

House Calendar

Saturday, April 29, 2017

116th DAY OF THE BIENNIAL SESSION

House Convenes at 8:00 A.M.

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ACTION CALENDAR

Action Postponed Until April 29, 2017

Favorable with Amendment

S. 33

An act relating to the Rozo McLaughlin Farm-to-School Program

Rep. Hooper of Brookfield, for the Committee on Agriculture & Forestry, recommends that the House propose to the Senate that the bill be amended as follows:

First: In Sec. 1, in 6 V.S.A. § 4719, in subdivision (a)(5), after “Vermont students in” and before “programs” by striking out the words “school meal” and inserting in lieu thereof the words “child nutrition”

Second: In Sec. 1, by striking out 6 V.S.A. § 4721 in its entirety and inserting in lieu thereof the following:

§ 4721. LOCAL FOODS GRANT PROGRAM

(a) There is created in the Agency of Agriculture, Food and Markets the Rozo McLaughlin Farm-to-School Program to execute, administer, and award local grants for the purpose of helping Vermont schools develop farm-to-school programs that will sustain relationships with local farmers and producers, enrich the educational experience of students, improve the health of Vermont children, and enhance Vermont’s agricultural economy.

(b) A school, a school district, a consortium of schools, ~~or~~ a consortium of school districts, or registered or licensed child care providers may apply to the Secretary of Agriculture, Food and Markets for a grant award to:

(1) fund equipment, resources, training, and materials that will help to increase use of local foods in ~~the School Food Service Program~~ child nutrition programs;

(2) fund items, including local ~~farm~~ food products, gardening supplies, field trips to farms, gleaning on farms, and stipends to visiting farmers, that will help ~~teachers~~ educators to use hands-on educational techniques to teach children about nutrition and farm-to-school connections; and

(3) ~~provide~~ fund professional development and technical assistance, in partnership with the Agency of Education and farm-to-school technical service providers, to help teachers, child nutrition personnel, and members of the farm-to-school community educate students about nutrition and farm-to-school connections and assist schools and licensed or registered childcare providers in

developing a farm-to-school program.

(4) fund technical assistance or support strategies to increase participation in federal child nutrition programs that increase the viability of sustainable meal programs.

(c) The Secretaries of Agriculture, Food and Markets and of Education and the Commissioner of Health, in consultation with farmers, food-service workers child nutrition staff, and educators, and farm-to-school technical service providers jointly shall jointly adopt rules procedures relating to the content of the grant application and the criteria for making awards.

(d) The Secretary shall determine that there is significant interest in the school community before making an award and shall give priority consideration to schools and, school districts and, registered or licensed child care providers that are developing farm-to-school connections and education that indicate a willingness to make changes to their child nutrition programs to increase student access and participation and that are making progress toward the implementation of the Vermont nutrition and fitness policy guidelines School Wellness Policy Guidelines developed by the Agency of Agriculture, Food and Markets, the Agency of Education, and the Department of Health, dated November 2005 updated in June 2015 or of the successor of these guidelines.

(e) No award shall be greater than \$15,000.00.

(Committee vote: 10-0-1)

(For text see Senate Journal February 10, 2017)

S. 122

An act relating to increased flexibility for school district mergers

Rep. Sharpe of Bristol, for the Committee on Education, recommends that the House propose to the Senate that the bill be amended as follows:

First: In Sec. 1 (Findings), with its reader assistance, by striking out the reader assistance in its entirety and inserting in lieu thereof the following:

* * * Findings and Purpose * * *

Second: In Sec. 1, by striking out the section heading in its entirety and inserting in lieu thereof the following:

Sec. 1. FINDINGS AND PURPOSE

Third: In Sec. 1, by adding a new subsection (b) to read:

(b) While Vermont generally does an excellent job educating our children, we fall short in two critical areas. First, we are not as successful as we need to

be in educating children from families with low income, and second, while we have a very high graduation rate from our high schools, not enough of our graduates continue their education. Fulfilling the goals of Act 46 is a critical step in addressing these shortcomings.

and by relettering the remaining sections to be alphabetically correct

Fourth: In Sec. 1, in relettered subsection (e), by striking out the last sentence in its entirety

Fifth: In Sec. 1, by adding a subsection (f) to read:

(f) This act is designed to make useful changes to the merger time lines and allowable governance structures under Act 46 without weakening or eliminating the Act's fundamental phased merger and incentive structures and requirements. Nothing in this act should suggest that it is acceptable for a school district to fail to take reasonable and robust action to seek to meet the goals of Act 46.

Sixth: In Sec. 2, by striking out subsection (b) in its entirety and inserting in lieu thereof the following:

(b) The incentives provided under this act shall be available only if the new districts receive final approval of their electorate on or before November 30, 2017. This section is repealed on July 1, 2017 2019.

Seventh: By striking out Sec. 3 in its entirety and inserting in lieu thereof the following:

Sec. 3. THREE-BY-ONE SIDE-BY-SIDE STRUCTURE; EXEMPTION

FROM STATEWIDE PLAN

(a) If the conditions of this section are met, the Merged District and the Existing District or Districts shall be exempt from the requirement under 2015 Acts and Resolves No. 46, Secs. 9 and 10, to self-evaluate and make a proposal to the Secretary of Education and State Board of Education and from the State Board's statewide plan.

(1) The new district is formed by the merger of at least three existing districts (Merged District) and, together with one or two existing districts (each an Existing District), are, following the receipt of all approvals required under this section, members of the same supervisory union (Three-by-One Side-by-Side Structure).

(2) As of March 7, 2017, town meeting day, each Existing District is either:

(A) geographically isolated, due to lengthy driving times or inhospitable travel routes between the Existing District's school or schools and

the nearest school in which there is excess capacity as determined by the State Board of Education; or

(B) structurally isolated, because all adjoining school districts have operating or tuitioning models that differ from the Existing District.

(3) The Merged District and each Existing District have, following the receipt of all approvals required under this section, a model of operating schools or paying tuition that is different from the model of each other; provided, however, that if two Existing Districts are members of the Three-by-One Side-by-Side Structure, the Existing Districts may have the same model of operating schools or paying tuition if they are geographically isolated from each other, within the meaning of subdivision (2)(A) of this subsection. These models are:

(A) operating a school or schools for all resident students in prekindergarten through grade 12;

(B) operating a school or schools for all resident students in some grades and paying tuition for resident students in the other grades; or

(C) operating no schools and paying tuition for all resident students in prekindergarten through grade 12.

(4) Each Existing District and the districts proposing to merge into the Merged District jointly submit a proposal to the State Board after the effective date of this section and demonstrate in their proposal that:

(A) the Three-by-One Side-by-Side Structure is better suited to them than a governance structure described in 2015 Acts and Resolves No. 46, Sec. 6 and will meet the goals set forth in Sec. 2 of that act;

(B) each Existing District meets one or more of the criteria set forth in subdivision (2) of this subsection (a);

(C) each Existing District has a detailed action plan it proposes to take to continue to improve its performance in connection with each of the goals set forth in 2015 Acts and Resolves No. 46, Sec. 2.

(5) Each Existing District and the districts proposing to merge into the Merged District obtain State Board approval of their proposal to form the proposed Three-by-One Side-by-Side Structure.

(6) Each Existing District obtains the approval of its electorate to be an Existing District in the proposed Three-by-One Side-by-Side Structure on or before November 30, 2017.

(7) The districts proposing to merge into the Merged District receive final approval from their electorate for the merger proposal on or before

November 30, 2017, and the Merged District becomes fully operational on or before July 1, 2019.

(8) The Three-by-One Side-by-Side Structure is formed on or before November 30, 2019 in the manner approved by the State Board.

(b) The districts that are proposing to merge into the Merged District may include:

(1) districts that have not received, as of the effective date of this section, approval from their electorate to merge, regardless of whether the Merged District will be eligible to receive incentives under 2010 Acts and Resolves No. 153, 2012 Acts and Resolves No. 156, or 2015 Acts and Resolves No. 46, each as amended; and

(2) districts that received, on or after July 1, 2010 but prior to the effective date of this section, approval from their electorate to merge but are not operational as a Merged District as of the effective date of this section, regardless of whether the Merged District is eligible to receive incentives under 2010 Acts and Resolves No. 153, 2012 Acts and Resolves No. 156, or 2015 Acts and Resolves No. 46, each as amended.

(c) The formation of a Three-by-One Side-by-Side Structure shall not entitle the Merged District or an Existing District to qualify for the incentives provided in 2010 Acts and Resolves No. 153, Sec. 4. However, a Merged District that is otherwise entitled to incentives under 2010 Acts and Resolves No. 153, 2012 Acts and Resolves No. 156, or 2015 Acts and Resolves No. 46, each as amended, shall not lose these incentives due to its participation as a member of a Three-by-One Side-by-Side Structure.

Eighth: By striking out Sec. 4 in its entirety and inserting in lieu thereof the following:

Sec. 4. TWO-BY-TWO-BY-ONE SIDE-BY-SIDE STRUCTURE;
REGIONAL EDUCATION DISTRICT INCENTIVES

(a) Notwithstanding 2010 Acts and Resolves No. 153, Sec. 3(a)(1) that requires a single regional education district (RED) to have an average daily membership of at least 1,250 or result from the merger of at least four districts, or both, two or more new districts shall be eligible for the incentives provided in No. 153, Sec. 4 as amended by 2012 Acts and Resolves No. 156 and 2015 Acts and Resolves No. 46 if:

(1) Each new district is formed by the merger of at least two existing districts (each a Merged District) and, together with an Existing District, are, following the receipt of all approvals required under this section, members of the same supervisory union (Two-by-Two-by-One Side-by-Side Structure).

(2) As of March 7, 2017, town meeting day, the Existing District is either:

(A) geographically isolated, due to lengthy driving times or inhospitable travel routes between the Existing District's school or schools and the nearest school in which there is excess capacity as determined by the State Board of Education; or

(B) structurally isolated, because all adjoining school districts have operating or tuitioning models that differ from the Existing District.

(3) Each Merged District and the Existing District, following the receipt of all approvals required under this section, have a model of operating schools or paying tuition that is different from the model of each other. These models are:

(A) operating a school or schools for all resident students in prekindergarten through grade 12;

(B) operating a school or schools for all resident students in some grades and paying tuition for resident students in the other grades; or

(C) operating no schools and paying tuition for all resident students in prekindergarten through grade 12.

(4) The Two-by-Two-by-One Side-by-Side Structure meets all criteria for RED formation other than the size criterion of 2010 Acts and Resolves No. 153, Sec. 3(a)(1) (average daily membership of at least 1,250) and otherwise as provided in this section.

(5) The Existing District and the districts proposing to merge into the Merged Districts jointly submit a proposal to the State Board after the effective date of this section and demonstrate in their proposal that:

(A) the Two-by-Two-by-One Side-by-Side Structure is better suited to them than a governance structure described in 2015 Acts and Resolves No. 46, Sec. 6 and will meet the goals set forth in Sec. 2 of that act;

(B) the Existing District meets one or more of the criteria set forth in subdivision (2) of this subsection (a); and

(C) the Existing District has a detailed action plan it proposes to take to continue to improve its performance in connection with each of the goals set forth in 2015 Acts and Resolves No. 46, Sec. 2.

(6) The Existing District and the districts proposing to merge into the Merged Districts obtain State Board approval of their proposal to form the proposed Two-by-Two-by-One Side-by-Side Structure.

(7) The Existing District obtains the approval of its electorate to be an

Existing District in the proposed Two-by-Two-by-One Side-by-Side Structure on or before November 30, 2017.

(8) The districts proposing to merge into each Merged District receive final approval from their electorate for the merger proposal on or before November 30, 2017, and each Merged District becomes fully operational on or before July 1, 2019.

(9) Each Merged District has the same effective date of merger.

(10) The Two-by-Two-by-One Side-by-Side Structure is formed on or before November 30, 2019 in the manner approved by the State Board.

(b) The districts that are proposing to merge into the Merged Districts may include:

(1) districts that have not received, as of the effective date of this section, approval from their electorate to merge, regardless of whether the Merged District will be eligible to receive incentives under 2010 Acts and Resolves No. 153, 2012 Acts and Resolves No. 156, or 2015 Acts and Resolves No. 46, each as amended; and

(2) districts that received, on or after July 1, 2010 but prior to the effective date of this section, approval from their electorate to merge but are not operational as a Merged District as of the effective date of this section, regardless of whether the Merged District is eligible to receive incentives under 2010 Acts and Resolves No. 153, 2012 Acts and Resolves No. 156, or 2015 Acts and Resolves No. 46, each as amended.

(c) If the conditions of this section are met, the incentives provided in 2010 Acts and Resolves No. 153, Sec. 4 shall be available to each Merged District, unless the Merged District has already received incentives under 2010 Acts and Resolves No. 153, 2012 Acts and Resolves No. 156, or 2015 Acts and Resolves No. 46, each as amended. These incentives shall not be available to the Existing District.

(d) If the conditions of this section are met, the Existing District shall be exempt from the requirement under 2015 Acts and Resolves No. 46, Secs. 9 and 10, to self-evaluate and make a proposal to the Secretary of Education and State Board of Education and exempt from the State Board's statewide plan.

Ninth: By adding three new sections, to be Secs. 6a, 6b, and 6c, with reader assistances, to read as follows:

* * * Reduction of Average Daily Membership; Guidelines for Alternative Structures * * *

Sec. 6a. 2015 Acts and Resolves No. 46, Sec. 5 is amended to read:

Sec. 5. PREFERRED EDUCATION GOVERNANCE STRUCTURE;
ALTERNATIVE STRUCTURE

* * *

(c) Alternative structure: supervisory union with member districts. An Education District as envisioned in subsection (b) of this section may not be possible or the best model to achieve Vermont's education goals in all regions of the State. In such situations, a supervisory union composed of multiple member districts, each with its separate school board, ~~can~~ may meet the State's goals, particularly if:

(1) the member districts consider themselves to be collectively responsible for the education of all prekindergarten through grade 12 students residing in the supervisory union;

(2) the supervisory union operates in a manner that complies with its obligations under 16 V.S.A. § 261a and that maximizes efficiencies through economies of scale and the flexible management, transfer, and sharing of nonfinancial resources among the member districts, which may include a common personnel system, with the goal of increasing the ratio of students to full-time equivalent staff;

(3) the supervisory union has the smallest number of member school districts practicable, achieved wherever possible by the merger of districts with similar operating and tuitioning patterns; ~~and~~

(4) the supervisory union has the smallest number of member school districts practicable after consideration of greatly differing levels of indebtedness among the member districts; and

~~(4)~~(5) the combined average daily membership of all member districts is not less than ~~4,100~~ 900.

* * * Secretary and State Board; Consideration of Alternative Structure
Proposals * * *

Sec. 6b. 2015 Acts and Resolves No. 46, Sec. 10 is amended to read:

Sec. 10. TRANSITION TO SUSTAINABLE GOVERNANCE
STRUCTURES; PROPOSAL; FINAL PLAN

* * *

(c) Process. On and after October 1, 2017, the Secretary and State Board shall consider any proposals submitted by districts or groups of districts under Sec. 9 of this act. Districts that submit such a proposal shall have the opportunity to add to or otherwise amend their proposal in connection with the

Secretary's consideration of the proposal and conversations with the district or districts under subsection (a) of this section, and in connection with testimony presented to the State Board under subsection (b) of this section. The State Board may, in its discretion, approve an alternative governance proposal at any time on or before November 30, 2018.

(d) The statewide plan required by subsection (b) of this section shall include default Articles of Agreement to be used by all new unified union school districts created under the plan until the board of the new district votes to approve new or amended articles.

(e) After the State Board of Education issues the statewide plan under subsection (b) of this section, districts subject to merger shall have 90 days to form a study committee under 16 V.S.A. § 706b and to draft Articles of Agreement for the new district. During this period, the study committee shall hold at least one public hearing to consider and take comments on the draft Articles of Agreement.

(f) If the study committee formed under subsection (e) of this section does not approve Articles of Agreement within the 90-day period provided in that subsection, the provisions in the default Articles of Agreement included in the statewide plan shall apply to the new district.

(e)(g) Applicability. This section shall not apply to:

- (1) an interstate school district;
- (2) a regional career technical center school district formed under 16 V.S.A. chapter 37, subchapter 5A; or
- (3) a district that, between June 30, 2013 and July 2, 2019, began to operate as a unified union school district and:
 - (A) voluntarily merged into the preferred education governance structure, an Education District, as set forth Sec. 5(b) of this act; or

(B) is a regional education district or any other district eligible to receive incentives pursuant to 2010 Acts and Resolves No. 153, as amended by 2012 Acts and Resolves No. 156.

* * * Deadline for Small School Support Metrics * * *

Sec. 6c. 2015 Acts and Resolves No. 46, Sec. 21 is amended to read:

Sec. 21. SMALL SCHOOL SUPPORT; METRICS

On or before July 1, 2018, the State Board of Education shall adopt and publish metrics by which it will make determinations whether to award small school support grants pursuant to 16 V.S.A. § 4015 on and after July 1, 2019, as amended by Sec. 20 of this act; provided, however, that on or before

September 30, 2017, the State Board shall publish a list of districts that it determines to be geographically isolated pursuant to that section as amended by Sec. 20 of this act.

Tenth: By striking out Sec. 7 (Self-Evaluation, Meetings, and Proposal) in its entirety and inserting in lieu thereof the following:

Sec. 7. 2015 Acts and Resolves No. 46, Sec. 9 is amended to read:

Sec. 9. SELF-EVALUATION, MEETINGS, AND PROPOSAL

(a) On or before November 30, 2017 the date that is the earlier of six months after the date the State Board's rules on the process for submitting alternative governance proposals take effect or January 31, 2018, the board of each school district in the State that has a governance structure different from the preferred structure identified in Sec. 5(b) of this act (Education District), or that does not expect to become or will not become an Education District on or before July 1, 2019, shall perform each of the following actions, unless the district qualifies for an exemption under Sec. 10(g) of this act.

* * *

Eleventh: In Sec. 9, in subsection (e), by deleting subsection (e) in its entirety

Twelfth: By adding a new section, to be Sec. 17, to read as follows:

Sec. 17. QUALIFICATION FOR INCENTIVES; ASSIGNMENT TO A SUPERVISORY UNION BY THE STATE BOARD

Notwithstanding any requirement under 2015 Acts and Resolves No. 46, Secs. 6 and 7 that the newly formed school district be its own supervisory district, the newly formed school district shall qualify for the incentives under this section even if it is assigned to a supervisory union by the State Board of Education and that assignment by the State Board is not made at the request of the school district.

Thirteen: By adding four new sections, to be Secs. 18, 19, 20, and 21, with reader assistances, to read as follows:

* * * State Board Rulemaking Authority * * *

Sec. 18. 2015 Acts and Resolves No. 46, Sec. 8 is amended to read:

Sec. 8. EVALUATION BY THE STATE BOARD OF EDUCATION

* * *

(c) The State Board may adopt rules designed to assist districts in submitting alternative structure proposals, but shall not by rule or otherwise impose more stringent requirements than those in this act.

* * * Tax Provisions * * *

Sec. 19. CALCULATION OF EDUCATION PROPERTY TAX SPENDING
ADJUSTMENT AND EDUCATION INCOME TAX SPENDING
ADJUSTMENT FOR CERTAIN SCHOOL DISTRICTS

(a) Under this section, a qualifying school district is a school district:

(1) that operates no schools and pays tuition for all resident students in prekindergarten through grade 12;

(2) that, on or before November 15, 2017, obtains final approval from its electorate to consolidate with an existing unified union school district that is eligible to receive incentives under 2010 Acts and Resolves No. 153 (consolidated district), as amended; and

(3) for which either:

(A) the education property tax spending adjustment under 32 V.S.A. § 5401(13)(A) for the district's fiscal year 2017 exceeded the district's education property tax spending adjustment for the district's 2015 fiscal year by more than 100 percent; or

(B) the education income tax spending adjustment under 32 V.S.A. § 5401(13)(B) for the district's fiscal year 2017 exceeded the district's education income tax spending adjustment for the district's 2015 fiscal year by more than 100 percent.

(b) Notwithstanding any provision of law to the contrary:

(1) for the first year in which the consolidated district's equalized homestead tax rate or household income percentage is reduced under 2010 Acts and Resolves No. 153, as amended, the equalized homestead tax rate and household income percentage for the town associated with the qualifying district shall be set at the average equalized homestead tax rate and household income percentage of the towns associated with the other districts that merge into the consolidated district; and

(2) 2010 Acts and Resolves No. 153, Sec. 4(a)(2), which limits the amount by which tax rates are permitted to change, shall not apply to the town associated with the qualifying district for the first year for which the consolidated district's equalized homestead tax rate or household income percentage is reduced under that act.

Sec. 20. MODIFIED UNIFIED UNION SCHOOL DISTRICTS; TAX RATE
CALCULATIONS

The tax rate provisions in 2010 Acts and Resolves No. 155, Sec. 13(a)(1), as amended, shall not apply to the calculation of tax rates in a member of a

modified unified union school district (MUUSD) formed under 2012 Acts and Resolves No. 156, Sec. 17, as amended, if that member is a member for fewer than all grades, prekindergarten through grade 12. This section shall apply to the calculation of taxes in any MUUSD that began full operation after July 1, 2015.

* * * Elections to Unified Union School District Board * * *

Sec. 21. ELECTIONS TO UNIFIED UNION SCHOOL DISTRICT BOARD

(a) Notwithstanding any provision to the contrary under 16 V.S.A. § 706k, the election of a director on the board of a unified union school district who is to serve on the board after expiration of the term for an initial director shall be held at the unified union school district's annual meeting in accordance with the district's articles of agreement.

(b) Notwithstanding any provision to the contrary under 16 V.S.A. § 706l, if a vacancy occurs on the board of a unified union school district and the vacancy is in a seat that is allocated to a specific town, the clerk shall immediately notify the selectboard of the town. Within 30 days of the receipt of that notice, the unified union school district board, in consultation with the selectboard, shall appoint a person who is otherwise eligible to serve as a member of the unified union school district board to fill the vacancy until an election is held in accordance with the unified union school district's articles of agreement.

(c) This section is repealed on July 1, 2018.

and by renumbering the remaining section (Effective Date) to be numerically correct

(Committee vote: 11-0-0)

(For text see Senate Journal March 30, 31, 2017)

Rep. Ancel of Calais, for the Committee on Ways and Means, recommends the bill ought to pass when amended as recommended by the Committee on Education and when further amended as follows:

In the ninth instance of amendment, in Sec. 6a, amending 2015 Acts and Resolves No. 46, Sec. 5 (preferred education governance structure; alternative structure), by striking out the section designation "PREFERRED EDUCATION GOVERNANCE STRUCTURE; ALTERNATIVE STRUCTURE" and inserting in lieu thereof "PREFERRED EDUCATION GOVERNANCE STRUCTURE; ALTERNATIVE STRUCTURE GUIDELINES".

(Committee Vote: 10-0-1)

Rep. Juskiewicz of Cambridge, for the Committee on Appropriations, recommends the bill ought to pass when amended as recommended by the Committee on Education and Ways and Means.

(Committee Vote: 11-0-0)

Senate Proposal of Amendment

H. 167

An act relating to alternative approaches to addressing low-level illicit drug use

The Senate proposes to the House to amend the bill by striking all after the enacting clause and inserting in lieu thereof the following:

* * * Misdemeanor Possession of Drugs Study * * *

Sec. 1. MISDEMEANOR POSSESSION OF DRUGS; PRETRIAL SERVICES

(a) It is the intent of the General Assembly to encourage persons cited or arrested for a misdemeanor drug possession charge to engage with pretrial services, and, if appropriate, enter treatment, and that, in turn, a person who complies with such conditions will be eligible for dismissal of the charge.

(b) The Attorney General, the Defender General, and the Executive Director of the Department of State's Attorneys and Sheriffs shall work collaboratively to develop a specific legislative proposal to accomplish this intent with an implementation date of July 1, 2018 and report to the Senate and House Committees on Judiciary and on Appropriations, the Senate Committee on Health and Welfare, and the House Committee on Human Services on or before November 1, 2017.

* * * Findings * * *

Sec. 2. LEGISLATIVE FINDINGS AND INTENT

The General Assembly finds the following:

(1) According to a 2014 study commissioned by the administration and conducted by the RAND Corporation, marijuana is commonly used in Vermont with an estimated 80,000 residents having used marijuana in the last month.

(2) For over 75 years, Vermont has debated the issue of marijuana regulation and amended its marijuana laws numerous times in an effort to protect public health and safety. Criminal penalties for possession rose in the 1940s and 50s to include harsh mandatory minimums, dropped in the 1960s and 70s, rose again in the 1980s and 90s, and dropped again in the 2000s. A

study published in the American Journal of Public Health found that no evidence supports the claim that criminalization reduces marijuana use.

(3) Vermont seeks to take a new comprehensive approach to marijuana use and abuse that incorporates prevention, education, regulation, treatment, and law enforcement which results in a net reduction in public harm and an overall improvement in public safety. Responsible use of marijuana by adults 21 years of age or older should be treated the same as responsible use of alcohol, the abuse of either treated as a public health matter, and irresponsible use of either that causes harm to others sanctioned with penalties.

(4) Policymakers recognize legitimate federal concerns about marijuana reform and seek through this legislation to provide better control of access and distribution of marijuana in a manner that prevents:

(A) distribution of marijuana to persons under 21 years of age;

(B) revenue from the sale of marijuana going to criminal enterprises;

(C) diversion of marijuana to states that do not permit possession of marijuana;

(D) State-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or activity;

(E) violence and the use of firearms in the cultivation and distribution of marijuana;

(F) drugged driving and the exacerbation of any other adverse public health consequences of marijuana use;

(G) growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and

(H) possession or use of marijuana on federal property.

(5) Revenue generated by this act shall be used to provide for the implementation, administration, and enforcement of this chapter and to provide additional funding for State efforts on the prevention of substance abuse, treatment of substance abuse, and criminal justice efforts to combat the illegal drug trade and impaired driving. As used in this subdivision, “criminal justice efforts” shall include efforts by both State and local criminal justice agencies, including law enforcement, prosecutors, public defenders, and the courts.

* * * Prevention * * *

Sec. 3. MARIJUANA YOUTH EDUCATION AND PREVENTION

(a)(1) Relying on lessons learned from tobacco and alcohol prevention efforts, the Department of Health, in collaboration with the Agency of Agriculture, Food, and Markets, the Agency of Education, and the Governor's Highway Safety Program, shall develop and administer an education and prevention program focused on use of marijuana by youth under 25 years of age. In so doing, the Department shall consider at least the following:

(A) Community- and school-based youth and family-focused prevention initiatives that strive to:

(i) expand the number of school-based grants for substance abuse services to enable each Supervisory Union to develop and implement a plan for comprehensive substance abuse prevention education in a flexible manner that ensures the needs of individual communities are addressed;

(ii) improve the Screening, Brief Intervention and Referral to Treatment (SBIRT) practice model for professionals serving youth in schools and other settings; and

(iii) expand family education programs.

(B) An informational and counter-marketing campaign using a public website, printed materials, mass and social media, and advertisements for the purpose of preventing underage marijuana use.

(C) Education for parents and health care providers to encourage screening for substance use disorders and other related risks.

(D) Expansion of the use of SBIRT among the State's pediatric practices and school-based health centers.

(E) Strategies specific to youth who have been identified by the Youth Risk Behavior Survey as having an increased risk of substance abuse.

(2) On or before March 15, 2018, the Department shall adopt rules to implement the education and prevention program described in subsection (a) of this section and implement the program on or before September 15, 2018.

(b) The Department shall include questions in its biannual Youth Risk Behavior Survey to monitor the use of marijuana by youth in Vermont and to understand the source of marijuana used by this population.

(c) Any data collected by the Department on the use of marijuana by youth shall be maintained and organized in a manner that enables the pursuit of future longitudinal studies.

* * * Legal Possession; Civil and Criminal Penalties * * *

Sec. 4. LEGISLATIVE INTENT; CIVIL AND CRIMINAL PENALTIES

It is the intent of the General Assembly to eliminate all civil penalties for possession of one ounce or less of marijuana and a small number of marijuana plants for a person who is 21 years of age or older while retaining the current criminal penalties for possession of larger amounts of marijuana and criminal penalties for unauthorized dispensing or sale of marijuana. This act also retains the current civil and criminal penalties for possession of marijuana by a person under 21 years of age, which are the same as possession of alcohol by a person under 21 years of age.

Sec. 5. 18 V.S.A. § 4201(15) is amended to read:

(15)(A) “Marijuana” means any plant material of the genus *Cannabis* or any preparation, compound, or mixture thereof except:

(A) sterilized seeds of the plant;

(B) fiber produced from the stalks; or

(C) hemp or hemp products, as defined in 6 V.S.A. § 562 all parts of the plant *Cannabis sativa* L., except as provided by subdivision (B) of this subdivision (15), whether growing or harvested, and includes:

(i) the seeds of the plant;

(ii) the resin extracted from any part of the plant; and

(iii) any compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or resin.

(B) “Marijuana” does not include:

(i) the mature stalks of the plant and fiber produced from the stalks;

(ii) oil or cake made from the seeds of the plant;

(iii) any compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks, fiber, oil, or cake; or

(iv) the sterilized seed of the plant that is incapable of germination.

Sec. 6. 18 V.S.A. § 4230 is amended to read:

§ 4230. MARIJUANA

(a) Possession and cultivation.

(1)(A) No person shall knowingly and unlawfully possess more than one ounce of marijuana or more than five grams of hashish or cultivate more than two mature marijuana plants or four immature marijuana plants. For a first offense under this subdivision (A), a person shall be provided the

opportunity to participate in the Court Diversion Program unless the prosecutor states on the record why a referral to the Court Diversion Program would not serve the ends of justice. A person convicted of a first offense under this subdivision shall be imprisoned not more than six months or fined not more than \$500.00, or both.

(B) A person convicted of a second or subsequent offense of knowingly and unlawfully possessing more than one ounce of marijuana or more than five grams of hashish or cultivating more than two mature marijuana plants or four immature marijuana plants shall be imprisoned not more than two years or fined not more than \$2,000.00, or both.

(C) Upon an adjudication of guilt for a first or second offense under this subdivision, the court may defer sentencing as provided in 13 V.S.A. § 7041 except that the court may in its discretion defer sentence without the filing of a presentence investigation report and except that sentence may be imposed at any time within two years from and after the date of entry of deferment. The court may, prior to sentencing, order that the defendant submit to a drug assessment screening which may be considered at sentencing in the same manner as a presentence report.

(2) A person knowingly and unlawfully possessing two ounces of marijuana or 10 grams of hashish or knowingly and unlawfully cultivating more than three plants of four mature marijuana plants or eight immature marijuana plants shall be imprisoned not more than three years or fined not more than \$10,000.00, or both.

(3) A person knowingly and unlawfully possessing more than one pound or more of marijuana or more than 2.8 ounces or more of hashish or knowingly and unlawfully cultivating more than 10 plants of six mature marijuana plants or 12 immature marijuana plants shall be imprisoned not more than five years or fined not more than ~~\$100,000.00~~ \$10,000.00, or both.

(4) A person knowingly and unlawfully possessing more than 10 pounds or more of marijuana or more than one pound or more of hashish or knowingly and unlawfully cultivating more than 25 plants of 12 mature marijuana plants or 24 immature marijuana plants shall be imprisoned not more than 15 years or fined not more than \$500,000.00, or both.

(5) If a court fails to provide the defendant with notice of collateral consequences in accordance with 13 V.S.A. § 8005(b) and the defendant later at any time shows that the plea and conviction for a violation of this subsection may have or has had a negative consequence, the court, upon the defendant's motion, shall vacate the judgment and permit the defendant to withdraw the plea or admission and enter a plea of not guilty. Failure of the court to advise the defendant of a particular collateral consequence shall not support a motion

to vacate.

(6) The amounts of marijuana in this subsection shall not include marijuana cultivated, harvested, and stored in accordance with section 4230e of this title.

* * *

Sec. 7. 18 V.S.A. § 4230a is amended to read:

§ 4230a. MARIJUANA POSSESSION BY A PERSON 21 YEARS OF AGE OR OLDER; ~~CIVIL VIOLATION~~

~~(a)(1) A person 21 years of age or older who knowingly and unlawfully possesses one ounce or less of marijuana or five grams or less of hashish commits a civil violation and shall be assessed a civil penalty as follows:~~

- ~~(1) not more than \$200.00 for a first offense;~~
- ~~(2) not more than \$300.00 for a second offense;~~
- ~~(3) not more than \$500.00 for a third or subsequent offense.~~

~~(b)(1)~~ Except as otherwise provided in this section, a person 21 years of age or older who possesses one ounce or less of marijuana or five grams or less of hashish and two mature marijuana plants or fewer or four immature marijuana plants or fewer or who possesses paraphernalia for marijuana use shall not be penalized or sanctioned in any manner by the State or any of its political subdivisions or denied any right or privilege under State law. The one-ounce limit of marijuana or five grams of hashish that may be possessed by a person 21 years of age or older shall not include marijuana cultivated, harvested, and stored in accordance with section 4230e of this title.

~~(2)(A) A violation of this section shall not result in the creation of a criminal history record of any kind~~ A person shall not consume marijuana in a public place. "Public place" means any street, alley, park, sidewalk, public building other than individual dwellings, any place of public accommodation as defined in 9 V.S.A. § 4501, and any place where the possession of a lighted tobacco product is prohibited pursuant to section 1421 or chapter 37 of this title or 16 V.S.A. § 140.

(B) A person who violates this subdivision (a)(2) shall be assessed a civil penalty as follows:

- (i) not more than \$100.00 for a first offense;
- (ii) not more than \$200.00 for a second offense; and
- (iii) not more than \$500.00 for a third or subsequent offense.

~~(e)(1)(b) This section does not exempt any person from arrest or~~

~~prosecution for being under the influence of marijuana while operating a vehicle of any kind and shall not be construed to repeal or modify existing laws or policies concerning the operation of vehicles of any kind while under the influence of marijuana.~~

~~(2) This section is not intended to affect the search and seizure laws afforded to duly authorized law enforcement officers under the laws of this State. Marijuana is contraband pursuant to section 4242 of this title and subject to seizure and forfeiture unless possessed in compliance with chapter 86 of this title (therapeutic use of cannabis).~~

~~(3) This section shall not be construed to prohibit a municipality from regulating, prohibiting, or providing additional penalties for the use of marijuana in public places.~~

~~(d) If a person suspected of violating this section contests the presence of cannabinoids within 10 days of receiving a civil citation, the person may request that the State Crime Laboratory test the substance at the person's expense. If the substance tests negative for the presence of cannabinoids, the State shall reimburse the person at state expense.;~~

(1) exempt a person from arrest, citation, or prosecution for being under the influence of marijuana while operating a vehicle of any kind or for consuming marijuana while operating a motor vehicle;

(2) repeal or modify existing laws or policies concerning the operation of vehicles of any kind while under the influence of marijuana or for consuming marijuana while operating a motor vehicle;

(3) limit the authority of primary and secondary schools to impose administrative penalties for the possession of marijuana on school property;

(4) prohibit a municipality from adopting a civil ordinance to provide additional penalties for consumption of marijuana in a public place;

(5) prohibit a landlord from banning possession or use of marijuana in a lease agreement; or

(6) allow an inmate of a correctional facility to possess or use marijuana or to limit the authority of law enforcement, the courts, the Department of Corrections, or the Parole Board to impose penalties on offenders who use marijuana in violation of a court order, conditions of furlough, parole, or rules of a correctional facility.

~~(e)(c)(1)~~ A law enforcement officer is authorized to detain a person if:

(A) the officer has reasonable grounds to believe the person has violated subsection (b) of this section; and

(B) the person refuses to identify himself or herself satisfactorily to the officer when requested by the officer.

(2) The person may be detained only until the person identifies himself or herself satisfactorily to the officer or is properly identified. If the officer is unable to obtain the identification information, the person shall forthwith be brought before a judge in the Criminal Division of the Superior Court for that purpose. A person who refuses to identify himself or herself to the Court on request shall immediately and without service of an order on the person be subject to civil contempt proceedings pursuant to 12 V.S.A. § 122.

~~(f)~~(d) Fifty percent of the civil penalties imposed by the Judicial Bureau for violations of this section shall be deposited in the Drug Task Force Special Fund, hereby created to be managed pursuant to 32 V.S.A. chapter 7, subchapter 5, and available to the Department of Public Safety for the funding of law enforcement officers on the Drug Task Force, except for a \$12.50 administrative charge for each violation which shall be deposited in the Court Technology Special Fund, in accordance with 13 V.S.A. § 7252. The remaining 50 percent shall be deposited in the Youth Substance Abuse Safety Program Special Fund, hereby created to be managed pursuant to 32 V.S.A. chapter 7, subchapter 5, and available to the Court Diversion Program for funding of the Youth Substance Abuse Safety Program as required by section 4230b of this title.

(e) Nothing in this section shall be construed to do any of the following:

(1) require an employer to permit or accommodate the use, consumption, possession, transfer, display, transportation, sale, or growing of marijuana in the workplace;

(2) prevent an employer from adopting a policy that prohibits the use of marijuana in the workplace;

(3) create a cause of action against an employer that discharges an employee for violating a policy that restricts or prohibits the use of marijuana by employees; or

(4) prevent an employer from prohibiting or otherwise regulating the use, consumption, possession, transfer, display, transportation, sale, or growing of marijuana on the employer's premises.

Sec. 8. 18 V.S.A. § 4230b is amended to read:

§ 4230b. MARIJUANA POSSESSION BY A PERSON UNDER 21 YEARS
OF AGE; CIVIL VIOLATION

(a) Offense. A person under 21 years of age who knowingly and unlawfully possesses one ounce or less of marijuana or five grams or less of

hashish or two mature marijuana plants or fewer or four immature marijuana plants or fewer commits a civil violation and shall be referred to the Court Diversion Program for the purpose of enrollment in the Youth Substance Abuse Safety Program. A person who fails to complete the program successfully shall be subject to:

(1) a civil penalty of \$300.00 and suspension of the person's operator's license and privilege to operate a motor vehicle for a period of 30 days, for a first offense; and

(2) a civil penalty of not more than \$600.00 and suspension of the person's operator's license and privilege to operate a motor vehicle for a period of 90 days, for a second or subsequent offense.

* * *

Sec. 9. 18 V.S.A. § 4230e is added to read:

§ 4230e. CULTIVATION OF MARIJUANA BY A PERSON 21 YEARS OF AGE OR OLDER

(a)(1) Except as otherwise provided in this section, a person 21 years of age or older who cultivates no more than two mature marijuana plants and four immature marijuana plants shall not be penalized or sanctioned in any manner by the State or any of its political subdivisions or denied any right or privilege under State law.

(2) Each dwelling unit shall be limited to two mature marijuana plants and four immature marijuana plants regardless of how many persons 21 years of age or older reside in the dwelling unit. As used in this section, "dwelling unit" means a building or the part of a building that is used as a primary home, residence, or sleeping place by one or more persons who maintain a household.

(3) Any marijuana harvested from the plants allowed pursuant to this subsection shall not count toward the one-ounce possession limit in section 4230a of this title provided it is stored in an indoor facility on the property where the marijuana was cultivated and reasonable precautions are taken to prevent unauthorized access to the marijuana.

(4) Cultivation in excess of the limits provided in this subsection shall be punished in accordance with section 4230 of this title.

(b)(1) Personal cultivation of marijuana only shall occur:

(A) on property lawfully in possession of the cultivator or with the consent of the person in lawful possession of the property; and

(B) in an enclosure that is screened from public view and reasonable precautions are taken to prevent unauthorized access to the marijuana.

(2) A person who violates this subsection shall be assessed a civil penalty as follows:

(A) not more than \$100.00 for a first offense;

(B) not more than \$200.00 for a second offense; and

(C) not more than \$500.00 for a third or subsequent offense.

Sec. 10. 18 V.S.A. § 4230f is added to read:

§ 4230f. SALE OR FURNISHING MARIJUANA TO A PERSON UNDER
21 YEARS OF AGE

(a) No person shall:

(1) sell or furnish marijuana to a person under 21 years of age; or

(2) knowingly enable the consumption of marijuana by a person under 21 years of age.

(b) As used in this section, “enable the consumption of marijuana” means creating a direct and immediate opportunity for a person to consume marijuana.

(c) A person who violates subsection (a) of this section shall be imprisoned not more than two years or fined not more than \$2,000.00, or both.

(d) An employee of a marijuana establishment licensed pursuant to chapter 87 of this title, who, in the course of employment, violates subdivision (a)(1) of this section during a compliance check conducted by a law enforcement officer shall be:

(1) assessed a civil penalty of not more than \$100.00 for the first violation and a civil penalty of not less than \$100.00 nor more than \$500.00 for a second violation that occurs more than one year after the first violation; and

(2) subject to the criminal penalties provided in subsection (c) of this section for a second violation within a year of the first violation, and for a third or subsequent violation within three years of the first violation.

(e) An employee alleged to have committed a violation of subsection (d) of this section may plead as an affirmative defense that:

(1) the purchaser exhibited and the employee carefully viewed photographic identification that indicated the purchaser to be 21 years of age or older;

(2) an ordinary prudent person would believe the purchaser to be of legal age to make the purchase; and

(3) the sale was made in good faith, based upon the reasonable belief that the purchaser was of legal age to purchase marijuana.

(f) A person who violates subsection (a) of this section, where the person under 21 years of age, while operating a motor vehicle on a public highway, causes death or serious bodily injury to himself or herself or to another person as a result of the violation, shall be imprisoned not more than five years or fined not more than \$10,000.00, or both.

(g) This section shall not apply to:

(1) A person under 21 years of age who sells or furnishes marijuana to a person under 21 years of age or who knowingly enables the consumption of marijuana by a person under 21 years of age. Possession of an ounce or less of marijuana by a person under 21 years of age shall be punished in accordance with sections 4230b–4230d of this title and dispensing or selling marijuana shall be punished in accordance with sections 4230 and 4237 of this title.

(2) A dispensary registered pursuant to chapter 86 of this title.

Sec. 11. 18 V.S.A. § 4230g is added to read:

§ 4230g. SALE OR FURNISHING MARIJUANA TO A PERSON UNDER
21 YEARS OF AGE; CIVIL ACTION FOR DAMAGES

(a) A spouse, child, guardian, employer, or other person who is injured in person, property, or means of support by a person under 21 years of age who is impaired by marijuana, or in consequence of the impairment by marijuana of any person under 21 years of age, shall have a right of action in his or her own name, jointly or severally, against any person or persons who have caused in whole or in part such impairment by selling or furnishing marijuana to a person under 21 years of age.

(b) Upon the death of either party, the action and right of action shall survive to or against the party's executor or administrator. The party injured or his or her legal representatives may bring either a joint action against the impaired person under 21 years of age and the person or persons who sold or furnished the marijuana, or a separate action against either or any of them.

(c) An action to recover for damages under this section shall be commenced within two years after the cause of action accrues, and not after.

(d) In an action brought under this section, evidence of responsible actions taken or not taken is admissible if otherwise relevant. Responsible actions may include a marijuana establishment's instruction to employees as to laws governing the sale of marijuana to adults 21 years of age or older and procedures for verification of age of customers.

(e) A defendant in an action brought under this section has a right of

contribution from any other responsible person or persons, which may be enforced in a separate action brought for that purpose.

(f)(1) Except as provided in subdivision (2) of this subsection, nothing in this section shall create a statutory cause of action against a social host for furnishing marijuana to any person without compensation or profit. However, this subdivision shall not be construed to limit or otherwise affect the liability of a social host for negligence at common law.

(2) A social host who knowingly furnishes marijuana to a person under 21 years of age may be held liable under this section if the social host knew, or a reasonable person in the same circumstances would have known, that the person who received the marijuana was under 21 years of age.

(3) As used in this subsection, “social host” means a person who is not the holder of a marijuana establishment license and is not required under chapter 87 of this title to hold a marijuana establishment license.

Sec. 12. 18 V.S.A. § 4230h is added to read:

§ 4230h. CHEMICAL EXTRACTION VIA BUTANE OR HEXANE
PROHIBITED

(a) No person shall manufacture concentrated marijuana by chemical extraction or chemical synthesis using butane or hexane unless authorized as a dispensary pursuant to a registration issued by the Department of Public Safety pursuant to chapter 86 of this title.

(b) A person who violates subsection (a) of this section shall be imprisoned not more than two years or fined not more than \$2,000.00, or both. A person who violates subsection (a) of this section and causes serious bodily injury to another person shall be imprisoned not more than five years or fined not more than \$5,000.00, or both.

