * *

12 (d) Taxes for the alcoholic beverages served at the event shall be paid as
13 follows:

14 (1) Malt beverages: \$0.265 per gallon served.

15 (2) Vinous beverages, except fortified wines: \$0.55 per gallon served.

16 (3) Spirituous liquors: \$19.80 per gallon served.

17 (4) Fortified wines: \$19.80 per gallon served.

18 Sec. 54. 7 V.S.A. § 231 is amended to read:

19 § 231. FEES FOR LICENSES AND PERMITS; DISPOSITION OF FEES

20 (a) The following fees shall be paid:

21 * * *

1 (23) For a fortified wine permit, \$100.00.

2 * * *

3 Sec. 55. 7 V.S.A. § 421 is amended to read:

4 § 421. TAX ON MALT AND VINOUS BEVERAGES

5 (a) Every bottler and wholesaler shall pay to the Commissioner of Taxes
6 the sum of 26 and one-half cents per gallon for every gallon or its equivalent of
7 malt beverage containing not more than six percent of alcohol by volume at
8 60 degrees Fahrenheit sold by them to retailers in the State ~~and~~, the sum of
9 55 cents per gallon for each gallon of malt beverage containing more than six
10 percent of alcohol by volume at 60 degrees Fahrenheit and each gallon of
11 vinous beverages, except fortified wines, sold by them to retailers in the ~~state~~
12 ~~and State, and the sum of \$19.80 for each gallon of fortified wine sold by them~~
13 to retailers in the State. Every bottler and wholesaler shall also pay to the
14 Liquor Control Board all fees for bottler's and wholesaler's licenses. A
15 manufacturer or rectifier of malt or vinous beverages shall pay the taxes
16 required by this subsection to the Commissioner of Taxes for all malt and
17 vinous beverages, including fortified wines, manufactured or rectified by them
18 and sold at retail.

19 * * *

1 Sec. 56. 7 V.S.A. § 422 is amended to read:

2 § 422. TAX ON SPIRITUOUS LIQUOR

3 (a) A tax is assessed on the gross revenue ~~on~~ from the retail sale of
4 spirituous liquor in the State of Vermont, ~~including fortified wine, sold by the~~
5 Liquor Control Board, or ~~sold by~~ a manufacturer or rectifier of spirituous
6 liquor, in accordance with the provisions of this title. The tax shall be at the
7 following rates based on the gross revenue of the retail sales by the seller in the
8 current year:

9 (1) if the gross revenue of the seller is \$500,000.00 or lower, the rate of
10 tax is five percent;

11 (2) if the gross revenue of the seller is between \$500,000.00 and
12 \$750,000.00, the rate of tax is \$25,000.00 plus 10 percent of the gross revenues
13 over \$500,000.00;

14 (3) if the gross revenue of the seller is ~~over~~ \$750,000.00 or more, the
15 rate of tax is 25 percent.

16 * * *

17 Sec. 57. STUDY; REPORT

18 (a) On or before January 15, 2018, the Commissioner of Liquor Control, in
19 consultation with the holders of second-class licenses and fortified wine
20 permits, shall evaluate whether the number of fortified wine permits issued
21 pursuant to 7 V.S.A. § 222 is sufficient, and how the issuance of fortified wine

1 permits has affected the sales of fortified wines in Vermont and the variety of
2 fortified wines available to Vermont consumers.

3 (b) The Commissioner of Liquor Control shall report to the House
4 Committee on General, Housing, and Military Affairs and the Senate
5 Committee on Economic Development, Housing, and General Affairs
6 regarding his or her findings on or before January 15, 2018. The
7 Commissioner's report shall include a recommendation regarding the
8 appropriate number of fortified wine permits to be issued pursuant to
9 7 V.S.A. § 222.

10 Secs. 58–99. [Reserved]

11 Sec. 100. EFFECTIVE DATES

12 This act shall take effect on July 1, 2015, except, notwithstanding 1 V.S.A.
13 § 214, Secs. 1–4 (Vermont Employment Growth Incentive provisions) shall
14 take effect retroactively as of January 1, 2015.