

1 S.94

2 Introduced by Senators Lyons and Balint

3 Referred to Committee on Economic Development, Housing and General
4 Affairs

5 Date: February 24, 2017

6 Subject: Labor; taxation; development; remote workers; flexible workplaces

7 Statement of purpose of bill as introduced: This bill proposes to direct the
8 State to enhance opportunities for remote work and workplace flexibility
9 within State government, to create a tax credit for employers that adopt
10 workplace flexibility and telecommuting programs, to direct the Secretary of
11 State and government partners to design a system to simplify interactions with
12 businesses that employ remote workers in Vermont, to expand and improve
13 infrastructure and support for remote workers in Vermont, to direct the
14 Secretary of Administration to examine the potential for establishing remote
15 worksites that are available for use by both State and private-sector workers, to
16 direct the Commissioner of Labor to develop a plan to expand educational and
17 training programs that address skill shortages in Vermont's workforce, and to
18 encourage the deployment of broadband Internet access in rural, high-cost
19 areas of the State to promote economic development.

20 ~~An act relating to promoting remote work and flexible work arrangements~~

An act relating to promoting remote work

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

2 ~~Sec. 1. 32 V.S.A., chapter 151, subchapter 11O is added to read:~~

3 Subchapter 11O. Remote and Flexible Workplace Tax Credit

4 § 5930c. REMOTE AND FLEXIBLE WORKPLACE TAX CREDIT

5 (a) As used in this section:

6 (1) “Employer” means an entity doing business at one or more physical
7 locations in Vermont or that employs one or more employees that telecommute
8 from a worksite located in Vermont for at least 130 workdays during a
9 tax year.

10 (2) “Flexible work schedule” means a daily work schedule that contains
11 certain required hours during which an employee must be present at work and
12 designated hours before or after the required hours during which an employee,
13 with the approval of his or her employer, may elect a time of arrival to work
14 and departure from work.

15 (3) “Job-share” means a work arrangement in which two or more
16 employees share one job, jointly assuming responsibility for the job’s output.

17 (4) “On-site or subsidized child care” means child and dependent care
18 services that meet the following requirements:

19 (A) The services are provided at or near the employee’s workplace.

20 (B) The services are available for the entire period of the employee’s
21 workday.

1 ~~(C) The employer assumes a minimum of 25 percent of the cost of~~
2 ~~the services for each child or dependent of an employee that receives such~~
3 ~~services.~~

4 (5) "Part-time work" means a work arrangement in which an employee
5 works more than 20 hours per week but fewer than 40 hours per week.

6 (6) "Qualified remote and flexible workplace program" means a
7 program that permits employees to elect to participate in at least two of the
8 following flexible work arrangements:

9 (A) flexible work schedule;

10 (B) job-share;

11 (C) part-time work;

12 (D) telecommuting; and

13 (E) onsite or subsidized child care.

14 (7) "Telecommute" means a work arrangement in which an employee
15 works from the employee's home or a workplace near the employee's home
16 instead of from the employer's place of business. "Telecommute" does not
17 include direct sales in which the employee is engaged in selling consumer
18 products in a customer's home or a location that is not a permanent retail
19 establishment.

20 (b)(1) A tax credit against any tax liability under section 5822 or 5832 of
21 this title is available to an employer with a qualified remote and flexible

1 ~~workplace program. The credit shall be available for any tax year in which the~~
2 ~~employer maintains a qualified remote and flexible workplace program for the~~
3 ~~entire year or the credit may be carried forward to any of the three subsequent~~
4 ~~tax years.~~

5 ~~(2) The credit shall be in the amount of \$250.00 for each full-time~~
6 ~~equivalent employee participating in the qualified remote and flexible~~
7 ~~workplace program plus ten percent of the employer's expenditures made~~
8 ~~pursuant to the program for onsite or subsidized child care and for equipment~~
9 ~~related to telecommuting.~~

10 ~~(3) The credit, either alone or in combination with any other credit~~
11 ~~allowed by this chapter, shall not reduce the income tax liability of the~~
12 ~~employer by more than 80 percent.~~