* * * Commercial Marijuana Regulation * * *

Sec. 13. 18 V.S.A. chapter 87 is added to read:

CHAPTER 87. MARIJUANA ESTABLISHMENTS

Subchapter 1. General Provisions

§ 4501. DEFINITIONS

As used in this chapter:

(1) “Affiliate” means a person that directly or indirectly owns or controls, is owned or controlled by, or is under common ownership or control with, another person.

(2) “Agency” means the Agency of Agriculture, Food, and Markets.

(3) “Applicant” means a person that applies for a license to operate a marijuana establishment pursuant to this chapter.

(4) “Child care facility” means a child care facility or family day care home licensed or registered under 33 V.S.A. chapter 35.

(5) “Commissioner” means the Commissioner of Public Safety.

(6) “Department” means the Department of Public Safety.

(7) “Dispensary” means a person registered under section 4474e of this title that acquires, possesses, cultivates, manufactures, transfers, transports, supplies, sells, or dispenses marijuana, marijuana-infused products, and marijuana-related supplies and educational materials for or to a registered patient who has designated it as his or her center and to his or her registered caregiver for the registered patient’s use for symptom relief.

(8) “Enclosed, locked facility” shall be either indoors or outdoors, not visible to the public, and may include a building, room, greenhouse, fully enclosed fenced-in area, or other location enclosed on all sides and equipped with locks or other security devices that permit access only by:

(A) Employees, agents, or owners of the cultivator, all of whom shall be 21 years of age or older.

(B) Government employees performing their official duties.

(C) Contractors performing labor that does not include marijuana cultivation, packaging, or processing. Contractors shall be accompanied by an employee, agent, or owner of the cultivator when they are in areas where marijuana is being grown, processed, or stored.

(D) Registered employees of other cultivators, members of the media, elected officials, and other individuals 21 years of age or older visiting the facility, provided they are accompanied by an employee, agent, or owner of the cultivator.

(9) “Financier” means a person, other than a financial institution as defined in 8 V.S.A. § 11101, that makes an equity investment, a gift, loan, or otherwise provides financing to a person with the expectation of a financial return.

(10) “Marijuana” shall have the same meaning as provided in section 4201 of this title.

(11) “Marijuana cultivator” or “cultivator” means a person registered with the Agency to engage in commercial cultivation of marijuana in accordance with this chapter.

(12) “Marijuana establishment” means a marijuana cultivator, retailer,

or testing laboratory licensed by the Agency to engage in commercial marijuana activity in accordance with this chapter.

(13) “Marijuana retailer” or “retailer” means a person licensed by the Agency to sell marijuana to consumers for off-site consumption in accordance with this chapter.

(14) “Marijuana testing laboratory” or “testing laboratory” means a person licensed by the Agency to test marijuana for cultivators and retailers in accordance with this chapter.

(15) “Owns or controls,” “is owned or controlled by,” and “under common ownership or control” mean direct ownership or beneficial ownership of an equity interest, or the equivalent thereof, of ten percent or more, and the power to direct, or cause the direction of, the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

(16) “Person” shall include any natural person; corporation; municipality; the State of Vermont or any department, agency or subdivision of the State; and any partnership, unincorporated association, or other legal entity.

(17) “Plant canopy” means the square footage dedicated to live plant production and does not include areas such as office space or areas used for the storage of fertilizers, pesticides, or other products.

(18) “Principal” means an individual vested with the authority to conduct, manage, or supervise the business affairs of a person, and may include the president, vice-president, secretary, treasurer, manager, or similar executive officer of a business; a director of a corporation, nonprofit corporation, or mutual benefit enterprise; a member of a nonprofit corporation, cooperative, or member-managed limited liability company; and a partner of a partnership.

(19) “Public place” means any street, alley, park, sidewalk, public building other than individual dwellings, any place of public accommodation as defined in 9 V.S.A. § 4501, and any place where the possession of a lighted tobacco product is prohibited pursuant to section 1421 of this title or chapter 37 of this title.

(20) “Resident” means a person who is domiciled in Vermont, subject to the following:

(A) The process for determining the domicile of an individual shall be the same as that required by rules adopted by the Department of Taxes related to determining domicile for the purpose of the interpretation and administration of 32 V.S.A. § 5401(14).

(B) The domicile of a business entity is the State in which it is organized.

(21) “School” means a public school, independent school, or facility that provides early childhood education as those terms are defined in 16 V.S.A. § 11.

(22) “Secretary” means the Secretary of Agriculture, Food, and Markets.

§ 4502. MARIJUANA POSSESSED UNLAWFULLY SUBJECT TO SEIZURE AND FORFEITURE

Marijuana possessed unlawfully in violation of this chapter may be seized by law enforcement and is subject to forfeiture.

§ 4503. NOT APPLICABLE TO HEMP OR THERAPEUTIC USE OF CANNABIS

This chapter shall not apply to activities regulated by 7 V.S.A. chapter 34 (hemp) or chapter 86 (therapeutic use of cannabis) of this title.

§ 4504. CONSUMPTION OF MARIJUANA IN A PUBLIC PLACE PROHIBITED

This chapter shall not be construed to permit consumption of marijuana in a public place. Violations shall be punished in accordance with section 4230a of this title.

§ 4505. REGULATION BY LOCAL GOVERNMENT

(a)(1) A marijuana establishment shall obtain a permit from a town, city, or incorporated village prior to beginning operations within the municipality.

(2) A municipality that hosts a marijuana establishment may establish a board of marijuana control commissioners, who shall be the members of the municipal legislative body. The board shall administer the municipal permits under this subsection (a) for the marijuana establishments within the municipality.

(b) Nothing in this chapter shall be construed to prevent a town, city, or incorporated village from regulating marijuana establishments through local ordinances as set forth in 24 V.S.A. § 2291 or through land use bylaws as set forth in 24 V.S.A. § 4414.

(c)(1) A town, city, or incorporated village, by majority vote of those present and voting at annual or special meeting warned for the purpose, may prohibit the operation of a marijuana establishment within the municipality. The provisions of this subdivision shall not apply to a marijuana establishment that is operating within the municipality at the time of the vote.

(2) A vote to prohibit the operation of a marijuana establishment within the municipality shall remain in effect until rescinded by majority vote of those present and voting at an annual or special meeting warned for the purpose.

§ 4506. YOUTH RESTRICTIONS

(a) A marijuana establishment shall not dispense or sell marijuana to a person under 21 years of age or employ a person under 21 years of age.

(b) A marijuana establishment shall not be located within 1,000 feet of a preexisting public or private school or licensed or regulated child care facility.

(c) A marijuana establishment shall not permit a person under 21 years of age to enter a building or enclosure on the premises where marijuana is located. This subsection shall not apply to a registered patient visiting his or her designated dispensary even if that dispensary is located in a building that is located on the same premises of a marijuana establishment.

§ 4507. ADVERTISING

(a) Marijuana advertising shall not contain any statement or illustration that:

(1) is false or misleading;

(2) promotes overconsumption; or

(3) is designed to appeal to children or persons under 18 years of age by portraying anyone under 18 years of age or objects suggestive of the presence of anyone under 18 years of age, or containing the use of a figure, a symbol, or language that is customarily associated with anyone under 18 years of age.

(b) Outdoor marijuana advertising shall not be located within 1,000 feet of a preexisting public or private school or licensed or regulated child care facility.

(c) In accordance with section 4512 of this chapter, the Agency shall adopt regulations on marijuana establishment advertising that reflect the policies of subsection (a) of this section and place restrictions on the time, place, and manner, but not content, of the advertising.

(d) All advertising shall contain the following warnings:

(1) For use only by adults 21 years of age or older. Keep out of the reach of children.

(2) Marijuana has intoxicating effects and may impair concentration, coordination, and judgment. Do not operate a motor vehicle or heavy machinery or enter into any contractual agreement under the influence of

marijuana.

Subchapter 2. Administration

§ 4511. AUTHORITY

(a) For the purpose of regulating the cultivation, processing, packaging, transportation, testing, purchase, and sale of marijuana in accordance with this chapter, the Agency shall have the following authority and duties:

(1) rulemaking in accordance with this chapter and 3 V.S.A. chapter 25;

(2) administration of a program for the licensure of marijuana establishments, which shall include compliance and enforcement; and

(3) submission of an annual budget to the Governor.

(b)(1) There is established the Marijuana Advisory Board within the Agency for the purpose of advising the Agency and other administrative agencies and departments regarding policy for the implementation and operation of this chapter. The Board shall be composed of the following members:

(A) the Secretary of Agriculture, Food and Markets or designee;

(B) the Commissioner of Public Safety or designee;

(C) the Commissioner of Health or designee;

(D) the Commissioner of Taxes or designee; and

(E) a member of local law enforcement appointed by the Governor.

(2) The Secretary of Administration shall convene the first meeting of the Board on or before June 1, 2017 and shall attend Board meetings.

§ 4512. RULEMAKING

(a) The Agency shall adopt rules to implement this chapter on or before March 15, 2018, in accordance with subdivisions (1)–(4) of this subsection.

(1) Rules concerning any marijuana establishment shall include:

(A) the form and content of license and renewal applications;

(B) qualifications for licensure that are directly and demonstrably related to the operation of a marijuana establishment, including submission of an operating plan and the requirement for a fingerprint-based criminal history record check and regulatory record check pursuant to subsection 4522(d) of this title;

(C) oversight requirements;

- (D) inspection requirements;
- (E) records to be kept by licensees and the required availability of the records;
- (F) employment and training requirements, including requiring that each marijuana establishment create an identification badge for each employee;
- (G) security requirements, including lighting, physical security, video, and alarm requirements;
- (H) restrictions on advertising, marketing, and signage;
- (I) health and safety requirements;
- (J) regulation of additives to marijuana, including those that are toxic or designed to make the product more addictive, more appealing to children, or to mislead consumers;
- (K) procedures for seed to sale traceability of marijuana, including any requirements for tracking software;
- (L) regulation of the storage and transportation of marijuana;
- (M) sanitary requirements;
- (N) pricing guidelines with a goal of ensuring marijuana is sufficiently affordable to undercut the illegal market;
- (O) procedures for the renewal of a license, which shall allow renewal applications to be submitted up to 90 days prior to the expiration of the marijuana establishment's license;
- (P) procedures for suspension and revocation of a license; and
- (Q) requirements for banking and financial transactions.
- (2) Rules concerning cultivators shall include:
 - (A) labeling requirements for products sold to retailers; and
 - (B) regulation of visits to the establishments, including the number of visitors allowed at any one time and recordkeeping concerning visitors.
- (3) Rules concerning retailers shall include:
 - (A) labeling requirements, including appropriate warnings concerning the carcinogenic effects and other potential negative health consequences of consuming marijuana, for products sold to customers;
 - (B) requirements for proper verification of age and residency of customers;

(C) restrictions that marijuana shall be stored behind a counter or other barrier to ensure a customer does not have direct access to the marijuana; and

(D) regulation of visits to the establishments, including the number of customers allowed at any one time and recordkeeping concerning visitors.

(4) Rules concerning testing laboratories shall include:

(A) procedures for destruction of all samples; and

(B) requirements for chain of custody recordkeeping.

(b) The Agency shall consult with the Department in the development and adoption of the following rules identified in subsection (a) of this section:

(1) regarding any marijuana establishment, subdivisions (1)(B), (G), (K), (L), (P), and (Q);

(2) regarding cultivators, subdivision (2)(A)(vi);

(3) regarding retailers, subdivisions (4)(B), (C), and (E); and

(4) regarding testing laboratories, subdivisions (5)(B), (C), and (D).

§ 4513. IMPLEMENTATION

(a)(1) On or before April 15, 2018, the Agency shall begin accepting applications for cultivator licenses and testing laboratory licenses. The initial application period shall remain open for 30 days. The Agency may reopen the application process for any period of time at its discretion.

(2) On or before June 15, 2018, the Agency shall begin issuing cultivator licenses and testing laboratory licenses to qualified applicants.

(b)(1) On or before May 15, 2018, the Agency shall begin accepting applications for retail licenses. The initial application period shall remain open for 30 days. The Agency may reopen the application process for any period of time at its discretion.

(2) On or before September 15, 2018, the Agency shall begin issuing retailer licenses to qualified applicants. A license shall not permit a licensee to open the store to the public or sell marijuana to the public prior to January 2, 2019.

(c)(1) Prior to July 1, 2019, provided applicants meet the requirements of this chapter, the Agency shall issue:

(A) an unlimited number of cultivator licenses that permit a cultivation space of not more than 500 square feet;

(B) a maximum of 20 cultivator licenses that permit a cultivation

space of more than 500 square feet but not more than 1,000 square feet;

(C) a maximum of 15 cultivator licenses that permit a cultivation space of more than 1,000 square feet up to 2,500 square feet;

(D) a maximum of 10 cultivator licenses that permit a cultivation space of more than 2,500 square feet up to 5,000 square feet;

(E) a maximum of five cultivator licenses that permit a cultivation space of more than 5,000 square feet up to 10,000 square feet;

(F) a maximum of five testing laboratory licenses; and

(G) a maximum of 42 retailer licenses.

(2) On or after July 1, 2019, the limitations in subdivision (1) of this subsection shall not apply and the Agency shall use its discretion to issue licenses in a number and size for the purpose of competing with and undercutting the illegal market based on available data and recommendations of the Marijuana Program Review Commission. A cultivator licensed prior to July 1, 2019 may apply to the Agency to modify its license to expand its cultivation space.

§ 4514. CIVIL CITATIONS; SUSPENSION AND REVOCATION OF LICENSES

(a) The Agency shall have the authority to adopt rules for the issuance of civil citations for violations of this chapter and the rules adopted pursuant to section 4512 of this title. Any proposed rule under this section shall include the full, minimum, and waiver penalty amounts for each violation.

(b) The Agency shall have the authority to suspend or revoke a license for violations of this chapter in accordance with rules adopted pursuant to section 4512 of this title.

Subchapter 3. Licenses

§ 4521. GENERAL PROVISIONS

(a) Except as otherwise permitted by this chapter, a person shall not engage in the cultivation, preparation, processing, packaging, transportation, testing, or sale of marijuana without obtaining a license from the Agency.

(b) All licenses shall expire at midnight, April 30, of each year beginning no earlier than 10 months after the original license was issued to the marijuana establishment.

(c) Applications for licenses and renewals shall be submitted on forms provided by the Agency and shall be accompanied by the fees provided for in section 4528 of this section.

(d)(1) Except as provided in subdivision (2) of this subsection (d), an applicant and its affiliates may obtain only one license, either a cultivator license, a retailer license, or a testing laboratory license under this chapter.

(2) A dispensary or a subsidiary of a dispensary may obtain one of each type of license under this chapter, provided that a dispensary or its subsidiary obtains no more than one cultivator license, one retailer license, and one testing laboratory license total.

(e) Each license shall permit only one location of the establishment.

(f) A dispensary that obtains a retailer license pursuant to this chapter shall maintain the dispensary and retail operations in a manner that protects patient and caregiver privacy in accordance with rules adopted by the Agency. If the dispensary and retail establishment are located on the same premises, the dispensary and retail establishment shall provide separate entrances and common areas designed to serve patients and caregivers and customers.

(g) Each licensee shall obtain and maintain commercial general liability insurance in accordance with rules adopted by the Agency. Failure to provide proof of insurance to the Agency, as required, may result in revocation of the license.

(h) All records relating to security, transportation, public safety, and trade secrets in an application for a license under this chapter shall be exempt from public inspection and copying under the Public Records Act.

(i) This subchapter shall not apply to possession regulated by chapters 84 or 86 of this title.

§ 4522. LICENSE QUALIFICATIONS AND APPLICATION PROCESS

(a) To be eligible for a marijuana establishment license:

(1) An applicant shall be a resident of Vermont.

(2) A principal of an applicant, and a person who owns or controls an applicant, shall have been a resident of Vermont for two or more years immediately preceding the date of application.

(3) An applicant, principal of an applicant, or person who owns or controls an applicant, who is a natural person:

(A) shall be 21 years of age or older; and

(B) shall consent to the release of his or her criminal and administrative history records.

(b) A financier of an applicant shall have been a resident of Vermont for two or more years immediately preceding the date of application.

(c) As part of the application process, each applicant shall submit, in a format proscribed by the Agency, an operating plan. The plan shall include a floor plan or site plan drawn to scale that illustrates the entire operation being proposed. The plan shall also include the following:

(1) For a cultivator license, information concerning:

(A) security;

(B) traceability;

(C) employee qualifications and training;

(D) transportation of product;

(E) destruction of waste product;

(F) description of growing operation, including growing media, size of grow space allocated for plant production, space allowed for any other business activity, description of all equipment to be used in the cultivation process, and a list of soil amendments, fertilizers, or other crop production aids, or pesticides, utilized in the production process;

(G) how the applicant will meet its operation's need for energy services at the lowest present value life-cycle cost, including environmental and economic costs, through a strategy combining investments and expenditures on energy efficiency and energy supply;

(H) testing procedures and protocols;

(I) description of packaging and labeling of products transported to retailers; and

(J) any additional requirements contained in rules adopted by the Agency in accordance with this chapter.

(2) For a retailer license, information concerning:

(A) security;

(B) traceability;

(C) employee qualifications and training;

(D) destruction of waste product;

(E) description of packaging and labeling of products sold to customers;

(F) the products to be sold and how they will be displayed to customers; and

(G) any additional requirements contained in rules adopted by the

Agency in accordance with this chapter.

(3) For a testing laboratory license, information concerning:

(A) security;

(B) traceability;

(C) employee qualifications and training;

(D) destruction of waste product; and

(E) the types of testing to be offered.

(d) The Department shall obtain a Vermont criminal history record, an out-of-state criminal history record, a criminal history record from the Federal Bureau of Investigation, and any regulatory records relating to the operation of a business in this State or any other jurisdiction for each of the following who is a natural person:

(1) an applicant or financier;

(2) a principal of an applicant or financier; and

(3) a person who owns or controls an applicant or financier.

(e) When considering applications for a marijuana establishment license, the Agency shall:

(1) give priority to a qualified applicant that is a dispensary or subsidiary of a dispensary;

(2) strive for geographic distribution of marijuana establishments based on population.

§ 4523. EDUCATION

(a) An applicant for a marijuana establishment license shall meet with a Agency designee for the purpose of reviewing Vermont laws and rules pertaining to the possession, purchase, storage, and sale of marijuana prior to receiving a license.

(b) A licensee shall complete an enforcement seminar every three years conducted by the Agency. A license shall not be renewed unless the records of the Agency show that the licensee has complied with the terms of this subsection.

(c) A licensee shall ensure that each employee involved in the sale of marijuana completes a training program approved by the Agency prior to selling marijuana and at least once every 24 months thereafter. A licensee shall keep a written record of the type and date of training for each employee, which shall be signed by each employee. A licensee may comply with this

requirement by conducting its own training program on its premises, using information and materials furnished by the Agency. A licensee who fails to comply with the requirements of this section shall be subject to a suspension of no less than one day of the license issued under this chapter.

§ 4524. IDENTIFICATION CARD; CRIMINAL BACKGROUND CHECK

(a) The Agency shall issue each employee an identification card or renewal card within 30 days of receipt of the person's name, address, and date of birth and a fee of \$50.00. The fee shall be paid by the marijuana establishment and shall not be passed on to an employee. A person shall not work as an employee until that person has received an identification card issued under this section. Each card shall contain the following:

- (1) the name, address, and date of birth of the person;
- (2) the legal name of the marijuana establishment with which the person is affiliated;
- (3) a random identification number that is unique to the person;
- (4) the date of issuance and the expiration date of the identification card; and
- (5) a photograph of the person.

(b) Prior to acting on an application for an identification card, the Agency shall obtain from the Department the person's Vermont criminal history record, out-of-state criminal history record, and criminal history record from the Federal Bureau of Investigation. Each person shall consent to the release of criminal history records to the Agency and the Department on forms developed by the Vermont Crime Information Center.

(c) When the Department obtains a criminal history record, the Department shall promptly provide a copy of the record to the person and the marijuana establishment. The Department shall inform the person of the right to appeal the accuracy and completeness of the record pursuant to rules adopted by the Agency.

(d) The Department shall comply with all laws regulating the release of criminal history records and the protection of individual privacy. No person shall confirm the existence or nonexistence of criminal history record information to any person who would not be eligible to receive the information pursuant to this chapter.

(e) The Agency, in consultation with the Department, shall adopt rules for the issuance of an identification card and shall set forth standards for determining whether a person should be denied a registry identification card because his or her criminal history record indicates that the person's

association with a marijuana establishment would pose a demonstrable threat to public safety. Previous nonviolent drug-related convictions shall not automatically disqualify an applicant. A marijuana establishment may deny a person the opportunity to serve as an employee based on his or her criminal history record. A person who is denied an identification card may appeal the Agency's determination in Superior Court in accordance with Rule 75 of the Vermont Rules of Civil Procedure.

(f) An identification card shall expire one year after its issuance or upon the expiration of the marijuana establishment's license, whichever occurs first.

§ 4525. CULTIVATOR LICENSE

(a) A cultivator licensed under this chapter may cultivate, package, label, transport, test, and sell marijuana to a licensed retailer.

(b) Cultivation of marijuana shall occur only in an enclosed, locked facility which is either indoors, or if outdoors, not visible to the public, and which can only be accessed by principal officers and employees of the licensee who have valid identification cards.

(c) An applicant shall designate on his or her operating plan the size of the premises and the amount of actual square footage that will be dedicated to plant canopy.

(d) Representative samples of each lot or batch of marijuana intended for human consumption shall be tested for safety and potency in accordance with rules adopted by the Agency.

(e) Each cultivator shall create packaging for its marijuana.

(1) Packaging shall include:

(A) The name and registration number of the cultivator.

(B) The strain of marijuana contained. Marijuana strains shall be either pure breeds or hybrid varieties of marijuana and shall reflect properties of the plant.

(C) The potency of the marijuana represented by the percentage of tetrahydrocannabinol and cannabidiol by mass.

(D) A "produced on" date reflecting the date that the cultivator finished producing marijuana.

(E) Warnings, in substantially the following form, stating, "Consumption of marijuana impairs your ability to drive a car and operate machinery," "Keep away from children," and "Possession of marijuana is illegal under federal law."

(F) Any additional requirements contained in rules adopted by the Department in accordance with this chapter. Rules shall take into consideration that different labeling requirements may be appropriate depending on whether the marijuana is sold to a wholesaler, product manufacturer, or retailer.

(2) Packaging shall not be designed to appeal to persons under 21 years of age.

(f)(1) Only unadulterated marijuana shall be offered for sale. If, upon inspection, the Agency finds any violative pesticide residue or other contaminants of concern, the Agency shall order the marijuana, either individually or in blocks, to be:

(A) put on stop-sale;

(B) treated in a particular manner; or

(C) destroyed according to the Agency's instructions.

(2) Marijuana ordered destroyed or placed on stop-sale shall be clearly separable from salable marijuana. Any order shall be confirmed in writing within seven days. The order shall include the reason for action, a description of the marijuana affected, and any recommended treatment.

(3) A person may appeal an order issued pursuant to this section within 15 days of receiving the order. The appeal shall be made in writing to the Secretary and shall clearly identify the marijuana affected and the basis for the appeal.

§ 4526. RETAILER LICENSE

(a) A retailer licensed under this chapter may:

(1) transport, possess, and sell marijuana to the public for consumption off the registered premises;

(2) purchase marijuana from a licensed cultivator; and

(3) provide marijuana to a licensed testing laboratory.

(b)(1) In a single transaction, a retailer may provide:

(A) one-half ounce of marijuana to a person 21 years of age or older upon verification of a valid government-issued photograph identification card that indicates the person is domiciled in Vermont; or

(B) one-quarter of an ounce of marijuana to a person 21 years of age or older upon verification of a valid government-issued photograph identification card that indicates the person is domiciled outside Vermont.

(2) A retailer shall not knowingly and willfully sell an amount of

marijuana to a person that causes the person to exceed the possession limit.

(c) A retailer shall only sell “useable marijuana” which means the dried flowers of marijuana, and does not include the seeds, stalks, leaves, and roots of the plant, and shall not package marijuana with other items, such as paraphernalia, for sale to customers.

(d)(1) Packaging shall include:

(A) The name and registration number of the retailer.

(B) The strain of marijuana contained. Marijuana strains shall be either pure breeds or hybrid varieties of marijuana and shall reflect properties of the plant.

(C) The potency of the marijuana represented by the percentage of tetrahydrocannabinol and cannabidiol by mass.

(D) A “produced on” date reflecting the date that the cultivator finished producing marijuana.

(E) Warnings, in substantially the following form, stating, “Consumption of marijuana impairs your ability to drive a car and operate machinery,” “Keep away from children,” and “Possession of marijuana is illegal under federal law.”

(F) Any additional requirements contained in rules adopted by the Agency in accordance with this chapter.

(2) Packaging shall not be designed to appeal to persons under 21 years of age.

(e) A retailer shall display a safety information flyer developed or approved by the Agency and supplied to the retailer free of charge. The flyer shall contain information concerning the methods for administering marijuana, the potential dangers of marijuana use, the symptoms of problematic usage, and how to receive help for marijuana abuse.

(f) Internet sales and delivery of marijuana to customers are prohibited.

§ 4527. MARIJUANA TESTING LABORATORY

(a) A testing laboratory licensed under this chapter may acquire, possess, analyze, test, and transport marijuana samples obtained from a licensed marijuana establishment.

(b) Testing may address the following:

(1) residual solvents;

(2) poisons or toxins;

- (3) harmful chemicals;
- (4) dangerous molds, mildew, or filth;
- (5) harmful microbials, such as E.coli or salmonella;
- (6) pesticides; and
- (7) tetrahydrocannabinol and cannabidiol potency.

(c) A testing laboratory shall have a written procedural manual made available to employees to follow meeting the minimum standards set forth in rules detailing the performance of all methods employed by the facility used to test the analytes it reports.

(d) In accordance with rules adopted pursuant to this chapter, a testing laboratory shall establish a protocol for recording the chain of custody of all marijuana samples.

(e) A testing laboratory shall establish, monitor, and document the ongoing review of a quality assurance program that is sufficient to identify problems in the laboratory systems when they occur.

§ 4528. FEES

(a) The Agency shall charge and collect initial license application fees and annual license renewal fees for each type of marijuana license under this chapter. Fees shall be due and payable at the time of license application or renewal.

(b)(1) The nonrefundable fee accompanying an application for a cultivator license pursuant to section 4525 of this chapter shall be:

(A) \$1,000.00 for a cultivation space that does not exceed 500 square feet.

(B) \$3,000.00. for a cultivation space of more than 500 square feet but not more than 1,000 square feet.

(C) \$7,500.00 for a cultivation space of 1,001–2,500 square feet.

(D) \$15,000.00 for a cultivation space of 2,501–5,000 square feet.

(E) \$30,000.00 for a cultivation space of 5,001–10,000 square feet.

(2) The nonrefundable fee accompanying an application for a retailer license pursuant to section 4526 of this chapter shall be \$15,000.00.

(3) The nonrefundable fee accompanying an application for a marijuana testing laboratory license pursuant to section 4527 of this chapter shall be \$500.00.

(4) If a person submits a qualifying application for a marijuana

establishment license during an open application, pays the nonrefundable application fee, but is not selected to receive a license due to the limited number of licenses available, the person may reapply, based on availability, for such a license within two years by resubmitting the application with any necessary updated information, and shall be charged a fee that is fifty percent of the application fees set forth in subdivision (1)–(3) of this subsection if the original application was submitted prior to July 1, 2019.

(c)(1) The initial annual license fee and subsequent annual renewal fee for a cultivator license pursuant to section 4525 of this chapter shall be:

(A) \$1,000.00 for a cultivation space that does not exceed 500 square feet.

(B) \$3,000.00. for a cultivation space of more than 500 square feet but not more than 1,000 square feet.

(C) \$7,500.00 for a cultivation space of 1,001–2,500 square feet.

(D) \$15,000.00 for a cultivation space of 2,501–5,000 square feet.

(E) \$30,000.00 for a cultivation space of 5,001–10,000 square feet.

(2) The initial annual license fee and subsequent annual renewal fee for a retailer license pursuant to section 4526 of this chapter shall be \$15,000.00.

(3) The initial annual license fee and subsequent annual renewal fee for a marijuana testing laboratory license pursuant to section 4527 of this chapter shall be \$2,500.00.

(d) The following administrative fees shall apply:

(1) Change of corporate structure fee (per person) shall be \$1,000.00.

(2) Change of name fee shall be \$1,000.00.

(3) Change of location fee shall be \$1,000.00.

(4) Modification of license premises fee shall be \$250.00.

(5) Addition of financier fee shall be \$250.00.

(6) Duplicate license fee shall be \$100.00.

§ 4529. MARIJUANA REGULATION AND RESOURCE FUND

(a) The Marijuana Regulation and Resource Fund is hereby created. The Fund shall be maintained by the Agency of Administration.

(b) The Fund shall be composed of:

(1) all application fees, license fees, renewal fees, and civil penalties collected pursuant to this chapter; and

(2) all taxes collected by the Commissioner of Taxes pursuant to this chapter.

(c)(1) Funds shall be appropriated as follows:

(A) For the purpose of implementation, administration, and enforcement of this chapter.

(B) Proportionately for the prevention of substance abuse, treatment of substance abuse, and criminal justice efforts by State and local law enforcement to combat the illegal drug trade and impaired driving. As used in this subdivision, "criminal justice efforts" shall include efforts by both State and local criminal justice agencies, including law enforcement, prosecutors, public defenders, and the courts.

(2) Appropriations made pursuant to subdivision (1) of this subsection shall be in addition to current funding of the identified priorities and shall not be used in place of existing State funding.

(d) All balances in the Fund at the end of any fiscal year shall be carried forward and remain part of the Fund. Interest earned by the Fund shall be deposited into the Fund.

(e) This Fund is established in the State Treasury pursuant to 32 V.S.A. chapter 7, subchapter 5. The Commissioner of Finance and Management shall anticipate receipts in accordance with 32 V.S.A. § 588(4)(C).

(f) The Secretary of Administration shall report annually to the Joint Fiscal Committee on receipts and expenditures through the prior fiscal year on or before the Committee's regularly scheduled November meeting.

Subchapter 4. Marijuana Program Review Commission

§ 4546. PURPOSE; MEMBERS

(a) Creation. There is created a temporary Marijuana Program Review Commission for the purpose of facilitating efficient and lawful implementation of this act and examination of issues important to the future of marijuana regulation in Vermont.

(b) Membership. The Commission shall be composed of the following members:

(1) two members of the public appointed by the Governor;

(2) two members of the House of Representatives, appointed by the Speaker of the House;

(3) two members of the Senate, appointed by the Committee on Committees; and

(4) the Attorney General or designee.

(c) Term. Legislative members shall serve only while in office.

§ 4547. POWERS; DUTIES

(a) The Commission shall:

(1) collect information about the implementation, operation, and effect of this act from members of the public, State agencies, and private and public sector businesses and organizations;

(2) communicate with other states that have legalized marijuana and monitor those states regarding their implementation of regulation, policies, and strategies that have been successful and problems that have arisen;

(3) examine the issue of marijuana concentrates and edible marijuana products and whether Vermont safely can allow and regulate their manufacture and sale and, if so, how;

(4) keep updated on the latest information in Vermont and other jurisdictions regarding the prevention and detection of impaired driving as it relates to marijuana;

(5) study the opportunity for a cooperative agriculture business model and licensure and community supported agriculture;

(6) examine whether Vermont should allow additional types of marijuana establishment licenses, including a processor license and product manufacturer license;

(7) review the statutes and rules for the therapeutic marijuana program and dispensaries and determine whether additional amendments are necessary to maintain patient access to marijuana and viability of the dispensaries;

(8) monitor supply and demand of marijuana cultivated and sold pursuant to this act for the purpose of assisting the Agency of Agriculture, Food, and Markets and policymakers with determining appropriate numbers of licenses and limitations on the amount of marijuana cultivated and offered for retail sale in Vermont so that the adult market is served without unnecessary surplus marijuana;

(9) monitor the extent to which marijuana is accessed through both the legal and illegal market by persons under 21 years of age;

(10) identify strategies for preventing youth from using marijuana;

(11) identify academic and scientific research, including longitudinal research questions, that when completed may assist policymakers in developing marijuana policy in accordance with this act;

(12) consider whether to create a local revenue stream which may include a local option excise tax on marijuana sales or municipally assessed fees;

(13) recommend the appropriate maximum amount of marijuana sold by a retailer in a single transaction and whether there should be differing amounts for Vermonters and nonresidents; and

(14) report any recommendations to the General Assembly and the Governor, as needed.

(b) On or before January 15, 2020, the Commission shall issue a final report to the General Assembly and the Governor regarding its findings and any recommendations for legislative or administrative action.

§ 4548. ADMINISTRATION

(a) Assistance. The Commission shall have the administrative, technical, and legal assistance of the Administration.

(b) Meetings.

(1) The Administration shall call the first meeting of the Commission to occur on or before August 1, 2017.

(2) The Commission shall select a chair from among its members at the first meeting.

(3) A majority of the membership shall constitute a quorum.

(4) The Commission shall cease meeting regularly after the issuance of its final report, but members shall be available to meet with Administration officials and the General Assembly until July 1, 2019 at which time the Commission shall cease to exist.

(c) Reimbursement.

(1) For attendance at meetings during adjournment of the General Assembly, legislative members of the Commission shall be entitled to per diem compensation and reimbursement of expenses pursuant to 2 V.S.A. § 406 for as many meetings as the Chair deems necessary.

(2) Other members of the Commission who are not employees of the State of Vermont and who are not otherwise compensated or reimbursed for their attendance shall be entitled to per diem compensation and reimbursement of expenses pursuant to 32 V.S.A. § 1010.

Sec. 14. 32 V.S.A. chapter 207 is added to read:

CHAPTER 207. MARIJUANA TAXES

§ 7901. TAX IMPOSED

(a) There is imposed a marijuana excise tax equal to 25 percent of the sales price, as that term is defined in subdivision 9701(4) of this title, on each retail sale of marijuana in this State. The tax imposed by this section shall be paid by the buyer to the retailer. Each retailer shall collect from the buyer the full amount of the tax payable on each taxable sale.

(b) The tax imposed by this section is separate from the general sales and use tax imposed by chapter 233 of this title. The tax imposed under this section shall be separately itemized from any State and local retail sales tax on the sales receipt provided to the buyer.

(c) The following sales shall be exempt from the tax imposed under this section:

(1) sales under any circumstances in which the State is without power to impose the tax; and

(2) sales made by any dispensary, provided the marijuana will be provided only to registered qualifying patients directly or through their registered caregivers.

§ 7902. LIABILITY FOR TAX AND PENALTIES

(a) Any tax collected under this chapter shall be deemed to be held by the retailer in trust for the State of Vermont. Any tax collected under this chapter shall be accounted for separately so as to clearly indicate the amount of tax collected, and that the tax receipts are the property of the State of Vermont.

(b) Every retailer required to collect the tax imposed by this chapter shall be personally and individually liable for the amount of tax together with such interest and penalty as has accrued under this title. If the retailer is a corporation or other entity, the personal liability shall extend to any officer or agent of the corporation or entity who as an officer or agent of the same has the authority to collect the tax and transmit it to the Commissioner of Taxes as required in this chapter.

(c) A retailer shall have the same rights in collecting the tax from his or her purchaser or regarding nonpayment of the tax by the purchaser as if the tax were a part of the purchase price of the marijuana and payable at the same time; provided, however, if the retailer required to collect the tax has failed to remit any portion of the tax to the Commissioner of Taxes, the Commissioner of Taxes shall be notified of any action or proceeding brought by the retailer to collect the tax and shall have the right to intervene in such action or proceeding.

(d) A retailer required to collect the tax may also refund or credit to the purchaser any tax erroneously, illegally, or unconstitutionally collected. No cause of action that may exist under State law shall accrue against the retailer

for the tax collected unless the purchaser has provided written notice to a retailer, and the retailer has had 60 days to respond.

(e) To the extent not inconsistent with this chapter, the provisions for the assessment, collection, enforcement, and appeals of the sales and use taxes in chapter 233 of this title shall apply to the tax imposed by this chapter.

§ 7903. BUNDLED TRANSACTIONS

(a) Except as provided in subsection (b) of this section, a retail sale of a bundled transaction that includes marijuana is subject to the tax imposed by this chapter on the entire selling price of the bundled transaction.

(b) If the selling price is attributable to products that are taxable and products that are not taxable under this chapter, the portion of the price attributable to the nontaxable products are subject to the tax imposed by this chapter unless the retailer can identify by reasonable and verifiable standards the portion that is not subject to tax from its books and records that are kept in the regular course of business.

(c) As used in this section, “bundled transaction” means:

(1) the retail sale of two or more products where the products are otherwise distinct and identifiable, are sold for one nonitemized price, and at least one of the products includes marijuana subject to the tax under this chapter; or

(2) marijuana provided free of charge with the required purchase of another product.

§ 7904. RETURNS

(a) Any retailer required to collect the tax imposed by this chapter shall, on or before the 15th day of every month, return to the Department of Taxes, under oath of a person with legal authority to bind the retailer, a statement containing its name and place of business, the amount of marijuana sales subject to the excise tax imposed by this subchapter sold in the preceding month, and any other information required by the Department of Taxes, along with the tax due.

(b) Every retailer shall maintain, for not less than three years, accurate records showing all transactions subject to tax liability under this chapter. These records are subject to inspection by the Department of Taxes at all reasonable times during normal business hours.

§ 7905. LICENSES

(a) Every retailer required to collect the tax imposed by this chapter shall apply for a marijuana excise tax license in the manner prescribed by the

Commissioner of Taxes. The Commissioner shall issue, without charge, to each registrant a license empowering him or her to collect the marijuana excise tax. Each license shall state the place of business to which it is applicable. The license shall be prominently displayed in the place of business of the registrant. The licenses shall be nonassignable and nontransferable and shall be surrendered to the Commissioner immediately upon the registrant's ceasing to do business at the place named. A license to collect marijuana excise tax shall be in addition to the licenses required by sections 9271 (meals and rooms tax) and 9707 (sales and use tax) of this title and any license required by the Agency of Agriculture, Food, and Markets.

(b) The Agency of Agriculture, Food, and Markets may require the Commissioner of Taxes to suspend or revoke the tax license of any person for failure to comply with any provision of this chapter.

Sec. 15. 32 V.S.A. § 5811 is amended to read:

§ 5811. DEFINITIONS

The following definitions shall apply throughout this chapter unless the context requires otherwise:

* * *

(18) "Vermont net income" means, for any taxable year and for any corporate taxpayer:

(A) the taxable income of the taxpayer for that taxable year under the laws of the United States, without regard to 26 U.S.C. § 168(k) of the Internal Revenue Code, and excluding income which under the laws of the United States is exempt from taxation by the states:

(i) increased by:

(I) the amount of any deduction for State and local taxes on or measured by income, franchise taxes measured by net income, franchise taxes for the privilege of doing business and capital stock taxes; and

(II) to the extent such income is exempted from taxation under the laws of the United States by the amount received by the taxpayer on and after January 1, 1986 as interest income from State and local obligations, other than obligations of Vermont and its political subdivisions, and any dividends or other distributions from any fund to the extent such dividend or distribution is attributable to such Vermont State or local obligations;

(III) the amount of any deduction for a federal net operating loss; and

(ii) decreased by:

(I) the “gross-up of dividends” required by the federal Internal Revenue Code to be taken into taxable income in connection with the taxpayer’s election of the foreign tax credit; ~~and~~

(II) the amount of income which results from the required reduction in salaries and wages expense for corporations claiming the Targeted Job or WIN credits; and

(III) any federal deduction that the taxpayer would have been allowed for the cultivation, testing, processing, or sale of marijuana, as authorized under 18 V.S.A. chapter 86 or 87, but for 26 U.S.C. § 280E.

* * *

(21) “Taxable income” means federal taxable income determined without regard to 26 U.S.C. § 168(k) and:

(A) Increased by the following items of income (to the extent such income is excluded from federal adjusted gross income):

(i) interest income from non-Vermont state and local obligations;

(ii) dividends or other distributions from any fund to the extent they are attributable to non-Vermont state or local obligations;

(iii) the amount of State and local income taxes deducted from federal adjusted gross income for the taxable year, but in no case in an amount that will reduce total itemized deductions below the standard deduction allowable to the taxpayer; and

(iv) the amount of total itemized deductions, other than deductions for State and local income taxes, medical and dental expenses, or charitable contributions, deducted from federal adjusted gross income for the taxable year, that is in excess of two and one-half times the standard deduction allowable to the taxpayer; and

(B) Decreased by the following items of income (to the extent such income is included in federal adjusted gross income):

(i) income from United States government obligations;

(ii) with respect to adjusted net capital gain income as defined in 26 U.S.C. § 1(h) reduced by the total amount of any qualified dividend income: either the first \$5,000.00 of such adjusted net capital gain income; or 40 percent of adjusted net capital gain income from the sale of assets held by the taxpayer for more than three years, except not adjusted net capital gain income from:

(I) the sale of any real estate or portion of real estate used by the taxpayer as a primary or nonprimary residence; or

(II) the sale of depreciable personal property other than farm property and standing timber; or stocks or bonds publicly traded or traded on an exchange, or any other financial instruments; regardless of whether sold by an individual or business;

and provided that the total amount of decrease under this subdivision (21)(B)(ii) shall not exceed 40 percent of federal taxable income; ~~and~~

(iii) recapture of State and local income tax deductions not taken against Vermont income tax; and

(iv) any federal deduction that the taxpayer would have been allowed for the cultivation, testing, processing, or sale of marijuana, as authorized under 18 V.S.A. chapter 86 or 87, but for 26 U.S.C. § 280E.

* * *

Sec. 16. 32 V.S.A. § 9741(51) is added to read:

(51) Marijuana sold by a dispensary as authorized under 18 V.S.A. chapter 86 or by a retailer as authorized under 18 V.S.A. chapter 87.

* * * Impaired Driving * * *

Sec. 17. 23 V.S.A. § 1134 is amended to read:

§ 1134. MOTOR VEHICLE OPERATOR; CONSUMPTION OR
POSSESSION OF ALCOHOL OR MARIJUANA

(a) A person shall not consume alcoholic beverages or marijuana while operating a motor vehicle on a public highway. As used in this section, “alcoholic beverages” shall have the same meaning as “intoxicating liquor” as defined in section 1200 of this title.

(b) A person operating a motor vehicle on a public highway shall not possess any open container which contains alcoholic beverages or marijuana in the passenger area of the motor vehicle.

(c) As used in this section, “passenger area” shall mean the area designed to seat the operator and passengers while the motor vehicle is in operation and any area that is readily accessible to the operator or passengers while in their seating positions, including the glove compartment, unless the glove compartment is locked. In a motor vehicle that is not equipped with a trunk, the term shall exclude the area behind the last upright seat or any area not normally occupied by the operator or passengers.

(d) A person who violates subsection (a) of this section shall be assessed a civil penalty of not more than \$500.00. A person who violates subsection (b) of this section shall be assessed a civil penalty of not more than ~~\$25.00~~ \$50.00.

A person adjudicated and assessed a civil penalty for an offense under subsection (a) of this section shall not be subject to a civil violation for the same actions under subsection (b) of this section.

Sec. 18. 23 V.S.A. § 1134a is amended to read:

§ 1134a. MOTOR VEHICLE PASSENGER; CONSUMPTION OR
POSSESSION OF ALCOHOL OR MARIJUANA

(a) Except as provided in subsection (c) of this section, a passenger in a motor vehicle shall not consume alcoholic beverages or marijuana or possess any open container which contains alcoholic beverages or marijuana in the passenger area of any motor vehicle on a public highway. As used in this section, “alcoholic beverages” shall have the same meaning as “intoxicating liquor” as defined in section 1200 of this title.

(b) As used in this section, “passenger area” shall mean the area designed to seat the operator and passengers while the motor vehicle is in operation and any area that is readily accessible to the operator or passengers while in their seating positions, including the glove compartment, unless the glove compartment is locked. In a motor vehicle that is not equipped with a trunk, the term shall exclude the area behind the last upright seat or any area not normally occupied by the operator or passengers.

(c) A person, other than the operator, may possess an open container which contains alcoholic beverages or marijuana in the passenger area of a motor vehicle designed, maintained, or used primarily for the transportation of persons for compensation or in the living quarters of a motor home or trailer coach.

(d) A person who violates this section shall be fined not more than \$25.00.

Sec. 19. 23 V.S.A. § 1219 is amended to read:

§ 1219. COMMERCIAL MOTOR VEHICLE; DETECTABLE AMOUNT;
OUT-OF-SERVICE

A person who is operating, attempting to operate, or in actual physical control of a commercial motor vehicle with any measurable or detectable amount of alcohol or marijuana in his or her system shall immediately be placed out-of-service for 24 hours by an enforcement officer. A law enforcement officer who has reasonable grounds to believe that a person has a measurable or detectable amount of alcohol or marijuana in his or her system on the basis of the person’s general appearance, conduct, or other substantiating evidence, may request the person to submit to a test, which may be administered with a preliminary screening device. The law enforcement officer shall inform the person at the time the test is requested that refusal to submit will result in disqualification. If the person refuses to submit to the

test, the person shall immediately be placed out-of-service for 24 hours and shall be disqualified from driving a commercial motor vehicle as provided in section 4116 of this title.

Sec. 20. 23 V.S.A. § 4116 is amended to read:

§ 4116. DISQUALIFICATION

(a) A person shall be disqualified from driving a commercial motor vehicle for a period of one year if convicted of a first violation of:

* * *

(4) refusal to submit to a test to determine the operator's alcohol or marijuana concentration, as provided in section 1205, 1218, or 1219 of this title;

* * *

Sec. 21. VERMONT GOVERNOR'S HIGHWAY SAFETY PROGRAM

(a) Impaired driving, operating a motor vehicle while under the influence of alcohol or drugs, is a significant concern for the General Assembly. While Vermont has made a meaningful effort to educate the public about the dangers of drinking alcohol and driving, the public seems to be less aware of the inherent risks of driving while under the influence of drugs, whether it is marijuana, a validly prescribed medication, or other drugs. It is the intent of the General Assembly that the State reframe the issue of drunk driving as impaired driving in an effort to comprehensively address the risks of such behavior through prevention, education, and enforcement.

(b)(1) The Agency of Transportation, through its Vermont Governor's Highway Safety Program, shall expand its public education and prevention campaign on drunk driving to impaired driving, which shall include drugged driving.

(2) The Agency shall report to the Senate and House Committees on Judiciary and on Transportation on or before January 15, 2018 regarding implementation of this section.

Sec. 22. REPORTING IMPAIRED DRIVING DATA

The Commissioner of Public Safety and the Secretary of Transportation, in collaboration, shall report to the Senate and House Committees on Judiciary and on Transportation on or before January 15 each year regarding the following issues concerning impaired driving:

(1) the previous year's data in Vermont,

(2) the latest information regarding best practices on prevention and

enforcement, and

(3) their recommendations for legislative action.

Sec. 23. TRAINING FOR LAW ENFORCEMENT; IMPAIRED DRIVING

(a) It is imperative that Vermont provide adequate training to both local and State law enforcement officers regarding the detection of impaired driving. Advanced Roadside Impaired Driving Enforcement (ARIDE) training provides instruction to officers at a level above Basic Standardized Sobriety Testing and proves helpful to an officer in determining when a Drug Recognition Expert (DRE) should be called. Vermont should endeavor to train as many law enforcement officers as possible in ARIDE. DREs receive a more advanced training in the detection of drugged driving and should be an available statewide resource for officers in the field.

(b) The Secretary of Transportation and the Commissioner of Public Safety shall work collaboratively to ensure that funding is available, either through the Governor's Highway Safety Program's administration of National Highway Traffic Safety Administration funds or other State funding sources, for training the number of officers necessary to provide sufficient statewide coverage for the enforcement impaired driving.

* * * Appropriations and Positions * * *

Sec. 24. FISCAL YEAR 2018 APPROPRIATIONS FROM THE MARIJUANA REGULATION AND RESOURCE FUND

In fiscal year 2018 the following amounts are appropriated from the Marijuana Regulation and Resource Fund:

(1) Department of Health: \$350,000.00 for initial prevention, education, and counter marketing programs.

(2) Department of Taxes: \$660,000.00 for the acquisition of an excise tax module and staffing expenses to administer the excise tax established in this act.

(3) Agency of Agriculture, Food and Markets:

(A) \$112,500.00 for the Vermont Agriculture and Environmental Lab.

(B) \$272,500.00 for staffing expenses related to rulemaking, program administration, and processing of applications and licenses.

(4) Agency of Administration: \$150,000.00 for expenses and staffing of the Marijuana Program Review Commission established in this act.

Sec. 25. EXECUTIVE BRANCH POSITION AUTHORIZATIONS

The establishment of the following new permanent classified positions is authorized in fiscal year 2018 as follows:

(1) In the Department of Health—one (1) Substance Abuse Program Manager.

(2) In the Department of Taxes—one (1) Business Analyst AC: Tax and one (1) Tax Policy Analyst.

(3) In the Agency of Agriculture, Food and Markets—one (1) Agriculture Chemist and two (2) Program Administrator.

(4) In the Marijuana Program Review Commission—one (1) exempt Commission Director.

Sec. 26. MARIJUANA REGULATION AND RESOURCE FUND
BUDGET AND REPORT

Annually, through 2019, the Secretary of Administration shall report to the Joint Fiscal Committee on receipts and expenditures through the prior fiscal year on or before the Committee's regularly scheduled November meeting on the following:

(1) an update of the administration's efforts concerning implementation, administration, and enforcement of this act;

(2) any changes or updates to revenue expectations from fees and taxes based on changes in competitive pricing or other information;

(3) projected budget adjustment needs for current year appropriations from the Marijuana Regulation and Resource Fund; and

(4) a comprehensive spending plan with recommended appropriations from the Fund for the next the fiscal year, by department, including an explanation and justification for the expenditures and how each recommendation meets the intent of this act.

* * * Miscellaneous * * *

Sec. 27. 24 V.S.A. § 2291 is amended to read:

§ 2291. ENUMERATION OF POWERS

For the purpose of promoting the public health, safety, welfare, and convenience, a town, city, or incorporated village shall have the following powers:

* * *

(29) To prohibit or regulate, by means of a civil ordinance adopted pursuant to chapter 59 of this title, the number, time, place, manner, or operation of a marijuana establishment, or any class of marijuana

establishments, located in the municipality; provided, however, that amendments to such an ordinance shall not apply to restrict further a marijuana establishment in operation within the municipality at the time of the amendment. As used in this subdivision, “marijuana establishment” is as defined in 18 V.S.A. chapter 87.

Sec. 28. 24 V.S.A. § 4414 is amended to read:

§ 4414. ZONING; PERMISSIBLE TYPES OF REGULATIONS

Any of the following types of regulations may be adopted by a municipality in its bylaws in conformance with the plan and for the purposes established in section 4302 of this title.

* * *

(16) Marijuana establishments. A municipality may adopt bylaws for the purpose of regulating marijuana establishments as defined in 18 V.S.A. chapter 87.

Sec. 29. WORKFORCE STUDY COMMITTEE

(a) Creation. There is created the Workforce Study Committee to examine the potential impacts of alcohol and drug use on the workplace.

(b) Membership. The Committee shall be composed of the following five members:

(1) the Secretary of Commerce and Community Development or designee;

(2) the Commissioner of Labor or designee;

(3) the Commissioner of Health or designee;

(4) one person representing the interests of employees appointed by the Governor; and

(5) one person representing the interests of employers appointed by the Governor.

(c) Powers and duties. The Committee shall study:

(1) whether Vermont’s workers’ compensation and unemployment insurance systems are adversely impacted by alcohol and drug use and identify regulatory or legislative measures to mitigate any adverse impacts;

(2) the issue of alcohol and drugs in the workplace and determine whether Vermont’s workplace drug testing laws should be amended to provide employers with broader authority to conduct drug testing, including by permitting drug testing based on a reasonable suspicion of drug use, or by authorizing employers to conduct post-accident, employer-wide, or post-

rehabilitation follow-up testing of employees; and

(3) the impact of alcohol and drug use on workplace safety and identify regulatory or legislative measures to address adverse impacts and enhance workplace safety.

(d) Assistance. The Committee shall have the administrative, technical, and legal assistance of the Agency of Commerce and Community Development, the Department of Labor, and the Department of Health.

(e) Report. On or before December 1, 2017, the Committee shall submit a written report with findings and recommendations to the House Committee on General, Housing and Military Affairs and the Senate Committee on Economic Development, Housing and General Affairs with its findings and any recommendations for legislative action.

(f) Meetings.

(1) The Secretary of Commerce or designee shall call the first meeting of the Committee to occur on or before September 15, 2017.

(2) The Committee shall select a chair from among its members at the first meeting.

(3) A majority of the membership shall constitute a quorum.

(4) The Committee shall cease to exist on December 31, 2017.

Sec. 30. 4 V.S.A. § 1102 is amended to read:

§ 1102. JUDICIAL BUREAU; JURISDICTION

(a) A Judicial Bureau is created within the Judicial Branch under the supervision of the Supreme Court.

(b) The Judicial Bureau shall have jurisdiction of the following matters:

* * *

(24) Violations of 18 V.S.A. §§ 4230a ~~and 4230b~~, relating to ~~possession~~ public consumption of marijuana ~~and 18 V.S.A. § 4230e relating to cultivation of marijuana.~~

* * * Effective Dates * * *

Sec. 31. EFFECTIVE DATES

(a) This section and Secs. 1 (misdemeanor drug possession study), 2 (legislative findings and intent), 3 (marijuana youth education and prevention), 13 (marijuana establishments), 14 (marijuana taxes), and 29 (Workforce Study Committee) shall take effect on passage.

(b) Secs. 12 (chemical extraction via butane or hexane prohibited),

17 (consumption or possession of marijuana by the operator of a motor vehicle), 18 (consumption or possession of marijuana by a passenger of a motor vehicle), 21 (Vermont Governor's Highway Safety Program), 22 (reporting impaired driving data), 23 (training for law enforcement; impaired driving), 24 (appropriations), 25 (positions), 26 (Marijuana Regulation and Resource Fund budget and report), 27 (local authority to regulate marijuana establishments), and 28 (zoning) shall take effect on July 1, 2017.

(c) Sec. 15 (taxes; definitions) shall take effect on January 1, 2018 and shall apply to taxable year 2018 and after.

(d) Secs. 4 (legislative intent; civil and criminal penalties), 5 (marijuana definition), 6 (marijuana; criminal), 7 (marijuana; civil), 8 (marijuana possession by a person under 21 years of age), 9 (cultivation of marijuana by a person 21 years of age or older), 10 (sale or furnishing marijuana to a person under 21 years of age; criminal), 11 (sale of furnishing marijuana to a person under 21 years of age; civil action for damages), 16 (sales tax), 19 (commercial motor vehicle), 20 (disqualification; commercial motor vehicle), and 30 (Judicial Bureau; jurisdiction) shall take effect on January 2, 2019.

(For text see House Journal March 21, 2017)

NEW BUSINESS

Third Reading

H. 154

An act relating to approval of amendments to the charter of the City of Burlington

H. 241

An act relating to the charter of the Central Vermont Solid Waste Management District

H. 522

An act relating to approval of amendments to the charter of the City of Burlington

S. 61

An act relating to offenders with mental illness

S. 134

An act relating to court diversion and pretrial services

Favorable with Amendment

H. 196

An act relating to paid family leave

Rep. Stevens of Waterbury, for the Committee on General; Housing and Military Affairs, recommends the bill be amended by striking all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 21 V.S.A. § 471 is amended to read:

§ 471. DEFINITIONS

As used in this subchapter:

(1) “Employer” means an individual, organization ~~or~~₂ governmental body, partnership, association, corporation, legal representative, trustee, receiver, trustee in bankruptcy, and any common carrier by rail, motor, water, air or express company doing business in or operating within this State ~~which for the purposes of parental leave, employs 10 or more individuals who are employed for an average of at least 30 hours per week during a year and for the purposes of family leave, employs 15 or more individuals for an average of at least 30 hours per week during a year.~~

(2) “Employee” means a person who, in consideration of direct or indirect gain or profit, ~~has been continuously employed by the same employer for a period of one year for an average of at least 30 hours per week is employed by an employer and has been employed in Vermont for at least six of the previous 12 months.~~

(3) “Family leave” means a leave of absence from employment by an employee ~~who works for an employer which employs 15 or more individuals who are employed for an average of at least 30 hours per week during the year for one of the following reasons:~~

(A) the serious illness of the employee; ~~or~~

(B) the serious illness of the employee’s child, stepchild or ward who lives with the employee, foster child, parent, grandparent, sibling, spouse₂ or parent of the employee’s spouse;

(4) ~~“Parental leave” means a leave of absence from employment by an employee who works for an employer which employs 10 or more individuals who are employed for an average of at least 30 hours per week during the year for one of the following reasons:~~

(C) the employee’s pregnancy;

(D) the birth of the employee’s child; or

~~(B)~~(E) the initial placement of a child 16 years of age or younger with the employee for the purpose of adoption or foster care.

~~(5)~~(4) "Serious illness" means an accident, disease, or physical or mental condition that:

(A) poses imminent danger of death;

(B) requires inpatient care in a hospital; or

(C) requires continuing in-home care under the direction of a physician.

(5) "Commissioner" means the Commissioner of Labor.

(6) "Worker" means a person who, in consideration of direct or indirect gain or profit, performs services for an employer, where the employer is unable to show that:

(A) the person has been and will continue to be free from control or direction over the performance of the services, both under the contract of service and in fact;

(B) the service is either outside the usual course of business for the employer for whom the service is performed, or outside all the places of business of the employer for whom the service is performed; and

(C) the person is customarily engaged in an independently established trade, occupation, profession, or business.

Sec. 2. 21 V.S.A. § 472 is amended to read:

§ 472. FAMILY LEAVE

(a) During any 12-month period, an employee shall be entitled to take ~~unpaid leave for a period not to exceed 12 weeks~~ up to 12 weeks of paid family leave using Family Leave Insurance benefits pursuant to section 472c of this subchapter for the following reasons:

(1) ~~for parental leave, during the employee's pregnancy and;~~

(2) ~~following the birth of an~~ the employee's child ~~or;~~

(3) ~~within a year following the initial placement of a child 16 years of age or younger with the employee for the purpose of adoption;~~ or foster care;

~~(2)~~(4) ~~for family leave, for the serious illness of the employee;~~ or

(5) the serious illness of the employee's child, stepchild or ward of the employee who lives with the employee, foster child, parent, grandparent, sibling, spouse, or parent of the employee's spouse.

(b) During the leave, at the employee's option, the employee may use

accrued sick leave or vacation leave or any other accrued paid leave, ~~not to exceed six weeks.~~ ~~Utilization~~ Use of accrued paid leave shall not extend the leave provided ~~herein~~ by this section.

(c) The employer shall continue employment benefits for the duration of the family leave at the level and under the conditions coverage would be provided if the employee continued in employment continuously for the duration of the leave. The employer may require that the employee contribute to the cost of the benefits during the leave at the employee's existing rate of ~~employee~~ contribution.

(d) The employer shall post and maintain in a conspicuous place in and about each of ~~his or her~~ its places of business printed notices of the provisions of this subchapter on forms provided by the Commissioner of Labor.

(e)(1) An employee shall give his or her employer reasonable written notice of intent to take family leave under this subchapter. Notice shall include the date the leave is expected to commence and the estimated duration of the leave.

(2) In the case of the adoption or birth of a child, an employer shall not require that notice be given more than six weeks prior to the anticipated commencement of the leave.

(3) In the case of an unanticipated serious illness or premature birth, the employee shall give the employer notice of the commencement of the leave as soon as practicable.

(4) In the case of serious illness of the employee or a member of the employee's family, an employer may require certification from a physician to verify the condition and the amount and necessity for the leave requested.

(5) An employee may return from leave earlier than estimated upon approval of the employer.

(6) An employee shall provide reasonable notice to the employer of his or her need to extend the leave to the extent provided by this chapter.

~~(f) Upon return from leave taken under this subchapter, an employee shall be offered~~ An employer shall offer an employee who has been employed by the employer for at least 12 months and is returning from family leave taken under this subchapter the same or a comparable job at the same level of compensation, employment benefits, seniority, or any other term or condition of the employment existing on the day the family leave began. This subchapter shall not apply if, prior to requesting leave, the employee had been given notice or had given notice that the employment would terminate. This subsection shall not apply if the employer can demonstrate by clear and convincing evidence that:

(1) during the period of leave, the employee's job would have been terminated or the employee laid off for reasons unrelated to the leave or the condition for which the leave was granted; or

(2) the employee performed unique services and hiring a permanent replacement during the leave, after giving reasonable notice to the employee of intent to do so, was the only alternative available to the employer to prevent substantial and grievous economic injury to the employer's operation.

(g) An employer may adopt a leave policy more generous than the leave policy provided by this subchapter. Nothing in this subchapter shall be construed to diminish an employer's obligation to comply with any collective bargaining agreement or any employment benefit program or plan which provides greater leave rights than the rights provided by this subchapter. A collective bargaining agreement or employment benefit program or plan may not diminish rights provided by this subchapter. Notwithstanding the provisions of this subchapter, an employee may, at the time a need for ~~parental~~ or family leave arises, waive some or all the rights under this subchapter provided the waiver is informed and voluntary and any changes in conditions of employment related to any waiver shall be mutually agreed upon between employer and employee.

(h) Except for serious illness of the employee, an employee who does not return to employment with the employer who provided the family leave shall return to the employer the value of any compensation paid to or on behalf of the employee during the leave, except payments of Family Leave Insurance benefits and payments for accrued sick leave or vacation leave. An employer may elect to waive the rights provided pursuant to this subsection.

Sec. 3. 21 V.S.A. § 472c is added to read:

§ 472c. FAMILY LEAVE INSURANCE; SPECIAL FUND;

ADMINISTRATION

(a) The Family Leave Insurance Program is established in the Department of Labor for the provision of Family Leave Insurance benefits to eligible employees pursuant to this section.

(b) The Family Leave Insurance Special Fund is created pursuant to 32 V.S.A. chapter 7, subchapter 5. The Fund may be expended by the Commissioner for the administration of the Family Leave Insurance Program and payment of Family Leave Insurance benefits provided pursuant to this section.

(c)(1)(A) The Fund shall consist of contributions equal to 0.93 percent of each worker's wages, which an employer shall deduct and withhold from each of its workers' wages.

(B) An employer may elect to pay all or a portion of the contributions due from its workers' wages.

(2)(A) Notwithstanding subdivision (1) of this subsection, the General Assembly shall annually establish the rate of contribution for the next fiscal year. The rate shall equal the amount necessary to provide Family Leave Insurance benefits pursuant to subsection (f) of this section and to administer the Family Leave Insurance Program during the next fiscal year, adjusted by any balance in the fund from the prior fiscal year.

(B)(i) On or before February 1 of each year, the Commissioner shall report to the General Assembly the rate of contribution necessary to provide Family Leave Insurance benefits pursuant to subsection (f) of this section and to administer the Program during the next fiscal year, adjusted by any balance in the fund from the prior fiscal year.

(ii) The proposed rate of contribution determined by the Commissioner shall not exceed one percent of each worker's wages. If that amount is insufficient to fund Family Leave Insurance benefits at the rate set forth in subsection (f) of this section, the Commissioner's report shall include a recommendation of the amount by which to reduce Family Leave Insurance benefits in order to maintain the solvency of the Fund without increasing the proposed rate of contribution above one percent.

(d) An employer shall submit these contributions to the Commissioner in a form and at times determined by the Commissioner.

(e) An employee shall file an application for Family Leave Insurance benefits with the Commissioner under this section on a form provided by the Commissioner. The Commissioner shall determine eligibility of the employee based on the following criteria:

(1) The purposes for which the claim is made are documented.

(2) The employee satisfies the eligibility requirements for the requested leave.

(f)(1) Except as otherwise provided pursuant to subsection (c) of this section, an employee awarded Family Leave Insurance benefits under this section shall receive the employee's average weekly wage or an amount equal to a 40-hour workweek paid at a rate double that of the livable wage, as determined by the Joint Fiscal Office pursuant to 2 V.S.A. § 505, whichever is less.

(2) An employee shall be entitled to no more than 12 weeks of Family Leave Insurance benefits in a 12-month period.

(g) The Commissioner of Labor shall make a determination of each claim

no later than five days after the date the claim is filed, and Family Leave Insurance benefits shall be paid from the Fund created pursuant to this section. An employee or employer aggrieved by a decision of the Commissioner under this subsection may file with the Commissioner a request for reconsideration within 30 days after receipt of the Commissioner's decision. Thereafter, an applicant denied reconsideration may file an appeal to the Civil Division of the Superior Court in the county where the employment is located.

(h)(1) A self-employed person, including a sole proprietor or partner owner of an unincorporated business, may elect to obtain coverage under the Family Leave Insurance Program pursuant to this section for a period of three years by filing a notice of his or her election with the Commissioner on a form provided by the Commissioner.

(2) A person who elects coverage pursuant to this subsection may file a claim for and receive Family Leave Insurance benefits pursuant to this section after making six months of contributions to the Fund.

(3) A person who elects to obtain coverage pursuant to this subsection shall:

(A) contribute a portion of his or her work income equal to the amount established pursuant to subsection (c) of this section at times determined by the Commissioner; and

(B) provide to the Commissioner any documentation of his or her income or related information that the Commissioner determines is necessary.

(4)(A) A person who elects coverage pursuant to this subsection may terminate that coverage at the end of the three-year period by providing the Commissioner with written notice of the termination at least 30 days before the end of the period.

(B) If a person who elects coverage pursuant to this subsection does not terminate it at the end of the initial three-year period, he or she may terminate the coverage at the end of any succeeding annual period by providing the Commissioner with written notice of the termination at least 30 days before the end of the period.

(C) Notwithstanding subdivisions (A) and (B) of this subdivision (h)(4), a person who, after electing to obtain coverage pursuant to this subsection, becomes a worker or stops working in Vermont, may elect to terminate the coverage pursuant to this subsection by providing the Commissioner with 30 days' written notice in accordance with rules adopted by the Commissioner.

(D) Nothing in this subsection shall be construed to prevent an individual who is both a worker and self-employed from electing to obtain

coverage pursuant to this subsection.

(i) A person who willfully makes a false statement or representation for the purpose of obtaining any benefit or payment or to avoid payment of any required contributions under the provisions of this section, either for himself or herself or for any other person, after notice and opportunity for hearing, may be assessed an administrative penalty of not more than \$20,000.00 and shall forfeit all or a portion of any right to compensation under the provisions of this section, as determined to be appropriate by the Commissioner after a determination by the Commissioner that the person has willfully made a false statement or representation of a material fact.

(j)(1) An individual filing a claim for benefits pursuant to this section shall, at the time of filing, be advised that:

(A) Family Leave Insurance benefits may be subject to income tax;

(B) requirements exist pertaining to estimated tax payments;

(C) the individual may elect to have income tax deducted and withheld from the individual's benefits payment; and

(D) the individual may change a previously elected withholding status.

(2) Amounts deducted and withheld from Family Leave Insurance benefits shall remain in the Family Leave Insurance Special Fund until transferred to the appropriate taxing authority as a payment of income tax.

(3) The Commissioner shall follow all procedures specified by the federal Internal Revenue Service pertaining to the deducting and withholding of income tax.

(k) The Commissioner may adopt rules as necessary to implement this section.

Sec. 4. RULEMAKING

On or before January 1, 2018, the Commissioner of Labor shall adopt rules necessary to implement the Paid Family Leave Program, including rules governing the process by which a person who has elected to obtain coverage under the Family Leave Insurance Program pursuant to 21 V.S.A. § 472c(h) and subsequently becomes a worker or stops working in Vermont may terminate that coverage.

Sec. 5. EDUCATION AND OUTREACH

On or before January 1, 2018, the Commissioner of Labor shall develop and make available on the Department of Labor's website information and materials to educate and inform employers and employees about the Family

Leave Insurance Program established pursuant to 21 V.S.A. § 472c.

Sec. 6. EFFECTIVE DATES

(a) This section and Secs. 3, 4, and 5 shall take effect on July 1, 2017.

(b) In Sec. 1, 21 V.S.A. 471, subdivision (6) shall take effect on July 1, 2017. The remaining provisions of Sec. 1 shall take effect on July 1, 2019.

(c) Sec. 2 shall take effect on July 1, 2019.

(d) Contributions from employers and employees shall begin being paid pursuant to 21 V.S.A. § 472c(c) and (d) on July 1, 2018, and, beginning on July 1, 2019, employees and self-employed persons may begin to receive benefits pursuant to 21 V.S.A. § 472c.

(Committee Vote: 7-4-0)

Rep. Till of Jericho, for the Committee on Ways and Means, recommends the bill ought to pass when amended as recommended by the Committee on General; Housing and Military Affairs and when further amended by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 21 V.S.A. § 471 is amended to read:

§ 471. DEFINITIONS

As used in this subchapter:

(1) “Employer” means an individual, organization ~~or~~ governmental body, partnership, association, corporation, legal representative, trustee, receiver, trustee in bankruptcy, and any common carrier by rail, motor, water, air or express company doing business in or operating within this State ~~which for the purposes of parental leave, that employs 10 or more individuals who are employed for an average of at least 30 hours per week during a year and for the purposes of family leave, employs 15 or more individuals for an average of at least 30 hours per week during a year.~~

* * *

(3) “Family leave” means a leave of absence from employment by an employee who works for an employer which employs ~~15~~ 10 or more individuals who are employed for an average of at least 30 hours per week during the year for one of the following reasons:

(A) the serious illness of the employee; ~~or~~

(B) the serious illness of the employee’s child, stepchild or ward who lives with the employee, ~~foster child,~~ grandchild, parent, grandparent, sibling, spouse, or parent of the employee’s spouse;

~~(4) “Parental leave” means a leave of absence from employment by an~~

~~employee who works for an employer which employs 10 or more individuals who are employed for an average of at least 30 hours per week during the year for one of the following reasons:~~

~~(C)~~ the employee's pregnancy;

~~(A)(D)~~ the birth of the employee's child;

~~(B)(E)~~ the initial placement of a child 16 years of age or younger with the employee for the purpose of adoption or foster care; or

(F) the birth of the employee's grandchild if the employee is the primary caregiver or guardian of the child and the child's biological parents are not taking a family leave for the birth pursuant to section 472 of this chapter.

~~(5)(4)~~ "Serious illness" means an accident, disease, or physical or mental condition that:

* * *

(5) "Commissioner" means the Commissioner of Labor.

Sec. 2. 21 V.S.A. § 472 is amended to read:

§ 472. FAMILY LEAVE

(a) During any 12-month period, an employee shall be entitled to take unpaid leave for a period not to exceed 12 weeks for the following reasons:

(1) ~~for parental leave, during the employee's pregnancy and;~~

(2) following the birth of an the employee's child or;

(3) within a year following the initial placement of a child 16 years of age or younger with the employee for the purpose of adoption; or foster care;

(4) within a year following the birth of the employee's grandchild if the employee is the primary caregiver or guardian of the child and the child's biological parents are not taking a leave for the birth pursuant to this section;

~~(2)(5) for family leave, for the serious illness of the employee; or~~

(6) the serious illness of the employee's child, stepchild or ward of the employee who lives with the employee, foster child, grandchild, parent, grandparent, sibling, spouse, or parent of the employee's spouse.

(b) During the leave, at the employee's option, the employee may use accrued sick leave or, vacation leave or, any other accrued paid leave, ~~not to exceed six weeks~~ Parental and Family Leave Insurance benefits pursuant to subchapter 13 of this chapter, or short-term disability insurance or other insurance benefits. Utilization Use of accrued paid leave, Parental and Family

Leave Insurance benefits, or insurance benefits shall not extend the leave provided ~~herein~~ by this section.

* * *

(d) The employer shall post and maintain in a conspicuous place in and about each of ~~his or her~~ its places of business printed notices of the provisions of this subchapter on forms provided by the Commissioner of Labor.

(e)(1) An employee shall give his or her employer reasonable written notice of intent to take family leave under this subchapter. Notice shall include the date the leave is expected to commence and the estimated duration of the leave.

(2) In the case of the adoption or birth of a child, an employer shall not require that notice be given more than six weeks prior to the anticipated commencement of the leave.

(3) In the case of an unanticipated serious illness or premature birth, the employee shall give the employer notice of the commencement of the leave as soon as practicable.

(4) In the case of serious illness of the employee or a member of the employee's family, an employer may require certification from a physician to verify the condition and the amount and necessity for the leave requested.

(5) An employee may return from leave earlier than estimated upon approval of the employer.

(6) An employee shall provide reasonable notice to the employer of his or her need to extend the leave to the extent provided by this chapter.

* * *

(h) Except for serious illness of the employee, an employee who does not return to employment with the employer who provided the family leave shall return to the employer the value of any compensation paid to or on behalf of the employee during the leave, except payments of Parental and Family Leave Insurance benefits and payments for accrued sick leave or vacation leave. An employer may elect to waive the rights provided pursuant to this subsection.

Sec. 3. 21 V.S.A. chapter 5, subchapter 13 is added to read:

Subchapter 13. Parental and Family Leave Insurance

§ 571. DEFINITIONS

(a) As used in this subchapter:

(1) "Employee" means an individual who performs services in employment for an employer.

(2) “Employer” means an individual, organization, governmental body, partnership, association, corporation, legal representative, trustee, receiver, trustee in bankruptcy, and any common carrier by rail, motor, water, air or express company doing business in or operating within this State.

(3) “Employment” has the same meaning as in subdivision 1301(6) of this title.

(4) “Family leave” means a leave of absence from employment by an employee for the serious illness of the employee’s child, stepchild or ward who lives with the employee, foster child, parent, grandparent, sibling, spouse, or parent of the employee’s spouse.

(5) “Parental and bonding leave” means a leave of absence from employment by an employee for:

(A) the birth of the employee’s child;

(B) the initial placement of a child 16 years of age or younger with the employee for the purpose of adoption or foster care; or

(C) the purpose of bonding with the employee’s grandchild if the leave is taken within a year following the birth of the employee’s grandchild, the employee is the primary caregiver or guardian of the child, and the child’s biological parents are not using Parental and Family Leave Insurance Benefits for parental and bonding leave in relation to the birth.

(6) “Qualified employee” means an individual that has been an employee during at least 12 of the previous 13 months.

(7) “Serious illness” means an accident, disease, or physical or mental condition that:

(A) poses imminent danger of death;

(B) requires inpatient care in a hospital; or

(C) requires continuing in-home care under the direction of a physician.

§ 572. PARENTAL AND FAMILY LEAVE INSURANCE; SPECIAL FUND; ADMINISTRATION

(a) The Parental and Family Leave Insurance Program is established in the Department of Labor for the provision of Parental and Family Leave Insurance benefits to eligible employees pursuant to this section.

(b) The Parental and Family Leave Insurance Special Fund is created pursuant to 32 V.S.A. chapter 7, subchapter 5. The Fund may be expended by the Commissioner for the administration of the Parental and Family Leave

Insurance Program and payment of Parental and Family Leave Insurance benefits provided pursuant to this section.

(c)(1)(A) The Fund shall consist of contributions equal to 0.141 percent of each employee's covered wages, which an employer shall deduct and withhold from each of its employee's wages.

(B) In lieu of deducting and withholding the full amount of the contribution pursuant to subdivision (1)(A) of this subsection, an employer may elect to pay all or a portion of the contributions due from the employee's covered wages.

(C) As used in this subsection, the term "covered wages" does not include the amount of wages paid to an employee after he or she has received wages equal to \$150,000.00.

(2)(A) Notwithstanding subdivision (1) of this subsection (c), the General Assembly shall annually establish the rate of contribution for the next fiscal year. The rate shall equal the amount necessary to provide Parental and Family Leave Insurance benefits pursuant to this subchapter and to administer the Parental and Family Leave Insurance Program during the next fiscal year, adjusted by any balance in the Fund from the prior fiscal year.

(B) On or before February 1 of each year, the Commissioner shall report to the General Assembly the rate of contribution necessary to provide Parental and Family Leave Insurance benefits pursuant to this subchapter, to maintain adequate reserves in the Fund, and to administer the Program during the next fiscal year, adjusted by any balance in the Fund from the prior fiscal year.

(d) An employer shall submit these contributions to the Commissioner in a form and at times determined by the Commissioner.

§ 573. BENEFITS

(a) Except as otherwise provided pursuant to section 572 of this subchapter, a qualified employee awarded Parental and Family Leave Insurance benefits under this section shall receive 80 percent of his or her average weekly wage or an amount equal to a 40-hour workweek paid at a rate double that of the livable wage, as determined by the Joint Fiscal Office pursuant to 2 V.S.A. § 505, whichever is less.

(b) A qualified employee shall be permitted to receive not more than six weeks of Parental and Family Leave Insurance benefits in a 12-month period for family leave or parental and bonding leave, or both.

§ 574. APPLICATION FOR BENEFITS; PAYMENT; TAX WITHHOLDING

(a) A qualified employee shall file an application for Parental and Family

Leave Insurance benefits with the Commissioner under this section on a form provided by the Commissioner. The Commissioner shall determine whether the qualified employee is eligible to receive Parental and Family Leave Insurance benefits based on the following criteria:

- (1) The purposes for which the claim is made are documented.
- (2) The qualified employee satisfies the eligibility requirements for the requested leave.
- (3) The benefits are being requested in relation to a family leave or a parental and bonding leave.

(b) The Commissioner of Labor shall make a determination of each claim not later than five days after the date the claim is filed, and Parental and Family Leave Insurance benefits shall be paid from the Fund created pursuant to this section. A person aggrieved by a decision of the Commissioner under this subsection may file with the Commissioner a request for reconsideration within 30 days after receipt of the Commissioner's decision. Thereafter, an applicant denied reconsideration may file an appeal to the Civil Division of the Superior Court in the county where the employment is located.

(c)(1) An individual filing a claim for benefits pursuant to this section shall, at the time of filing, be advised that Parental and Family Leave Insurance benefits may be subject to income tax and that the individual's benefits may be subject to withholding.

(2) The Commissioner shall follow all procedures specified by 26 U.S.C. chapter 24 and 32 V.S.A. chapter 151, subchapter 4 pertaining to the withholding of income tax.

§ 575. FALSE STATEMENT OR REPRESENTATION; PENALTY

A person who willfully makes a false statement or representation for the purpose of obtaining any benefit or payment or to avoid payment of any required contributions under the provisions of this section, either for himself or herself or for any other person, after notice and opportunity for hearing, may be assessed an administrative penalty of not more than \$20,000.00 and shall forfeit all or a portion of any right to compensation under the provisions of this section, as determined to be appropriate by the Commissioner after a determination by the Commissioner that the person has willfully made a false statement or representation of a material fact.

§ 576. RULEMAKING

The Commissioner may adopt rules as necessary to implement this subchapter.

Sec. 4. ADOPTION OF RULES

On or before January 1, 2018, the Commissioner of Labor shall adopt rules necessary to implement 21 V.S.A. chapter 5, subchapter 13.

Sec. 5. EDUCATION AND OUTREACH

On or before January 1, 2018, the Commissioner of Labor shall develop and make available on the Department of Labor's website information and materials to educate and inform employers and employees about the Parental and Family Leave Insurance Program established pursuant to 21 V.S.A. chapter 5, subchapter 13.

Sec. 6. EFFECTIVE DATES

(a) This section and Secs. 3, 4, and 5 shall take effect on July 1, 2017.

(b) Secs. 1 and 2 shall take effect on July 1, 2019.

(c) Contributions shall begin being paid pursuant to 21 V.S.A. § 572 on July 1, 2018, and, beginning on July 1, 2019, employees may begin to receive benefits pursuant to 21 V.S.A. chapter 5, subchapter 13.

(Committee Vote: 7-4-0)

Rep. Trieber of Rockingham, for the Committee on Appropriations, recommends the bill ought to pass when amended as recommended by the Committee on General; Housing and Military Affairs and Ways and Means, as amended by the committee on Ways and Means, and when further amended as follows:

has considered the same and recommends that the report of the Committee on Ways and Means be amended as follows:

First: In Sec. 3, 21 V.S.A. chapter 5, subchapter 13, in section 571, by striking out the designation “(a)” and in subdivision (4), after the words “foster child” by inserting: “, grandchild”

Second: In Sec. 3, 21 V.S.A. chapter 5, subchapter 13, in subdivision 572(c)(2)(A), after the words “the amount necessary to provide Parental and Family Leave Insurance benefits pursuant to this subchapter” by inserting: “, to maintain a reserve equal to at least 100 percent of the projected benefit payments for the next fiscal year,”

Third: In Sec. 3, 21 V.S.A. chapter 5, subchapter 13, in subdivision 572(c)(2)(B), by striking out the words “adequate reserves in the Fund” and inserting in lieu thereof the words “a reserve equal to at least 100 percent of the projected benefit payments for the next fiscal year”

Fourth: In Sec. 3, 21 V.S.A. chapter 5, subchapter 13, in subsection 574(b), after the words “The Commissioner of Labor shall make a determination of each claim not later than five” by inserting the word “business”

Fifth: By striking out Sec. 6, effective dates, in its entirety and inserting in lieu thereof three new sections to be Secs. 6, 7, and 8 to read:

Sec. 6. ESTABLISHMENT OF PARENTAL AND FAMILY LEAVE
INSURANCE PROGRAM; EXPENDITURES FROM SPECIAL
FUND

Beginning on July 1, 2017, the Commissioner of Finance and Management may, pursuant to 32 V.S.A. § 588(4)(C), issue warrants for expenditures from the Parental and Family Leave Insurance Special Fund necessary to establish the Parental and Family Leave Insurance Program in anticipation of the receipt on or after July 1, 2018 of contributions submitted pursuant to 21 V.S.A. § 572.

Sec. 7. ADEQUACY OF RESERVES; REPORT

Annually, on or before January 15, 2020, 2021, and 2022, the Commissioner of Labor, in consultation with the Commissioners of Finance and Management and of Financial Regulation, shall submit a written report to the House Committees on Appropriations, on General, Housing and Military Affairs, and on Ways and Means and the Senate Committees on Appropriations, on Economic Development, Housing and General Affairs, and on Finance regarding the amount and adequacy of the reserves in the Parental and Family Leave Insurance Special Fund and any recommendations for legislative action necessary to ensure that an adequate reserve is maintained in the fund.

Sec. 8. EFFECTIVE DATES

- (a) This section and Secs. 3, 4, 5, 6, and 7 shall take effect on July 1, 2017.
- (b) Secs. 1 and 2 shall take effect on October 1, 2019.
- (c) Contributions shall begin being paid pursuant to 21 V.S.A. § 572 on July 1, 2018, and, beginning on October 1, 2019, employees may begin to receive benefits pursuant to 21 V.S.A. chapter 5, subchapter 13.

(Committee Vote: 6-5-0)

S. 8

An act relating to establishing the State Ethics Commission and standards of governmental ethical conduct

Rep. Townsend of South Burlington, for the Committee on Government Operations, recommends that the House propose to the Senate that the bill be amended by striking all after the enacting clause and inserting in lieu thereof the following:

* * * Former Legislators and Executive Officers; Lobbying Restriction * * *

Sec. 1. 2 V.S.A. § 266 is amended to read:

§ 266. PROHIBITED CONDUCT

* * *

(b)(1) A legislator or an Executive officer, for one year after leaving office, shall not be a lobbyist in this State.

(2) The prohibition set forth in subdivision (1) of this subsection shall not apply to a lobbyist exempted under section 262 of this chapter.

(c) As used in this section, “candidate’s:

(1) “Candidate’s committee,” “contribution,” and “legislative leadership political committee” shall have the same meanings as in 17 V.S.A. § 2901 chapter 61 (campaign finance).

(2) “Executive officer” means:

(A) the Governor, Lieutenant Governor, Treasurer, Secretary of State, Auditor of Accounts, or Attorney General; or

(B) under the Office of the Governor, an agency secretary or deputy or a department commissioner or deputy.

* * * Former Executive Officers; Postemployment Restrictions * * *

Sec. 2. 3 V.S.A. § 267 is added to read:

§ 267. EXECUTIVE OFFICERS; POSTEMPLOYMENT RESTRICTIONS

(a) Prior participation while in State employ.

(1) An Executive officer, for one year after leaving office, shall not, for pecuniary gain, be an advocate for any private entity before any public body or the General Assembly or its committees regarding any particular matter in which:

(A) the State is a party or has a direct and substantial interest; and

(B) the Executive officer had participated personally and substantively while in State employ.

(2) The prohibition set forth in subdivision (1) of this subsection applies to any matter the Executive officer directly handled, supervised, or managed, or gave substantial input, advice, or comment, or benefited from, either through discussing, attending meetings on, or reviewing materials prepared regarding the matter.

(b) Prior official responsibility. An Executive officer, for one year after

leaving office, shall not, for pecuniary gain, be an advocate for any private entity before any public body or the General Assembly or its committees regarding any particular matter in which the officer had exercised any official responsibility.

(c) Exemption. The prohibitions set forth in subsections (a) and (b) of this section shall not apply if the former Executive officer's only role as an advocate would exempt that former officer from registration and reporting under 2 V.S.A. § 262.

(d) Public body enforcement. A public body shall disqualify a former Executive officer from his or her appearance or participation in a particular matter if the officer's appearance or participation is prohibited under this section.

(e) Definitions. As used in this section:

(1) "Advocate" means a person who assists, defends, or pleads.

(2) "Executive officer" means:

(A) the Governor, Lieutenant Governor, Treasurer, Secretary of State, Auditor of Accounts, or Attorney General; or

(B) under the Office of the Governor, an agency secretary or deputy or a department commissioner or deputy.

(3) "Private entity" means any person, corporation, partnership, joint venture, or association, whether organized for profit or not for profit, except one specifically chartered by the State of Vermont or that relies upon taxes for at least 50 percent of its revenues.

(4) "Public body" means any agency, department, division, or office and any board or commission of any such entity, or any independent board or commission, in the Executive Branch of the State.

* * * State Office and Legislative Candidates; Disclosure Form * * *

Sec. 3. 17 V.S.A. § 2414 is added to read:

§ 2414. CANDIDATES FOR STATE AND LEGISLATIVE OFFICE;
DISCLOSURE FORM

(a) Each candidate for State office, State Senator, or State Representative shall file with the officer with whom consent of candidate forms are filed, along with his or her consent, a disclosure form prepared by the State Ethics Commission that contains the following information in regard to the previous calendar year:

(1) Each source, but not amount, of personal taxable income of the

candidate or of his or her spouse or domestic partner, or the candidate together with his or her spouse or domestic partner, that totals more than \$5,000.00, ranked in order from highest to lowest income, including any of the sources meeting that total described as follows:

(A) employment, including the employer or business name and address and, if self-employed, a description of the nature of the self-employment without needing to disclose any individual clients; and

(B) investments, described generally as “investment income.”

(2) Any board, commission, association, or other entity on which the candidate served and a description of that position.

(3) Any company of which the candidate or his or her spouse or domestic partner, or the candidate together with his or her spouse or domestic partner, owned more than 10 percent.

(4) Any lease or contract with the State held or entered into by:

(A) the candidate or his or her spouse or domestic partner; or

(B) a company of which the candidate or his or her spouse or domestic partner, or the candidate together with his or her spouse or domestic partner, owned more than 10 percent.

(b)(1) In addition, if a candidate’s spouse or domestic partner is a lobbyist, the candidate shall disclose that fact and provide the name of his or her spouse or domestic partner and, if applicable, the name of his or her lobbying firm.

(2) In this subsection, “lobbyist” and “lobbying firm” shall have the same meanings as in 2 V.S.A. § 261.

(c)(1) A senatorial district clerk or representative district clerk who receives a disclosure form under this section shall forward a copy of the disclosure to the Secretary of State within three business days of receiving it.

(2) The Secretary of State shall post a copy of any disclosure forms he or she receives under this section on his or her official State website.

* * * Campaign Finance; Contractor Contribution Restrictions * * *

Sec. 4. 17 V.S.A. § 2950 is added to read:

§ 2950. STATE OFFICERS AND STATE OFFICE CANDIDATES;
CONTRACTOR CONTRIBUTION RESTRICTIONS

(a) Contributor restrictions on contracting.

(1) A person or his or her principal or spouse who makes a contribution to a State officer or a candidate for a State office shall not enter into a sole source contract valued at \$50,000.00 or more or multiple sole source contracts

valued in the aggregate at \$100,000.00 or more with that State office or with the State on behalf of that office within one year following:

(A) that contribution, if the contribution was made to the incumbent State officer; or

(B) the beginning of the term of the office, if the contribution was made to a candidate for the State office who is not the incumbent.

(2) The prohibition set forth in subdivision (1) of this subsection shall end after the applicable one-year period described in subdivision (1) or upon the State officer vacating the office, whichever occurs first.

(b) Contractor restrictions on contributions.

(1)(A) A person who enters into a sole source contract valued at \$50,000.00 or more or multiple sole source contracts valued in the aggregate at \$100,000.00 or more with the office of a State officer or with the State on behalf of that office, or that person's principal or spouse, shall not make a contribution to a candidate for that State office or to that State officer.

(B) The candidate for State office or his or her candidate's committee or the State officer shall not solicit or accept a contribution from a person if that candidate, candidate's committee, or State officer knows the person is prohibited from making that contribution under this subdivision (1).

(2) The prohibitions set forth in subdivision (1) of this subsection shall be limited to a period beginning from the date of execution of the contract and ending with the completion of the contract.