13 ~~(c)(1) To claim a credit pursuant to this section, an employer shall submit~~
14 ~~to the Agency of Commerce and Community Development documentation and~~
15 ~~any additional information requested by the Agency that is necessary to~~
16 ~~demonstrate compliance with the requirements set forth in subsection (b) of~~
17 ~~this section in the tax year for which the credit is claimed.~~

18 ~~(2) The Agency, upon review and confirmation of the employer's~~
19 ~~eligibility for a credit, shall issue a credit certificate to the employer, who shall~~
20 ~~file the certificate with the Department of Taxes with its State income tax~~
21 ~~return for the applicable year.~~

1 ~~(d) The Secretary of Commerce and Community Development shall adopt~~
2 ~~rules as necessary to implement this section.~~

3 ~~(e) The Secretary of Commerce and Community Development shall report~~
4 ~~to the House Committee on Commerce and Economic Development and the~~
5 ~~Senate Committee on Economic Development, Housing and General Affairs~~
6 ~~on or before January 15 of each year regarding employee participation in the~~
7 ~~Remote and Flexible Workplace Tax Credit Program. The report shall include~~
8 ~~the following information:~~

9 ~~(1) the number of employers participating in the program;~~

10 ~~(2) the rate at which the participating employers are providing job-~~
11 ~~share, part-time work, flexible work schedules, telecommuting, and onsite or~~
12 ~~subsidized child care to their employees;~~

13 ~~(3) the rate at which employees are participating in job-share, part-time~~
14 ~~work, flexible work schedule, telecommuting, and onsite or subsidized child~~
15 ~~care programs;~~

16 ~~(4) the estimated average number of trips, miles, and hours of travel~~
17 ~~time saved annually by each employer that offers telecommuting to its~~
18 ~~employees;~~

19 ~~(5) a summary of the efforts of employers to promote and encourage~~
20 ~~flexible work arrangements; and~~

21 ~~(6) an evaluation of the effectiveness of employers' efforts to promote~~

1 ~~and encourage flexible work arrangements.~~

2 Sec. 2. PROMOTION OF REMOTE AND FLEXIBLE WORK OPTIONS

3 IN STATE GOVERNMENT; REPORT

4 (a) The Secretary of Administration shall, on or before January 1, 2018,
5 develop and implement a program to expand flexible work options for State
6 employees, including telecommuting, part-time work, job-share, and flexible
7 work schedules. The program shall be designed to achieve the following
8 goals:

9 (1) increase employee efficiency and productivity;

10 (2) enhance employee work-life balance;

11 (3) promote employee involvement in family, community, and civic
12 activities;

13 (4) benefit the environment; and

14 (5) reduce demands on transportation infrastructure and parking at
15 State offices.

16 (b) The Secretary shall require all State agencies and departments to
17 implement the program on or before July 1, 2018.

18 (c) Nothing in this section shall be construed to amend or modify any
19 collective bargaining agreement to which the State is a party. Nothing in this
20 section shall be construed to diminish the State's obligation to comply with
21 any collective bargaining agreement to which it is a party.

1 ~~(d) The Secretary shall report, on or before January 15, 2020, to the House~~
2 ~~Committees on General, Housing and Military Affairs and on Government~~
3 ~~Operations and the Senate Committees on Economic Development, Housing~~
4 ~~and General Affairs and on Government Operations regarding the~~
5 ~~effectiveness of the program at achieving the goals set forth in subsection (a)~~
6 ~~of this section and any recommendations for legislative action to further~~
7 ~~promote those goals. The Secretary's report shall also include:~~

8 ~~(1) the number of regular part-time employees currently employed by~~
9 ~~the State and the percentage of the State's total workforce it represents;~~

10 ~~(2) the number of State employees that are participating in a job-share~~
11 ~~and the percentage of the State's total workforce it represents;~~

12 ~~(3) the number of State employees that have a flexible work schedule~~
13 ~~and the percentage of the State's total workforce it represents;~~

14 ~~(4) the number of State employees that telecommute and the percentage~~
15 ~~of the State's total workforce it represents;~~

16 ~~(5) the program's policies and guidelines for State employees that wish~~
17 ~~to participate in the program; and~~

18 ~~(6) plans to increase the amount and scope of flexible work options~~
19 ~~available to employees across State government.~~

20 ~~(e) As used in this section:~~

21 ~~(1) "Flexible work schedule" means a daily work schedule which~~

1 ~~contains certain required hours during which an employee must be present at~~
2 work and designated hours before or after the required hours during which an
3 employee, with the approval of his or her employer, may elect a time of arrival
4 to work and departure from work.