(c) As used in this section:

(1) "Contract" means a "contract for services," as that term is defined in 3 V.S.A. § 341.

(2) "Person's principal" means an individual who:

(A) has a controlling interest in the person, if the person is a business entity;

(B) is the president, chair of the board, or chief executive officer of a business entity or is any other individual that fulfills equivalent duties as a president, chair of the board, or chief executive officer of a business entity;

(C) is an employee of the person and has direct, extensive, and substantive responsibilities with respect to the negotiation of the contract; or

(D) is an employee of a business entity whose compensation is determined directly, in whole or in part, by the award or payment of contracts by the State to the entity employing the employee. A regular salary that is

paid irrespective of the award or payment of a contract with the State shall not constitute "compensation" under this subdivision (D).

Sec. 4a. 3 V.S.A. § 347 is added to read:

§ 347. CONTRACTOR CONTRIBUTION RESTRICTIONS

The Secretary of Administration shall include in the terms and conditions of sole source contracts a self-certification of compliance with the contractor contribution restrictions set forth in 17 V.S.A. § 2950.

* * * Campaign Finance Investigations; Reports to Ethics Commission * * *

Sec. 5. 17 V.S.A. § 2904 is amended to read:

§ 2904. CIVIL INVESTIGATION

(a)(1) The Attorney General or a State's Attorney, whenever he or she has reason to believe any person to be or to have been in violation of this chapter or of any rule ~~or regulation~~ made pursuant to this chapter, may examine or cause to be examined by any agent or representative designated by him or her for that purpose any books, records, papers, memoranda, or physical objects of any nature bearing upon each alleged violation and may demand written responses under oath to questions bearing upon each alleged violation.

* * *

(5) Nothing in this subsection is intended to prevent the Attorney General or a State's Attorney from disclosing the results of an investigation conducted under this section, including the grounds for his or her decision as to whether to bring an enforcement action alleging a violation of this chapter or of any rule ~~or regulation~~ made pursuant to this chapter.

* * *

Sec. 6. 17 V.S.A. § 2904a is added to read:

§ 2904a. REPORTS TO STATE ETHICS COMMISSION

Upon receipt of a complaint made in regard to a violation of this chapter or of any rule made pursuant to this chapter, the Attorney General or a State's Attorney shall:

(1) Forward a copy of the complaint to the State Ethics Commission established in 3 V.S.A. chapter 31. The Attorney General or State's Attorney shall provide this information to the Commission within 10 days of his or her receipt of the complaint.

(2) File a report with the Commission regarding his or her decision as to whether to bring an enforcement action as a result of that complaint. The Attorney General or State's Attorney shall make this report within 10 days of

that decision.

Sec. 7. 3 V.S.A. Part 1, chapter 31 is added to read:

CHAPTER 31. GOVERNMENTAL ETHICS

Subchapter 1. General Provisions

§ 1201. DEFINITIONS

As used in this chapter:

(1) “Candidate” and “candidate’s committee” shall have the same meanings as in 17 V.S.A. § 2901.

(2) “Commission” means the State Ethics Commission established under subchapter 3 of this chapter.

(3) “Executive officer” means:

(A) a State officer; or

(B) under the Office of the Governor, an agency secretary or deputy or a department commissioner or deputy.

(4)(A) “Gift” means anything of value, tangible or intangible, that is bestowed for less than adequate consideration.

(B) “Gift” does not mean printed educational material such as books, reports, pamphlets, or periodicals.

(5) “Governmental conduct regulated by law” means conduct by an individual in regard to the operation of State government that is restricted or prohibited by law and includes:

(A) bribery pursuant to 13 V.S.A. § 1102;

(B) neglect of duty by public officers pursuant to 13 V.S.A. § 3006 and by members of boards and commissions pursuant to 13 V.S.A. § 3007;

(C) taking illegal fees pursuant to 13 V.S.A. § 3010;

(D) false claims against government pursuant to 13 V.S.A. § 3016;

(E) owning or being financially interested in an entity subject to a department’s supervision pursuant to section 204 of this title;

(F) failing to devote time to duties of office pursuant to section 205 of this title;

(G) engaging in retaliatory action due to a State employee’s involvement in a protected activity pursuant to subchapter 4A of chapter 27 of this title;

(H) a former legislator or former Executive officer serving as a lobbyist pursuant to 2 V.S.A. § 266(b); and

(I) a former Executive officer serving as an advocate pursuant to section 267 of this title.

(6) “Lobbyist” shall have the same meaning as in 2 V.S.A. § 261.

(7) “Political committee” and “political party” shall have the same meanings as in 17 V.S.A. § 2901.

(8) “State officer” means the Governor, Lieutenant Governor, Treasurer, Secretary of State, Auditor of Accounts, or Attorney General.

§ 1202. STATE CODE OF ETHICS

The Ethics Commission, in consultation with the Department of Human Resources, shall create and maintain a State Code of Ethics that sets forth general principles of governmental ethical conduct.

Subchapter 2. Disclosures

§ 1211. EXECUTIVE OFFICERS; BIENNIAL DISCLOSURE

(a) Biennially, each Executive officer shall file with the State Ethics Commission a disclosure form that contains the following information in regard to the previous calendar year:

(1) Each source, but not amount, of personal taxable income of the officer or of his or her spouse or domestic partner, or the officer together with his or her spouse or domestic partner, that totals more than \$5,000.00, ranked in order from highest to lowest income, including any of the sources meeting that total described as follows:

(A) employment, including the employer or business name and address and, if self-employed, a description of the nature of the self-employment without needing to disclose any individual clients; and

(B) investments, described generally as “investment income.”

(2) Any board, commission, association, or other entity on which the officer served and a description of that position.

(3) Any company of which the officer or his or her spouse or domestic partner, or the officer together with his or her spouse or domestic partner, owned more than 10 percent.

(4) Any lease or contract with the State held or entered into by:

(A) the officer or his or her spouse or domestic partner; or

(B) a company of which the officer or his or her spouse or domestic

partner, or the officer together with his or her spouse or domestic partner, owned more than 10 percent.

(b)(1) In addition, if an Executive officer's spouse or domestic partner is a lobbyist, the officer shall disclose that fact and provide the name of his or her spouse or domestic partner and, if applicable, the name of his or her lobbying firm.

(2) In this subsection, "lobbyist" and "lobbying firm" shall have the same meanings as in 2 V.S.A. § 261.

(c)(1) An officer shall file his or her disclosure on or before January 15 of the odd-numbered year or, if he or she is appointed after January 15, within 10 days after that appointment.

(2) An officer who filed this disclosure form as a candidate in accordance with 17 V.S.A. § 2414 in the preceding year and whose disclosure information has not changed since that filing may update that filing to indicate that there has been no change.

§ 1212. COMMISSION MEMBERS AND EXECUTIVE DIRECTOR; BIENNIAL DISCLOSURE

(a) Biennially, each member of the Commission and the Executive Director of the Commission shall file with the Executive Director a disclosure form that contains the information that Executive officers are required to disclose under section 1211 of this subchapter.

(b) A member and the Executive Director shall file their disclosures on or before January 15 of the first year of their appointments or, if the member or Executive Director is appointed after January 15, within 10 days after that appointment, and shall file subsequent disclosures biennially thereafter.

§ 1213. DISCLOSURES; GENERALLY

(a) The Executive Director of the Commission shall prepare on behalf of the Commission any disclosure form required to be filed with it and the candidate disclosure form described in 17 V.S.A. § 2414, and shall make those forms available on the Commission's website.

(b) The Executive Director shall post a copy of any disclosure form the Commission receives on the Commission's website.

Subchapter 3. State Ethics Commission

§ 1221. STATE ETHICS COMMISSION

(a) Creation. There is created within the Executive Branch an independent commission named the State Ethics Commission to accept, review, make referrals regarding, and track complaints of alleged violations of governmental

conduct regulated by law, of the Department of Human Resources Code of Ethics, and of the State's campaign finance law set forth in 17 V.S.A. chapter 61; to provide ethics training; and to issue guidance and advisory opinions regarding ethical conduct.

(b) Membership.

(1) The Commission shall be composed of the following five members:

(A) a chair of the Commission, who shall be appointed by the Chief Justice of the Supreme Court and who shall have a background or expertise in ethics;

(B) one member appointed by the League of Women Voters of Vermont, who shall be a member of the League;

(C) one member appointed by the Board of Directors of the Vermont Society of Certified Public Accountants, who shall be a member of the Society;

(D) one member appointed by the Board of Managers of the Vermont Bar Association, who shall be a member of the Association; and

(E) one member appointed by the Board of Directors of the Vermont Human Resource Association, who shall be a member of the Association.

(2) A member shall not:

(A) hold any office in the Legislative, Executive, or Judicial Branch of State government or otherwise be employed by the State;

(B) hold or enter into any lease or contract with the State, or have a controlling interest in a company that holds or enters into a lease or contract with the State;

(C) be a lobbyist;

(D) be a candidate for State or legislative office; or

(E) hold any office in a State or legislative office candidate's committee, a political committee, or a political party.

(3) A member may be removed for cause by the remaining members of the Commission in accordance with the Vermont Administrative Procedure Act.

(4)(A) A member shall serve a term of three years and until a successor is appointed. A term shall begin on January 1 of the year of appointment and run through December 31 of the last year of the term. Terms of members shall be staggered so that not all terms expire at the same time.

(B) A vacancy created before the expiration of a term shall be filled

in the same manner as the original appointment for the unexpired portion of the term.

(C) A member shall not serve more than two consecutive terms. A member appointed to fill a vacancy created before the expiration of a term shall not be deemed to have served a term for the purpose of this subdivision (C).

(c) Executive Director.

(1) The Commission shall be staffed by an Executive Director who shall be appointed by and serve at the pleasure of the Commission and who shall be a part-time exempt State employee.

(2) The Executive Director shall maintain the records of the Commission and shall provide administrative support as requested by the Commission, in addition to any other duties required by this chapter.

(d) Confidentiality. The Commission and the Executive Director shall maintain the confidentiality required by this chapter.

(e) Meetings. Meetings of the Commission:

(1) shall be held at least quarterly for the purpose of the Executive Director updating the Commission on his or her work;

(2) may be called by the Chair and shall be called upon the request of any other two Commission members; and

(3) shall be conducted in accordance with 1 V.S.A. § 172.

(f) Reimbursement. Each member of the Commission shall be entitled to per diem compensation and reimbursement of expenses pursuant to 32 V.S.A. § 1010.

§ 1222. COMMISSION MEMBER DUTIES AND PROHIBITED CONDUCT

(a) Conflicts of interest.

(1) Prohibition; recusal.

(A) A Commission member shall not participate in any Commission matter in which he or she has a conflict of interest and shall recuse himself or herself from participation in that matter.

(B) The failure of a Commission member to recuse himself or herself as described in subdivision (A) of this subdivision (1) may be grounds for the Commission to discipline or remove that member.

(2) Disclosure of conflict of interest.

(A) A Commission member who has reason to believe he or she has a conflict of interest in a Commission matter shall disclose that he or she has that belief and disclose the nature of the conflict of interest. Alternatively, a Commission member may request that another Commission member recuse himself or herself from a Commission matter due to a conflict of interest.

(B) Once there has been a disclosure of a member's conflict of interest, members of the Commission shall be afforded the opportunity to ask questions or make comments about the situation to address the conflict.

(C) A Commission member may be prohibited from participating in a Commission matter by at least three other members of the Commission.

(3) Postrecusal or -prohibition procedure. A Commission member who has recused himself or herself or was prohibited from participating in a Commission matter shall not sit or deliberate with the Commission or otherwise act as a Commission member on that matter.

(4) Definition. As used in this subsection, "conflict of interest" means an interest of a member that is in conflict with the proper discharge of his or her official duties due to a significant personal or financial interest of the member, of a person within the member's immediate family, or of the member's business associate. "Conflict of interest" does not include any interest that is not greater than that of any other persons generally affected by the outcome of a matter.

(b) Gifts. A Commission member shall not accept a gift given by virtue of his or her membership on the Commission.

§ 1223. PROCEDURE FOR HANDLING COMPLAINTS

(a) Accepting complaints.

(1) On behalf of the Commission, the Executive Director shall accept complaints from any source regarding governmental ethics in any of the three branches of State government or of the State's campaign finance law set forth in 17 V.S.A. chapter 61.

(2) Complaints shall be in writing and shall include the identity of the complainant.

(b) Preliminary review by Executive Director. The Executive Director shall conduct a preliminary review of complaints made to the Commission in order to take action as set forth in this subsection, which shall include referring complaints to all relevant entities.

(1) Governmental conduct regulated by law.

(A) If the complaint alleges a violation of governmental conduct

regulated by law, the Executive Director shall refer the complaint to the Attorney General or to the State's Attorney of jurisdiction, as appropriate.

(B) The Attorney General or State's Attorney shall file a report with the Executive Director regarding his or her decision as to whether to bring an enforcement action as a result of a complaint referred under subdivision (A) of this subdivision (1) within 10 days of that decision.

(2) Department of Human Resources Code of Ethics.

(A) If the complaint alleges a violation of the Department of Human Resources Code of Ethics, the Executive Director shall refer the complaint to the Commissioner of Human Resources.

(B) The Commissioner shall report back to the Executive Director regarding the final disposition of a complaint referred under subdivision (A) of this subdivision (2) within 10 days of that final disposition.

(3) Campaign finance.

(A) If the complaint alleges a violation of campaign finance law, the Executive Director shall refer the complaint to the Attorney General or to the State's Attorney of jurisdiction, as appropriate.

(B) The Attorney General or State's Attorney shall file a report with the Executive Director regarding his or her decision as to whether to bring an enforcement action as a result of a complaint referred under subdivision (A) of this subdivision (3) as set forth in 17 V.S.A. § 2904a.

(4) Legislative and Judicial Branches; attorneys.

(A) If the complaint is in regard to conduct committed by a State Senator, the Executive Director shall refer the complaint to the Senate Ethics Panel and shall request a report back from the Panel regarding the final disposition of the complaint.

(B) If the complaint is in regard to conduct committed by a State Representative, the Executive Director shall refer the complaint to the House Ethics Panel and shall request a report back from the Panel regarding the final disposition of the complaint.

(C) If the complaint is in regard to conduct committed by a judicial officer, the Executive Director shall refer the complaint to the Judicial Conduct Board and shall request a report back from the Board regarding the final disposition of the complaint.

(D) If the complaint is in regard to an attorney employed by the State, the Executive Director shall refer the complaint to the Professional Responsibility Board and shall request a report back from the Board regarding

the final disposition of the complaint.

(E) If any of the complaints described in subdivisions (A)–(D) of this subdivision (4) also allege that a crime has been committed, the Executive Director shall also refer the complaint to the Attorney General and the State’s Attorney of jurisdiction.

(5) Closures. The Executive Director shall close any complaint that he or she does not refer as set forth in subdivisions (1)–(4) of this subsection.

(c) Confidentiality. Complaints and related documents in the custody of the Commission shall be exempt from public inspection and copying under the Public Records Act and kept confidential.

§ 1224. COMMISSION ETHICS TRAINING

At least annually, in collaboration with the Department of Human Resources, the Commission shall make available to State officers and State employees training on issues related to governmental ethics. The training shall include topics related to those covered in any guidance or advisory opinion issued under section 1225 of this subchapter.

§ 1225. EXECUTIVE DIRECTOR GUIDANCE AND ADVISORY OPINIONS

(a) Guidance.

(1) The Executive Director may issue to an Executive officer or other State employee, upon his or her request, guidance regarding any provision of this chapter or any issue related to governmental ethics.

(2) The Executive Director may consult with members of the Commission and the Department of Human Resources in preparing this guidance.

(3) Guidance issued under this subsection shall be exempt from public inspection and copying under the Public Records Act and shall be kept confidential unless the receiving entity has publicly disclosed it.

(b) Advisory opinions.

(1) The Executive Director may issue advisory opinions that provide general advice or interpretation regarding this chapter or any issue related to governmental ethics.

(2) The Executive Director may consult with members of the Commission and the Department of Human Resources in preparing these advisory opinions.

(3) The Executive Director shall post on the Commission’s website any

advisory opinions that he or she issues.

§ 1226. COMMISSION REPORTS

Annually, on or before January 15, the Commission shall report to the General Assembly regarding the following issues:

(1) Complaints. The number and a summary of the complaints made to it, separating the complaints by topic, and the disposition of those complaints, including any prosecution, enforcement action, or dismissal. This summary of complaints shall not include any personal identifying information.

(2) Guidance. The number and a summary of the guidance documents the Executive Director issued, separating the guidance by topic. This summary of guidance shall not include any personal identifying information.

(3) Recommendations. Any recommendations for legislative action to address State governmental ethics or provisions of campaign finance law.

* * * Implementation * * *

Sec. 8. APPLICABILITY OF EMPLOYMENT RESTRICTIONS

The provisions of Secs. 1 and 2 of this act that restrict employment shall not apply to any such employment in effect on the effective date of those sections.

Sec. 9. STATE ETHICS COMMISSION; STATE CODE OF ETHICS CREATION

The State Ethics Commission shall create the State Code of Ethics in consultation with the Department of Human Resources as described in 3 V.S.A. § 1202 in Sec. 7 of this act on or before July 1, 2018.

Sec. 10. IMPLEMENTATION OF THE STATE ETHICS COMMISSION

(a) The State Ethics Commission, created in Sec. 7 of this act, is established on January 1, 2018.

(b) Members of the Commission shall be appointed on or before October 15, 2017 in order to prepare as they deem necessary for the establishment of the Commission, including the hiring of the Commission's Executive Director. Terms of members shall officially begin on January 1, 2018.

(c)(1) In order to stagger the terms of the members of the State Ethics Commission as described in 3 V.S.A. § 1221(b)(4)(A) in Sec. 7 of this act, the Governor shall appoint the initial members for terms as follows:

(A) the Chief Justice of the Supreme Court shall appoint the Chair for a three-year term;

(B) the League of Women Voters of Vermont shall appoint a member

for a two-year term;

(C) the Board of Directors of the Vermont Society of Certified Public Accountants shall appoint a member for a one-year term;

(D) the Vermont Bar Association shall appoint a member for a three-year term; and

(E) the Board of Directors of the Vermont Human Resource Association shall appoint a member for a two-year term.

(2) After the expiration of the initial terms set forth in subdivision (1) of this subsection, Commission member terms shall be as set forth in 3 V.S.A. § 1221(b)(4)(A) in Sec. 7 of this act.

Sec. 11. CREATION OF STAFF POSITION FOR STATE ETHICS COMMISSION

One part-time exempt Executive Director position is created in the State Ethics Commission set forth in Sec. 7 of this act by using an existing position in the position pool.

Sec. 12. BUILDINGS AND GENERAL SERVICES; SPACE ALLOCATION

The Commissioner of Buildings and General Services shall allocate space for the State Ethics Commission established in Sec. 7 of this act. This space shall be allocated on or before October 15, 2017.

Sec. 13. STATE ETHICS COMMISSION FUNDING SOURCE SURCHARGE; REPEAL

(a) Surcharge.

(1) In fiscal year 2018 and thereafter, a surcharge of up to 2.3 percent, but no greater than the cost of the activities of the State Ethics Commission set forth in Sec. 7 of this act, on the per-position portion of the charges authorized in 3 V.S.A. § 2283(c)(2) shall be assessed to all Executive Branch agencies, departments, and offices and shall be paid by all assessed entities solely with State funds.

(2) The amount collected shall be accounted for within the Human Resource Services Internal Service Fund and used solely for the purposes of funding the activities of the State Ethics Commission set forth in Sec. 7 of this act.

(b) Repeal. This section shall be repealed on June 30, 2020.

* * * Municipal Ethics and Conflicts of Interest * * *

Sec. 14. 24 V.S.A. § 1984 is amended to read:

§ 1984. CONFLICT OF INTEREST PROHIBITION

(a)(1) ~~A~~ Each town, city, ~~or~~ and incorporated village, by majority vote of those present and voting at an annual or special meeting warned for that purpose, ~~may~~ shall adopt a conflict of interest prohibition for its elected and appointed officials, which shall contain:

(1)(A) A definition of “conflict of interest.”

(2)(B) A list of the elected and appointed officials covered by such prohibition.

(3)(C) A method to determine whether a conflict of interest exists.

(4)(D) Actions that must be taken if a conflict of interest is determined to exist.

(5)(E) A method of enforcement against individuals violating such prohibition.

(2) The requirement set forth in subdivision (1) of this subsection shall not apply if, pursuant to the provisions of subdivision 2291(20) of this title, the municipality has established a conflict of interest policy that is in substantial compliance with subdivision (1).

(b)(1) Unless the prohibition adopted pursuant to subsection (a) of this section contains a different definition of “conflict of interest,” for the purposes of a prohibition adopted under this section, “conflict of interest” means a direct personal or pecuniary interest of a public official, or the official’s spouse, household member, business associate, employer, or employee, in the outcome of a cause, proceeding, application, or any other matter pending before the official or before the agency or public body in which the official holds office or is employed.

(2) “Conflict of interest” does not arise in the case of votes or decisions on matters in which the public official has a personal or pecuniary interest in the outcome, such as in the establishment of a tax rate, that is no greater than that of other persons generally affected by the decision.

Sec. 15. 24 V.S.A. § 2291 is amended to read:

§ 2291. ENUMERATION OF POWERS

For the purpose of promoting the public health, safety, welfare, and convenience, a town, city, or incorporated village shall have the following powers:

* * *

(20) To establish a conflict-of-interest policy to apply to all elected and appointed officials of the town, city, or incorporated village or ethical conduct policies to apply to all elected and appointed officials and employees of the

municipality, or both.

* * *

Sec. 16. GENERAL ASSEMBLY; RECOMMENDATION REGARDING
MUNICIPAL ETHICS

The General Assembly recommends that each town, city, and incorporated village adopt ethical conduct policies for its elected and appointed officials and employees.

Sec. 17. TRANSITIONAL PROVISION; MUNICIPAL ETHICS
COMPLAINTS; SECRETARY OF STATE; ETHICS
COMMISSION; REPORTS

(a) Until December 15, 2020, the Secretary of State shall accept complaints in writing regarding municipal governmental ethical conduct and:

(1) forward those complaints to the applicable municipality; and

(2) report those complaints annually on or before December 15 to the Executive Director of the State Ethics Commission in the form requested by the Executive Director.

(b) The State Ethics Commission shall include a summary of these municipal complaints and any recommendations for legislative action in regard to municipal ethics along with its report of complaints and recommendations described in Sec. 7 of this act in 3 V.S.A. § 1226(1) and (3) (Commission reports; complaints; recommendations).

* * * Effective Dates * * *

Sec. 18. EFFECTIVE DATES

This act shall take effect as follows:

(1) The following sections shall take effect on July 1, 2017:

(A) Sec. 1, 2 V.S.A. § 266 (former legislators and Executive officers; lobbying; prohibited employment); and

(B) Sec. 2, 3 V.S.A. § 267 (former Executive officers; prohibited employment).

(2) The following sections shall take effect on January 1, 2018:

(A) Sec. 3, 17 V.S.A. § 2414 (candidates for State and legislative office; disclosure form);

(B) Sec. 6, 17 V.S.A. § 2904a (Attorney General or State's Attorney; campaign finance; reports to State Ethics Commission); and

(C) Sec. 7, 3 V.S.A. Part 1, chapter 31 (governmental ethics).

(3) Secs. 4, 17 V.S.A. § 2950 (State officers and State office candidates; contractor contribution restrictions) and 4a, 3 V.S.A. § 347 (contractor contribution restrictions) shall take effect on December 16, 2018.

(4) Sec. 14, 24 V.S.A. § 1984 (municipalities; conflict of interest prohibition) shall take effect on July 1, 2019.

(5) This section and all other sections shall take effect on passage.

(Committee vote: 9-0-2)

(For text see Senate Journal February 7, 9, 2017)

Rep. Feltus of Lyndon, for the Committee on Appropriations, recommends the bill ought to pass when amended as recommended by the Committee on Government Operations.

(Committee Vote: 11-0-0)

Amendment to be offered by Rep. Townsend of South Burlington to the recommendation of amendment of the Committee on Government Operations to S. 8

In Sec. 10 (implementation of the State Ethics Commission), in subdivision (c)(1), in the introductory paragraph, following “in Sec. 7 of this act,” by striking out “the Governor shall appoint the initial members for terms as follows:” and inserting in lieu thereof “the initial terms of those members shall be as follows:”

Amendment to be offered by Rep. Deen of Westminster to the recommendation of amendment of the Committee on Government Operations to S. 8

First: By striking out in its entirety Sec. 3, 17 V.S.A. § 2414, and inserting in lieu thereof the following:

Sec. 3. 17 V.S.A. § 2414 is added to read:

§ 2414. CANDIDATES FOR STATE AND LEGISLATIVE OFFICE;
DISCLOSURE FORM

(a) Each candidate for State office, State Senator, or State Representative shall file with the officer with whom consent of candidate forms are filed, along with his or her consent, a disclosure form prepared by the State Ethics Commission that contains the following information in regard to the previous calendar year:

(1) Each source, but not amount, of the candidate’s personal income that totals more than \$5,000.00, ranked in order from highest to lowest income,

including any of the sources meeting that total described as follows:

(A) employment, including the employer or business name and address and, if self-employed, a description of the nature of the self-employment without needing to disclose any individual clients; and

(B) investments, described generally as “investment income.”

(2) Any board, commission, association, or other entity on which the candidate served and a description of that position.

(3) Any company of which the candidate owned more than 10 percent.

(4) Any lease or contract with the State held or entered into by:

(A) the candidate; or

(B) a company of which the candidate owned more than 10 percent.

(b)(1) A senatorial district clerk or representative district clerk who receives a disclosure form under this section shall forward a copy of the disclosure form to the Secretary of State within three business days of receiving it.

(2) The Secretary of State shall post a copy of any disclosure forms he or she receives under this section on his or her official State website.

Second: In Sec. 7, by striking out in its entirety 3 V.S.A. § 1211 and inserting in lieu thereof the following:

§ 1211. EXECUTIVE OFFICERS; BIENNIAL DISCLOSURE

(a) Biennially, each Executive officer shall file with the State Ethics Commission a disclosure form that contains the following information in regard to the previous calendar year:

(1) Each source, but not amount, of the officer’s personal income that totals more than \$5,000.00, ranked in order from highest to lowest income, including any of the sources meeting that total described as follows:

(A) employment, including the employer or business name and address and, if self-employed, a description of the nature of the self-employment without needing to disclose any individual clients; and

(B) investments, described generally as “investment income.”

(2) Any board, commission, association, or other entity on which the officer served and a description of that position.

(3) Any company of which the officer owned more than 10 percent.

(4) Any lease or contract with the State held or entered into by:

(A) the officer; or

(B) a company of which the officer owned more than 10 percent.

(b)(1) An officer shall file his or her disclosure on or before January 15 of the odd-numbered year or, if he or she is appointed after January 15, within 10 days after that appointment.

(2) An officer who filed this disclosure form as a candidate in accordance with 17 V.S.A. § 2414 in the preceding year and whose disclosure information has not changed since that filing may update that filing to indicate that there has been no change.

Third: In Sec. 7, in 3 V.S.A. § 1202 (State Code of Ethics), following “The Ethics Commission, in consultation with the Department of Human Resources, shall” by striking out “create and maintain” and inserting in lieu thereof “adopt by rule”

Fourth: By striking out in its entirety Sec. 9 (State Ethics Commission; State Code of Ethics creation) and inserting in lieu thereof the following:

Sec. 9. STATE ETHICS COMMISSION; STATE CODE OF ETHICS;

RULE-MAKING PROCEDURE REQUIREMENTS

(a) On or before December 1, 2018 and prior to prefiling of a rule under 3 V.S.A. § 837, the Ethics Commission shall submit to the House and Senate Committees on Government Operations the draft rule creating the State Code of Ethics described in 3 V.S.A. § 1202 in Sec. 7 of this act.

(b) The Ethics Commission may initiate rule making to create the State Code of Ethics in accordance with 3 V.S.A. § 1202 on or after March 1, 2019 and shall consider any comments by the Committees as a result of the Commission’s submission described in subsection (a) of this section.

S. 16

An act relating to expanding patient access to the Medical Marijuana Registry

Rep. Haas of Rochester, for the Committee on Human Services, recommends that the House propose to the Senate that the bill be amended by striking all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 18 V.S.A. § 4472 is amended to read:

§ 4472. DEFINITIONS

As used in this subchapter:

(1)(A) “Bona fide health care professional-patient relationship” means a treating or consulting relationship of not less than three months’ duration, in

the course of which a health care professional has completed a full assessment of the registered patient's medical history and current medical condition, including a personal physical examination.

(B) The three-month requirement shall not apply if:

(i) a patient has been diagnosed with:

(I) a terminal illness;

(II) cancer; or

(III) acquired immune deficiency syndrome; ~~or~~

~~(IV) is currently under hospice care.~~

(ii) a patient is currently under hospice care;

~~(iii)~~(iii) a patient had been diagnosed with a debilitating medical condition by a health care professional in another jurisdiction in which the patient had been formerly a resident and the patient, now a resident of Vermont, has the diagnosis confirmed by a health care professional in this State or a neighboring state as provided in subdivision (6) of this section, and the new health care professional has completed a full assessment of the patient's medical history and current medical condition, including a personal physical examination;

~~(iii)~~(iv) a patient who is already on the ~~registry~~ Registry changes health care professionals three months or less prior to the annual renewal of the patient's registration, provided the patient's new health care professional has completed a full assessment of the patient's medical history and current medical condition, including a personal physical examination;

(v) a patient is referred by his or her health care professional to another health care professional who has completed advanced education and clinical training in specific debilitating medical conditions, and that health care professional conducts a full assessment of the patient's medical history and current medical condition, including a personal physical examination;

(vi) a patient's debilitating medical condition is of recent or sudden onset.

* * *

(4) "Debilitating medical condition," ~~provided that, in the context of the specific disease or condition described in subdivision (A) or (B) of this subdivision (4), reasonable medical efforts have been made over a reasonable amount of time to relieve the symptoms,~~ means:

(A) cancer, multiple sclerosis, positive status for human

immunodeficiency virus, acquired immune deficiency syndrome, glaucoma, Crohn's disease, Parkinson's disease, or the treatment of these conditions, if the disease or the treatment results in severe, persistent, and intractable symptoms; or

(B) post-traumatic stress disorder, provided the Department confirms the applicant is undergoing psychotherapy or counseling with a licensed mental health care provider; or

(C) a disease, or medical condition, or its treatment that is chronic, debilitating, and produces one or more of the following intractable symptoms: cachexia or wasting syndrome; chronic pain; severe nausea; or seizures.

(5) "Dispensary" means a ~~nonprofit entity~~ business organization registered under section 4474e of this title ~~which that~~ acquires, possesses, cultivates, manufactures, transfers, transports, supplies, sells, or dispenses marijuana, marijuana-infused products, and marijuana-related supplies and educational materials for or to a registered patient who has designated it as his or her center and to his or her registered caregiver for the registered patient's use for symptom relief. A dispensary may provide marijuana for symptom relief to registered patients at only one facility or location, but may have a second location associated with the dispensary where the marijuana is cultivated or processed. Both locations are considered to be part of the same dispensary. A dispensary may serve patients and caregivers at not more than three locations, as approved by the Department in consideration of factors provided in subsection 4474f(e) of this title, and may cultivate and process marijuana at a separate location from where patients and caregivers are served. All locations shall be considered part of the same dispensary operation under one registration.

(6) "Financier" means a person, other than a financial institution as defined in 8 V.S.A. § 11101, that makes an investment in, or a gift, loan, or other financing to, another person with the expectation of a financial return. If a financier is a business organization, as used in this chapter, the term "financier" includes each owner and principal of that organization.

~~(6)(7)~~(A) "Health care professional" means an individual licensed to practice medicine under 26 V.S.A. chapter 23 or 33, an individual licensed as a naturopathic physician under 26 V.S.A. chapter 81, an individual certified as a physician assistant under 26 V.S.A. chapter 31, or an individual licensed as an advanced practice registered nurse under 26 V.S.A. chapter 28.

(B) This definition includes individuals who are professionally licensed under substantially equivalent provisions in New Hampshire, Massachusetts, or New York.

~~(7)~~(8) “Immature marijuana plant” means a female marijuana plant that has not flowered and which does not have buds that may be observed by visual examination.

~~(8)~~(9) “Marijuana” shall have the same meaning as provided in subdivision 4201(15) of this title.

~~(9)~~(10) “Mature marijuana plant” means a female marijuana plant that has flowered and which has buds that may be observed by visual examination.

(11) “Mental health care provider” means a person licensed to practice medicine pursuant to 26 V.S.A. chapter 23, 33, or 81 who specializes in the practice of psychiatry; a psychologist, a psychologist-doctorate, or a psychologist-master as defined in 26 V.S.A. § 3001; a clinical social worker as defined in 26 V.S.A. § 3201; or a clinical mental health counselor as defined in 26 V.S.A. § 3261.

(12) “Ounce” means 28.35 grams.

(13) “Owner” means:

(A) a person that has a direct or beneficial ownership interest of ten percent or more in a business organization, including attribution of the ownership interests of a spouse or partner, parent, spouse’s or partner’s parent, sibling, and children; or

(B) a person that has the power to direct, or cause the direction of, the management and policies of a business organization, including through the ownership of voting securities, by contract, or otherwise.

~~(40)~~(14) “Possession limit” means the amount of marijuana collectively possessed between the registered patient and the patient’s registered caregiver which that is no more than two mature marijuana plants, seven immature plants, and two ounces of usable marijuana.

(15) “Principal” means a person that has the authority to conduct, manage, or supervise the operation of a business organization, and includes the president, vice president, secretary, treasurer, manager, or similar executive officer of a business organization; a director of a business corporation, nonprofit corporation, or mutual benefit enterprise; a member of a nonprofit corporation, cooperative, or member-managed limited liability company; a manager of a manager-managed limited liability company; and a general partner of a partnership, limited partnership, or limited liability partnership.

~~(41)~~(16) “Registered caregiver” means a person who is at least 21 years of age, has met eligibility requirements as determined by the Department in accordance with this chapter, and who has agreed to undertake responsibility for managing the well-being of a registered patient with respect to the use of

marijuana for symptom relief.

~~(12)~~(17) “Registered patient” means a resident of Vermont who has been issued a registration card by the Department of Public Safety, identifying the person as having a debilitating medical condition pursuant to the provisions of this subchapter. “Resident of Vermont” means a person whose domicile is Vermont.

~~(13)~~(18) “Secure indoor facility” means a building or room equipped with locks or other security devices that permit access only by a registered caregiver, or registered patient, ~~or a principal officer or employee of a dispensary.~~

~~(14)~~(19) “Transport” means the movement of marijuana and marijuana-infused products from registered growing locations to their associated dispensaries, between dispensaries, to registered patients and registered caregivers in accordance with delivery protocols, or as otherwise allowed under this subchapter.

~~(15)~~(20) “Usable marijuana” means the dried leaves and flowers of marijuana, and any mixture or preparation thereof, and does not include the seeds, stalks, and roots of the plant.

~~(16)~~(21) “Use for symptom relief” means the acquisition, possession, cultivation, use, transfer, or transportation of marijuana; or of paraphernalia relating to the administration of marijuana to alleviate the symptoms or effects of a registered patient’s debilitating medical condition ~~which~~ that is in compliance with all the limitations and restrictions of this subchapter.

Sec. 2. 18 V.S.A. § 4473 is amended to read:

§ 4473. REGISTERED PATIENTS; QUALIFICATION STANDARDS AND
PROCEDURES

* * *

(b) The Department of Public Safety shall review applications to become a registered patient using the following procedures:

(1) A patient with a debilitating medical condition shall submit a signed application for registration to the Department. ~~A patient’s initial application to the registry shall be notarized, but subsequent renewals shall not require notarization.~~ If the patient is under 18 years of age, the application must be signed by both the patient and a parent or guardian. The application shall require identification and contact information for the patient and the patient’s registered caregiver applying for authorization under section 4474 of this title, if any, and the patient’s designated dispensary under section 4474e of this title, if any. The applicant shall attach to the application a medical verification form

developed by the Department pursuant to subdivision (2) of this subsection.

(2) The Department of Public Safety shall develop a medical verification form to be completed by a health care professional and submitted by a patient applying for registration in the program. The form shall include:

(A) A cover sheet ~~which~~ that includes the following:

(i) A statement of the penalties for providing false information.

(ii) Definitions of the following statutory terms:

(I) “Bona fide health care professional-patient relationship” as defined in section 4472 of this title.

(II) “Debilitating medical condition” as defined in section 4472 of this title.

(III) “Health care professional” as defined in section 4472 of this title.

(iii) A statement that the medical verification form is not considered a prescription and that the only purpose of the medical verification form is to confirm that the applicant patient has a debilitating medical condition.

(B) A verification sheet ~~which~~ that includes the following:

(i) A statement that a bona fide health care professional-patient relationship exists under section 4472 of this title, or that, under subdivision (3)(A) of this subsection (b), the debilitating medical condition is of recent or sudden onset, ~~and the patient has not had a previous health care professional who is able to verify the nature of the disease and its symptoms.~~

~~(ii) A statement that reasonable medical efforts have been made over a reasonable amount of time without success to relieve the symptoms.~~
[Repealed.]

(iii) A statement that the patient has a debilitating medical condition as defined in section 4472 of this title, including the specific disease or condition ~~which~~ that the patient has and whether the patient meets the criteria under section 4472.

(iv) A signature line ~~which~~ that provides in substantial part: “I certify that I meet the definition of ‘health care professional’ under 18 V.S.A. § 4472, that I am a health care professional in good standing in the State of , and that the facts stated above are accurate to the best of my knowledge and belief.”

(v) The health care professional’s contact information, license

number, category of his or her health care profession as defined in subdivision 4472(6) of this title, and contact information for the out-of-state licensing agency, if applicable. The Department of Public Safety shall adopt rules for verifying the goodstanding of out-of-state health care professionals.

(vi) A statement that the medical verification form is not considered a prescription and that the only purpose of the medical verification form is to confirm that the applicant patient has a debilitating medical condition.

~~(3)(A) The Department of Public Safety shall transmit the completed medical verification form to the health care professional and contact him or her for purposes of confirming the accuracy of the information contained in the form. The Department may approve an application, notwithstanding the six-month requirement in section 4472 of this title, if the Department is satisfied that the medical verification form confirms that the debilitating medical condition is of recent or sudden onset, and that the patient has not had a previous health care professional who is able to verify the nature of the disease and its symptoms.~~

(B) If the health care professional is licensed in another state as provided section 4472 of this title, the Department shall verify that the health care professional is in good standing in that state.

* * *

Sec. 3. 18 V.S.A. § 4474(c)(1) is amended to read:

(c)(1) Except as provided in subdivision (2) of this subsection, a registered caregiver may serve only one registered patient at a time, and a registered patient may have only one registered caregiver at a time. A registered patient may serve as a registered caregiver for one other registered patient.

Sec. 4. 18 V.S.A. § 4474d is amended to read:

§ 4474d. LAW ENFORCEMENT VERIFICATION OF INFORMATION;
RULEMAKING

* * *

(b) In response to a person-specific or property-specific inquiry by a law enforcement officer or agency made in the course of a bona fide investigation or prosecution, the Department may verify the identities and registered property addresses of the registered patient and the patient's registered caregiver, a dispensary, ~~and the principal officer, the Board members, and an owner, a principal, a financier,~~ and the employees of a dispensary.

(c) The Department shall maintain a separate secure electronic database

accessible to law enforcement personnel 24 hours a day that uses a unique identifier system to allow law enforcement to verify that a person or entity is a registered patient, a registered caregiver, a dispensary, ~~or the principal officer, a board member~~ an owner, a principal, a financier, or an employee of a dispensary.

* * *

Sec. 5. 18 V.S.A. § 4474e is amended to read:

§ 4474e. DISPENSARIES; CONDITIONS OF OPERATION

* * *

(d)(1) A dispensary shall implement appropriate security measures to deter and prevent the unauthorized entrance into areas containing marijuana and the theft of marijuana and shall ensure that each location has an operational security alarm system. All cultivation of marijuana shall take place in ~~an enclosed~~ a secure, locked facility which is either indoors or ~~otherwise outdoors, but not visible to the public,~~ and which can only be accessed by ~~principal officers~~ the owners, principals, financiers, and employees of the dispensary who have valid ~~registry~~ Registry identification cards. An outdoor facility is not required to have a roof provided all other requirements are met. The Department of ~~Public Safety~~ shall perform an annual on-site assessment of each dispensary and may perform on-site assessments of a dispensary without limitation for the purpose of determining compliance with this subchapter and any rules adopted pursuant to this subchapter and may enter a dispensary at any time for such purpose. During an inspection, the Department may review the dispensary's confidential records, including its dispensing records, which shall track transactions according to registered patients' ~~registry~~ Registry identification numbers to protect their confidentiality.

* * *

(f) A person may be denied the right to serve as an owner, a principal ~~officer, board member,~~ financier, or employee of a dispensary because of the person's criminal history record in accordance with section 4474g of this title and rules adopted by the Department of Public Safety pursuant to that section.

(g)(1) A dispensary shall notify the Department of ~~Public Safety~~ within 10 days of when ~~a principal officer, board member,~~ an owner, principal, financier, or employee ceases to be associated with or work at the dispensary. His or her ~~registry~~ Registry identification card shall be deemed null and void, and the person shall be liable for any penalties that may apply.

(2) A dispensary shall notify the Department of ~~Public Safety~~ in writing of the name, address, and date of birth of any proposed new ~~principal officer, board member~~ owner, principal, financier, or employee and shall submit a fee

for a new ~~registry~~ Registry identification card before a new ~~principal officer, board member owner, principal, financier, or employee~~ begins his or her official duties related to the dispensary and shall submit a complete set of fingerprints for ~~the each~~ prospective ~~principal officer, board member owner, principal, financier, or employee who is a natural person.~~

* * *

(k)(1) No dispensary, ~~principal officer, board member or owner, principal, financier~~ of a dispensary shall:

* * *

(B) acquire usable marijuana or marijuana plants from any source other than registered dispensary ~~principal officers, board members owners, principals, financiers, or employees~~ who cultivate marijuana in accordance with this subchapter;

(C) dispense more than two ounces of usable marijuana to a registered patient directly or through the qualifying patient's registered caregiver during a 30-day period;

(D) dispense an amount of usable marijuana to a qualifying patient or a designated caregiver that the ~~principal officer, board member owner, principal, financier, or employee~~ knows would cause the recipient to possess more marijuana than is permitted under this subchapter;

(E) dispense marijuana to a person other than a registered patient who has designated the dispensary to provide for his or her needs or other than the patient's registered caregiver.

(2) A person found to have violated subdivision (1) of this subsection may no longer serve as a ~~principal officer, board member~~ an owner, principal, financier, or employee of any dispensary, and such person's ~~registry~~ Registry identification card shall be immediately revoked by the Department of ~~Public Safety~~.

(l)(1) A registered dispensary shall not be subject to the following, provided that it is in compliance with this subchapter:

(A) prosecution for the acquisition, possession, cultivation, manufacture, transfer, transport, supply, sale, or dispensing of marijuana, marijuana-infused products, or marijuana-related supplies for symptom relief in accordance with the provisions of this subchapter and any rule adopted by the Department of ~~Public Safety~~ pursuant to this subchapter;

(B) inspection and search, except pursuant to this subchapter or upon a search warrant issued by a court or judicial officer;

(C) seizure of marijuana, marijuana-infused products, and marijuana-related supplies, except upon a valid order issued by a court;

(D) imposition of any penalty or denied any right or privilege, including imposition of a civil penalty or disciplinary action by an occupational or professional licensing board or entity, solely for acting in accordance with this subchapter to assist registered patients or registered caregivers.

(2) No ~~principal officer, board member~~ owner, principal, financier, or employee of a dispensary shall be subject to arrest, prosecution, search, seizure, or penalty in any manner or denied any right or privilege, including civil penalty or disciplinary action by an occupational or professional licensing board or entity, solely for working for or with a dispensary to engage in acts permitted by this subchapter.

* * *

Sec. 6. 18 V.S.A. § 4474f is amended to read:

§ 4474f. DISPENSARY APPLICATION, APPROVAL, AND
REGISTRATION

* * *

(c) Each application for a dispensary registration certificate shall include all of the following:

(1) a nonrefundable application fee in the amount of \$2,500.00 paid to the Department of ~~Public Safety~~;

(2) the legal name, ~~articles of incorporation, and bylaws~~ of the dispensary and the organizational documents that create the dispensary, govern its operation and internal affairs, and govern relations between and among its owners;

(3) the proposed physical address of the dispensary, if a precise address has been determined or, if not, the general location where it would be located;

(4) a description of the ~~enclosed~~ secure, locked facility where marijuana will be grown, cultivated, harvested, or otherwise prepared for distribution by the dispensary;

(5) the name, address, and date of birth of each ~~principal officer and board member~~ owner, principal, and financier of the dispensary who is a natural person and a complete set of fingerprints for each of them;

(6) proposed security and safety measures, which shall include at least one security alarm system for each location and planned measures to deter and

prevent the unauthorized entrance into areas containing marijuana and the theft of marijuana;

(7) proposed procedures to ensure accurate record-keeping.

(d) Any time one or more dispensary registration applications are being considered, the Department of Public Safety shall solicit input from registered patients and registered caregivers.

(e) Each time a dispensary certificate is granted, the decision shall be based on the overall health needs of qualified patients. The following factors shall weigh heavily in the consideration of an application:

(1) geographic convenience to patients from throughout the State of Vermont to a dispensary if the applicant were approved;

(2) the entity's ability to provide an adequate supply to the registered patients in the State;

(3) the entity's ability to demonstrate its board members' that its owners, principals, and financiers have sufficient experience running a ~~nonprofit organization or~~ business;

(4) the comments, if any, of registered patients and registered caregivers regarding which applicant should be granted a registration certificate;

(5) the sufficiency of the applicant's plans for record-keeping, which records shall be considered confidential health care information under Vermont law and are intended to be deemed protected health care information for purposes of the federal Health Insurance Portability and Accountability Act of 1996, as amended;

(6) the sufficiency of the applicant's plans for safety and security, including the proposed location and security devices employed.

(f) The Department of Public Safety may deny an application for a dispensary if it determines that an applicant's criminal history record indicates that the ~~person's~~ association of an owner, principal, or financier with a dispensary would pose a demonstrable threat to public safety.

(g) After a dispensary is approved but before it begins operations, it shall submit the following to the Department:

(1) the legal name ~~and articles of incorporation~~ of the dispensary and the organizational documents that create the dispensary, govern its operation and internal affairs, and govern relations between and among its owners;

(2) the physical address of the dispensary;

(3) the name, address, and date of birth of each ~~principal officer and~~

~~board member owner, principal, and financier~~ of the dispensary along with a complete set of fingerprints for each;

(4) a registration fee of \$20,000.00 for the first year of operation, and an annual fee of \$25,000.00 in subsequent years.

Sec. 7. 18 V.S.A. § 4474g is amended to read:

§ 4474g. DISPENSARY REGISTRY IDENTIFICATION CARD;

CRIMINAL BACKGROUND CHECK

(a) Except as provided in subsection (b) of this section, the Department of ~~Public Safety~~ shall issue each ~~principal officer, Board member owner, principal, financier,~~ and employee of a dispensary a ~~registry~~ Registry identification card or renewal card within 30 days of receipt of the person's name, address, and date of birth and a fee of \$50.00. The fee shall be paid by the dispensary and the cost shall not be passed on to a ~~principal officer, Board member~~ an owner, principal, financier, or employee. A person shall not serve as ~~principal officer, Board member~~ an owner, principal, financier, or employee of a dispensary until that person has received a ~~registry~~ Registry identification card issued under this section. Each card shall specify whether the cardholder is a ~~principal officer, Board member~~ an owner, principal, financier, or employee of a dispensary and shall contain the following:

- (1) the name, address, and date of birth of the person;
- (2) the legal name of the dispensary with which the person is affiliated;
- (3) a random identification number that is unique to the person;
- (4) the date of issuance and the expiration date of the ~~registry~~ Registry identification card; and
- (5) a photograph of the person.

(b) Prior to acting on an application for a ~~registry~~ Registry identification card, the Department of ~~Public Safety~~ shall obtain with respect to the applicant a Vermont criminal history record, an out-of-state criminal history record, and a criminal history record from the Federal Bureau of Investigation. Each applicant shall consent to the release of criminal history records to the Department on forms developed by the Vermont Crime Information Center.

(c) When the Department of ~~Public Safety~~ obtains a criminal history record, the Department shall promptly provide a copy of the record to the applicant and to the ~~principal officer and Board~~ owner, principal, or financier of the dispensary if the applicant is to be an employee. The Department shall inform the applicant of the right to appeal the accuracy and completeness of the record pursuant to rules adopted by the Department.

(d) The Department of ~~Public Safety~~ shall comply with all laws regulating the release of criminal history records and the protection of individual privacy. No person shall confirm the existence or nonexistence of criminal history record information to any person who would not be eligible to receive the information pursuant to this subchapter.

(e) The Department of ~~Public Safety~~ shall not issue a ~~registry~~ Registry identification card to any applicant who has been convicted of a drug-related offense or a violent felony or who has a pending charge for such an offense. ~~For purposes of~~ As used in this subchapter, “violent felony” means a listed crime as defined in 13 V.S.A. § 5301(7) or an offense involving sexual exploitation of children in violation of 13 V.S.A. chapter 64.

(f) The Department of ~~Public Safety~~ shall adopt rules for the issuance of a ~~registry~~ Registry identification card and shall set forth standards for determining whether an applicant should be denied a ~~registry~~ Registry identification card because his or her criminal history record indicates that the person’s association with a dispensary would pose a demonstrable threat to public safety. The rules shall consider whether a person who has a conviction for an offense not listed in subsection (e) of this section has been rehabilitated. A conviction for an offense not listed in subsection (e) of this section shall not automatically disqualify a person for a ~~registry~~ Registry identification card. A dispensary may deny a person the opportunity to serve as a Board member or an employee based on his or her criminal history record. An applicant who is denied a ~~registry~~ Registry identification card may appeal the ~~Department of Public Safety’s~~ Department’s determination in Superior Court in accordance with Rule 75 of the Vermont Rules of Civil Procedure.

(g) A registration identification card of a ~~principal officer, Board member~~ an owner, principal, or financier, or employee shall expire one year after its issuance or upon the expiration of the registered organization’s registration certificate, whichever occurs first.

Sec. 8. 18 V.S.A. § 4474h is amended to read:

§ 4474h. PATIENT DESIGNATION OF DISPENSARY

(a) A registered patient or his or her caregiver may obtain marijuana only from the patient’s designated dispensary and may designate only one dispensary. ~~If a registered patient designates a dispensary, the patient and his or her caregiver may not grow marijuana or obtain marijuana or marijuana-infused products for symptom relief from any source other than the designated dispensary.~~ A registered patient who wishes to change his or her dispensary shall notify the Department of ~~Public Safety~~ in writing on a form issued by the Department and shall submit with the form a fee of \$25.00. The Department shall issue a new identification card to the registered patient within 30 days of

receiving the notification of change in dispensary. The registered patient's previous identification card shall expire at the time the new identification card takes effect. A registered patient shall submit his or her expired identification card to the Department within 30 days of expiration. A registered patient shall not change his or her designated dispensary more than once in any 30-day period.

* * *

Sec. 9. AUTHORITY FOR CURRENTLY REGISTERED NONPROFIT
DISPENSARY TO CONVERT TO FOR-PROFIT BUSINESS

(a) Notwithstanding any contrary provision of Title 11B of the Vermont Statutes Annotated, a nonprofit dispensary registered pursuant to 18 V.S.A. chapter 86 may convert to a different type of business organization by approving a plan of conversion pursuant to this section.

(b) A plan of conversion shall include:

(1) the name of the converting organization;

(2) the name and type of organization of the converted organization;

(3) the manner and basis for converting the assets of the converting organization into interests in the converted organization or other consideration;

(4) the proposed organizational documents of the converted organization; and

(5) the other terms and conditions of the conversion.

(c) A converting organization shall approve a plan of conversion by a majority vote of its directors, and by a separate majority vote of its members if it has members.

(d) A converting organization may amend or abandon a plan of conversion before it takes effect in the same manner it approved the plan, if the plan does not specify how to amend the plan.

(e) A converting organization shall sign a statement of conversion and deliver it to the Secretary of State for filing. A statement of conversion shall include:

(1) the name and type of organization prior to the conversion;

(2) the name and type of organization following the conversion;

(3) a statement that the converting organization approved the plan of conversion in accordance with the provisions of this act; and

(4) the organizational documents of the converted organization.

(f) The conversion of a nonprofit dispensary takes effect when the statement of conversion takes effect, and when the conversion takes effect:

(1) The converted organization is:

(A) organized under and subject to the governing statute of the converted organization; and

(B) the same organization continuing without interruption as the converting organization.

(2) Subject to the plan of conversion, the property of the converting organization continues to be vested in the converted organization without transfer, assignment, reversion, or impairment.

(3) The debts, obligations, and other liabilities of the converting organization continue as debts, obligations, and other liabilities of the converted organization.

(4) A court or other authority may substitute the name of the converted organization for the name of the converting organization in any pending action or proceeding.

(5) The organizational documents of the converted organization take effect.

(6) The assets of the converting organization are converted pursuant to the plan of conversion.

(g) When a conversion takes effect, a person that did not have personal liability with respect to the converting organization and becomes subject to personal liability with respect to the converted organization as a result of the conversion has personal liability only to the extent provided by the governing statute of the converted organization and only for those debts, obligations, and other liabilities that the converted organization incurs after the conversion.

(h) When a conversion takes effect, a person that had personal liability for a debt, obligation, or other liability of the converting organization but that does not have personal liability with respect to the converted organization is subject to the following rules:

(1) The conversion does not discharge any personal liability under this title to the extent the personal liability was incurred before the conversion took effect.

(2) The person does not have personal liability under this title for any debt, obligation, or other liability that arises after the conversion takes effect.

(3) Title 11B of the Vermont Statutes Annotated continues to apply to the release, collection, or discharge of any personal liability preserved under

subdivision (1) of this subsection as if the conversion had not occurred.

(i) A conversion does not require an organization to wind up its affairs and does not constitute or cause the dissolution of the organization.

Sec. 10. MARIJUANA-INFUSED PRODUCT TESTING; REPORT

The General Assembly recognizes the importance of independent testing of marijuana-infused products sold by dispensaries to determine proper labeling of products in compliance with 18 V.S.A. § 4474e. Therefore, the Agency of Agriculture, Food and Markets and the Department of Public Safety, in consultation with registered dispensaries, shall report their recommendations to the Joint Committee on Justice Oversight and the General Assembly no later than October 15, 2017 on the following:

(1) Who should be responsible for testing marijuana-infused products.

(2) The approved methods and frequency of testing.

(3) Estimated costs associated with such testing and how these costs should be funded.

(4) If testing will be done through an independent testing entity, the process by which the State will certify such entities and oversee such testing.

(5) How to implement a weights and measures program for medical marijuana dispensaries.

Sec. 11. MEDICAL MARIJUANA REGISTRY; WEB PAGE

The Department of Public Safety and the Agency of Digital Services shall develop an independent web page for the Medical Marijuana Registry, separate from any other registry or program administered by the Department, that is up-to-date and user-friendly on or before September 30, 2017 and shall report to the General Assembly on activation of the web page at such time.

Sec. 12. EFFECTIVE DATE

This act shall take effect on July 1, 2017.

(Committee vote: 10-0-1)

(For text see Senate Journal February 15, 2017)

S. 112

An act relating to creating the Spousal Support and Maintenance Task Force

Rep. Jessup of Middlesex, for the Committee on Judiciary, recommends that the House propose to the Senate that the bill be amended by striking all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 15 V.S.A. § 752 is amended to read:

§ 752. MAINTENANCE

(a) In an action under this chapter, the court may order either spouse to make maintenance payments, either rehabilitative or permanent in nature, to the other spouse if it finds that the spouse seeking maintenance:

(1) lacks sufficient income, or property, or both, including property apportioned in accordance with section 751 of this title, to provide for his or her reasonable needs; and

(2) is unable to support himself or herself through appropriate employment at the standard of living established during the civil marriage or is the custodian of a child of the parties.

(b) The maintenance order shall be in such amounts and for such periods of time as the court deems just, after considering all relevant factors, including, ~~but not limited to~~:

(1) the financial resources of the party seeking maintenance, the property apportioned to the party, the party's ability to meet his or her needs independently, and the extent to which a provision for support of a child living with the party contains a sum for that party as custodian;

(2) the time and expense necessary to acquire sufficient education or training to enable the party seeking maintenance to find appropriate employment;

(3) the standard of living established during the civil marriage;

(4) the duration of the civil marriage;

(5) the age and the physical and emotional condition of each spouse;

(6) the ability of the spouse from whom maintenance is sought to meet his or her reasonable needs while meeting those of the spouse seeking maintenance; ~~and~~

(7) inflation with relation to the cost of living; and

(8) the following guidelines:

<u>Length of marriage</u>	<u>% of the difference between parties' gross income</u>	<u>Duration of alimony award as % length of marriage</u>
<u>0 to <5 years</u>	<u>0–20%</u>	<u>No alimony or short-term alimony up to one year</u>

<u>5 to <10 years</u>	<u>15–35%</u>	<u>20–50% (1–5 yrs)</u>
<u>10 to <15 years</u>	<u>20–40%</u>	<u>40–60% (3–9 yrs)</u>
<u>15 to <20 years</u>	<u>24–45%</u>	<u>40–70% (6–14 yrs)</u>
<u>20+ years</u>	<u>30–50%</u>	<u>45% (9–20+ yrs)</u>

Sec. 2. SPOUSAL SUPPORT AND MAINTENANCE STUDY

On or before January 15, 2018, the Family Division Oversight Committee of the Supreme Court shall review how the spousal support and maintenance guidelines set forth in 15 V.S.A. § 752(b)(8) are working in practice, and report on its findings to the Senate and House Committees on Judiciary. In addition to this review, the Committee may consider any of the following topics for further legislative recommendations:

- (1) the purposes of alimony;
- (2) the meaning of both permanent and rehabilitative alimony, as used in 15 V.S.A. §752(a), and if judges should specify whether they are awarding rehabilitative alimony or permanent alimony, or both;
- (3) whether income from a pension should be considered for alimony purposes when such pension is also divided or awarded in the division of assets and property;
- (4) whether to establish a “retirement age” for purposes of ending alimony payments, and whether judges should continue to have the discretion to order alimony to continue past such retirement age if the facts of a case call for such continuation;
- (5) what constitutes cohabitation for purposes of alimony, and what effect a recipient spouse’s cohabitation should have on alimony awards; and
- (6) what effect the remarriage of a recipient spouse should have on an alimony award.

Sec. 3. EFFECTIVE DATE

This act shall take effect on passage.

and that after passage the title of the bill be amended to read: “An act relating to spousal support and maintenance guidelines and study”

(Committee vote: 10-0-1)

(For text see Senate Journal March 17, 2017)

Favorable

J.R.S. 18

Joint resolution in support of combating the rise in hate crimes and bigotry

Rep. Grad of Moretown, for the Committee on Judiciary, recommends that the resolution ought to be adopted in concurrence.

(Committee Vote: 11-0-0)

(For text see Senate Journal April 12, 13, 2017)

Senate Proposal of Amendment

H. 516

An act relating to miscellaneous tax changes

The Senate proposes to the House to amend the bill as follows:

First: By striking out the reader assistance heading before Sec. 1, and inserting in lieu thereof a new reader assistance heading to read as follows:

* * * Administrative and Technical Provisions * * *

And by striking the reader assistance heading between Sec. 1 and Sec. 2

Second: By striking out Sec. 11 in its entirety and inserting in lieu thereof a new Sec. 11 to read as follows:

Sec. 11. 3 V.S.A. chapter 10 is added to read:

CHAPTER 10. FEDERAL TAX INFORMATION

§ 241. BACKGROUND INVESTIGATIONS

(a) “Federal tax information” or “FTI” means returns and return information as defined in 26 U.S.C. § 6103(b) that are received directly from the Internal Revenue Service or obtained through an IRS-authorized secondary source, that are in the Recipient’s possession or control, and that are subject to the confidentiality protections and safeguarding requirements of the Internal Revenue Code and corresponding federal regulations and guidance.

(b) As used in this chapter, “Recipient” means the following authorities of the Executive Branch of State government that receive FTI:

- (1) Agency of Human Services, including:
 - (A) Department for Children and Families;
 - (B) Department of Health;
 - (C) Department of Mental Health; and
 - (D) Department of Vermont Health Access.
- (2) Department of Labor.
- (3) Department of Motor Vehicles.
- (4) Department of Taxes.

(c) The Recipient shall conduct an initial background investigation of any individual, including a current or prospective employee, volunteer, contractor, or subcontractor, to whom the Recipient permits access to FTI for the purpose of assessing the individual’s fitness to be permitted access to FTI. The Recipient shall conduct, every 10 years at a minimum, periodic background investigations of employees or other individuals to whom the Recipient permits access to FTI.

(d) The Recipient shall request and obtain from the Vermont Crime Information Center (VCIC) the Federal Bureau of Investigation and State and local law enforcement criminal history records based on fingerprints for the purpose of conducting a background investigation under this section.

(e) The Recipient shall sign and keep a user agreement with the VCIC.

(f) A request made under subsection (d) of this section shall be accompanied by a release signed by the individual on a form provided by the VCIC, a set of the individual’s fingerprints, and a fee established by the VCIC that shall reflect the cost of obtaining the record. The fee for a current or prospective employee shall be paid by the Recipient. The release form to be signed by the individual shall include a statement informing the individual of:

(1) the right to challenge the accuracy of the record by appealing to the VCIC pursuant to rules adopted by the Commissioner of Public Safety; and

(2) the Recipient’s policy regarding background investigations and the maintenance and destruction of records.

(g) Upon completion of a criminal history record check under subsection (d) of this section, the VCIC shall send to the Recipient either a notice that no record exists or a copy of the record. If a copy of a criminal history record is received, the Recipient shall forward it to the individual and shall inform the

individual in writing of:

(1) the right to challenge the accuracy of the record by appealing to the VCIC pursuant to rules adopted by the Commissioner of Public Safety; and

(2) the Recipient's policy regarding background investigations and the maintenance and destruction of records.

(h) Criminal history records and information received under this chapter are exempt from public inspection and copying under the Public Records Act and shall be kept confidential by the Recipient, except to the extent that federal or State law authorizes disclosure of such records or information to specifically designated persons.

(i) The Recipient shall adopt policies in consultation with the Department of Human Resources to carry out this chapter and to guide decisions based on the results of any background investigation conducted under this chapter.

§ 242. RAP BACK PROGRAM

The Recipient may request the Vermont Crime Information Center (VCIC) to provide Federal Bureau of Investigation "Rap Back" background investigation services based on fingerprints for the purpose of assessing the fitness of an individual with access to FTI, including a current employee, volunteer, contractor, or subcontractor, to continue to be permitted access to FTI. A Rap Back investigation authorized under this section may be requested upon:

(1) obtaining informed written consent from the individual to authorize the retention of fingerprints for future background investigation purposes;

(2) creating sufficient controls and processes to protect the confidentiality and privacy of the records and information received;

(3) notifying the individual in a timely manner of new records and information received; and

(4) notifying the individual of the background investigation policy established by the Recipient in consultation with the Department of Human Resources.

Third: In Sec. 13, 31 V.S.A. chapter 23, in subdivision 1201(5), by adding a third sentence to read as follows:

An organization shall be considered a nonprofit organization under this subdivision only if it certifies annually, on a form with whatever information is required by the Commissioner, how it meets the definition under this subdivision.

And in section 1203, by striking subsection (f) in its entirety, and inserting in lieu thereof a new subsection (f) to read as follows:

(f) A nonprofit organization that sells break-open tickets, other than a club as defined in 7 V.S.A. § 2(7), shall report to the Department of Liquor Control on a quarterly basis the number of tickets purchased and distributed, and the corresponding serial numbers of those tickets, the amount of revenue realized by the nonprofit organization, and the amounts accounted for under subdivisions (e)(2)(A)–(D) of this section. The nonprofit organization shall also identify an individual from the organization responsible for the reporting requirements under this subsection. If the Department of Liquor Control determines that a nonprofit organization has failed to comply with the requirements of this subsection, the Department of Liquor Control shall notify the nonprofit organization and any licensed distributors of this failure, and any licensed distributor that continues to sell break-open tickets to that nonprofit organization after notice shall be considered in violation of the requirements of this chapter, until the Department of Liquor Control has determined the nonprofit organization is back in compliance with this subsection.

Fourth: By striking out Sec. 15 (health information technology report) in its entirety, and inserting in lieu thereof a new Sec. 15 to read as follows:

Sec. 15. HEALTH INFORMATION TECHNOLOGY REPORT

(a) The Secretaries of Administration and of Human Services shall conduct a comprehensive review of the State's Health-IT Fund established by 32 V.S.A. § 10301, Health Information Technology Plan established by 18 V.S.A. § 9351, and Vermont Information Technology Leaders administered pursuant to 18 V.S.A. § 9352.

(b) The report shall:

(1) review the need for a State-sponsored Health-IT Fund;

(2) review how past payments from the Fund have or have not promoted the advancement of health information technology adoption and utilization in Vermont;

(3) review the past development, approval process, and use of the Vermont Health Information Technology Plan;

(4) review the Vermont Information Technology Leaders (VITL) organization, including:

(A) its maintenance and operation of Vermont's Health Information Exchange (VHIE);

(B) the organization's ability to support current and future health care reform goals;

(C) defining VITL's core mission;

(D) identifying the level of staffing necessary to support VITL in carrying out its core mission; and

(E) examining VITL's use of its staff for activities outside its core mission;

(5) recommend whether to continue the Health-IT Fund, including with its current revenue source as set forth in 32 V.S.A § 10402;

(6) recommend any changes to the structure of VITL, including whether it should be a public or private entity, and any other proposed modifications to 18 V.S.A § 9352;

(7) review property and ownership of the VHIE, including identifying all specific tangible and intangible assets that comprise or support the VHIE (especially in regards to VITL's current and previous agreements with the State), and the funding sources used to create this property;

(8) evaluate approaches to health information exchange in other states, including Maine and Michigan, in order to identify opportunities for reducing duplication in Vermont's health information exchange infrastructure; and

(9) recommend any accounting or financial actions the State should take regarding State-owned tangible and intangible assets that comprise or support the VHIE.

(c) On or before November 15, 2017, the Secretaries of Administration and of Human Services shall submit this report to the House Committees on Health Care, on Appropriations, on Energy and Technology, and on Ways and Means and the Senate Committees on Health and Welfare, on Appropriations, and on Finance.

Fifth: By striking out Sec. 18 in its entirety and inserting in lieu thereof a reader assistance and five new sections to be Secs. 18–18d to read as follows:

* * * Health Care Provisions; Home Health Agency Provider Tax * * *

Sec. 18. 33 V.S.A. § 1951 is amended to read:

§ 1951. DEFINITIONS

As used in this subchapter:

(1) “Assessment” means a tax levied on a health care provider pursuant to this chapter.

(2)(A) ~~“Core-home~~ Home health care services” means any of the following:

(i) those medically necessary, intermittent, skilled nursing, home

health aide, therapeutic, and personal care attendant services, provided exclusively in the home by home health agencies. Core home health services do not include private duty nursing, hospice, homemaker, or physician services, or services provided under early periodic screening, diagnosis, and treatment (EPSDT), traumatic brain injury (TBI), high technology programs, or services provided by a home for persons who are terminally ill as defined in subdivision 7102(3) of this title home health services provided by Medicare-certified home health agencies of the type covered under Title XVIII (Medicare) or XIX (Medicaid) of the Social Security Act;

(ii) services covered under the adult and pediatric High Technology Home Care programs as of January 1, 2015;

(iii) personal care, respite care, and companion care services provided through the Choices for Care program contained within Vermont's Global Commitment to Health Section 1115 demonstration; and

(iv) hospice services.

(B) The term "home health services" shall not include any other service provided by a home health agency, including:

(i) private duty services;

(ii) case management services, except to the extent that such services are performed in order to establish an individual's eligibility for services described in subdivision (A) of this subdivision (2);

(iii) homemaker services;

(iv) adult day services;

(v) group-directed attendant care services;

(vi) primary care services;

(vii) nursing home room and board when a hospice patient is in a nursing home; and

(viii) health clinics, including occupational health, travel, and flu clinics.

(C) The term "home health services" shall not include any services provided by a home health agency under any other program or initiative unless the services fall into one or more of the categories described in subdivision (A) of this subdivision (2). Other programs and initiatives include:

(i) the Flexible Choices or Assistive Devices options under the Choices for Care program contained within Vermont's Global Commitment to Health Section 1115 demonstration;

(ii) services provided to children under the early and periodic screening, diagnostic, and treatment Medicaid benefit;

(iii) services provided pursuant to the Money Follows the Person demonstration project;

(iv) services provided pursuant to the Traumatic Brain Injury Program; and

(v) maternal-child wellness services, including services provided through the Nurse Family Partnership program.

* * *

(10) “Net operating patient revenues” means a provider’s gross charges related to patient care services less any deductions for bad debts, charity care, contractual allowances, and other payer discounts.

* * *

Sec. 18a. 33 V.S.A. § 1955a is amended to read:

§ 1955a. HOME HEALTH AGENCY ASSESSMENT

~~(a)(1)~~ Beginning October 1, 2011, each Each home health agency’s assessment shall be ~~19.30~~ 4.25 percent of its net operating patient revenues from core home health care services, ~~excluding revenues for services provided under Title XVIII of the federal Social Security Act; provided, however, that each home health agency’s annual assessment shall be limited to no more than six percent of its annual net patient revenue provided exclusively in Vermont.~~

(2) On or before May 1 of each year, each home health agency shall provide to the Department a copy of its most recent audited financial statement prepared in accordance with generally accepted accounting principles. The amount of the tax shall be determined by the Commissioner based on the home health net patient revenue attributable to services reported on the agency’s most recent audited financial statements statement at the time of submission, a copy of which shall be provided on or before May 1 of each year to the Department.

(3) For providers who begin ~~began~~ operations as a home health agency after January 1, 2005, the tax shall be assessed as follows:

~~(1)(A)~~ Until such time as the home health agency submits audited financial statements for its first full year of operation as a home health agency, the Commissioner, in consultation with the home health agency, shall annually estimate the amount of tax payable and shall prescribe a schedule for interim payments.

~~(2)(B)~~ At such time as the full-year audited financial statement is filed,

the final assessment shall be determined, and the home health agency shall pay any underpayment or the Department shall refund any overpayment. The assessment for the State fiscal year in which a provider commences operations as a home health agency shall be prorated for the proportion of the State fiscal year in which the new home health agency was in operation.

* * *

Sec. 18b. 2016 Acts and Resolves No. 134, Sec. 32 is amended to read:

Sec. 32. HOME HEALTH AGENCY ASSESSMENT FOR FISCAL
~~YEARS YEAR 2017 AND 2018~~

Notwithstanding any provision of 33 V.S.A. § 1955a(a) to the contrary, for fiscal years year 2017 and 2018 only, the amount of the home health agency assessment under 33 V.S.A. § 1955a for each home health agency shall be 3.63 percent of its annual net patient revenue.

Sec. 18c. TRANSITIONAL PROVISION FOR FISCAL YEAR 2018

Notwithstanding any provision of 33 V.S.A. § 1955a(a)(2) to the contrary, for fiscal year 2018 only, the Commissioner of Vermont Health Access may determine the amount of a home health agency's provider tax based on such documentation as the Commissioner deems acceptable.

Sec. 18d. REPEAL

33 V.S.A. § 1955a (home health agency assessment) is repealed on July 1, 2019.

Sixth: After Sec. 24, by adding a Sec. 24a to read as follows:

Sec. 24a. SMALL BUSINESS TAXPAYER OUTREACH AND
EDUCATION WORKING GROUP

The Taxpayer Advocate at the Department of Taxes shall convene a working group of interested stakeholders to examine the ways the Department can improve outreach and education to small business taxpayers. On or before November 15, 2017, the Taxpayer Advocate shall report to the House Committee on Ways and Means and the Senate Committee on Finance recommendations to improve the relationship between the Department and small businesses. In considering the recommendations, the Taxpayer Advocate shall examine the following:

(1) identifying complex areas of the law that could be simplified to enhance voluntary compliance;

(2) compiling a list of common issues on which the Department may focus its outreach and education efforts;

(3) considering how the Department can maximize its existing resources to provide additional guidance targeted to small businesses;

(4) directing the Department to identify existing organizations and resources for small businesses and how to provide tax guidance through those organizations;

(5) providing for a plan to contact and provide direction to new small businesses in Vermont within one year of their operation in the State;

(6) recommending guidelines to forgive tax penalties and interest under certain circumstances; and

(7) making other recommendations as appropriate.

Seventh: By striking out Sec. 26 (clean water working group) in its entirety and inserting in lieu thereof a new Sec. 26 to read as follows:

Sec. 26. CLEAN WATER WORKING GROUP

(a) Creation. There is created the Working Group on Water Quality Funding (Working Group) to develop a recommended method of assessing a statewide impervious surface fee, per parcel fee, per acre fee, or some combination of the foregoing, in order to generate revenue to be deposited in the Clean Water Fund under 10 V.S.A. § 1388 to fund water quality restoration and conservation in the State.

(b) Membership. The Working Group shall be composed of the following 13 members:

(1) the Secretary of Natural Resources or designee;

(2) one current member of the House of Representatives, who shall be appointed by the Speaker of the House;

(3) one current member of the Senate, who shall be appointed by the Committee on Committees;

(4) one member from the Vermont League of Cities and Towns, appointed by the Board of Directors of that organization;

(5) one member from the Vermont Municipal Clerks and Treasurers Association, appointed by the Executive Board of that organization;

(6) one member from the Vermont Mayors' Coalition appointed by that organization;

(7) one member representing commercial or industrial business interests in the State, to be appointed by the Lake Champlain Regional Chamber of Commerce, after consultation with other business groups in the State;

(8) the Commissioner of Environmental Conservation or designee;

(9) the Commissioner of Forests, Parks and Recreation or designee;

(10) a representative of an environmental advocacy group, appointed by the Speaker of the House;

(11) a representative of the agricultural community appointed by the Vermont Farm Bureau;

(12) a representative of University of Vermont Extension, appointed by the President Pro Tempore of the Senate; and

(13) the Secretary of Agriculture, Food and Markets or designee.

(c) Powers and duties. The Working Group shall recommend to the General Assembly draft legislation to establish a statewide method of assessing an impervious surface fee, a per parcel fee, a per acre fee, or some combination of the foregoing, in order to generate revenue to fund water quality restoration and conservation in the State. In developing the draft legislation, the Working Group shall address:

(1) whether the fee or fees shall be assessed on impervious surface, per parcel, per acre, or some combination of the foregoing;

(2) whether the fee or fees shall be tiered to reflect the amount of impervious surface, size of a parcel, acreage of a parcel, type of property, usage of the property, impact of the property on water quality, or other factors;

(3) the amount of fee or fees to be assessed;

(4) how the fee or fees shall be collected and remitted to the State;

(5) whether any property shall be exempt from the fee or fees;

(6) how an owner of property subject to a municipal stormwater utility fee or other revenue mechanism for funding water quality improvements shall receive a credit or reduced fee for payment of the municipal fee; and

(7) how to provide for abatement, delinquency, and enforcement of the required fee or fees.

(d) Assistance. The Working Group shall have the administrative, technical, and legal assistance of the Agency of Natural Resources and the Department of Taxes. The Working Group shall have the technical assistance of the Vermont Center for Geographic Information or designee.

(e) Report. On or before January 15, 2018, the Working Group shall submit to the General Assembly a summary of its activities and the draft legislation establishing a statewide method of assessing an impervious surface fee, per parcel fee, per acre fee, or some combination of the foregoing.

(f) Meetings.

(1) The Secretary of Natural Resources shall call the first meeting of the Working Group to occur on or before July 1, 2017.

(2) The Secretary of Natural Resources shall be the Chair of the Working Group.

(3) A majority of the membership shall constitute a quorum.

(4) The Working Group shall cease to exist on March 1, 2018.

Eighth: After Sec. 26, by inserting a Sec. 26a to read as follows:

Sec. 26a. 2015 Acts and Resolves No. 64, Sec. 39 is amended to read:

Sec. 39. REPEAL OF CLEAN WATER SURCHARGE

32 V.S.A. § 9602a (Clean Water Surcharge) shall be repealed on July 1, 2018 2019.

Ninth: After Sec. 26a, by striking out Secs. 27 (repeals) and 28 (effective dates) in their entirety and inserting reader assistance headings and ten new sections to read as follows:

* * * Property Tax Appeals * * *

Sec. 27. 32 V.S.A. § 5412 is amended to read:

§ 5412. REDUCTION OF LISTED VALUE AND RECALCULATION OF EDUCATION TAX LIABILITY

(a)(1) If a listed value is reduced as the result of an appeal or court action, ~~and if the municipality files a written request with the Commissioner within 30 days after the date of the determination, entry of the final order, or settlement agreement if the Commissioner determines that the settlement value is the fair market value of the parcel, the Commissioner made pursuant to section 4461 of this title, a municipality may submit a request for the Director of Property Valuation and Review to recalculate its education property tax liability for the education grand list value lost due to a determination, declaratory judgment, or settlement. The Director shall recalculate the municipality's education property tax liability for the each year at issue, in accord with the reduced valuation, provided that:~~

(A) ~~the~~ The reduction in valuation is the result of an appeal under chapter 131 of this title to the Director of Property Valuation and Review or to a court, with no further appeal available with regard to that valuation, or any judicial decision with no further right of appeal, or a settlement of either an appeal or court action if the ~~Commissioner~~ Director determines that the settlement value is the fair market value of the parcel;

(B) ~~the~~ The municipality notified the ~~Commissioner~~ of the appeal or

court action, in writing, within 10 days after notice of the appeal was filed under section 4461 of this title or after the complaint was served; and submits the request on or before January 15 for a request involving an appeal or court action resolved within the previous calendar year.

(C) as a result of the valuation reduction of the parcel, the value of the municipality's grand list is reduced at least one percent. [Repealed.]

(D) The Director determines that the municipality's actions were consistent with best practices published by the Property Valuation and Review in consultation with the Vermont Assessors and Listers Association. The municipality shall have the burden of showing that its actions were consistent with the Director's best practices.

(2) A determination of the Director made under subdivision (1) of this subsection (a) may be appealed within 30 days by an aggrieved municipality to the Commissioner for a hearing to be held in accordance with 3 V.S.A. §§ 809–813. The Commissioner's determination may be further appealed to Superior Court, which shall review the Commissioner's determination using the record that was before the Commissioner. The Commissioner's determination may only be overturned for abuse of discretion.

(3) The municipality's Upon the Director's request, a municipality submitting a request under subdivision (1) of this subsection (a) shall include a copy of the agreement, determination or final order, and any other documentation necessary to show the existence of these conditions.

(b) To the extent that the municipality has paid that liability, the Commissioner Director shall allow a credit for any reduction in education tax liability against the next ensuing year's education tax liability or, at the request of the municipality, may refund to the municipality an amount equal to the reduction in education tax liability.

(c) If a listed value is increased as the result of an appeal under chapter 131 of this title or court action, whether adjudicated or settled and the Commissioner Director determines that the settlement value is the fair market value of the parcel, with no further appeal available with regard to that valuation, the Commissioner Director shall recalculate the municipality's education property tax for each year at issue, in accord with the increased valuation, and shall assess the municipality for the additional tax at the same time the Commissioner Director assesses the municipality's education tax liability for the next ensuing year, unless the resulting assessment would be less than \$300.00. Payment under this section shall be due with the municipality's education tax liability for the next ensuing year.

(d) Recalculation of education property tax under this section shall have no

effect other than to reimburse or assess a municipality for education property tax changes ~~which~~ that result from property revaluation.

(e) A reduction made under this section shall be an amount equal to the loss in education grand list value multiplied by the tax rate applicable to the subject property in the year the request is submitted. However, the total amount for all reductions made under this section in one year shall not exceed \$1,000,000.00. If total reductions for a calendar year would exceed that amount, the Director shall instead prorate the reductions proportionally among all municipalities eligible for a reduction so that total reductions equal \$1,000,000.00.

(f) Prior to the issuance of a final administrative determination or judicial order, a municipality may request that the Director certify that best practices were followed for purposes of meeting the requirements of subdivision (a)(1)(D) of this section. The Director may choose to grant certification, deny certification, or refrain from a decision until a request is submitted under subdivision (a)(1) of this section. The Director shall consider the potential impact on the Education Fund, the unique character of the subject property or properties, and any extraordinary circumstances when deciding whether to grant certification under this subsection. The Director shall be bound by a decision to grant certification unless the municipality agrees to a settlement after such certification was made.

Sec. 28. GRAND LIST LITIGATION ASSISTANCE; STUDY

(a) The Attorney General, in consultation with the Vermont League of Cities and Towns, property owners, and other interested stakeholders, shall study approaches to assisting municipalities with expenses incurred during litigation pursuant to chapter 131 of this title, including assigning an Assistant Attorney General to the Division of Property Valuation and Review to support municipalities litigating complex matters.

(b) On or before December 1, 2017, the Attorney General shall submit a report to the Senate Committee on Finance and the House Committee on Ways and Means on the findings of the study described in subsection (a) of this section. The report shall include recommendations for legislative action based on the findings of the study.

Sec. 29. REIMBURSEMENT OF EDUCATION TAX LIABILITY; REPORT

(a) On or before December 1, 2019, the Director of Property Valuation and Review shall submit a report to the Senate Committee on Finance and the House Committee on Ways and Means on the reimbursement of education tax liabilities to municipalities pursuant to Sec. 26a of this act.

(b) The report shall include:

(1) the annual number of reductions to the education grand list;

(2) the annual amount reimbursed to municipalities from the Education Fund; and

(3) the annual increase, if any, to the education grand list.

Sec. 29a. COMPENSATION FOR OVERPAYMENT

Notwithstanding any other provision of law, the sum of \$56,791.80 shall be transferred from the Education Fund to the Town of Georgia in fiscal year 2018 to compensate the town for an overpayment of education taxes in fiscal year 2017 due to an erroneous classification of certain property.

* * * Premium Tax Credit; Captive Insurance Companies * * *

Sec. 30. 8 V.S.A. § 6014(k) is amended to read:

(k) A captive insurance company first licensed under this chapter on or after January 1, ~~2011~~ 2017 shall receive a nonrefundable credit of ~~\$7,500.00~~ \$5,000.00 applied against the aggregate taxes owed for the first two taxable ~~year~~ years for which the company has liability under this section.

* * * Vermont Employment Growth Incentive Program * * *

Sec. 31. 32 V.S.A. chapter 105 is amended to read:

CHAPTER 105. VERMONT EMPLOYMENT GROWTH
INCENTIVE PROGRAM

* * *

§ 3332. APPLICATION; APPROVAL CRITERIA

(a) Application.

(1) A business may apply for an incentive in one or more years of an award period by submitting an application to the Council in the format the Council specifies for that purpose.

(2) For each award year the business applies for an incentive, the business shall:

(A) specify a payroll performance requirement;

(B) specify a jobs performance requirement or a capital investment performance requirement, or both; and

(C) provide any other information the Council requires to evaluate the application under this subchapter.

(b) Mandatory criteria. The Council shall not approve an application

unless it finds:

(1) Except as otherwise provided for an enhanced incentive for a business in a qualifying labor market area under section 3334 of this title, the new revenue the proposed activity ~~generates~~ would generate to the State ~~exceeds~~ would exceed the costs of the activity to the State.

(2) The host municipality welcomes the new business.

(3) ~~The~~ Pursuant to a self-certification or other documentation the Council requires by rule or procedure, the business attests to the best of its knowledge:

(A) the business is not a named party to an administrative order, consent decree, or judicial order issued by the State or a subdivision of the State, or if a named party, that the business is in compliance with the terms of such an order or decree;

(B) the business complies with applicable State laws and regulations; and

(C) the proposed economic activity ~~conforms~~ would conform to applicable town and regional plans and with applicable State laws and regulations.

(4) If the business proposes to expand within a limited local market, an incentive would not give the business an unfair competitive advantage over other Vermont businesses in the same or similar line of business and in the same limited local market.

(5) But for the incentive, the proposed economic activity:

(A) would not occur; or

(B) would occur in a significantly different manner that is significantly less desirable to the State.

* * *

§ 3334. ENHANCED INCENTIVE FOR A BUSINESS IN A QUALIFYING LABOR MARKET AREA

(a) The Council may increase the value of an incentive for a business that is located in a labor market area in which:

(1) the average annual unemployment rate is greater than the average annual unemployment rate for the State; or

(2) the average annual wage is less than the average annual wage for the State.

(b) In each calendar year, the amount by which the Council may increase

the value of all incentives pursuant to this section is:

- (1) \$1,500,000.00 for one or more initial approvals; and
- (2) \$1,000,000.00 for one or more final approvals.

(c) The Council may increase the cap imposed in subdivision (b)(2) of this section by not more than \$500,000.00 upon application by the Governor to, and approval of, the Joint Fiscal Committee.

(d) In evaluating the Governor's request, the Committee shall consider the economic and fiscal condition of the State, including recent revenue forecasts and budget projections.

(e) The Council shall provide the Committee with testimony, documentation, company-specific data, and any other information the Committee requests to demonstrate that increasing the cap will create an opportunity for return on investment to the State.

(f) The purpose of the enhanced incentive for a business in a qualifying labor market area is to increase job growth in economically disadvantaged regions of the State, as provided in subsection (a) of this section.

§ 3335. ENHANCED INCENTIVE FOR ENVIRONMENTAL TECHNOLOGY BUSINESS

(a) As used in this section, an "environmental technology business" means a business that:

(1) is subject to income taxation in Vermont; and

(2) seeks an incentive for economic activity in Vermont that the Secretary of Commerce and Community Development certifies is primarily research, design, engineering, development, or manufacturing related to one or more of the following:

(A) waste management, including waste collection, treatment, disposal, reduction, recycling, and remediation;

(B) natural resource protection and management, including water and wastewater purification and treatment, air pollution control and prevention or remediation, soil and groundwater protection or remediation, and hazardous waste control or remediation;

(C) energy efficiency or conservation;

(D) clean energy, including solar, wind, wave, hydro, geothermal, hydrogen, fuel cells, waste-to-energy, or biomass.

(b) The Council shall consider and administer an application from an environmental technology business pursuant to the provisions of this

subchapter, except that:

(1) the business's potential share of new revenue growth shall be 90 percent; and

(2) to calculate qualifying payroll, the Council shall:

(A) determine the background growth rate in payroll for the applicable business sector in the award year;

(B) multiply the business's full-time payroll for the award year by 20 percent of the background growth rate; and

(C) subtract the product from the payroll performance requirement for the award year.

(c) The purpose of the enhanced incentive for an environmental technology business is to promote the growth of businesses in Vermont that both create and sustain high quality jobs and improve the natural environment.

* * *

§ 3338. CLAIMING AN INCENTIVE; ANNUAL FILING WITH DEPARTMENT OF TAXES

(a) On or before April 30 following each year of the utilization period, a business with an approved application shall submit an incentive claim to the Department of Taxes.

(b) A business shall include:

(1) the information the Department requires, including the information required in section 5842 of this title and other documentation concerning payroll, jobs, and capital investment necessary to determine whether the business earned the incentive specified for an award year and any installment payment for which the business is eligible; and

(2) a self-certification or other documentation the Department requires by rule or procedure, by which the business attests to the best of its knowledge that:

(A) the business is not a named party to an administrative order, consent decree, or judicial order issued by the State or a subdivision of the State, or if a named party, that the business is in compliance with the terms of such an order or decree; and

(B) the business complies with applicable State laws and regulations.

(c) The Department may consider an incomplete claim to be timely filed if the business files a complete claim within the additional time allowed by the Department in its discretion.

(d) Upon finalizing its review of a complete claim, the Department shall:

(1) notify the business and the Council whether the business is entitled to an installment payment for the applicable year; and

(2) make an installment payment to which the business is entitled.

(e) The Department shall not pay interest on any amounts it holds or pays for an incentive or installment payment pursuant to this subchapter.

§ 3339. RECAPTURE; REDUCTION; REPAYMENT

(a) Recapture.

(1) The Department of Taxes may recapture the value of one or more installment payments a business has claimed, with interest, if:

(A) the business fails to file a claim as required in section 3338 of this title; ~~or~~

(B) during the utilization period, the business experiences:

(i) a 90 percent or greater reduction from base employment; or

(ii) if it had no jobs at the time of application, a 90 percent or greater reduction from the sum of its job performance requirements; or

(C) the Department determines that during the application or claims process the business knowingly made a false attestation that the business:

(i) was not a named party to, or was in compliance with, an administrative order, consent decree, or judicial order issued by the State or a subdivision of the State: or

(ii) was in compliance with State laws and regulations.

(2) If the Department determines that a business is subject to recapture under subdivision (1) of this subsection, the business becomes ineligible to earn or claim an additional incentive or installment payment for the remainder of the utilization period.