5 (2) “Job-share” means a work arrangement in which two or more
6 employees share one job, jointly assuming responsibility for the job’s output.

7 (3) “Part-time work” means a work arrangement in which an employee
8 works more than 20 hours per week but fewer than 40 hours per week.

9 (4) “Telecommuting” means a work arrangement in which an employee
10 works from the employee’s home or a workplace near the employee’s home
11 instead of from the employee’s principal workplace.

12 Sec. 3. SIMPLIFYING GOVERNMENT FOR BUSINESSES WITH
13 REMOTE WORKERS

14 (a) On or before January 15, 2018, the Secretary of Administration and the
15 Secretary of State, in collaboration with the Department of Labor, the Agency
16 of Commerce and Community Development, the Department of Taxes, and
17 other stakeholders, shall design a system that:

18 (1) enhances the State’s website to simplify registration and offer a clear
19 compilation of State permitting rules to businesses that employ remote workers
20 in Vermont;

21 ~~(2) creates a single, simple mechanism for making payments to the~~

1 State, by allowing a person to pay amounts he or she owes to the State for
2 taxes, fees, or other charges, through a single portal on the State's website or to
3 a single recipient within government;

4 (3) creates a single, simple mechanism for a business that employs
5 remote workers in Vermont to satisfy annual filing requirements by allowing a
6 person to make a single filing through a portal on the State website or to a
7 single recipient within government and to check a box if nothing substantive
8 has changed from the prior year; and

9 (4) provides more direct support to businesses that employ remote
10 workers in Vermont, whether by designating an existing position or creating a
11 new position within either the Office of the Secretary of State or another
12 government entity, to offer technical guidance, information, and other support
13 to persons who are forming or operating a business that employs remote
14 workers in Vermont.

15 (b) The Secretary of Administration shall submit the proposal to the
16 General Assembly on or before December 15, 2017. The proposal shall
17 identify any opportunities to streamline requirements related to permitting,
18 registration, and payment of taxes and fees, as well as and reduce the
19 administrative burden on both businesses that employ remote workers in
20 Vermont and the State. The report shall also include any recommendations for
21 legislative action necessary to implement the new system.

1 ~~Sec. 4. IMPROVING INFRASTRUCTURE AND SUPPORT FOR REMOTE~~

2 WORK IN VERMONT; STUDY; REPORT

3 (a) The Secretary of Commerce and Community Development, in
4 consultation with the Commissioners of Labor, of Public Service, and of
5 Buildings and General Services, and other interested stakeholders, shall
6 identify and examine the infrastructural improvements and other support
7 needed to enhance the ability of businesses to establish a remote presence in
8 Vermont and to allow Vermonters and businesses developing from generator
9 spaces to work and provide services remotely.

10 (b) Based on his or her findings, and in consultation with the
11 Commissioners of Labor, of Public Service, and of Buildings and General
12 Services, and other interested stakeholders, the Secretary shall develop a
13 program to address the needs identified pursuant to subsection (a) of this
14 section. Specifically, the program shall:

15 (1) address the infrastructural needs of remote workers and businesses
16 developing from generator spaces;

17 (2) promote and facilitate the use of remote worksites and generator
18 spaces;

19 (3) encourage out-of-state companies to use remote workers in Vermont;

20 (4) reduce the administrative and regulatory burden on businesses

21 employing remote workers in Vermont, and

1 ~~(5) increase the ease of start-up companies finding remote work or~~
2 ~~generator spaces in the State.~~

3 ~~(c) On or before January 15, 2018, the Secretary shall submit a written~~
4 ~~report detailing his or her findings, plan, and any recommendations for~~
5 ~~legislative action to implement the plan to the House Committee on Commerce~~
6 ~~and Economic Development and the Senate Committee on Economic~~
7 ~~Development, Housing and General Affairs.~~