(3) Notwithstanding any other statute of limitations, the Department may commence a proceeding to recapture amounts under subdivision (1) of this subsection as follows:

(A) under subdivision (1)(A) of this subsection, no later than three years from the last day of the utilization period; and

(B) under subdivision (1)(B) of this subsection, no later than three years from date the business experiences the reduction from base employment, or three years from the last day of the utilization period, whichever occurs first.

(b) Reduction; recapture. If a business fails to make capital investments that equal or exceed the sum of its capital investment performance requirements by the end of the award period:

(1) The Department shall:

(A) calculate a reduced incentive by multiplying the combined value of the business's award period incentives by the same proportion that the business's total actual capital investments bear to the sum of its capital investment performance requirements; and

(B) reduce the value of any remaining installment payments for which the business is eligible by the same proportion.

(2) If the value of the installment payments the business has already received exceeds the value of the reduced incentive, then:

(A) the business becomes ineligible to claim any additional installment payments for the award period; and

(B) the Department shall recapture the amount by which the value of the installment payments the business has already received exceeds the value of the reduced incentive.

(c) Tax liability.

(1) A person who has the duty and authority to remit taxes under this title shall be personally liable for an installment payment that is subject to recapture under this section.

(2) For purposes of this section, the Department of Taxes may use any enforcement or collection action available for taxes owed pursuant to chapter 151 of this title.

* * *

§ 3341. CONFIDENTIALITY OF PROPRIETARY BUSINESS INFORMATION

~~(a) The Vermont Economic Progress Council and the Department of Taxes shall use measures to protect proprietary financial information, including reporting information in an aggregate form.~~

~~(b) Information~~ Except for information required to be reported under section 3340 of this title or as provided in this section, information and materials submitted by a business concerning its income taxes and other confidential financial information shall not be subject to public disclosure under the State's public records law in 1 V.S.A. chapter 5, but shall be to the Vermont Economic Progress Council, or business-specific data generated by the Council as part of its consideration of an application under this subchapter,

that is not otherwise publicly disclosed, is exempt from public inspection and copying under the Public Records Act and shall be kept confidential. Records related to incentive claims under this chapter that are produced or acquired by the Department of Taxes are confidential returns or return information and are subject to the provisions of section 3102 of this title.

(b)(1) The Council shall disclose information and materials described in subsection (a) of this section:

(A) to the Joint Fiscal Office or its agent upon authorization of the Joint Fiscal Committee or a standing committee of the General Assembly, and shall also be available; and

(B) to the Auditor of Accounts in connection with the performance of duties under section 163 of this title; provided, however, that the

(2) The Joint Fiscal Office or its agent and the Auditor of Accounts shall not disclose, directly or indirectly, to any person any proprietary business information or any information that would identify a business materials received under this subsection except in accordance with a judicial order or as otherwise specifically provided unless authorized by law.

(c) Nothing in this section shall be construed to prohibit the publication of statistical information, rulings, determinations, reports, opinions, policies, or other information so long as the data are disclosed in a form that cannot identify or be associated with a particular business.

* * *

* * * VEGI; Confidentiality * * *

Sec. 32. 32 V.S.A. § 3102 is amended to read:

§ 3102. CONFIDENTIALITY OF TAX RECORDS

(a) No present or former officer, employee, or agent of the Department of Taxes shall disclose any return or return information to any person who is not an officer, employee, or agent of the Department of Taxes except in accordance with the provisions of this section. A person who violates this section shall be fined not more than \$1,000.00 or imprisoned for not more than one year, or both; and if the offender is an officer or employee of this State, he or she shall, in addition, be dismissed from office and be incapable of holding any public office for a period of five years thereafter.

* * *

(d) The Commissioner shall disclose a return or return information:

* * *

(5) to the Attorney General, if such return or return information relates to chapter 205 of this title or 33 V.S.A. chapter 19, subchapters 1A and 1B, for purposes of investigating potential violations of and enforcing 7 V.S.A. chapter 40, 20 V.S.A. chapter 173, subchapter 2A, and 33 V.S.A. chapter 19, subchapters 1A and 1B;

(6) to the Vermont Economic Progress Council, provided that the disclosure relates to a successful business applicant under chapter 105, subchapter 2 of this title and the incentive it has claimed and is reasonably necessary for the Council to perform its duties under that subchapter.

(e) The Commissioner may, in his or her discretion and subject to such conditions and requirements as he or she may provide, including any confidentiality requirements of the Internal Revenue Service, disclose a return or return information:

* * *

(11) To the Joint Fiscal Office or its agent, provided that the disclosure relates to a successful business applicant under chapter 105, subchapter 2 of this title and the incentive it has claimed and is reasonably necessary for the Joint Fiscal Office or its agent to perform the duties authorized by the Joint Fiscal Committee or a standing committee of the General Assembly under that subchapter; to the Auditor of Accounts for the performance of duties under section 163 of this title; and to the Department of Economic Development for the purposes of subsection 5922(f) of this title; ~~and to the Vermont Economic Progress Council, provided that the disclosure relates to a successful business applicant under chapter 105, subchapter 2 of this title and the incentive it has claimed and is reasonably necessary for the Council to perform its duties under that subchapter.~~

* * *

* * * Public Retirement * * *

Sec. 33. THE GREEN MOUNTAIN SECURE RETIREMENT PLAN

(a) The State of Vermont shall, consistent with federal law and regulation, adopt and implement a voluntary Multiple Employer Plan (MEP) public retirement plan, which shall remain in compliance with federal law and regulations once implemented, and shall be called the "Green Mountain Secure Retirement Plan."

(b) The Plan shall be designed and implemented based upon the following guiding principles:

(1) Simplicity: the Plan should be easy for participants to understand.

(2) Affordability: the Plan should be administered to maximize cost

effectiveness and efficiency.

(3) Ease of access: the Plan should be easy to join.

(4) Trustworthy oversight: the Plan should be administered by an organization with unimpeachable credentials.

(5) Protection from exploitation: the Plan should protect its participants, particularly the elderly, from unscrupulous business practices and individuals.

(6) Portability: the Plan should not depend upon employment with a specific firm or organization.

(7) Choice: the Plan should provide sufficient investment alternatives to be suitable for individuals with distinct goals, but not too many options to induce analysis paralysis.

(8) Voluntary: the Plan should not be mandatory but autoenrollment should be used to increase participation.

(9) Financial education and financial literacy: the Plan should assist the individual in understanding their financial situation.

(10) Sufficient savings: the Plan should encourage adequate savings in retirement combined with existing pension savings and Social Security.

(11) Additive not duplicative: the Plan should not compete with existing private sector solutions.

(12) Use of pretax dollars: contributions to the Plan should be made using pretax dollars.

(c) The Plan shall:

(1) be available on a voluntary basis to:

(A) employers:

(i) with 50 employees or fewer; and

(ii) who do not currently offer a retirement plan to their employees; and

(B) self-employed individuals;

(2) automatically enroll all employees of employers who choose to participate in the MEP;

(3) allow employees the option of withdrawing their enrollment and ending their participation in the MEP;

(4) be funded by employee contributions with an option for future

voluntary employer contributions; and

(5) be overseen by a board:

(A) that shall:

(i) set program terms;

(ii) prepare and design plan documents; and

(iii) be authorized to appoint an administrator to assist in the selection of investments, managers, custodians, and other support services; and

(B) that shall be composed of seven members as follows:

(i) an individual with investment experience, to be appointed by the Governor;

(ii) an individual with private sector retirement plan experience, to be appointed by the Governor;

(iii) an individual with investment experience, to be appointed by the State Treasurer;

(iv) an individual who is an employee or retiree, to be appointed by the State Treasurer;

(v) an individual who is an employee advocate or consumer advocate, to be appointed by the Speaker of the House;

(vi) an individual who is an employer, to be appointed by the Committee on Committees; and

(vii) the State Treasurer, who shall serve as chair.

(d) The State of Vermont shall implement the “Green Mountain Secure Retirement Plan” on or before January 15, 2019, based on the recommendations of the Public Retirement Plan Study Committee as set forth in Sec. 34 of this act.

Sec. 34. 2016 Acts and Resolves No. 157, Sec. F.1 is amended to read:

Sec. F.1. INTERIM STUDY ON THE FEASIBILITY OF
ESTABLISHING A PUBLIC RETIREMENT PLAN

(a) Creation of Committee.

(1) There is created a the Public Retirement Plan Study Committee to evaluate the feasibility of establishing a public retirement plan.

(2) It is the intent of the General Assembly that the Committee continue the work of the Public Retirement Plan Study Committee created in 2014 Acts and Resolves No. 179, Sec. C.108, as amended by 2015 Acts and Resolves

No. 58, Sec. C.100, which ceased to exist on January 15, 2016, and to develop specific recommendations concerning the design, creation, and implementation of the Multiple Employer Plan (MEP), pursuant to in Sec. 33 of H.516 (2017) as enacted and as set forth in the January 6, 2017 report issued by the Committee.

(b) Membership.

(1) The Public Retirement Plan Study Committee shall be composed of eight members as follows:

(A) the State Treasurer or designee;

(B) the Commissioner of Labor or designee;

(C) the Commissioner of Disabilities, Aging, and Independent Living or designee;

(D) an individual with private sector experience in the area of providing retirement products and financial services to small businesses, to be appointed by the Speaker;

(E) an individual with experience or expertise in the area of the financial needs of an aging population, to be appointed by the Committee on Committees;

(F) an individual with experience or expertise in the area of the financial needs of Vermont youth or young working adults, to be appointed by the Treasurer;

(G) a representative of employers, to be appointed by the Speaker; and

(H) a representative of employees who currently lack access to employer-sponsored retirement plans, to be appointed by the Committee on Committees.

(2) Unless another appointee is specified pursuant to the authority granted under subdivision (1) of this subsection, the members of the Public Retirement Plan Study Committee created in 2014 Acts and Resolves No. 179, Sec. C.108, as amended by 2015 Acts and Resolves No. 58, Sec. C.100, which ceased to exist on January 15, 2016, shall serve as the members of the Committee created pursuant to this section.

(c) Powers and duties.

(1)(A) The Committee shall ~~study the feasibility of establishing a~~ develop specific recommendations concerning the design, creation, and implementation time line of the Multiple Employer Plan (MEP) public retirement plan, including the following pursuant to Sec. 33 of H.516 (2017)

as enacted, which shall:

~~(i) the access Vermont residents currently have to employer-sponsored retirement plans and the types of employer-sponsored retirement plans;~~

~~(ii) data and estimates on the amount of savings and resources Vermont residents will need for a financially secure retirement;~~

~~(iii) data and estimates on the actual amount of savings and resources Vermont residents will have for retirement, and whether those savings and resources will be sufficient for a financially secure retirement;~~

~~(iv) current incentives to encourage retirement savings, and the effectiveness of those incentives;~~

~~(v) whether other states have created a public retirement plan and the experience of those states;~~

~~(vi) whether there is a need for a public retirement plan in Vermont;~~

~~(vii) whether a public retirement plan would be feasible and effective in providing for a financially secure retirement for Vermont residents;~~

~~(viii) other programs or incentives the State could pursue in combination with a public retirement plan, or instead of such a plan, in order to encourage residents to save and prepare for retirement; and be available on a voluntary basis to:~~

(I) employers:

(aa) with 50 employees or fewer; and

(bb) who do not currently offer a retirement plan to their employees; and

(II) self-employed individuals;

(ii) automatically enroll all employees of employers who choose to participate in the MEP;

(iii) allow employees the option of withdrawing their enrollment and ending their participation in the MEP;

(iv) be funded by employee contributions with an option for future voluntary employer contributions; and

(v) be overseen by a board that shall:

(I) set programs terms;

(II) prepare and design plan documents; and

(III) be authorized to appoint an administrator to assist in the selection of investments, managers, custodians, and other support services.

~~(B) if the Committee determines that a public retirement plan is necessary, feasible, and effective, the Committee shall study:~~

~~(i) potential models for the structure, management, organization, administration, and funding of such a plan;~~

~~(ii) how to ensure that the plan is available to private sector employees who are not covered by an alternative retirement plan;~~

~~(iii) how to build enrollment to a level where enrollee costs can be lowered;~~

~~(iv) whether such a plan should impose any obligation or liability upon private sector employers; The Committee, and thereafter the board that will oversee the MEP, shall study and make specific recommendations concerning:~~

(i) options to provide access to retirement plans to individuals who are not eligible to participate in, or choose not to participate in, the MEP public retirement plan, including alternative plans and options vetted by the board that shall oversee the MEP, and which plans and options shall be provided through a marketplace implemented no earlier than one year after the MEP begins;

(ii) options for paying for the costs of administering the MEP for the period during which program costs may exceed revenues, including allowing financial service providers to subsidize costs in exchange for longer term contracts;

(iii) the composition, membership, and powers of the board that shall oversee the MEP;

(iv) if after three years there remain significant numbers of Vermonters who are not covered by a retirement plan, methods to increase participation in the MEP; and

(v) any other issue the Committee deems relevant.

(2) The Committee shall:

(A) continue monitoring U.S. Department of Labor guidance concerning State Savings Programs for Non-Governmental Employees regarding ERISA rules and other pertinent areas of analysis;

(B) further analyze the relationship between the role of states and the federal government; and

(C) continue its collaboration with educational institutions, other states, and national stakeholders.

(3) The Committee shall have the assistance of the staff of the Office of the Treasurer, the Department of Labor, and the Department of Disabilities, Aging, and Independent Living.

(d) Report. On or before January 15, 2018, the Committee shall report to the General Assembly its findings and ~~any recommendations for legislative action.~~ In its report, the Committee shall state its findings as to every factor set forth in ~~subdivision~~ subdivisions (c)(1)(A) ~~of this section, whether it recommends that a public retirement plan be created, and the reasons for that recommendation.~~ If the Committee recommends that a public retirement plan be created, ~~the Committee's report shall include specific recommendations as to the factors listed in subdivision~~ and (c)(1)(B) of this section.

(e) Meetings; term of Committee; Chair. The Committee may meet as frequently as necessary to perform its work and shall cease to exist on January 15, 2018. The State Treasurer shall serve as Chair of the Committee and shall call the first meeting.

(f) Reimbursement. For attendance at meetings, members of the Committee who are not employees of the State of Vermont shall be reimbursed at the per diem rate set in 32 V.S.A. § 1010 and shall be reimbursed for mileage and travel expenses.

* * * Workers' Compensation; VOSHA * * *

Sec. 35. 21 V.S.A. § 210 is amended to read:

§ 210. PENALTIES

(a) Upon issuance of a citation under this chapter, the Review Board is authorized to assess civil penalties for grounds provided in this subsection. In assessing civil penalties, the Review Board shall follow to the degree practicable the federal procedures prescribed in rules ~~promulgated~~ adopted under the Act. The Review Board shall give due consideration to the appropriateness of the penalty with respect to the size of the business or operation of the employer being assessed, the gravity of the violation, the good faith of the employer, and the history of previous violations. Civil penalties shall be paid to the Commissioner for deposit with the State Treasurer, and may be recovered in a civil action in the name of the State of Vermont brought in any court of competent jurisdiction. The Commissioner shall not reduce the assessed penalties in any fiscal year by more than 50 percent.

(1) Any employer who willfully or repeatedly violates the requirements of this Code or any standard, or rule adopted, ~~or order promulgated~~ issued pursuant to this Code ~~or regulations prescribed pursuant to this Code~~ may be

assessed a civil penalty of not more than ~~\$70,000.00~~ \$126,749.00 for each violation, but not less than \$5,000.00 for each willful violation.

(2) Any employer who has received a citation for a serious violation of the requirements of this Code, or any standard, or rule adopted, or order ~~promulgated~~ issued pursuant to this Code, ~~or of any regulations prescribed pursuant to this Code~~, shall be assessed a civil penalty of up to ~~\$7,000.00~~ \$12,675.00 for each violation.

(3) Any employer who has received a citation for a violation of the requirements of this Code, or any standard, or rule adopted, or order ~~promulgated~~ issued pursuant to this Code ~~or of regulations prescribed pursuant to this Code~~, and such violation if the violation is specifically determined not to be of a serious nature, may be assessed a civil penalty of up to ~~\$7,000.00~~ \$12,675.00 for each such violation.

(4) Any employer who fails to correct a violation for which a citation has been issued within the period permitted for its correction, which period shall not begin to run until the date of the final order of the Review Board, in the case of any review proceeding under section 226 of this title initiated by the employer in good faith and not solely for delay or avoidance of penalties, may be assessed a civil penalty of not more than ~~\$7,000.00~~ \$12,675.00 for each day during which the failure or violation continues.

(5) Any employer who willfully violates any standard, or rule adopted, or order ~~promulgated~~ issued pursuant to this Code, and that violation caused death to any employee, shall, upon conviction, be punished by a fine of not more than ~~\$20,000.00~~ \$126,749.00 or by imprisonment for not more than one year, or by both.

* * *

(8) Any employer who violates any of the posting requirements, as prescribed under the provisions of this Code, shall be assessed a civil penalty of up to ~~\$7,000.00~~ \$12,675.00 for each violation.

(9)(A) As provided under the federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 and the Act, the penalties provided in subdivisions (1), (2), (3), (4), (5), and (8) of this subsection shall annually, on January 1, be adjusted to reflect the increase in the Consumer Price Index, CPI-U, U.S. City Average, not seasonally adjusted, as calculated by the U.S. Department of Labor or successor agency for the 12 months preceding the previous December 1.

(B) The Commissioner shall calculate and publish the adjustment to the penalties on or before January 1 of each year and the penalties shall apply to fines imposed on or after that date.

* * *

Sec. 36. 21 V.S.A. § 711 is amended to read:

§ 711. WORKERS' COMPENSATION ADMINISTRATION FUND

(a) A Workers' Compensation Administration Fund is created pursuant to 32 V.S.A. chapter 7, subchapter 5 to be expended by the Commissioner for the administration of the workers' compensation and occupational disease programs. The Fund shall consist of contributions from employers made at a rate of ~~1.75~~ 1.4 percent of the direct calendar year premium for workers' compensation insurance, one percent of self-insured workers' compensation losses, and one percent of workers' compensation losses of corporations approved under this chapter. Disbursements from the Fund shall be on warrants drawn by the Commissioner of Finance and Management in anticipation of receipts authorized by this section.

* * *

* * * Workforce Development; Career and Technical Education * * *

Sec. 37. 10 V.S.A. § 540 is amended to read:

§ 540. ~~WORKFORCE EDUCATION AND TRAINING~~ DEVELOPMENT
LEADER

(a) The Commissioner of Labor shall be the leader of workforce ~~education and training~~ development in the State, and shall have the authority and responsibility for the coordination of workforce education and training within State government, including the following duties:

(1) Perform the following duties in consultation with the State Workforce Development Board:

(A) advise the Governor on the establishment of an integrated system of workforce education and training for Vermont;

(B) create and maintain an inventory of all existing workforce education and training programs and activities in the State;

(C) use data to ensure that State workforce education and training activities are aligned with the needs of the available workforce, the current and future job opportunities in the State, and the specific credentials needed to achieve employment in those jobs;

(D) develop a State plan, as required by federal law, to ensure that workforce education and training programs and activities in the State serve Vermont citizens and businesses to the maximum extent possible;

(E) ensure coordination and non-duplication of workforce education

and training activities;

(F) identify best practices and gaps in the delivery of workforce education and training programs;

(G) design and implement criteria and performance measures for workforce education and training activities; and

(H) establish goals for the integrated workforce education and training system.

(2) Require from each business, training provider, or program that receives State funding to conduct workforce education and training a report that evaluates the results of the training. Each recipient shall submit its report on a schedule determined by the Commissioner and shall include at least the following information:

(A) name of the person who receives funding;

(B) amount of funding;

(C) activities and training provided;

(D) number of trainees and their general description, including the gender of the trainees;

(E) employment status of trainees; and

(F) future needs for resources.

(3) Review reports submitted by each recipient of workforce education and training funding.

(4) Issue an annual report to the Governor and the General Assembly on or before December 1 that includes a systematic evaluation of the accomplishments of the State workforce investment system and the performance of participating agencies and institutions.

(5) Coordinate public and private workforce programs to assure that information is easily accessible to students, employees, and employers, and that all information and necessary counseling is available through one contact.

(6) Facilitate effective communication between the business community and public and private educational institutions.

(7) Notwithstanding any provision of State law to the contrary, and to the fullest extent allowed under federal law, ensure that in each State and State-funded workforce education and training program, the program administrator collects and reports data and results at the individual level by Social Security Number or an equivalent.

(8) Coordinate within and across State government a comprehensive

workforce development strategy that grows the workforce, recruits new workers to the State, and meets employers' workforce needs.

Sec. 38. 10 V.S.A. § 543 is amended to read:

§ 543. WORKFORCE EDUCATION AND TRAINING FUND; GRANT PROGRAMS

(a) Creation. There is created a Workforce Education and Training Fund in the Department of Labor to be managed in accordance with 32 V.S.A. chapter 7, subchapter 5.

(b) Purposes. The Department shall use the Fund for the following purposes:

(1) training for Vermont workers, including those who are unemployed, underemployed, or in transition from one job or career to another;

(2) internships to provide students with work-based learning opportunities with Vermont employers;

(3) apprenticeship, preapprenticeship, and industry-recognized credential training; and

(4) other workforce development initiatives related to current and future job opportunities in Vermont as determined by the Commissioner of Labor.

(c) Administrative and other support. The Department of Labor shall provide administrative support for the grant award process. When appropriate and reasonable the State Workforce Investment Board and all other public entities involved in economic development and workforce education and training shall provide other support in the process.

(d) Eligible activities.

(1) The Department shall grant awards from the Fund to employers and entities, including private, public, and nonprofit entities, institutions of higher education, high schools, middle schools, technical centers, and workforce education and training programs that:

(A) create jobs, offer education, training, apprenticeship, preapprenticeship and industry-recognized credentials, mentoring, career planning, or work-based learning activities, or any combination;

(B) employ student-oriented approaches to workforce education and training; and

(C) link workforce education and economic development strategies.

(2) The Department may fund programs or projects that demonstrate actual increased income and economic opportunity for employees and

employers for more than one year.

(3) The Department may fund student internships and training programs that involve the same employer in multiple years with approval of the Commissioner.

(e) [Repealed].

(f) Awards. The Commissioner of Labor, in consultation with the Chair of the State Workforce Development Board, shall develop award criteria and may grant awards to the following:

(1) Training Programs.

(A) Public, private, and nonprofit entities, including employers and education and training providers, for existing or new training programs that enhance the skills of Vermont workers and:

(i) train workers for trades or occupations that are expected to lead to jobs paying at least 200 percent of the current minimum wage or at least 150 percent if benefits are included; this requirement may be waived when warranted based on regional or occupational wages or economic reality;

(ii) do not duplicate, supplant, or replace other available training funded with public money;

(iii) provide a project timeline, including performance goals, and identify how the effectiveness and outcomes of the program will be measured, including for the individual participants, the employers, and the program as a whole; and

(iv) articulate the need for the training and the direct connection between the training and the job.

(B) The Department shall grant awards under this subdivision (1) to programs or projects that:

(i) offer innovative programs of intensive, student-centric, competency-based education, training, apprenticeship, preapprenticeship and industry-recognized credentials, mentoring, or any combination of these;

(ii) address the needs of workers who are unemployed, underemployed, or are at risk of becoming unemployed, and workers who are in transition from one job or career to another;

(iii) address the needs of employers to hire new employees, or retrain incumbent workers, when the employer has demonstrated a need not within the normal course of business, with priority to training that results in new or existing job openings for which the employer intends to hire; or

(iv) in the discretion of the Commissioner, otherwise serve the purposes of this chapter.

(2) Vermont Strong Internship Program. Funding for eligible internship programs and activities under the Vermont Strong Internship Program established in section 544 of this title.

(3) Apprenticeship Program. The Vermont Apprenticeship Program established under 21 V.S.A. chapter 13. Awards under this subdivision may be used to fund the cost of apprenticeship-related instruction provided by the Department of Labor.

(4) Career Focus and Planning programs. Funding for one or more programs that institute career training and planning for young Vermonters, beginning in middle school.

* * * Vermont Minimum Wage * * *

Sec. 39. MINIMUM WAGE STUDY

(a) Creation. There is created a Minimum Wage Study Committee.

(b) Membership. The Committee shall be composed of the following members:

(1) three current members of the House of Representatives, not all from the same political party, who shall be appointed by the Speaker of the House; and

(2) three current members of the Senate, not all from the same political party, who shall be appointed by the Committee on Committees.

(c) Powers and duties. The Committee shall study the following issues:

(1) the minimum wage in Vermont and livable wage in Vermont in relation to real cost of living;

(2) the economic effects of small to large increases in the Vermont minimum wage, including in relation to the minimum wage in neighboring states;

(3) how the potential for improving economic prosperity for Vermonters with low and middle income through the Vermont Earned Income Tax Credit might interact with raising the minimum wage;

(4) specific means of mitigating the “benefits cliff,” especially for those earning below the livable wage, to enhance work incentives;

(5) the effects of potential reductions in federal transfer payments as the minimum wage increases, and impacts of possible reductions in federal benefits due to changes in federal law;

(6) ways to offset losses in State and federal benefits through State benefit programs or State tax policy; and

(7) further research to better understand the maximum beneficial minimum wage level in Vermont.

(d) Assistance. The Committee shall have the administrative, technical, and legal assistance of the Joint Fiscal Office, the Office of Legislative Council, the Department of Labor, the Department of Taxes, and the Agency of Human Services.

(e) Report. On or before December 1, 2017, the Committee shall submit a written report with its findings and any recommendations for legislative action to the Senate Committee on Economic Development, Housing and General Affairs, and the House Committee on General, Housing and Military Affairs.

(f) Meetings.

(1) The Joint Fiscal Office shall convene the first meeting of the Committee on or before July 1, 2017.

(2) A majority of the membership shall constitute a quorum.

(3) The members of the Committee shall select a chair at its first meeting.

(4) The Committee shall cease to exist on December 1, 2017.

(g) Reimbursement. For attendance at meetings during adjournment of the General Assembly, legislative members of the Committee shall be entitled to per diem compensation and reimbursement of expenses pursuant to 2 V.S.A. § 406 for no more than five meetings.

* * * Financial Technology * * *

Sec. 40. FINANCIAL TECHNOLOGY

(a) The General Assembly finds:

(1) The field of financial technology is rapidly expanding in scope and application.

(2) These developments present both opportunities and challenges.

(3) On the opportunity side, Vermont has been a leader in previous innovations in finance in contexts such as captive insurance.

(4) The existing Vermont legislation on blockchain technology and other aspects of e-finance have given Vermont the potential for leadership in this new era of innovation as well, with the possibility of expanded economic activity in the financial technology sector that would provide opportunities for employment, tax revenues, and other benefits.

(5) Furthermore, it is important for Vermonters that these developments proceed in ways that do not create avoidable risks for individuals and enterprises in the new e-economy.

(6) The legislative and regulatory response in Vermont will be critical to our ability to embrace the benefits of financial technology and to avoid challenges it may create.

(b)(1) In order to permit the legislature to respond to these developing opportunities and concerns on an informed basis, on or before November 30, 2017 the Center for Legal Innovation at Vermont Law School, in consultation with the Commissioner of Financial Regulation, the Secretary of Commerce and Community Development, and the Attorney General, shall submit a report to the General Assembly that includes:

(A) findings and recommendations on the potential opportunities and risks presented by developments in financial technology;

(B) suggestions for an overall policy direction and proposals for legislative and regulatory action that would effectively implement that policy direction; and

(C) measurable goals and outcomes that would indicate success in the implementation of such a policy.

(2) In developing the background for this report, the Center, Commissioner, Secretary, and Attorney General may consult such other constituencies and stakeholders within and outside of the State as they may determine for information that will be helpful to their considerations.

* * * Municipal Outreach; Sewerage and Water Service Connections * * *

Sec. 41. AGENCY OF NATURAL RESOURCES; EDUCATION AND
OUTREACH; DELEGATION; SEWERAGE AND WATER
SERVICE CONNECTIONS

(a) The Secretary of Natural Resources, after consultation with the Vermont League of Cities and Towns, shall conduct outreach and education for municipalities regarding the ability of a municipality under 10 V.S.A. § 1976 to be delegated the authority to permit the connection of a municipal sewer or water service line to subdivided land, a building, or a campground.

(b) The education and outreach shall specify the conditions or requirements for delegation, how a municipality can seek delegation, and contact information or other resource to provide additional information regarding delegation. The education and outreach may include educational materials, workshops, or classes regarding the ability of a municipality to be delegated under 10 V.S.A. § 1976 the permitting of sewer and water service connection.

(c) On or before January 15, 2018, the Secretary of Natural Resources shall submit a report to the Senate Committees on Natural Resources and Energy and on Economic Development, Housing and General Affairs and the House Committees on Natural Resources, Fish and Wildlife and on Commerce and Economic Development summarizing the education and outreach conducted or planned by the Secretary under the requirements of this section and whether any municipality has sought delegation of sewer and water service connection permitting under 10 V.S.A. § 1976 since the effective date of this act.

* * * Municipal Land Use and Development; Affordable Housing * * *

Sec. 42. 24 V.S.A. § 4303 is amended to read:

§ 4303. DEFINITIONS

The following definitions shall apply throughout this chapter unless the context otherwise requires:

(1) “Affordable housing” means either of the following:

~~(A) Housing that is owned by its inhabitants whose gross annual household income does not exceed 80 percent of the county median income, or 80 percent of the standard metropolitan statistical area income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development, and the total annual cost of the housing, including principal, interest, taxes, insurance, and condominium association fees is not more than 30 percent of the household’s gross annual income. Owner-occupied housing for which the total annual cost of ownership, including principal, interest, taxes, insurance, and condominium association fees, does not exceed 30 percent of the gross annual income of a household at 120 percent of the highest of the following:~~

(i) the county median income, as defined by the U.S. Department of Housing and Urban Development;

(ii) the standard metropolitan statistical area median income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development; or

(iii) the statewide median income, as defined by the U.S. Department of Housing and Urban Development.

~~(B) Housing that is rented by its inhabitants whose gross annual household income does not exceed 80 percent of the county median income, or 80 percent of the standard metropolitan statistical area income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development, and the total annual cost of the housing, including rent, utilities, and condominium association fees, is not more than 30~~

percent of the household's gross annual income. Rental housing for which the total annual cost of renting, including rent, utilities, and condominium association fees, does not exceed 30 percent of the gross annual income of a household at 80 percent of the highest of the following:

(i) the county median income, as defined by the U.S. Department of Housing and Urban Development;

(ii) the standard metropolitan statistical area median income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development; or

(iii) the statewide median income, as defined by the U.S. Department of Housing and Urban Development.

* * *

* * * Act 250; Priority Housing Projects * * *

Sec. 43. 10 V.S.A. § 6001 is amended to read:

§ 6001. DEFINITIONS

In this chapter:

* * *

(3)(A) "Development" means each of the following:

* * *

(iv) The construction of housing projects such as cooperatives, condominiums, or dwellings, or construction or maintenance of mobile homes or mobile home parks, with 10 or more units, constructed or maintained on a tract or tracts of land, owned or controlled by a person, within a radius of five miles of any point on any involved land, and within any continuous period of five years. However:

(I) A priority housing project shall constitute a development under this subdivision (iv) only if the number of housing units in the project is:

(aa) ~~275 or more, in a municipality with a population of 15,000 or more;~~ [Repealed.]

(bb) ~~150 or more, in a municipality with a population of 10,000 or more but less than 15,000;~~ [Repealed.]

(cc) 75 or more, in a municipality with a population of 6,000 or more but less than 10,000;.

(dd) 50 or more, in a municipality with a population of 3,000 or more but less than 6,000;.

(ee) 25 or more, in a municipality with a population of less than 3,000; ~~and~~.

(ff) ~~notwithstanding~~ Notwithstanding subdivisions ~~(aa)~~(cc) through (ee) of this subdivision (3)(A)(iv)(I), 10 or more if the construction involves the demolition of one or more buildings that are listed on or eligible to be listed on the State or National Register of Historic Places. However, demolition shall not be considered to create jurisdiction under this subdivision if the Division for Historic Preservation has determined that the proposed demolition will have no adverse effect, will have no adverse effect if specified conditions are met, or will have an adverse effect that will be adequately mitigated. Any imposed conditions shall be enforceable through a grant condition, deed covenant, or other legally binding document.

(II) The determination of jurisdiction over a priority housing project shall count only the housing units included in that discrete project.

(III) Housing units in a priority housing project shall not count toward determining jurisdiction over any other project.

* * *

(D) The word “development” does not include:

* * *

(viii) The construction of a priority housing project in a municipality with a population of 10,000 or more. However, if the construction of the project involves demolition of one or more buildings that are listed or eligible to be listed on the State or National Register of Historic Places, this exemption shall not apply unless the Division for Historic Preservation has made the determination described in subdivision (A)(iv)(I)(ff) of this subdivision (3) and any imposed conditions are enforceable in the manner set forth in that subdivision.

* * *

(27) “Mixed income housing” means a housing project in which the following apply:

(A) Owner-occupied housing. At the option of the applicant, owner-occupied housing may be characterized by either of the following:

(i) at least 15 percent of the housing units have a purchase price which at the time of first sale does not exceed 85 percent of the new construction, targeted area purchase price limits established and published annually by the Vermont Housing Finance Agency; or

(ii) at least 20 percent of the housing units have a purchase price

which at the time of first sale does not exceed 90 percent of the new construction, targeted area purchase price limits established and published annually by the Vermont Housing Finance Agency;

(B) ~~Rental Housing~~ housing. At least 20 percent of the housing units that are rented constitute affordable housing and have a duration of affordability of ~~no not~~ less than ~~20~~ 15 years.

(28) “Mixed use” means construction of both mixed income housing and construction of space for any combination of retail, office, services, artisan, and recreational and community facilities, provided at least 40 percent of the gross floor area of the buildings involved is mixed income housing. “Mixed use” does not include industrial use.

(29) “Affordable housing” means either of the following:

(A) ~~Housing that is owned by its inhabitants whose gross annual household income does not exceed 80 percent of the county median income, or 80 percent of the standard metropolitan statistical area income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development, and the total annual cost of the housing, including principal, interest, taxes, insurance, and condominium association fees is not more than 30 percent of the household’s gross annual income. Owner-occupied housing for which the total annual cost of ownership, including principal, interest, taxes, insurance, and condominium association fees, does not exceed 30 percent of the gross annual income of a household at 120 percent of the highest of the following:~~

(i) the county median income, as defined by the U.S. Department of Housing and Urban Development;

(ii) the standard metropolitan statistical area median income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development; or

(iii) the statewide median income, as defined by the U.S. Department of Housing and Urban Development.

~~(B) Housing that is rented by its inhabitants whose gross annual household income does not exceed 80 percent of the county median income, or 80 percent of the standard metropolitan statistical area income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development, and the total annual cost of the housing, including rent, utilities, and condominium association fees, is not more than 30 percent of the household’s gross annual income. Rental housing for which the total annual cost of renting, including rent, utilities, and condominium association fees, does not exceed 30 percent of the gross annual income of a~~

household at 80 percent of the highest of the following:

(i) the county median income, as defined by the U.S. Department of Housing and Urban Development;

(ii) the standard metropolitan statistical area median income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development; or

(iii) the statewide median income, as defined by the U.S. Department of Housing and Urban Development.

* * *

(35) “Priority housing project” means a discrete project located on a single tract or multiple contiguous tracts of land that consists exclusively of:

(A) mixed income housing or mixed use, or any combination thereof, and is located entirely within a designated downtown development district, designated new town center, designated growth center, or designated village center that is also a designated neighborhood development area under 24 V.S.A. chapter 76A; or

(B) mixed income housing and is located entirely within a designated Vermont neighborhood or designated neighborhood development area under 24 V.S.A. chapter 76A.

* * *

Sec. 44. 10 V.S.A. § 6081 is amended to read:

§ 6081. PERMITS REQUIRED; EXEMPTIONS

(a) No person shall sell or offer for sale any interest in any subdivision located in this State, or commence construction on a subdivision or development, or commence development without a permit. This section shall not prohibit the sale, mortgage, or transfer of all, or an undivided interest in all, of a subdivision unless the sale, mortgage, or transfer is accomplished to circumvent the purposes of this chapter.

* * *

(o) If a ~~downtown development district~~ designation pursuant to 24 V.S.A. § ~~2793~~ chapter 76A is removed, subsection (a) of this section shall apply to any subsequent substantial change to a priority housing project that was originally exempt pursuant to subdivision 6001(3)(A)(iv)(I) of this title on the basis of that designation.

(p)(1) No permit or permit amendment is required for any change to a project that is located entirely within a downtown development district

designated pursuant to 24 V.S.A. § 2793, if the change consists exclusively of any combination of mixed use and mixed income housing, and the cumulative changes within any continuous period of five years, commencing on or after the effective date of this subsection, remain below the any applicable jurisdictional threshold specified in subdivision 6001(3)(A)(iv)(I) of this title.

(2) No permit or permit amendment is required for a priority housing project in a designated center other than a downtown development district if the project remains below any applicable jurisdictional threshold specified in subdivision 6001(3)(A)(iv)(I) of this title and will comply with all conditions of any existing permit or permit amendment issued under this chapter that applies to the tract or tracts on which the project will be located. If such a priority housing project will not comply with one or more of these conditions, an application may be filed pursuant to section 6084 of this title.

* * *

Sec. 45. 10 V.S.A. § 6084 is amended to read:

§ 6084. NOTICE OF APPLICATION; HEARINGS, COMMENCEMENT OF REVIEW

* * *

(f) This subsection concerns an application for a permit amendment to change the conditions of an existing permit or permit amendment in order to authorize the construction of a priority housing project described in subdivision 6081(p)(2) of this title.

(1) The District Commission may authorize a district coordinator to issue such an amendment, without notice and a hearing, if the applicant demonstrates that all parties to the permit or permit amendment or their successors in interest have consented to the proposed changes to conditions relative to the criteria for which the party retained party status.

(2) If the applicant is not able to obtain the consent of a party or parties or their successors in interest with respect to one or more of the conditions proposed to be changed, the applicant shall file a permit application pursuant to this section. However, review by the District Commission shall be limited to whether the changes to conditions not consented to by the party or parties or their successors in interest enable positive findings under subsection 6086(a) and are authorized under subsection 6086(c) of this title.

Sec. 46. 30 V.S.A. § 55 is added to read:

§ 55. PRIORITY HOUSING PROJECTS; STRETCH CODE

A priority housing project as defined in 10 V.S.A. § 6001 shall meet or exceed the stretch codes established under this subchapter by the Department

of Public Service.

* * * ACCD; Publication of Median Household Income and Qualifying Costs
for Affordable Housing * * *

Sec. 47. 3 V.S.A. § 2472 is amended to read:

§ 2472. DEPARTMENT OF HOUSING AND COMMUNITY
DEVELOPMENT

(a) The Department of Housing and Community Development is created within the Agency of Commerce and Community Development. The Department shall:

* * *

(5) In conjunction with the Vermont Housing Finance Agency, annually publish data and information to enable the public to determine income levels and costs for owner-occupied and rental housing to qualify as affordable housing, as defined in 24 V.S.A. § 4303 and 10 V.S.A. § 6001(29), including:

(A) the median income for each Vermont county, as defined by the U.S. Department of Housing and Urban Development;

(B) the standard metropolitan statistical area median income for each municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development; and

(C) the statewide median income, as defined by the U.S. Department of Housing and Urban Development.

* * *

* * * Downtown Tax Credits * * *

Sec. 48. 32 V.S.A. § 5930ee is amended to read:

§ 5930ee. LIMITATIONS

Beginning in fiscal year 2010 and thereafter, the State Board may award tax credits to all qualified applicants under this subchapter, provided that:

(1) the total amount of tax credits awarded annually, together with sales tax reallocated under section 9819 of this title, does not exceed ~~\$2,200,000.00~~ \$2,400,000.00;

* * *

* * * Tax Credit for Affordable Housing; Captive Insurance Companies * * *

Sec. 49. 32 V.S.A. § 5930u is amended to read:

§ 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

(a) As used in this section:

* * *

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

* * *

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

* * *

* * * Vermont State Housing Authority; Powers * * *

Sec. 50. 24 V.S.A. § 4005 is amended to read:

§ 4005. VERMONT STATE HOUSING AUTHORITY; ESTABLISHMENT, MEMBERS, POWERS

* * *

(e) Notwithstanding any provision of law, no person, ~~domestic or foreign~~, shall be authorized to administer allocations of money under 42 U.S.C.A. § 1437a or 1437f or other federal statute authorizing rental subsidies for the benefit of persons of low or moderate income, except:

(1) ~~a subcontractor of the State Authority; or~~

(2) a State public body authorized by law to administer such allocations;

(3) a person authorized to administer such allocations pursuant to an agreement with the State Authority; or

(4) an organization, of which the State Authority is a promoter, member, associate, owner, or manager, that is authorized by a federal agency to administer such allocations in this State.

(f) In addition to the powers granted by this chapter, the State Authority shall have all the powers necessary or convenient for the administration of federal monies pursuant to subsection (e) of this section, including the power:

(1) to enter into one or more agreements for the administration of federal monies;

(2) to be a promoter, partner, member, associate, owner, or manager of any partnership, limited liability company, joint venture, association, trust, or other organization;

(3) to conduct its activities, locate offices, and exercise the powers granted by this title within or outside this State;

(4) to carry on a business in the furtherance of its purposes; and

(5) to do all things necessary or convenient, consistent with law, to further the activities and affairs of the Authority.

* * * Tax Increment Financing Districts * * *

Sec. 51. 24 V.S.A. chapter 53, subchapter 5 is amended to read:

Subchapter 5. Tax Increment Financing

* * *

§ 1892. CREATION OF DISTRICT

* * *

(d) The following municipalities have been authorized to use education tax increment financing for a tax increment financing district, ~~and the Vermont Economic Progress Council is not authorized to approve any additional tax increment financing districts even if one of the districts named in this subsection is terminated pursuant to subsection 1894(a) of this subchapter:~~

- (1) the City of Burlington, Downtown;
- (2) the City of Burlington, Waterfront;
- (3) the Town of Milton, North and South;
- (4) the City of Newport;
- (5) the City of Winooski;
- (6) the Town of Colchester;
- (7) the Town of Hartford;
- (8) the City of St. Albans;
- (9) the City of Barre; ~~and~~
- (10) the Town of Milton, Town Core; and
- (11) the City of South Burlington, New Town Center.

* * *

§ 1894. POWER AND LIFE OF DISTRICT

* * *

(c) Use of the municipal property tax increment. For only debt incurred within the period permitted under subdivision (a)(1) of this section after creation of the district, and related costs, not less than an equal share plus five percent of the municipal tax increment pursuant to subsection (f) of this section shall be retained to service the debt, beginning the first year in which debt is incurred, pursuant to subsection (b) of this section.

* * *

(f) Equal share required. If any tax increment utilization is approved pursuant to 32 V.S.A. § 5404a(h), no more than 75 percent of the State property tax increment and no less than an equal percent, plus five percent, of the municipal tax increment may be approved by the Council or used by the municipality to service this debt.

* * *

Sec. 52. 32 V.S.A. § 5404a is amended to read:

§ 5404a. TAX STABILIZATION AGREEMENTS; TAX INCREMENT
FINANCING DISTRICTS

* * *

(f) A municipality that establishes a tax increment financing district under 24 V.S.A. chapter 53, subchapter 5 shall collect all property taxes on properties contained within the district and apply up to 75 percent of the State education property tax increment, and not less than an equal share plus five percent of the municipal tax increment, as defined in 24 V.S.A. § 1896, to repayment of financing of the improvements and related costs for up to 20 years pursuant to 24 V.S.A. § 1894, if approved by the Vermont Economic Progress Council pursuant to this section, subject to the following:

(1) In a municipality with one or more approved districts, the Council shall not approve an additional district until the municipality retires the debt incurred for all of the districts in the municipality.

(2) The Council shall not approve more than two districts in a single county, and not more than an additional 14 districts in the State, provided:

(A) The districts listed in 24 V.S.A. § 1892(d) shall not be counted against the limits imposed in this subdivision (2).

(B) The Council shall consider complete applications in the order they are submitted, except that if during any calendar month the Council receives applications for more districts than are actually available in a county, the Council shall evaluate each application and shall approve the application

that, in the Council's discretion, best meets the economic development needs of the county.

(C) If, while the General Assembly is not in session, the Council receives applications for districts that would otherwise qualify for approval but, if approved, would exceed the 14-district limit in the State, the Council shall make one or more presentations to the Emergency Board concerning the applications, and the Emergency Board may, in its discretion, increase the 14-district limit.

(3)(A) A municipality shall immediately notify the Council if it resolves not to incur debt for an approved district within five years of approval or a five-year extension period as required in 24 V.S.A. § 1894.

(B) Upon receiving notification pursuant to subdivision (3)(A) of this subsection, the Council shall terminate the district and may approve a new district, subject to the provisions of this section and 24 V.S.A. chapter 53, subchapter 5.

(4) The Council shall not approve any additional districts on or after July 1, 2024.

* * *

(h) Criteria for approval. To approve utilization of incremental revenues pursuant to subsection (f) of this section, the Vermont Economic Progress Council shall do all the following:

(1) Review each application to determine that the ~~new real property~~ proposed infrastructure improvements and the proposed development would not have occurred or would have occurred in a significantly different and less desirable manner but for the proposed utilization of the incremental tax revenues. The review shall take into account:

(A) the amount of additional time, if any, needed to complete the proposed development within the tax increment district and the amount of additional cost that might be incurred if the project were to proceed without education property tax increment financing;

(B) how the proposed development components and size would differ, if at all, without education property tax increment financing, including, if applicable to the development, the number of units of affordable housing, as defined in 24 V.S.A. § 4303; and

(C) the amount of additional revenue expected to be generated as a result of the proposed development; the percentage of that revenue that shall be paid to the education fund; the percentage that shall be paid to the municipality; and the percentage of the revenue paid to the municipality that

shall be used to pay financing incurred for development of the tax increment financing district.

(2) Process requirements. Determine that each application meets all of the following four requirements:

(A) The municipality held public hearings and established a tax increment financing district in accordance with 24 V.S.A. §§ 1891-1900.

(B) The municipality has developed a tax increment financing district plan, including: a project description; a development financing plan; a pro forma projection of expected costs; a projection of revenues; a statement and demonstration that the project would not proceed without the allocation of a tax increment; evidence that the municipality is actively seeking or has obtained other sources of funding and investment; and a development schedule that includes a list, a cost estimate, and a schedule for public improvements and projected private development to occur as a result of the improvements.

(C) The municipality has approved or pledged the utilization of incremental municipal tax revenues for purposes of the district in the same proportion as the utilization of education property tax revenues approved by the Vermont Economic Progress Council for the tax increment financing district.

(D) The proposed infrastructure improvements and the projected development or redevelopment are compatible with approved municipal and regional development plans, and the project has clear local and regional significance for employment, housing, and transportation improvements.

(3) Location criteria. Determine that each application meets one of the following criteria:

(A) The development or redevelopment is compact, high density, and located in or near existing industrial areas.

(B) The proposed district is within an approved growth center, designated downtown, designated village center, ~~or~~ new town center, or neighborhood development area.

(C) The development will occur in an area that is economically distressed, which for the purposes of this subdivision means that ~~the area has experienced patterns of increasing unemployment, a drop in average wages, or a decline in real property values~~ municipality in which the area is located has at least one of the following:

(i) a median family income that is 80 percent or less of the statewide median family income as reported by the Vermont Department of Taxes for the most recent year for which data is available;

(ii) an annual average unemployment rate that is at least one percent greater than the latest annual average statewide unemployment rate as reported by the Vermont Department of Labor; or

(iii) a median sales price for residential properties under six acres that is 80 percent or less than the statewide median sales price for residential properties under six acres as reported by the Vermont Department of Taxes.

(4) Project criteria. Determine that the proposed development within a tax increment financing district will accomplish at least ~~three~~ two of the following ~~five~~ four criteria:

~~(A) The development within the tax increment financing district clearly requires substantial public investment over and above the normal municipal operating or bonded debt expenditures.~~

~~(B)~~ The development includes new or rehabilitated affordable housing that is affordable to the majority of the residents living within the municipality and is developed at a higher density than at the time of application. “Affordable” has the same meaning as in 10 V.S.A. § 6001(29), as defined in 24 V.S.A. § 4303.

~~(C)~~(B) The project will affect the remediation and redevelopment of a brownfield located within the district. As used in this section, “brownfield” means an area in which a hazardous substance, pollutant, or contaminant is or may be present, and that situation is likely to complicate the expansion, development, redevelopment, or reuse of the property.

~~(D)~~(C) The development will include at least one entirely new business or business operation or expansion of an existing business within the district, and this business will provide new, quality, full-time jobs that meet or exceed the prevailing wage for the region as reported by the department of labor.

~~(E)~~(D) The development will enhance transportation by creating improved traffic patterns and flow or creating or improving public transportation systems.

* * *

* * * Effective Dates * * *

Sec. 53. EFFECTIVE DATES

This act shall take effect on passage except:

(1) Notwithstanding 1 V.S.A. § 214, Sec. 7 (annual update of income tax link to the IRC) shall take effect retroactively on January 1, 2016 and apply to taxable years beginning on and after January 1, 2016.

(2) Notwithstanding 1 V.S.A. § 214, Sec. 8 (estate tax) shall take effect retroactively on January 1, 2016.

(3) Sec. 11 (3 V.S.A. chapter 10) shall take effect on passage, except for 3 V.S.A. § 242, which shall take effect when the VCIC has been authorized in statute to subscribe to the FBI Rap Back program.

(4) Secs. 12–13 (break-open tickets) shall take effect on September 1, 2017, except the first quarter for which nonprofit organizations shall be required to comply with 31 V.S.A. § 1203(f) shall be the fourth quarter of 2017.

(5) Secs. 16–17 (transferring employer assessment from the Department of Labor to the Department of Taxes) and 27(5) shall take effect on January 1, 2018 with the return of the fourth quarter of 2017 being due on January 25, 2018.

(6) Sec. 19 (sales tax exemption for aircraft) shall take effect on July 1, 2017.

(7) Notwithstanding 1 V.S.A. § 214, Sec. 20 (use tax reporting) shall take effect retroactively on January 1, 2017 and apply to returns filed for tax year 2017 and after.

(8) Notwithstanding 1 V.S.A. § 214, Sec. 22 (third party settlement network reporting requirements) shall take effect retroactively on January 1, 2017 and apply to taxable year 2017 and after.

(9) Sec. 23 (additional noncollecting vendor reporting requirements) shall take effect on July 1, 2017.

(10) Secs. 27–29 (property tax appeals) and 30 (premium tax credit) shall take effect on July 1, 2017.

(11) Secs. 31–50 (economic development provisions) shall take effect on July 1, 2017.

(12) Secs. 51 and 52 (tax increment financing districts) shall take effect on passage and shall apply only to tax increment financing district applications filed, and districts approved, on or after the date of passage of this act.

(For text see House Journal March 30, 2017)

H. 519

An act relating to capital construction and State bonding

The Senate proposes to the House to amend the bill by striking all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. LEGISLATIVE INTENT

(a) It is the intent of the General Assembly that of the \$147,282,287.00 authorized in this act, no more than \$73,805,141.00 shall be appropriated in the first year of the biennium, and the remainder shall be appropriated in the second year.

(b) It is the intent of the General Assembly that in the second year of the biennium, any amendments to the appropriations or authorities granted in this act shall take the form of a Capital Construction and State Bonding Adjustment Bill. It is the intent of the General Assembly that unless otherwise indicated, all appropriations in this act are subject to capital budget adjustment.

Sec. 2. STATE BUILDINGS

(a) The following sums are appropriated to the Department of Buildings and General Services, and the Commissioner is authorized to direct funds appropriated in this section to the projects contained in this section; however, no project shall be canceled unless the Chairs of the Senate Committee on Institutions and of the House Committee on Corrections and Institutions are notified before that action is taken.

(b) The following sums are appropriated in FY 2018:

(1) Statewide, planning, use, and contingency: \$500,000.00

(2) Statewide, major maintenance: \$6,000,000.00

(3) Statewide, BGS engineering and architectural project costs: \$3,537,525.00

(4) Statewide, physical security enhancements: \$270,000.00

(5) Montpelier, State House, Dome, Drum, and Ceres, design, permitting, construction, restoration, renovation, and lighting: \$300,000.00

(6) Randolph, Agencies of Agriculture, Food and Markets and of Natural Resources, collaborative laboratory, construction: \$4,500,000.00

(7) Springfield, Southern State Correctional Facility, completion of the steamline replacement: \$300,000.00

(8) Waterbury, Waterbury State Office Complex, site work for the Hanks and Weeks buildings, and renovation of the Weeks building: \$4,000,000.00

(9) Newport, Northern State Correctional Facility, door control replacement: \$1,000,000.00

(10) Newport, Northern State Correctional Facility, parking expansion: \$350,000.00

(11) Montpelier, 109 and 111 State Street, design: \$600,000.00

(12) Department of Libraries, centralized facility, renovation: \$1,500,000.00

(13) Burlington, 108 Cherry Street, parking garage, repairs: \$5,000,000.00

(c) The following sums are appropriated in FY 2019:

(1) Statewide, planning, use, and contingency: \$500,000.00

(2) Statewide, major maintenance: \$5,799,648.00

(3) Statewide, BGS engineering and architectural project costs: \$3,432,525.00

(4) Statewide, physical security enhancements: \$270,000.00

(5) Montpelier, State House, Dome, Drum, and Ceres, restoration, renovation, and lighting: \$1,700,000.00

(6) Montpelier, 120 State Street, life safety and infrastructure improvements: \$700,000.00

(7) Randolph, Agencies of Agriculture, Food and Markets and of Natural Resources, collaborative laboratory, construction, fit-up, and equipment: \$3,944,000.00

(8) Waterbury, Waterbury State Office Complex, Weeks building, renovation and fit-up: \$900,000.00

(9) Newport, Northern State Correctional Facility, door control replacement: \$1,000,000.00

(10) Montpelier, 109 and 111 State Street, final design and construction: \$4,000,000.00

(11) Burlington, 108 Cherry Street, parking garage, repairs: \$5,000,000.00

(12) Montpelier, 133 State Street, renovations of mainframe workspace to Office Space (Agency of Digital Services): \$700,000.00

(d) Waterbury State Office Complex.

(1) The Commissioner of Buildings and General Services is authorized to use any appropriated funds remaining from the construction of the Waterbury State Office Complex for the projects described in subdivisions (b)(8) and (c)(8) of this section.

(2) On or before January 15, 2018, the Commissioner of Buildings and General Services shall evaluate the potential uses of the Stanley and Wasson

buildings in the Waterbury State Office Complex.

<u>Appropriation – FY 2018</u>	<u>\$27,857,525.00</u>
<u>Appropriation – FY 2019</u>	<u>\$27,946,173.00</u>
<u>Total Appropriation – Section 2</u>	<u>\$55,803,698.00</u>

Sec. 3. HUMAN SERVICES

(a) The sum of \$200,000.00 is appropriated in FY 2018 to the Department of Buildings and General Services for the Agency of Human Services for cameras, locks, and perimeter intrusion at correctional facilities.

(b) The sum of \$300,000.00 is appropriated in FY 2019 to the Department of Buildings and General Services for the Agency of Human Services for the projects described in subsection (a) of this section.

<u>Appropriation – FY 2018</u>	<u>\$200,000.00</u>
<u>Appropriation – FY 2019</u>	<u>\$300,000.00</u>
<u>Total Appropriation – Section 3</u>	<u>\$500,000.00</u>

Sec. 4. JUDICIARY

(a) The sum of \$3,050,000.00 is appropriated in FY 2018 to the Judiciary for the case management IT system.

(b) It is the intent of the General Assembly to provide funding to complete the project described in subsection (a) of this section in FY 2019, and the Judiciary is encouraged to execute contracts for this project upon enactment of this act.

<u>Appropriation – FY 2018</u>	<u>\$3,050,000.00</u>
<u>Total Appropriation – Section 4</u>	<u>\$3,050,000.00</u>

Sec. 5. COMMERCE AND COMMUNITY DEVELOPMENT

(a) The following sums are appropriated in FY 2018 to the Department of Buildings and General Services for the Agency of Commerce and Community Development:

<u>(1) Major maintenance at historic sites statewide:</u>	<u>\$200,000.00</u>
<u>(2) Stannard House, upgrades:</u>	<u>\$30,000.00</u>
<u>(3) Schooner Lois McClure, repairs and upgrades:</u>	<u>\$50,000.00</u>

(b) The following sums are appropriated in FY 2018 to the Agency of Commerce and Community Development for the following projects described in this subsection:

(1) Underwater preserves: \$30,000.00

(2) Placement and replacement of roadside historic markers: \$15,000.00

(3) VT Center for Geographic Information, digital orthophotographic quadrangle mapping: \$125,000.00

(c) The sum of \$200,000.00 is appropriated in FY 2019 to the Department of Buildings and General Services for the Agency of Commerce and Community Development for major maintenance at historic sites statewide.

(d) The following sums are appropriated in FY 2019 to the Agency of Commerce and Community Development for the following projects described in this subsection:

(1) Underwater preserves: \$30,000.00

(2) Placement and replacement of roadside historic markers: \$15,000.00

(3) VT Center for Geographic Information, digital orthophotographic quadrangle mapping: \$125,000.00

Appropriation – FY 2018 \$450,000.00

Appropriation – FY 2019 \$370,000.00

Total Appropriation – Section 5 \$820,000.00

Sec. 6. GRANT PROGRAMS

(a) The following sums are appropriated in FY 2018 for Building Communities Grants established in 24 V.S.A. chapter 137:

(1) To the Agency of Commerce and Community Development, Division for Historic Preservation, for the Historic Preservation Grant Program: \$200,000.00

(2) To the Agency of Commerce and Community Development, Division for Historic Preservation, for the Historic Barns Preservation Grant Program: \$200,000.00

(3) To the Vermont Council on the Arts for the Cultural Facilities Grant Program, the sum of which may be used to match funds that may be made available from the National Endowment for the Arts, provided that all capital funds are made available to the cultural facilities grant program:

\$200,000.00

(4) To the Department of Buildings and General Services for the Recreational Facilities Grant Program: \$200,000.00

(5) To the Department of Buildings and General Services for the Human Services and Educational Facilities Competitive Grant Program (Human Services): \$100,000.00

(6) To the Department of Buildings and General Services for the Human Services and Educational Facilities Competitive Grant Program (Education): \$100,000.00

(7) To the Department of Buildings and General Services for the Regional Economic Development Grant Program: \$200,000.00

(8) To the Agency of Agriculture, Food and Markets for the Agricultural Fairs Capital Projects Competitive Grant Program: \$200,000.00

(9) To the Enhanced 911 Board for the Enhanced 911 Compliance Grants Program: \$75,000.00

(b) The following sums are appropriated in FY 2019 for Building Communities Grants established in 24 V.S.A. chapter 137:

(1) To the Agency of Commerce and Community Development, Division for Historic Preservation, for the Historic Preservation Grant Program: \$200,000.00

(2) To the Agency of Commerce and Community Development, Division for Historic Preservation, for the Historic Barns Preservation Grant Program: \$200,000.00

(3) To the Vermont Council on the Arts for the Cultural Facilities Grant Program, the sum of which may be used to match funds that may be made available from the National Endowment for the Arts, provided that all capital funds are made available to the cultural facilities grant program: \$200,000.00

(4) To the Department of Buildings and General Services for the Recreational Facilities Grant Program: \$200,000.00

(5) To the Department of Buildings and General Services for the Human Services and Educational Facilities Competitive Grant Program (Human Services): \$100,000.00

(6) To the Department of Buildings and General Services for the Human Services and Educational Facilities Competitive Grant Program (Education): \$100,000.00

(7) To the Department of Buildings and General Services for the Regional Economic Development Grant Program: \$200,000.00

(8) To the Agency of Agriculture, Food and Markets for the Agricultural Fairs Capital Projects Competitive Grant Program: \$200,000.00

<u>Appropriation – FY 2018</u>	<u>\$1,475,000.00</u>
<u>Appropriation – FY 2019</u>	<u>\$1,400,000.00</u>
<u>Total Appropriation – Section 6</u>	<u>\$2,875,000.00</u>

Sec. 7. EDUCATION

The sum of \$50,000.00 is appropriated in FY 2018 to the Agency of Education for funding emergency projects.

<u>Appropriation – FY 2018</u>	<u>\$50,000.00</u>
<u>Total Appropriation – Section 7</u>	<u>\$50,000.00</u>

Sec. 8. UNIVERSITY OF VERMONT

(a) The sum of \$1,400,000.00 is appropriated in FY 2018 to the University of Vermont for construction, renovation, and major maintenance.

(b) The sum of \$1,400,000.00 is appropriated in FY 2019 to the University of Vermont for the projects described in subsection (a) of this section.

<u>Appropriation – FY 2018</u>	<u>\$1,400,000.00</u>
<u>Appropriation – FY 2019</u>	<u>\$1,400,000.00</u>
<u>Total Appropriation – Section 8</u>	<u>\$2,800,000.00</u>

Sec. 9. VERMONT STATE COLLEGES

(a) The sum of \$2,000,000.00 is appropriated in FY 2018 to the Vermont State Colleges for construction, renovation, and major maintenance.

(b) The sum of \$2,000,000.00 is appropriated in FY 2019 to the Vermont State Colleges for the projects described in subsection (a) of this section.

<u>Appropriation – FY 2018</u>	<u>\$2,000,000.00</u>
<u>Appropriation – FY 2019</u>	<u>\$2,000,000.00</u>
<u>Total Appropriation – Section 9</u>	<u>\$4,000,000.00</u>

Sec. 10. NATURAL RESOURCES

(a) The following sums are appropriated in FY 2018 to the Agency of Natural Resources for the Department of Environmental Conservation for the projects described in this subsection:

- (1) Drinking Water Supply, Drinking Water State Revolving Fund:
\$2,300,000.00
- (2) Dam safety and hydrology projects: \$200,000.00
- (3) State's share of the Federal Superfund and State Lead Hazardous

Waste Program (Elizabeth Mine, Ely Mine, and Williston (Commerce Street)
\$1,719,000.00

(b) The sum of \$2,750,000.00 is appropriated in FY 2018 to the Agency of Natural Resources for the Department of Forests, Parks and Recreation for infrastructure rehabilitation, including statewide small scale rehabilitation, wastewater repairs, preventive improvements and upgrades of restrooms and bathhouses, and statewide small-scale road rehabilitation projects.

(c) The following sums are appropriated in FY 2018 to the Agency of Natural Resources for the Department of Fish and Wildlife for the projects described in this subsection:

(1) General infrastructure projects, including conservation camps and shooting ranges, hatchery improvements, wildlife management area infrastructure, and fishing access areas:
\$1,200,000.00

(2) Lake Champlain Walleye Association, Inc., to upgrade and repair the Walleye Rearing, restoration and stocking infrastructure:
\$30,000.00

(d) The sum of \$2,720,000.00 is appropriated in FY 2018 to the Department of Buildings and General Services for the Department of Fish and Wildlife for the construction of the Roxbury Hatchery.

(e) The following sums are appropriated in FY 2019 to the Agency of Natural Resources for the Department of Environmental Conservation for the projects described in this subsection:

(1) Drinking Water Supply, Drinking Water State Revolving Fund:
\$1,400,000.00

(2) Dam safety and hydrology projects:
\$175,000.00

(3) State's share of the Federal Superfund and State Lead Hazardous Waste Program (Elizabeth Mine and Ely Mine):
\$2,755,000.00

(f) The sum of \$2,750,000.00 is appropriated in FY 2019 to the Agency of Natural Resources for the Department of Forests, Parks and Recreation for infrastructure rehabilitation, including statewide small scale rehabilitation, wastewater repairs, preventive improvements and upgrades of restrooms and bathhouses, and statewide small-scale road rehabilitation projects.

(g) The following sums are appropriated in FY 2019 to the Agency of Natural Resources for the Department of Fish and Wildlife for the projects described in this subsection:

(1) General infrastructure projects, including conservation camps and shooting ranges, hatchery improvements, wildlife management area infrastructure, and fishing access areas:
\$1,100,000.00

<u>(2) Lake Champlain Walleye Association, Inc., to upgrade and repair the Walleye Rearing, restoration and stocking infrastructure:</u>	<u>\$30,000.00</u>
<u>Appropriation – FY 2018</u>	<u>\$10,919,000.00</u>
<u>Appropriation – FY 2019</u>	<u>\$8,210,000.00</u>
<u>Total Appropriation – Section 10</u>	<u>\$19,129,000.00</u>

Sec. 11. CLEAN WATER INITIATIVES

(a) The following sums are appropriated in FY 2018 to the Agency of Agriculture, Food and Markets for the following projects described in this section:

(1) Best Management Practices and Conservation Reserve Enhancement Program: \$3,450,000.00

(2) Water quality grants and contracts: \$600,000.00

(b) The following sums are appropriated in FY 2018 to the Agency of Natural Resources for the Department of Environmental Conservation projects described in this subsection:

(1) Water Pollution Control Fund, Clean Water State/EPA Revolving Loan Fund (CWSRF) match: \$1,000,000.00

(2) EcoSystem restoration and protection: \$6,000,000.00

(3) Municipal Pollution Control Grants, pollution control projects and planning advances for feasibility studies, prior year partially funded projects: \$2,982,384.00

(4) Municipal Pollution Control Grants, pollution control projects and planning advances for feasibility studies, new projects (Ryegate, Springfield, St. Johnsbury, and St. Albans): \$2,704,232.00

(c) The sum of \$1,400,000.00 is appropriated in FY 2018 to the Agency of Transportation for the Municipal Mitigation Program.

(d) The following sums are appropriated in FY 2018 to the Vermont Housing and Conservation Board for the following projects:

(1) Statewide water quality improvement projects or other conservation projects: \$2,800,000.00

(2) Water quality farm improvement grants or fee purchase projects that enhance water quality impacts by leveraging additional funds: \$1,000,000.00

(e) The sum of \$2,000,000.00 is appropriated in FY 2019 to the Agency of Agriculture, Food and Markets for Best Management Practices and the

Conservation Reserve Enhancement Program.

(f) The following sums are appropriated in FY 2019 to the Agency of Natural Resources for the Department of Environmental Conservation projects described in this subsection:

(1) the Water Pollution Control Fund, Clean Water State/EPA Revolving Loan Fund (CWSRF) match: \$1,200,000.00

(2) EcoSystem restoration and protection: \$5,000,000.00

(3) Municipal Pollution Control Grants, new projects (Colchester, Rutland City, St. Albans, Middlebury): \$1,407,268.00

(4) Clean Water Act, implementation projects: \$11,010,704.00

(g) The sum of 2,750,000.00 is appropriated in FY 2019 to the Vermont Housing and Conservation Board for statewide water quality improvement projects or other conservation projects.

(h) It is the intent of the General Assembly that the Secretary of Natural Resources shall use the amount appropriated in subdivision (b)(4) of this section to fund new projects in Ryegate, Springfield, St. Johnsbury, and St. Albans; provided, however, that if the Secretary determines that one of these projects is not ready in FY 2018, the funds may be used for an eligible new project as authorized by 10 V.S.A. chapter 55 and 24 V.S.A. chapter 120.

(i) On or before November 1, 2017, the Clean Water Fund Board, established in 10 V.S.A. § 1389, shall submit a report to the House Committees on Corrections and Institutions and on Natural Resources, Fish and Wildlife, and the Senate Committees on Institutions and on Natural Resources and Energy, providing a list of all clean water initiative programs and projects receiving funding in subsections (a)–(d) of this section and the amount of the investment.

(j) On or before January 15, 2018:

(1) the Clean Water Fund Board shall review and recommend Clean Water Act implementation programs funded from subdivision (f)(4) of this section; and

(2) the Board shall submit the list of programs recommended for FY 2019 to the Chairs of the House Committee on Corrections and Institutions and the Senate Committee on Institutions and to the Governor for the FY 2019 capital budget report.

(k) In FY 2018 and FY 2019, any agency that receives funding from this section shall consult with the State Treasurer to ensure that the projects are capital eligible.

<u>Appropriation – FY 2018</u>	<u>\$21,936,616.00</u>
<u>Appropriation – FY 2019</u>	<u>\$23,367,972.00</u>
<u>Total Appropriation – Section 11</u>	<u>\$45,304,588.00</u>

Sec. 12. MILITARY

(a) The sum of \$750,000.00 is appropriated in FY 2018 to the Department of Military for maintenance, renovations, roof replacements, ADA renovations, and energy upgrades at State armories. To the extent feasible, these funds shall be used to match federal funds.

(b) The following sums are appropriated in FY 2019 to the Department of Military for the projects described in this subsection:

(1) Maintenance, renovations, roof replacements, ADA renovations, and energy upgrades at State armories. To the extent feasible, these funds shall be used to match federal funds:

\$850,000.00

(2) Bennington Armory, site acquisition:

\$60,000.00

Appropriation – FY 2018

\$750,000.00

Appropriation – FY 2019

\$910,000.00

Total Appropriation – Section 12

\$1,660,000.00

Sec. 13. PUBLIC SAFETY

(a) The sum of \$1,927,000.00 is appropriated in FY 2018 to the Department of Buildings and General Services for site acquisition, design, permitting, and construction documents for the Williston Public Safety Field Station.

(b) The sum of \$5,573,000.00 is appropriated in FY 2019 to the Department of Buildings and General Services for construction of the Williston Public Safety Field Station.

Appropriation – FY 2018

\$1,927,000.00

Appropriation – FY 2019

\$5,573,000.00

Total Appropriation – Section 13

\$7,500,000.00

Sec. 14. AGRICULTURE, FOOD AND MARKETS

(a) The sum of \$75,000.00 is appropriated in FY 2018 to the Agency of Agriculture, Food and Markets for the Produce Safety Infrastructure Grant Improvement Program.

(b) The sum of \$75,000.00 is appropriated in FY 2019 to the Agency of Agriculture, Food and Markets for the Produce Safety Infrastructure Grant

Improvement Program.

<u>Appropriation – FY 2018</u>	<u>\$75,000.00</u>
<u>Appropriation – FY 2019</u>	<u>\$75,000.00</u>
<u>Total Appropriation – Section 14</u>	<u>\$150,000.00</u>

Sec. 15. VERMONT RURAL FIRE PROTECTION

(a) The sum of \$125,000.00 is appropriated in FY 2018 to the Department of Public Safety for the Vermont Rural Fire Protection Task Force for the dry hydrant program.

(b) The sum of \$125,000.00 is appropriated in FY 2019 to the Department of Public Safety for the Vermont Rural Fire Protection Task Force for the project described in subsection (a) of this section.

<u>Appropriation – FY 2018</u>	<u>\$125,000.00</u>
<u>Appropriation – FY 2019</u>	<u>\$125,000.00</u>
<u>Total Appropriation – Section 15</u>	<u>\$250,000.00</u>

Sec. 16. VERMONT VETERANS' HOME

(a) The sum of \$90,000.00 is appropriated in FY 2018 to the Vermont Veterans' Home for resident care furnishings.

(b) The sum of \$300,000.00 is appropriated in FY 2018 to the Department of Buildings and General Services for the Vermont Veterans' Home for kitchen renovations, and mold remediation.

(c) It is the intent of the General Assembly that the amount appropriated in subsection (a) of this section shall be used to match federal funds to purchase resident care furnishings for the Veterans' Home.

<u>Appropriation – FY 2018</u>	<u>\$390,000.00</u>
<u>Total Appropriation – Section 16</u>	<u>\$390,000.00</u>

Sec. 17. VERMONT HOUSING AND CONSERVATION BOARD

(a) The sum of \$1,200,000.00 is appropriated in FY 2018 to the Vermont Housing and Conservation Board for housing projects.

(b) The sum of \$1,800,000.00 is appropriated in FY 2019 to the Vermont Housing and Conservation Board for housing projects.

(c) The Vermont Housing and Conservation Board shall use funds appropriated in this section for:

- (1) projects that are designed to keep residents out of institutions;

(2) the improvement of projects where there is already significant public investment and affordability or federal rental subsidies that would otherwise be lost;

(3) projects that would alleviate the burden in the most stressed rental markets and assist households into homeownership; or

(4) downtown and village center revitalization projects.

(d) The Vermont Housing and Conservation Board (VHCB) may use the amounts appropriated in this section to increase the amount it allocates to conservation grant awards pursuant to Sec. 11(d) and (g) of this act; provided, however, that VHCB increases any affordable housing investments by the same amount from funds appropriated to VHCB in the FY 2018 Appropriations Act.

<u>Appropriation – FY 2018</u>	<u>\$1,200,000.00</u>
<u>Appropriation – FY 2019</u>	<u>\$1,800,000.00</u>
<u>Total Appropriation – Section 17</u>	<u>\$3,000,000.00</u>

* * * Financing this Act * * *

Sec. 18. REALLOCATION OF FUNDS; TRANSFER OF FUNDS

(a) The following sums are reallocated to the Department of Buildings and General Services from prior capital appropriations to defray expenditures authorized in Sec. 2 of this act:

(1) of proceeds from the sale of property authorized in 2008 Acts and Resolves No. 200, Sec. 32 (1193 North Ave., Burlington): \$65,163.14

(2) of the amount appropriated in 2009 Acts and Resolves No. 43, Sec. 11 (Waterbury, Emergency Operations Center): \$0.03

(3) of the amount appropriated in 2011 Acts and Resolves No. 40, Sec. 2 (Brattleboro, State office building HVAC replacement and renovations): \$178,010.22

(4) of the amount appropriated in 2011 Acts and Resolves No. 40, Sec. 2 (statewide, major maintenance): \$28,307.00

(5) of the proceeds from the sale of property authorized in 2012 Acts and Resolves No. 104, Sec. 1(f) (43 Randall Street, Waterbury): \$101,156.39

(6) of the amount appropriated in 2013 Acts and Resolves No. 51, Sec. 2 (statewide, contingency): \$44,697.20

(7) of the amount appropriated in 2013 Acts and Resolves No. 51, Sec. 4 (Corrections, security upgrades): \$391.01

(8) of the amount appropriated in 2013 Acts and Resolves No. 51,
Sec. 6 (Battle of Cedar Creek, roadside markers): \$28,253.60

(9) of the amount appropriated in 2013 Acts and Resolves No. 51,
Sec. 5 (Judiciary, Lamoille County Courthouse): \$1,064.79

(10) of the amount appropriated in 2013 Acts and Resolves No. 15,
Sec. 17 (Veterans' Home, mold remediation): \$858,000.00

(11) of the amount appropriated in 2014 Acts and Resolves No. 178,
Sec. 1 (project management system): \$250,000.00

(12) of the amount appropriated in 2014 Acts and Resolves No. 178,
Sec. 1 (statewide, major maintenance): \$1,271,619.46

(13) of the amount appropriated in 2014 Acts and Resolves No. 178,
Sec. 1 (Vergennes, Weeks School Master Plan): \$5.00

(14) of the amount appropriated in 2014 Acts and Resolves No. 178,
Sec. 2 (Corrections, NSCF kitchen/serving line reconstruction): \$60,000.00

(15) of the amount appropriated in 2014 Acts and Resolves No. 178,
Sec. 3 (Caledonia County Courthouse, wall stabilization): \$12,867.40

(16) of the amount appropriated in 2014 Acts and Resolves No. 178,
Sec. 8 (Public Safety, Robert H. Wood): \$1,937.00

(17) of the amount appropriated in 2015 Acts and Resolves No. 26,
Sec. 2 (statewide, engineering and architectural costs): \$6,912.30

(18) of the amount appropriated in 2015 Acts and Resolves No. 26,
Sec. 2 (Burlington, 32 Cherry Street, HVAC controls upgrade): \$550.38

(19) of the amount appropriated in 2015 Acts and Resolves No. 26,
Sec. 2 (Caledonia County Courthouse, foundation): \$384,000.00

(20) of the amount appropriated in 2015 Acts and Resolves No. 26,
Sec. 2 (statewide, major maintenance): \$7,187,408.54

(21) of the amount appropriated in 2016 Acts and Resolves No. 160,
Sec. 1 (statewide, major maintenance): \$3,740,972.00

(b) The following unexpended funds appropriated to the Agency of
Education for capital construction projects are reallocated to the Department of
Buildings and General Services to defray expenditures authorized in Sec. 2 of
this act:

(1) of the amount appropriated in 2014 Acts and Resolves No. 178,
Sec. 3 (school construction): \$155,398.62

(2) of the amount appropriated in 2015 Acts and Resolves No. 26, Sec.
8 (emergency projects): \$61,761.00

(c) The sum of \$353,529.29 in unexpended funds appropriated to the Agency of Agriculture, Food and Markets for capital construction projects in 2013 Acts and Resolves No. 51, Sec. 14 (nonpoint source pollution grants) is reallocated to the Department of Buildings and General Services to defray expenditures authorized in Sec. 2 of this act.

(d) The following unexpended funds appropriated to the Agency of Natural Resources for capital construction projects are reallocated to the Department of Buildings and General Services to defray expenditures authorized in Sec. 2 of this act:

(1) of the amount appropriated in 2011 Acts and Resolves No. 40, Sec. 12 (Forests, Parks and Recreation, projects): \$1,530.41

(2) of the amount appropriated in 2014 Acts and Resolves No. 178, Sec. 6 (water pollution control): \$0.02

(3) of the amount appropriated in 2015 Acts and Resolves No. 26, Sec. 11 (municipal pollution control grants, Pownal): \$28,751.98

Total Reallocations and Transfers – Section 18 \$14,822,286.78

Sec. 19. GENERAL OBLIGATION BONDS AND APPROPRIATIONS

The State Treasurer is authorized to issue general obligation bonds in the amount of \$132,460,000.00 for the purpose of funding the appropriations of this act. The State Treasurer, with the approval of the Governor, shall determine the appropriate form and maturity of the bonds authorized by this section consistent with the underlying nature of the appropriation to be funded. The State Treasurer shall allocate the estimated cost of bond issuance or issuances to the entities to which funds are appropriated pursuant to this section and for which bonding is required as the source of funds, pursuant to 32 V.S.A. § 954.

Total Revenues – Section 19 \$132,460,000.00

* * * Policy * * *

* * * Buildings and General Services * * *

Sec. 20. PROPERTY TRANSACTIONS; MISCELLANEOUS

(a) The Commissioner of Buildings and General Services is authorized to sell the building and adjacent land located at 26 Terrace Street in Montpelier (the Redstone Building) pursuant to the requirements of 29 V.S.A. § 166(b).

(b) The Commissioner of Buildings and General Services is authorized to sell the Rutland Multi-Modal Transit Center (parking garage) located at 102 West Street in Rutland pursuant to the requirements of 29 V.S.A. § 166. The proceeds from the sale shall be appropriated to future capital construction

projects.

Sec. 21. RANDALL STREET; VILLAGE OF WATERBURY

The Commissioner of Buildings and General Services is authorized to sell a portion of State property in the Village of Waterbury that borders Randall Street if the Commissioner determines that it serves the best interest of the State. The proceeds from the sale shall be appropriated to future capital construction projects.

Sec. 22. SALE OF 26 TERRACE STREET; MONTPELIER

Notwithstanding 29 V.S.A. § 166(d), the proceeds from the sale of 26 Terrace Street in Montpelier (the Redstone building) shall be transferred to Sec. 2(c)(2) of this act.

Sec. 23. 29 V.S.A. § 157 is amended to read:

§ 157. FACILITIES CONDITION ANALYSIS

(a) The Commissioner of Buildings and General Services shall:

* * *

(2) Conduct a facilities condition analysis each year of ~~ten~~ 20 percent of the building area and infrastructure under the Commissioner's jurisdiction so that within ~~ten~~ five years all property is assessed. At the end of the ~~ten~~ five years, the process shall begin again. The analysis conducted pursuant to this subsection shall include the thermal envelope of buildings and a report on the annual energy consumption and energy costs and recommendations for reducing energy consumption.

* * *

Sec. 24. 2 V.S.A. § 62(a) is amended to read:

(a) The Sergeant at Arms shall:

* * *

(6) ~~maintain~~ Maintain in a good state of repair and provide security for all furniture, draperies, rugs, desks, ~~paintings~~ and ~~office equipment~~ other furnishings kept in the State House;

* * *

Sec. 25. 2 V.S.A. chapter 19 is amended to read:

CHAPTER 19. LEGISLATIVE ADVISORY COMMITTEE ON THE STATE HOUSE

§ 651. LEGISLATIVE ADVISORY COMMITTEE ON THE STATE HOUSE

(a) A Legislative Advisory Committee on the State House is created.

(b) The Committee shall be composed of 11 members: ~~three members of the House of Representatives appointed by the speaker; three members of the Senate appointed by the Committee on Committees; the Chair of the Board of Trustees of the Friends of the Vermont State House; the Director of the Vermont Historical Society; the Director of the Vermont Council on the Arts; the Commissioner of Buildings and General Services; and the Sergeant-at-Arms~~

(1) three members of the House of Representatives, appointed biennially by the Speaker of the House;

(2) three members of the Senate, appointed biennially by the Committee on Committees;

(3) the Chair of the Board of Trustees of the Friends of the Vermont State House;

(4) the Director of the Vermont Historical Society;

(5) the Director of the Vermont Council on the Arts;

(6) the Commissioner of Buildings and General Services; and

(7) the Sergeant at Arms.

(c) The Committee shall biennially elect a chair from among its legislative members. A quorum shall consist of six members.

(d) The Committee shall meet at the State House ~~on the first Monday of each third month beginning in July, 1984,~~ at least one time during the months of July and December or at the call of the Chair. The Commissioner of Buildings and General Services shall keep minutes of the meetings and maintain a file thereof.

* * *

§ 653. FUNCTIONS

(a) The Legislative Advisory Committee on the State House shall be consulted on all activities relating to the acquisition and care of paintings and historic artifacts and furnishings, and the refurbishing, renovation, preservation, and expansion of the building and its interior.

(b) The Sergeant at Arms and the Commissioner of Buildings and General Services, in discharging responsibilities under subdivision 62(a)(6) of this title and ~~29 V.S.A. § 154(a)~~ 29 V.S.A. §§ 154(a) and 154a, respectively, shall consider the recommendations of the ~~Advisory~~ Committee. The ~~Advisory~~ Committee's recommendations shall be advisory only.

Sec. 26. 29 V.S.A. § 154 is amended to read:

§ 154. PRESERVATION OF STATE HOUSE AND HISTORIC STATE BUILDINGS

(a) ~~The commissioner of buildings and general services~~ Commissioner of Buildings and General Services shall give special consideration to the ~~state house~~ State House as a building of first historical importance and significance. He or she shall preserve the ~~state house~~ State House structure and its unique interior and exterior architectural form and design, with particular attention to the detail of form and design, in addition to keeping the buildings, its furnishings, facilities, appurtenances, appendages, and grounds surrounding and attached to it in the best possible physical and functional condition. ~~No~~ Any permanent change, alteration, addition, or removal in form, materials, design, architectural detail, furnishing, fixed in place or otherwise, interior or exterior, of the ~~state house~~, State House may not be made without legislative mandate. Emergency and immediately necessary repairs may, however, be made without legislative mandate upon prior approval of the ~~governor~~ Governor.

(b) ~~The commissioner of buildings and general services, as time and funds permit, shall prepare such records as will permit the reproduction of state-owned historic buildings should any of them be destroyed.~~ [Repealed.]

Sec. 27. 29 V.S.A. § 154a is added to read:

§ 154a. STATE CURATOR

(a) Creation. The position of State Curator is created within the Department of Buildings and General Services.

(b) Duties. The State Curator's responsibilities shall include:

(1) oversight of the general historic preservation of the State House, including maintaining the historical integrity of the State House and works of art in the State House;

(2) interpretation of the State House to the visiting public through exhibits, publications, and tours; and

(3) acquisition, management and care of State collections of art and historic furnishings, provided that any works of art for the State House are acquired pursuant to the requirements of 2 V.S.A. § 653(a).

Sec. 28. 32 V.S.A. § 1001a is amended to read:

§ 1001a. REPORTS

(a) The Capital Debt Affordability Advisory Committee shall prepare and submit consistent with 2 V.S.A. § 20(a) a report on:

(1) ~~General~~ general obligation debt, pursuant to subsection 1001(c) of this title; and

(2) ~~How~~ how many, if any, Transportation Infrastructure Bonds have been issued and under what conditions. ~~The provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the report to be made under this subdivision.~~

(b) The provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the reports to be made under this section.

Sec. 29. 2013 Acts and Resolves No. 1, Sec. 100(c), as amended by 2014 Acts and Resolves No. 179, Sec. E.113.1 and 2015 Acts and Resolves No. 58, Sec. E.113.1, is further amended to read:

(c) Sec. 97 (general obligation debt financing) shall take effect on ~~July 1, 2017~~ July 1, 2018.

* * * Human Services * * *

Sec. 30. SECURE RESIDENTIAL FACILITY; LAND

On or before June 30, 2018, the Commissioner of Buildings and General Services is authorized to purchase an option on land or purchase land for a permanent, secure residential facility; provided, however, that the size and location of the land shall be consistent with the siting and design examination conducted by the Agency of Human Services, as required by 2015 Acts and Resolves No. 26, Sec. 30.

Sec. 31. AGENCY OF HUMAN SERVICES; FACILITIES

(a) It is the intent of the General Assembly that the State address the pressing facility needs for the following populations:

(1) individuals who no longer require hospitalization but who remain in need of long-term treatment in a secure residential facility setting;

(2) individuals who are not willing or able to engage in voluntary community treatment but do not require hospitalization;

(3) elders with significant psychiatric needs who meet criteria for skilled nursing facilities;

(4) elders with significant psychiatric and medical needs who do not meet criteria for skilled nursing facilities;

(5) children in need of residential treatment;

(6) juvenile delinquents in need of residential detention;

(7) offenders in correctional facilities; and

(8) any other at-risk individuals.

(b) The Secretary of Human Services, in consultation with the Commissioner of Buildings and General Services, shall evaluate and develop a plan to support the populations described in subsection (a) of this section. In developing the plan, the Secretary and Commissioner shall take into consideration the data collected and the report submitted by the Corrections Facility Planning Committee, pursuant to 2016 Acts and Resolves No. 160, Sec. 30, and the project design and plan for the Woodside Juvenile Rehabilitation Center, prepared pursuant to 2015 Acts and Resolves No. 26, Sec. 2(b)(21). The evaluation and plan shall include the following:

(1) an evaluation and recommendation of the use, condition, and maintenance needs of existing facilities, including whether any facility should be closed, renovated, relocated, repurposed, or sold, provided that if a recommendation is made to close a facility, a plan must be developed that addresses its future use;

(2) an analysis of the historic population trends of existing facilities, and anticipated future population trends, including age, gender, court involvement, and medical, mental health, and substance abuse conditions;

(3) an evaluation of whether the design and use of existing facilities adequately serve the current population and anticipated future populations;

(4) an evaluation of whether constructing new facilities would better serve current or anticipated future populations, including whether the use of out-of-state facilities could be reduced or eliminated.

(c) On or before September 1, 2017, the Secretary shall provide an update on the status of the evaluation and plan to the Joint Legislative Committee on Justice Oversight.

(d) On or before January 15, 2018, the Secretary shall submit the plan and recommendations to the House Committees on Appropriations, on Corrections and Institutions, on Health Care, and on Human Services, and the Senate Committees on Appropriations, on Health and Welfare, and on Institutions.

* * * Information Technology * * *

Sec. 32. INFORMATION TECHNOLOGY REVIEW

(a) The Executive Branch shall transfer, upon request, one vacant position for use in the Legislative Joint Fiscal Office (JFO) for a staff position, or the JFO may hire a consultant, to provide support to the General Assembly to conduct independent reviews of State information technology projects and operations.

(b) The Secretary of Administration and the Chief Information

Officer shall:

(1) provide to the JFO access to the reviews conducted by Independent Verification and Validation (IVV) firms hired to evaluate the State's current and planned information technology project, as requested;

(2) ensure that IVV firms' contracts allow the JFO to make requests for information related to the projects that it is reviewing and that such requests are provided to the JFO in a confidential manner; and

(3) provide to the JFO access to all other documentation related to current and planned information technology projects and operations, as requested.

(c) The JFO shall maintain a memorandum of understanding with the Executive Branch relating to any documentation provided under subsection (b) of this section that shall protect security and confidentiality.

(d) In FY 2018 and FY 2019, the JFO is authorized to use up to \$250,000.00 of the amounts appropriated in Sec. 4 of this act to fund activities described in this section.

Sec. 33. AGENCY OF DIGITAL SERVICES; ORGANIZATION

(a) The Secretary and Chief Information Officer (CIO) of Digital Services and the Secretary of Administration shall:

(1) provide an update on the development of an organizational model and design of the new Agency that improves efficiency, data sharing, and coordination on information technology (IT) procurement;

(2) evaluate the use of this organizational model in other states, including the successes and failures in implementing the model, and any lessons learned;

(3) collaborate with State information technology staff to better utilize technology skills and resources and create efficiencies across all State agencies and departments; and

(4) examine functions of the new Agency such as budget, administrative support, and supervision, and its space requirements, to establish a more efficient delivery of services to the public.