8 Sec. 5. INTEGRATED PUBLIC-PRIVATE STATE WORKSITES

9 ~~The Secretary of Administration, in consultation with the Secretary of~~
10 ~~Commerce and Community Development and the Commissioner of Buildings~~
11 ~~and General Services, shall examine the potential for the State to establish~~
12 ~~remote worksites that are available for use by both State employees and remote~~
13 ~~workers in the private sector. The Secretary shall examine the feasibility of~~
14 ~~and potential funding models for the worksites. On or before January 15,~~
15 ~~2018, the Secretary shall submit a written report to the House Committee on~~
16 ~~Commerce and Economic Development and the Senate Committee on~~
17 ~~Economic Development, Housing and General Affairs detailing his or her~~
18 ~~findings and any recommendations for legislative action.~~

19 Sec. 6. IMPROVEMENT OF TARGETED WORKFORCE EDUCATIONAL
20 OPPORTUNITIES

21 ~~The Commissioner of Labor, in consultation with the Secretary of~~

1 Education, the President of the University of Vermont and State Agricultural
2 College, the Chancellor of the Vermont State Colleges, the Vermont
3 Association of Career and Technical Education Directors, representatives of
4 Vermont employers and workforce educational organizations, and other
5 interested stakeholders shall identify skilled occupations for which there is a
6 current or projected shortage of workers in Vermont, and create a plan to
7 develop, expand, and prioritize educational programs, including undergraduate
8 and graduate degree and certificate programs, continuing education, career and
9 technical education, and internships, that will provide the skills necessary for
10 the occupations identified. On or before January 15, 2018, the Commissioner
11 shall submit a written report to the General Assembly detailing his or her
12 findings and plan, and any recommendations for legislative action necessary to
13 implement the plan.

14 Sec. 7. RURAL WORKFORCE BROADBAND PROGRAM

15 (a) The Secretary of Commerce and Community Development, in
16 consultation with the Director for Telecommunications and Connectivity, shall
17 develop a rural workforce broadband program. The purpose of the program
18 shall be to encourage the deployment of broadband Internet access in rural,
19 high-cost areas of the State to promote economic development. Specifically,
20 the program shall:

21 (1) provide time-limited financial assistance to remote workers for

1 ~~access to digital devices, broadband Internet connections, and local content~~
2 ~~and services, such as business software and applications;~~
3 ~~(2) be funded through Vermont's Universal Service Fund;~~
4 ~~(3) to the greatest extent possible and for the purpose of finding least-~~
5 ~~cost alternatives, encourage connections with existing fiber optic networks,~~
6 ~~such as the network owned by the Vermont Electric Power Co., Inc. (VELCO);~~
7 ~~(4) ensure that funding under the program is used only to support~~
8 ~~Internet service capable of upload and download speeds necessary to~~
9 ~~adequately support a remote workforce;~~
10 ~~(5) reflect eligibility criteria that ensure funds are used in a manner that~~
11 ~~will achieve the greatest economic benefit in Vermont communities that~~
12 ~~currently do not have universal access to broadband Internet service; and~~
13 ~~(6) include any other standards or criteria necessary to achieve the~~
14 ~~purpose of the program.~~
15 ~~(b) On or before December 1, 2017, the program developed pursuant to~~
16 ~~this section shall be submitted to the General Assembly jointly by the~~
17 ~~Secretary and the Director in the form of draft legislation.~~

18 Sec. 8. EFFECTIVE DATE

19 ~~This act shall take effect on July 1, 2017.~~

Sec. 1. 32 V.S.A. chapter 151, subchapter 11P is added to read:
Subchapter 11P. New Remote Worker Tax Credit
§ 5930pp. NEW REMOTE WORKER TAX CREDIT

(a) As used in this section:

(1) “New remote worker” means an individual who:

(A) is a full-time employee of a business with its domicile or primary place of business outside Vermont;

(B) becomes a full-time resident of this State on or after January 1, 2019; and

(C) performs the majority of his or her employment duties remotely from a home office or a co-working space located in this State.

(2) “Qualifying remote worker expenses” means a new remote worker’s actual costs incurred for one or more of the following that are necessary to perform his or her employment duties:

(A) relocation to this State;

(B) computer software and hardware;

(C) broadband access or upgrade; and

(D) membership in a co-working or similar space.

(b)(1) A new remote worker shall be eligible for a nonrefundable credit against the income tax liability imposed under this chapter for qualifying remote worker expenses in the amount of not more than \$2,000.00 per year for up to five years, not to exceed \$10,000.00 per new remote worker.

(2)(A) The Agency of Commerce and Community Development shall develop a process to certify new remote workers for eligibility for a credit under this section.

(B) Upon certifying that a new remote worker meets the eligibility requirements of this section and his or her qualifying expenses for a tax year, the Agency shall issue to the new remote worker a credit certificate for the amount of his or her qualifying expenses, which the new remote worker shall file with his or her tax return.

(3) The Agency shall annually award credit certificates on a first-come, first-served basis, up to \$250,000.00 in total credits per year.

(c) A new remote worker may:

(1) first claim a credit under this section in the tax year following the year in which he or she becomes a resident of this State;

(2) claim an additional credit in each of the subsequent four tax years, provided he or she remains a resident of this State and a full-time remote worker; and

(3) carry forward the amount of any unused credit for five tax years.

(d) The Agency of Commerce and Community Development shall:

(1) promote awareness of the new remote worker tax credit authorized in this section; and

(2) adopt measurable goals, performance measures that demonstrate results, and an audit strategy to assess the utilization and performance of the credit authorized in this section.

Sec. 2. IMPROVING INFRASTRUCTURE AND SUPPORT FOR REMOTE WORK IN VERMONT; STUDY; REPORT

(a) The Secretary of Commerce and Community Development, in consultation with the Commissioners of Labor, of Public Service, and of Buildings and General Services, and other interested stakeholders, shall identify and examine the infrastructure improvements and other support needed to enhance the ability of businesses to establish a remote presence in Vermont and to allow Vermonters and businesses developing from maker spaces, co-working spaces, remote work hubs, and innovation spaces to work and provide services remotely.

(b) Based on his or her findings, and in consultation with the Commissioners of Labor, of Public Service, and of Buildings and General Services, and other interested stakeholders, the Secretary shall design a program to address the needs identified pursuant to subsection (a) of this section.

(c) Specifically, the program shall:

(1) address the infrastructure needs of remote workers and businesses developing from generator spaces;

(2) promote and facilitate the use of remote worksites and maker spaces, co-working spaces, remote work hubs, and innovation spaces;

(3) encourage out-of-state companies to use remote workers in Vermont;

(4) reduce the administrative and regulatory burden on businesses employing remote workers in Vermont;

(5) increase the ease of start-up companies finding remote work or maker spaces, co-working spaces, remote work hubs, and innovation spaces in the State; and

(6) support the interconnection of current and future maker spaces, co-working spaces, remote work hubs, and innovation spaces in this State.

(d) On or before January 15, 2019, the Secretary shall submit to the House

Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs a written report detailing:

(1) his or her findings, program, and any recommendations for legislative action to implement the program; and

(2) any additional policy changes to improve the climate for remote workers, including zoning measures, insurance and liability issues, workforce training needs, broadband access, access to co-working spaces, and an assessment of environmental implications of working remotely.

Sec. 3. INTEGRATED PUBLIC-PRIVATE STATE WORKSITES

(a) The Secretary of Administration, in consultation with the Secretary of Commerce and Community Development and the Commissioner of Buildings and General Services, shall examine the potential for the State to establish remote worksites that are available for use by both State employees and remote workers in the private sector.

(b) The Secretary shall examine the feasibility of and potential funding models for the worksites, including the opportunity to provide at low or no cost co-work space within State buildings that is currently vacant or underutilized.

(c) On or before January 15, 2019, the Secretary shall submit a written report to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs detailing his or her findings and any recommendations for legislative action.

Sec. 4. BROADBAND AVAILABILITY FOR REMOTE WORKERS

On or before January 15, 2019, the Director of Telecommunications and Connectivity, in consultation with the Agency of Commerce and Community Development, shall submit with the annual report required by 30 V.S.A. § 202e findings and recommendations concerning:

(1) the current availability of broadband service in municipal downtown centers that do, or could at reasonable cost, support one or more co-working spaces or similar venues for remote workers and small businesses; and

(2) strategies for expanding and enhancing broadband availability for such spaces.

Sec. 5. EFFECTIVE DATES

(a) This section and Secs. 2–4 shall take effect on passage.

(b) Sec. 1 (new remote worker tax credit) shall take effect on the date specified in H.924 (2018) as enacted.