(b) On or before January 15, 2018, the Secretary and CIO of Digital Services shall prepare and present to the House Committees on Appropriations, on Corrections and Institutions, on Energy and Technology, and on Government Operations, and to the Senate Committees on Appropriations, on Government Operations, and on Institutions:

(1) a report containing additional recommendations for restructuring the

Agency;

(2) draft legislation necessary to conform existing statutes; and

(3) a report on the budgetary impacts and transitional costs of restructuring, including an update on savings related to staffing changes and consolidation of resources.

* * * Natural Resources * * *

Sec. 34. AGENCY OF NATURAL RESOURCES PLAN FOR
IMPLEMENTING BASIN PLANNING PROJECTS WITH
REGIONAL PLANNING COMMISSIONS

On or before December 15, 2017, the Secretary of Natural Resources shall submit to the House Committees on Corrections and Institutions and on Natural Resources, Fish and Wildlife and the Senate Committees on Institutions and on Natural Resources and Energy a plan or process for how and to the extent the Secretary shall:

(1) contract with regional planning commissions and the Natural Resources Conservation Council to assist in or produce tactical basin plans under 10 V.S.A. § 1253; and

(2) assign the development, implementation, and administration of water quality projects identified in the basin planning process to municipalities, regional planning commissions, or other organizations.

Sec. 35. DEPARTMENT OF FORESTS, PARKS AND RECREATION;
LAND TRANSACTIONS

(a) The Commissioner of Forests, Parks and Recreation is authorized to:

(1) Amend certain terms and conditions of two conservation easements, in order to define and clarify the allowed uses for sugaring and other forestry-management-related structures and facilities, and including their associated infrastructure and utilities, and related site preparation activities on the following lands:

(A) approximately 31,343 acres, designated as the Hancock Legacy Easement 1996, on the map prepared by the Department of Forests, Parks and Recreation, entitled "Hancock Forest Legacy Easement Lands Essex and Orleans Counties, Vermont," dated December 27, 2016; and

(B) approximately 207 acres, designated as the Averill Inholdings Easement 2005, on the map prepared by the Department of Forests, Parks and Recreation, entitled "Hancock Forest Legacy Easement Lands Essex and Orleans Counties, Vermont," dated December 27, 2016.

(2) Sell to the Trust for Public Land, with the goal that the Trust will

subsequently convey these tracts to the U.S. Forest Service for inclusion in the Green Mountain National Forest, the following two tracts:

(A) an approximately 113-acre tract in the Town of Mendon, designated as the Bertha Tract, on the map prepared by the Trust For Public Land, entitled "Rolston Rest Addition to Green Mountain National Forest," dated July 6, 2016; and

(B) an approximately 58-acre tract in the Town of Killington designated as the Burch Tract, on the map prepared by the Trust For Public Land, entitled "Rolston Rest Addition to Green Mountain National Forest," dated July 6, 2016.

(b) The sale described in subdivision (a)(2) of this section shall be pursuant to the terms of a mutually satisfactory purchase and sales agreement. The selling price shall be based on the fair market value for the Bertha Tract and Burch Tract, as determined by an appraisal. The sale of these tracts is contingent on support from the Towns of Mendon and of Killington. The proceeds of the sale shall be deposited in the Agency of Natural Resources' Land Acquisition Fund to be used to acquire additional properties for Long Trail protection purposes.

Sec. 35a. CLEAN WATER PROJECTS; SIGNS

The Commissioner of Buildings and General Services, in collaboration with the Secretaries of Natural Resources and of Transportation, shall develop a plan for signage to identify any clean water projects funded by the State. The signage shall include uniform language and a logo to identify the projects. The signage shall be displayed in a location as visible to the public as possible for the duration of the construction phase of the project. Funds appropriated for water quality projects shall be used to pay the costs associated with the signage in accordance with the plan.

* * * Public Safety * * *

Sec. 36. PUBLIC SAFETY FIELD STATION; WILLISTON

(a) The Commissioner of Buildings and General Services is authorized to purchase land for a public safety field station and an equipment storage facility. The location of the land shall be based on the results of the detailed proposal for the site location developed by the Commissioner of Buildings and General Services, in consultation with the Commissioner of Public Safety, as required by 2016 Acts and Resolves No. 160, Sec. 34.

(b) The Commissioner of Buildings and General Services is authorized to sell the Williston Public Safety Field Station and adjacent land pursuant to the requirements of 29 V.S.A. § 166.

* * * Effective Date * * *

Sec. 37. EFFECTIVE DATE

This act shall take effect on passage.

(For text see House Journal April 4, 5, 2017)

NOTICE CALENDAR

Favorable with Amendment

S. 34

An act relating to cross-promoting development incentives and State policy goals

Rep. Stuart of Brattleboro, for the Committee on Commerce and Economic Development, recommends that the House propose to the Senate that the bill be amended by striking all after the enacting clause and inserting in lieu thereof the following:

* * * Rural Economic Development Initiative * * *

Sec. 1. 10 V.S.A. chapter 15, subchapter 4 is added to read:

§ 325m. RURAL ECONOMIC DEVELOPMENT INITIATIVE

Subchapter 4. Rural Economic Development Initiative

(a) Definitions. As used in this subchapter:

(1) “Rural area” means a county of the State designated as “rural” or “mostly rural” by the U.S. Census Bureau in its most recent decennial census.

(2) “Small town” means a town in the State with a population of less than 5,000 at the date of the most recent U.S. Census Bureau decennial census.

(b) Establishment. There is created within the Vermont Housing and Conservation Board a Rural Economic Development Initiative to promote and facilitate community economic development in the small towns and rural areas of the State. The Rural Economic Development Initiative shall collaborate with municipalities, businesses, regional development corporations, and other appropriate entities to access funding and other assistance available to small towns and businesses in rural areas of the State when existing State resources or staffing assistance is not available.

(c) Services; access to funding.

(1) The Rural Economic Development Initiative shall provide the following services to small towns and businesses in rural areas:

(A) identification of grant or other funding opportunities available to

small towns and businesses in rural areas that facilitate business development, siting of businesses, infrastructure, or other economic development opportunities;

(B) technical assistance to small towns and businesses in rural areas in writing grants, accessing and completing the application process for identified grants or other funding opportunities, including writing applications for grants or other funding, coordination with providers of grants or other funding, strategic planning for the implementation or timing of activities funded by grants or other funding, and compliance with the requirements of grant awards or awards of other funding; and

(C) recommending available grants, tax credits, or other incentives that a small town or rural area can use to attract businesses.

(2) In providing services under this subsection, the Rural Economic Development Initiative shall give first priority to projects that have received necessary State or municipal approval and that are ready for construction or implementation. Priority shall also be given to projects identified through community visits hosted by the Vermont Council on Rural Development or other public engagement planning processes.

(3) In identifying businesses, or business types, the Rural Economic Development Initiative shall seek to identify businesses or business types in the following priority areas:

(A) milk plants, milk handlers, or dairy products, as those terms are defined in 6 V.S.A. § 2672;

(B) the outdoor equipment or recreation industry;

(C) the value-added forest products industry;

(D) the value-added food industry;

(E) phosphorus removal technology; and

(F) composting facilities.

(d) Report. Beginning on January 31, 2018, and annually thereafter, the Rural Economic Development Initiative shall submit to the Senate Committees on Agriculture and on Economic Development, Housing and General Affairs and the House Committees on Agriculture and Forestry and on Commerce and Economic Development a report regarding the activities and progress of the Initiative. The report shall include:

(1) a summary of activities in the preceding calendar year;

(2) an evaluation of the effectiveness of the services provided to small towns and businesses in rural areas;

(3) an accounting of the grants or other funding facilitated or provided assistance with;

(4) an accounting of the funds acquired by the Rural Economic Development Initiative for administration of grants or other funding mechanisms and whether these funds are sufficient to offset the cost of the Rural Economic Development Initiative; and

(5) recommended changes to the program, including proposed legislative amendments to further economic development in small towns and rural areas in the State.

Sec. 2. RURAL ECONOMIC DEVELOPMENT INITIATIVE

In fiscal year 2018, it is the intent of the General Assembly to make funding available to the Vermont Housing and Conservation Board for the purposes of implementing and administering the Rural Economic Development Initiative under 10 V.S.A. § 325m.

* * * Cross-promotion of Development Programs * * *

Sec. 3. EXECUTIVE BRANCH CROSS-PROMOTION OF LOAN, GRANT, AND INCENTIVE PROGRAMS

The General Assembly finds that it is within the authority of the Executive Branch to manage a process of continuous improvement for agency and statewide programs and operations. While undertaking these efforts, the Executive Branch shall ensure that State loan, grant, and other incentive programs cross-promote:

(1) the availability of financial and technical assistance from the State in education and outreach materials; and

(2) the State policies funded by State incentive programs, including the adoption of renewable energy, rural economic development, public access to conserved lands, and water quality improvements.

* * * Energy Efficiency * * *

Sec. 4. REPORT; ENERGY EFFICIENCY CHARGE; COMMERCIAL AND INDUSTRIAL CUSTOMERS

(a) On or before January 15, 2018, the Commissioner of Public Service (the Commissioner) shall submit a report with recommendations as described in subsection (b) of this section.

(1) In preparing the report, the Commissioner shall consult with the Secretary of Commerce and Community Development, the energy efficiency utilities (EEU) appointed under 30 V.S.A. § 209(d)(2), the regional

development corporations, the Public Service Board, and other affected persons.

(2) The Commissioner shall submit the report to the Senate Committees on Finance, on Natural Resources and Energy, and on Agriculture and the House Committees on Ways and Means, on Energy and Technology, on Commerce and Economic Development, and on Agriculture and Forestry.

(b) The report shall provide the Commissioner's recommendations on:

(1) Whether and how to increase the use by commercial and industrial customers of self-administered efficiency programs under 30 V.S.A. § 209(d) and (j), including:

(A) Potential methods and incentives to increase participation in self-administration of energy efficiency, including:

(i) Potential changes to the eligibility criteria for existing programs.

(ii) Use of performance-based structures.

(iii) Self-administration of energy efficiency by a commercial and industrial customer, with payment of an energy efficiency charge (EEC) amount only for technical assistance by an EEU, if the customer demonstrates that it possesses in-house expertise that supports such self-administration and implements energy efficiency measures that the customer demonstrates are cost-effective and save energy at a benefit-cost ratio similar to the EEU.

(B) The potential inclusion of such methods and incentives in EEU demand resource plans.

(C) Periodic reporting by the EEUs of participation rates in self-administration of energy efficiency by commercial and industrial customers located in the small towns in the State's rural areas. As used in this subdivision (C):

(i) "Rural area" means a county of the State designated as "rural" or "mostly rural" by the U.S. Census Bureau in its most recent decennial census.

(ii) "Small town" means a town in a rural area of the State with a population of less than 5,000 at the date of the most recent U.S. Census Bureau decennial census.

(2) The potential establishment of a multi-year pilot program that allows a category of commercial and industrial customers to apply the total amount of their Energy Efficiency Charge (EEC), for the period of the pilot, to investments that reduce the customer's total energy consumption.

(A) The goal of such a program would be to reduce significantly all energy costs for the customer, and to transform the energy profile of the customer such that significant savings would be generated and endure over the long term. Customers in the program would receive the full amount of their EEC contributions, for the period of the pilot, in the form of direct services and incentives provided by an EEU, which would consider how to lower customers' bills cost-effectively across electric, heating, transportation, and process fuels using energy efficiency, demand management, energy storage, fuel switching, and on-site renewable energy.

(B) In the report, the Commissioner shall consider:

(i) the definition of eligible commercial and industrial customers;

(ii) the potential establishment and implementation of such a program in a manner similar to an economic development rate for the EEU;

(iii) the interaction of such a program with the existing programs for self-managed energy efficiency under 30 V.S.A. § 209(d), including the Energy Savings Account, Self-Managed Energy Efficiency, and Customer Credit Programs;

(iv) the benefits and costs of such a program, including:

(I) a reduction in the operating costs of participating customers;

(II) the effect on job retention and creation and on economic development;

(III) the effect on greenhouse gas emissions;

(IV) the effect on systemwide efficiency benefits that would otherwise be obtained with the EEC funds, such as avoided supply costs, avoided transmission and distribution costs, avoided regional network service charges, and lost revenues from the regional forward-capacity market;

(V) the potential impact on commercial and industrial customers that may not be eligible to participate in such a program;

(VI) the extent to which such a program may result in cost shifts or subsidization among rate classes, and methods for avoiding or mitigating these effects;

(VII) the effect on the budgets developed through the demand resource planning process;

(VIII) the costs of administration;

(IX) any other benefits and costs of the potential program; and

(v) The consistency of such a program with least-cost planning as defined in 30 V.S.A. § 218c; with State energy goals and policy set forth in 10 V.S.A. §§ 578, 580, and 581 and 30 V.S.A. §§ 202a and 218e; and with the State energy plans adopted pursuant to 30 V.S.A. §§ 202 and 202b.

(c) The report submitted under this section shall include a proposed timeline to phase in the recommendations contained in the report. In developing this timeline, the Commissioner shall consider the impact to the established budgets of the EEU's, the regulatory requirements applicable to the EEU's, and the value of rapid implementation of the recommendations.

Sec. 5. 30 V.S.A. § 209(d)(3) is amended to read:

(3) Energy efficiency charge; regulated fuels. In addition to its existing authority, the Board may establish by order or rule a volumetric charge to customers for the support of energy efficiency programs that meet the requirements of section 218c of this title, with due consideration to the State's energy policy under section 202a of this title and to its energy and economic policy interests under section 218e of this title to maintain and enhance the State's economic vitality. The charge shall be known as the energy efficiency charge, shall be shown separately on each customer's bill, and shall be paid to a fund administrator appointed by the Board and deposited into ~~an~~ the Electric Efficiency Fund. When such a charge is shown, notice as to how to obtain information about energy efficiency programs approved under this section shall be provided in a manner directed by the Board. This notice shall include, at a minimum, a toll-free telephone number, and to the extent feasible shall be on the customer's bill and near the energy efficiency charge.

* * *

* * * Environmental Permitting * * *

Sec. 6. ENVIRONMENTAL PERMITTING; AIR CONTAMINANT FEES;
ANAEROBIC DIGESTION

On or before January 15, 2018, the Secretary of Natural Resources shall report to House Committees on Agriculture and Forestry and on Natural Resources, Fish and Wildlife and the Senate Committees on Agriculture and on Natural Resources and Energy with a recommendation for reducing or eliminating the air contaminant fee paid by farmers for the emissions from the anaerobic digestion of agricultural products, agricultural by-products, agricultural waste, or food waste. The report shall include a summary of what services the Agency of Natural Resources provides or provided to owners of anaerobic digestors in relation to fees paid.

* * * Phosphorus Removal Technology; Grants * * *

Sec. 7. 6 V.S.A. § 4828 is amended to read:

§ 4828. CAPITAL EQUIPMENT ASSISTANCE PROGRAM

(a) It is the purpose of this section to provide assistance to contract applicators, nonprofit organizations, and farms to purchase or use innovative equipment that will aid in the reduction of surface runoff of agricultural wastes to State waters, improve water quality of State waters, reduce odors from manure application, separate phosphorus from manure, decrease greenhouse gas emissions, and reduce costs to farmers.

(b) The capital equipment assistance program is created in the Agency of Agriculture, Food and Markets to provide farms, nonprofit organizations, and custom applicators in Vermont with State financial assistance for the purchase of new or innovative equipment to improve manure application, separation of phosphorus from manure, or nutrient management plan implementation.

(c) Assistance under this section shall in each fiscal year be allocated according to the following priorities and as further defined by the Secretary:

(1) First priority shall be given to capital equipment to be used on farm sites that are serviced by custom applicators, phosphorus separation equipment providers, and nonprofit organizations and that are located in descending order within the boundaries of:

- (A) the Lake Champlain Basin;
- (B) the Lake Memphremagog Basin;
- (C) the Connecticut River Basin; and
- (D) the Hudson River Basin.

(2) Next priority shall be given to capital equipment to be used at a farm site ~~which~~ that is located in descending order within the boundaries of:

- (A) the Lake Champlain Basin;
- (B) the Lake Memphremagog Basin;
- (C) the Connecticut River Basin; and
- (D) the Hudson River Basin.

(d) An applicant for a State grant under this section to purchase or implement phosphorus removal technology or equipment shall pay 10 percent of the total eligible project cost. The dollar amount of a State grant to purchase or implement phosphorus removal technology or equipment shall be equal to the total eligible project cost, less 10 percent of the total as paid by the applicant, and shall not exceed \$300,000.00.

* * * Forestry Equipment; Sales Tax Exemption * * *

Sec. 8. FORESTRY EQUIPMENT; SALES TAX EXEMPTION

On or before January 15, 2018, the Commissioner of Taxes shall submit to the House Committees on Agriculture and Forestry and on Ways and Means and the Senate Committees on Agriculture and on Finance recommended draft legislation for exempting from forestry harvesting and processing equipment from the sales and use tax imposed under 32 V.S.A. §§ 9741 and 9773.

* * * Workers' Compensation; High-Risk Occupations
and Industries * * *

Sec. 9. WORKERS' COMPENSATION; INDUSTRIES AND
OCCUPATIONS WITH HIGH RISK, HIGH PREMIUMS, AND
FEW POLICYHOLDERS; STUDY; REPORT

(a) The Commissioner of Financial Regulation, in consultation with the Commissioner of Labor, the National Council on Compensation Insurance, and other interested stakeholders, shall identify and study industries and occupations in Vermont that experience a high risk of workplace and on-the-job injuries and whose workers' compensation insurance is characterized by high premiums and few policyholders in the insurance pool. The industries and occupations addressed in the study shall include, among others, logging and log hauling, as well as arborists, roofers, and occupations in saw mills and wood manufacturing operations. In particular, the Commissioner shall:

(1) examine differences in the potential for loss, premium rates, and experience and participation in the workers' compensation marketplace between the industries and occupations identified, and the average for all industries and occupations in Vermont;

(2) study potential methods for reducing workers' compensation premium rates and costs for high-risk industries and occupations, including risk pooling between multiple high-risk industries or occupations, creating self-insured trusts; creating voluntary safety certification programs, and programs or best practices employed by other states; and

(3) model the potential impact on workers' compensation premiums and costs from each of the methods identified pursuant to subdivision (2) of this subsection.

(b) On or before January 15, 2018, the Commissioner of Financial Regulation shall submit a written report to the House Committee on Commerce and Economic Development and the Senate Committee on Finance regarding his or her findings and any recommendations for legislative action to reduce the workers' compensation premium rates and costs for the industries identified in the study.

* * * Repeals * * *

Sec. 10. REPEALS

The following are repealed on July 1, 2023:

- (1) 10 V.S.A. chapter 15, subchapter 4 (Rural Economic Development Initiative); and
- (2) 6 V.S.A. § 4828(d) (phosphorus removal grant criteria).

* * * Effective Date * * *

Sec. 11. EFFECTIVE DATE

This act shall take effect on July 1, 2017.

(Committee vote: 9-0-2)

(For text see Senate Journal March 29, 30, 2017)

Rep. Lucke of Hartford, for the Committee on Ways and Means, recommends the bill ought to pass when amended as recommended by the Committee on Commerce and Economic Development.

(Committee Vote: 10-0-1)

S. 103

An act relating to the regulation of toxic substances and hazardous materials

Rep. Deen of Westminster, for the Committee on Natural Resources; Fish & Wildlife, recommends that the House propose to the Senate that the bill be amended by striking all after the enacting clause and inserting in lieu thereof the following:

* * * Toxics Use Reduction and Reporting * * *

Sec. 1. 10 V.S.A. § 6633 is added to read:

§ 6633. INTERGOVERNMENTAL COMMITTEE ON CHEMICAL
MANAGEMENT

(a) Creation. There is created the Intergovernmental Committee on Chemical Management in the State to:

- (1) evaluate chemical inventories in the State on an annual basis;
- (2) identify potential risks to human health and the environment from chemical inventories in the State; and
- (3) propose measures or mechanisms to address the identified risks from chemical inventories in the State.

(b) Membership. The Intergovernmental Committee on Chemical

Management shall be composed of the following nine members:

(1) one member of the House of Representatives, appointed by the Speaker of the House;

(2) one member of the Senate, appointed by the Committee on Committees;

(3) the Secretary of Agriculture, Food and Markets or designee;

(4) the Secretary of Natural Resources or designee;

(5) the Commissioner of Health or designee;

(6) the Commissioner of Labor or designee;

(7) the Commissioner of Public Safety or designee;

(8) the Secretary of Commerce and Community Development or designee;

(9) the Commissioner of Information and Innovation, or the Commissioner of the successor department, or designee.

(c) Powers and duties. The Intergovernmental Committee on Chemical Management shall:

(1) Convene a citizen advisory panel to provide input and expertise to the Committee. The citizen advisory panel shall consist of persons with expertise in;

(A) toxicology;

(B) environmental law;

(C) manufacturing products;

(D) environmental health;

(E) public health;

(F) risk analysis;

(G) maternal and child health care;

(H) occupational health;

(I) industrial hygiene;

(J) public policy;

(K) chemical management by academic institutions;

(L) retail sales; and

(M) development and administration of information reporting

technology or databases.

(2) Monitor actions taken by the U.S. Environmental Protection Agency (EPA) to regulate chemicals under the Toxic Substances Control Act, 15 U.S.C. chapter 53, and notify relevant State agencies of any EPA action relevant to the jurisdiction of the agency.

(3) Annually review chemical inventories in the State in relation to emerging scientific evidence in order to identify chemicals of high concern not regulated by the State.

(d) Assistance. The Intergovernmental Committee on Chemical Management shall have the administrative, technical, and legal assistance of the Agency of Natural Resources; the Agency of Agriculture, Food and Markets; the Department of Health; the Department of Public Safety; the Department of Labor; the Agency of Commerce and Community Development; and the Department of Information and Innovation. The Intergovernmental Committee on Chemical Management shall have the assistance of the Office of Legislative Council for legislative drafting and the assistance of the Joint Fiscal Office for the fiscal and economic analyses.

(e) Report. On or before January 15, and annually thereafter, the Intergovernmental Committee on Chemical Management shall report to the Senate Committees on Natural Resources and Energy; on Health and Welfare; and on Economic Development, Housing and General Affairs and the House Committees on Natural Resources, Fish and Wildlife; on Human Services; and on Commerce and Economic Development regarding the actions of the Committee. The provisions of 2 V.S.A. § 20(d) regarding expiration of required reports shall not apply to the report to be made under this section. The report shall include:

(1) an estimate or summary of the known chemical inventories in the State, as determined by metrics or measures established by the Committee;

(2) a summary of any change under federal statute or rule affecting the regulation of chemicals in the State;

(3) recommended legislative or regulatory action to address the risks posed by new or emerging chemicals of high concern; and

(4) recommended legislative or regulatory action to reduce health risks from exposure to chemicals of high concern and reduce risks of harm to the natural environment.

(f) Meetings.

(1) The Secretary of Natural Resources shall be the chair of the Intergovernmental Committee on Chemical Management.

(2) The Secretary of Natural Resources shall call the first meeting of the Intergovernmental Committee on Chemical Management to occur on or before July 1, 2017.

(3) A majority of the membership of the Intergovernmental Committee on Chemical Management shall constitute a quorum.

(g) Authority of agencies. The establishment of the Intergovernmental Committee on Chemical Management shall not limit the independent authority of a State agency to regulate chemical use or management under existing State or applicable federal law.

Sec. 2. INTERGOVERNMENTAL COMMITTEE ON CHEMICAL MANAGEMENT; REPORT ON TOXIC USE REDUCTION AND REPORTING

On or before February 15, 2018, after consultation with the citizen advisory panel and as part of the first report required under 10 V.S.A. § 6633(e), the Intergovernmental Committee on Chemical Management shall:

(1) Recommend how the State shall establish a centralized or unified electronic reporting system to facilitate compliance by businesses and other entities with chemical reporting and other regulatory requirements in the State. The recommendation shall:

(A) identify a State agency or department to establish and administer the reporting system;

(B) estimate the staff and funding necessary to administer the reporting system;

(C) propose how businesses and the public can access information submitted to or maintained as part of the reporting systems, including whether access to certain information or categories of information should be limited due to statutory requirements, regulatory requirements, trade secret protection, or other considerations;

(D) propose how information maintained as part of the reporting system can be accessed, including whether the information should be searchable by: chemical name, common name, brand name, product model, Global Product Classification (GPC) product brick description, standard industrial classification, chemical facility, geographic area, zip code, or address;

(E) propose how manufacturers of consumer products or subsets of consumer products shall report or notify the State of the presence of designated chemicals of concern in a consumer product and how information reported by

manufacturers is made available to the public;

(F) propose a method for displaying information or filtering or refining search results so that information maintained on the reporting system can be accessed or identified in a serviceable or functional manner for all users of the system, including governmental agencies or departments, commercial and industrial businesses reporting to the system, nonprofit associations, and citizens; and

(G) estimate a timeline for establishment of the reporting system.

(2) Recommend statutory amendments and regulatory revisions to existing State recordkeeping and reporting requirements for chemicals, hazardous materials, and hazardous wastes in order to facilitate assessment of risks to human health and the environment posed by the use of chemicals in the State. The recommendations shall include:

(A) the thresholds or amounts of chemicals used, manufactured, or distributed, and hazardous materials and hazardous wastes generated or managed in the State that require recordkeeping and reporting;

(B) the persons or entities using, manufacturing, or distributing chemicals and generating or managing hazardous materials and hazardous wastes that are subject to recordkeeping and reporting requirements; and

(C) any changes required to streamline and modernize existing recordkeeping and reporting requirements to facilitate compliance by businesses and other entities.

(3) Recommend amendments to the requirements for Toxic Use Reduction and Hazardous Waste Reduction under 10 V.S.A. chapter 159, subchapter 2 that shall include:

(A) The list of chemicals or materials subject to the reporting and planning requirements. The list of chemicals or materials shall include and be in addition to the chemicals or substances listed under Title III, Section 313 of the Superfund Amendments and Reauthorization Act of 1986 and 18 V.S.A. § 1773 (chemicals of high concern to children).

(B) The thresholds or amounts of chemicals used or hazardous waste generated by a person that require reporting and planning.

(C) The information to be reported, including:

(i) the quantity of hazardous waste generated and the quantity of hazardous waste managed during a year;

(ii) the quantity of toxic substances, or raw material resulting in hazardous waste, used during a year;

(iii) an assessment of the effect of each hazardous waste reduction measure and toxics use reduction measure implemented; and

(iv) a description of factors during a year that have affected toxics use, hazardous waste generation, releases into the environment, and on-site and off-site hazardous waste management.

(D) The persons or entities using chemicals or generating hazardous waste that are subject to reporting and planning;

(E) Proposed revisions to the toxic chemical or hazardous waste reduction planning requirements, including conditions or criteria that qualify a person to complete a plan.

(F) Any changes to streamline and modernize the program to improve its effectiveness.

(4) Draft legislation to implement the Committee's recommendations under subdivisions (1), (2), and (3) of this section.

* * * Testing Groundwater * * *

Sec. 3. 10 V.S.A. § 1982 is added to read:

§ 1982. TESTING OF GROUNDWATER SOURCES

(a) Definition. As used in this section, "groundwater source" means that portion of a potable water supply that draws water from the ground, including a drilled well, shallow well, driven well point, or spring.

(b) Testing prior to new use. Prior to use of a new groundwater source as a potable water supply, the person who owns or controls the groundwater source shall test the groundwater source for the parameters set forth in subsection (c) of this section.

(c) Parameters of testing. A water sample collected under this section shall be analyzed for, at a minimum: arsenic, lead, uranium, gross alpha radiation, total coliform bacteria, total nitrate and nitrite, fluoride, manganese, and any other parameters required by the Agency by rule. The Agency by rule may require testing for a parameter by region or specific geographic area of concern.

(d) Submission of test results. Results of the testing required under subsection (b) shall be submitted, on a form provided by the Department of Health, to the Department of Health and, when required by the Secretary pursuant to a permit, to the Secretary.

(e) Rulemaking. The Secretary, after consultation with the Department of Health, the Wastewater and Potable Water Supply Technical Advisory Committee, private laboratories, and other interested parties, shall adopt by

rule requirements regarding:

(1) when, prior to use of a new groundwater source, the test required under subsection (b) of this section shall be conducted;

(2) who shall be authorized to sample the source for the test required under subsections (b) and (c) of this section, provided that the rule shall include the person who owns or controls the groundwater source and licensed well drillers among those authorized to sample the source;

(3) how a water sample shall be collected in order to comply with the requirements of the analyses to be performed; and

(4) any other requirements necessary to implement this section.

(f) Marketability of title. Noncompliance with the requirements of this section shall not affect the marketability of title or create a defect in title of a property, provided water test results required under this section are forwarded, prior to the conveyance of the property, to the Department of Health and, when required by the Secretary pursuant to a permit, to the Agency.

Sec. 4. AGENCY OF NATURAL RESOURCES; GROUNDWATER

SOURCE TESTING; RULEMAKING

The Secretary of Natural Resources shall commence rulemaking under 10 V.S.A. § 1982 on or before July 1, 2017. The Secretary shall adopt rules under 10 V.S.A. § 1982 on or before January 1, 2018.

Sec. 5. 18 V.S.A. § 501b is amended to read:

§ 501b. CERTIFICATION OF LABORATORIES

(a) ~~The commissioner~~ Commissioner may certify a laboratory that meets the standards currently in effect of the National Environmental Laboratory Accreditation Conference and is accredited by an approved National Environmental Laboratory Accreditation Program accrediting authority or its equivalent to perform the testing and monitoring:

(1) required under 10 V.S.A. chapter 56 and the federal Safe Drinking Water Act; and

(2) of water from a potable water supply, as that term is defined in 10 V.S.A. § 1972(6).

(b)(1) ~~The commissioner~~ Commissioner may by order suspend or revoke a certificate granted under this section, after notice and opportunity to be heard, if the ~~commissioner~~ Commissioner finds that the certificate holder has:

(A) submitted materially false or materially inaccurate information; or

(B) violated any material requirement, restriction, or condition of the certificate; or

(C) violated any statute, rule, or order relating to this title.

(2) The order shall set forth what steps, if any, may be taken by the certificate holder to relieve the holder of the suspension or enable the certificate holder to reapply for certification if a previous certificate has been revoked.

(c) A person may appeal the suspension or revocation of the certificate to the ~~board~~ Board under section 128 of this title.

* * *

(f) A laboratory certified to conduct testing of groundwater sources or water supplies from for use by a potable water supply, as that term is defined in 10 V.S.A. § 1972(6), including under the requirements of 10 V.S.A. § 1982, shall submit the results of groundwater analyses to the ~~department of health and the agency of natural resources~~ Department of Health in a format required by the ~~department of health~~ Department of Health.

Sec. 6. 10 V.S.A. § 1974 is amended to read:

§ 1974. EXEMPTIONS

Notwithstanding any other requirements of this chapter, the following projects and actions are exempt:

* * *

(8) From the permit required for operation of failed supply under subdivision 1973(a)(4) of this title for the use or operation of a failed supply that consists of only one groundwater source that provides water to only one single family residence.

* * * Chemicals of High Concern to Children * * *

Sec. 7. 18 V.S.A. § 1775(b) is amended to read:

(b) Format for notice. The Commissioner shall specify the format for submission of the notice required by subsection (a) of this section, provided that the required format shall be generally consistent with the format for submission of notice in other states with requirements substantially similar to the requirements of this section. Any notice submitted under subsection (a) shall contain the following information:

(1) the name of the chemical used or produced and its chemical abstracts service registry number;

(2) a description of the product or product component containing the

chemical, including: the brand name, the product model, and the universal product code if the product has such a code;

(3) the amount of the chemical contained in each unit of the product or product component, reported by weight or parts per million as authorized by the Commissioner;

(4) the name and address of the manufacturer of the children's product and the name, address, and telephone number of a contact person for the manufacturer;

(5) any other information the manufacturer deems relevant to the appropriate use of the product; and

(6) any other information required by the Commissioner under rules adopted pursuant to 3 V.S.A. chapter 25.

Sec. 8. 18 V.S.A. § 1776 is amended to read:

§ 1776. RULEMAKING; ADDITIONAL CHEMICALS OF CONCERN TO
CHILDREN; PROHIBITION OF SALE

* * *

(b) Additional chemicals of concern to children. The Commissioner may by rule add additional chemicals to the list of chemicals of high concern to children, provided that the Commissioner of Health, on the basis of ~~the weight of credible independent, peer-reviewed, scientific evidence~~ has research, determined ~~determines~~ that a chemical proposed for addition to the list meets both of the following criteria in subdivisions (1) and (2) of this subsection:

(1) The Commissioner of Health has determined that an authoritative governmental entity or accredited research university has demonstrated that the chemical:

(A) harms the normal development of a fetus or child or causes other developmental toxicity;

(B) causes cancer, genetic damage, or reproductive harm;

(C) disrupts the endocrine system;

(D) damages the nervous system, immune system, or organs or causes other systemic toxicity; or

(E) is a persistent bioaccumulative toxic.

(2) The chemical has been found through:

(A) biomonitoring to be present in human blood, umbilical cord blood, breast milk, urine, or other bodily tissues or fluids;

(B) sampling and analysis to be present in household dust, indoor air, drinking water, or elsewhere in the home environment; or

(C) monitoring to be present in fish, wildlife, or the natural environment.

* * *

(d) Rule to regulate sale or distribution.

(1) The Commissioner, ~~upon the recommendation of~~ after consultation with the Chemicals of High Concern to Children Working Group, may adopt a rule to regulate the sale or distribution of a children's product containing a chemical of high concern to children upon a determination that:

(A) ~~children will~~ may be exposed to a chemical of high concern to children in the children's product; ~~and~~

(B) ~~there is a probability that, due to the degree of exposure or frequency of exposure of a child to a chemical of high concern to children in a children's product, exposure could cause or contribute to one or more of the adverse health impacts listed under subdivision (b)(1) of this section.~~

(2) In determining whether children ~~will~~ may be exposed to a chemical of high concern in a children's product, the Commissioner shall review available, credible information regarding:

(A) the market presence of the children's product in the State;

(B) the type or occurrence of exposures to the relevant chemical of high concern to children in the children's product;

(C) the household and workplace presence of the children's product; or

(D) the potential ~~and frequency~~ of exposure of children to the chemical of high concern to children in the children's product.

(3) A rule adopted under this section may:

(A) prohibit the children's product containing the chemical of high concern to children from sale, offer for sale, or distribution in the State; or

(B) require that the children's product containing the chemical of high concern to children be labeled prior to sale, offer for sale, or distribution in the State.

(4) In any rule adopted under this subsection, the Commissioner shall adopt reasonable time frames for manufacturers, distributors, and retailers to comply with the requirements of the rules. No prohibition on sale or manufacture of a children's product in the State shall take effect sooner than

two years after the adoption of a rule adopted under this section unless the Commissioner determines that an earlier effective date is required to protect human health and the new effective date is established by rule.

(5) The Chemicals of High Concern to Children Working Group may, at its discretion, submit to the House Committees on Natural Resources, Fish and Wildlife and on Human Services and the Senate Committees on Natural Resources and Energy and on Health and Welfare the recommendations or information from a consultation provided to the Commissioner under subdivision (1) of this subsection.

* * *

* * * Effective Dates * * *

Sec. 9. EFFECTIVE DATES

(a) This section and Secs. 1 (Intergovernmental Committee on Chemical Management), 2 (report on toxic use reduction and reporting), and 4 (groundwater testing rulemaking) shall take effect on passage.

(b) All other sections shall take effect on July 1, 2018, except that 10 V.S.A. § 1982(e) in Sec. 3 shall take effect on passage.

(Committee vote: 5-3-1)

(For text see Senate Journal March 30, 2017)

S. 131

An act relating to State's Attorneys and sheriffs

Rep. Weed of Enosburgh, for the Committee on Government Operations, recommends that the House propose to the Senate that the bill be amended by striking all after the enacting clause and inserting in lieu thereof the following:

* * * Retirement and Benefits * * *

Sec. 1. 3 V.S.A. § 455 is amended to read:

§ 455. DEFINITIONS

(a) As used in this subchapter:

* * *

(9) "Employee" shall mean:

(A) Any regular officer or employee of the Vermont Historical Society or in a department other than a person included under subdivision (B) of this subdivision (9), who is employed for not less than 40 calendar weeks in a year. "Employee" includes deputy State's Attorneys, victim advocates employed by a State's Attorney pursuant to 13 V.S.A. § 5306, secretaries

employed by a State's Attorney pursuant to 32 V.S.A. § 1185, and other positions created within the State's Attorneys' offices that meet the eligibility requirements for membership in the Retirement System.

(B) Any regular officer or employee of the Department of Public Safety assigned to police and law enforcement duties, including the Commissioner of Public Safety appointed before July 1, 2001; but, irrespective of the member's classification, shall not include any member of the General Assembly as such, any person who is covered by the Vermont Teachers' Retirement System, any person engaged under retainer or special agreement or C beneficiary employed by the Department of Public Safety for not more than 208 hours per year, or any person whose principal source of income is other than State employment. In all cases of doubt, the Retirement Board shall determine whether any person is an employee as defined in this subchapter. Also included under this subdivision are employees of the Department of Liquor Control who exercise law enforcement powers, employees of the Department of Fish and Wildlife assigned to law enforcement duties, motor vehicle inspectors, full-time deputy sheriffs compensated by the State of Vermont whose primary function is transports, full-time members of the Capitol Police force, investigators employed by the Criminal Division of the Office of the Attorney General, Department of State's Attorneys, Department of Health, or Office of the Secretary of State, who have attained Level III law enforcement officer certification from the Vermont Criminal Justice Training Council, who are required to perform law enforcement duties as the primary function of their employment, and who may be subject to mandatory retirement permissible under 29 U.S.C. § 623(j), who are first included in membership of the system on or after July 1, 2000. Also included under this subdivision are full-time firefighters employed by the State of Vermont and the Defender General.

* * *

Sec. 2. 3 V.S.A. § 631 is amended to read:

§ 631. GROUP INSURANCE FOR STATE EMPLOYEES; SALARY
DEDUCTIONS FOR INSURANCE, SAVINGS PLANS, AND
CREDIT UNIONS

(a)(1) The Secretary of Administration may contract on behalf of the State with any insurance company or nonprofit association doing business in this State to secure the benefits of franchise or group insurance. Beginning July 1, 1978, the terms of coverage under the policy shall be determined under section 904 of this title, but it may include:

* * *

~~(2)(A)(i) The As used in this section, the term “employees” as used in this section shall include among others~~ includes any class or classes of elected or appointed officials, ~~but it State’s Attorneys, sheriffs, employees of State’s Attorney’s offices whose compensation is administered through the State of Vermont payroll system, except contractual and temporary employees, and deputy sheriffs paid by the State of Vermont pursuant to 24 V.S.A. § 290(b).~~ The term “employees” shall not include members of the General Assembly as such, ~~nor shall it include~~ any person rendering service on a retainer or fee basis, members of boards or commissions, or persons other than employees of the Vermont Historical Society, the Vermont Film Corporation, the Vermont State Employees’ Credit Union, Vermont State Employees’ Association, and the Vermont Council on the Arts, whose compensation for service is not paid from the State Treasury, ~~nor shall it include~~ or any elected or appointed official unless the official is actively engaged in and devoting substantially full-time to the conduct of the business of his or her public office.

(ii) For purposes of group hospital-surgical-medical expense insurance, the term “employees” shall include employees as defined in subdivision (i) of this subdivision (2)(A) and former employees as defined in this subdivision who are retired and are receiving a retirement allowance from the Vermont State Retirement System or the State Teachers’ Retirement System of Vermont and, for the purposes of group life insurance only, are retired on or after July 1, 1961, and have completed 20 creditable years of service with the State before their retirement dates and are insured for group life insurance on their retirement dates.

(iii) For purposes of group hospital-surgical-medical expense insurance only, the term “employees” shall include employees as defined in subdivision (i) of this subdivision (2)(A) and employees who are receiving a retirement allowance based upon their employment with the Vermont State Employees’ Association, the Vermont State Employees’ Credit Union, the Vermont Council on the Arts, as long as they are covered as active employees on their retirement date, and:

(i)(I) they have at least 20 years of service with that employer; or

(ii)(II) have attained 62 years of age, and have at least 15 years of service with that employer.

* * *

* * * Collective Bargaining * * *

Sec. 3. 3 V.S.A. § 902 is amended to read:

§ 902. DEFINITIONS

As used in this chapter:

* * *

(2) “Collective bargaining,” or “bargaining collectively” means the process of negotiating terms, tenure, or conditions of employment between the State of Vermont, the Vermont State Colleges, ~~or the University of Vermont, or the Department of State’s Attorneys and Sheriffs~~ and representatives of employees with the intent to arrive at an agreement ~~which~~ that, when reached, shall be reduced to writing.

* * *

(5) “State employee” means any individual employed on a permanent or limited status basis by the State of Vermont, the Vermont State Colleges, ~~or the University of Vermont, or the State’s Attorneys’ offices~~, including permanent part-time employees, and an individual whose work has ceased as a consequence of, or in connection with, any current labor dispute or because of any unfair labor practice, but excluding an individual:

(A) exempt or excluded from the State classified service under the provisions of section 311 of this title, except that the State Police in the Department of Public Safety, ~~and~~; employees of the Defender General, excluding attorneys employed directly by the Defender General and attorneys contracted to provide legal services; deputy State’s Attorneys; and employees of State’s Attorneys’ offices are included within the meaning of “State employee”;

* * *

(7) “Employer” means the State of Vermont, excluding the Legislative and Judiciary Departments, represented by the Governor or ~~the Governor’s~~ designee, the Office of the Defender General represented by the Defender General or ~~the Defender General’s~~ designee, ~~and~~ Vermont State Colleges, represented by the Chancellor or ~~the Chancellor’s~~ designee, and the University of Vermont, represented by the President or ~~the President’s~~ designee. With respect to employees of State’s Attorneys’ offices, “employer” means the Department of State’s Attorneys and Sheriffs represented by the Executive Director or designee.

* * *

(10) “Person,” includes one or more individuals, the State of Vermont, Vermont State Colleges, University of Vermont, Department of State’s Attorneys and Sheriffs, employee organizations, labor organizations, partnerships, corporations, legal representatives, trustees, or any other natural or legal entity whatsoever.

* * *

Sec. 4. 3 V.S.A. § 904 is amended to read:

§ 904. SUBJECTS FOR BARGAINING

(a) All matters relating to the relationship between the employer and employees shall be the subject of collective bargaining except those matters ~~which that~~ are prescribed or controlled by statute. ~~Such~~ The matters appropriate for collective bargaining to the extent they are not prescribed or controlled by statute include:

(1) wages, salaries, benefits, and reimbursement practices relating to necessary expenses and the limits of reimbursable expenses;

(2) minimum hours per week;

(3) working conditions;

(4) overtime compensation and related matters;

(5) leave compensation and related matters;

(6) reduction-in-force procedures;

(7) grievance procedures, including whether an appeal to the Vermont Labor Relations Board or binding arbitration, or both, will constitute the final step in a grievance procedure;

(8) terms of coverage and amount of employee financial participation in insurance programs, except that the Department of State's Attorneys and Sheriffs and the deputy State's Attorneys and other employees of the State's Attorneys' offices shall not bargain in relation to terms of coverage;

(9) ~~rules and regulations~~ for personnel administration, except the following: ~~rules and regulations~~ relating to persons exempt from the classified service under section 311 of this title and ~~rules and regulations~~ relating to applicants for employment in State service and employees in an initial probationary status, including any extension or extensions thereof, provided such the rules and regulations are not discriminatory by reason of an applicant's race, color, creed, sex, or national origin, sexual orientation, gender identity, ancestry, place of birth, age, or physical or mental condition; and

(10) the manner in which to enforce an employee's obligation to pay the collective bargaining service fee.

(b) This chapter shall not be construed to be in derogation of, or contravene the spirit and intent of the merit system principles and the personnel laws.

Sec. 5. 3 V.S.A. § 905 is amended to read:

§ 905. MANAGEMENT RIGHTS

(a) ~~The Governor, or a person or persons designated by the Governor, designee for the State of Vermont, and the provost, Chancellor or a person or persons designated by the provost designee for Vermont State Colleges and, the President, or a person or persons designated by the President designee for the University of Vermont, and the Executive Director or designee for the Department of State's Attorneys and Sheriffs~~ shall act as the employer representatives in collective bargaining negotiations and administration. The representative shall be responsible for ~~insuring~~ ensuring consistency in the terms and conditions in various agreements throughout the State service, ~~insuring and ensuring~~ compatibility with merit system statutes and principles, and shall not agree to any terms or conditions for which there are not adequate funds available.

* * *

Sec. 6. 3 V.S.A. § 906 is added to read:

§ 906. DESIGNATION OF MANAGERIAL, SUPERVISORY, AND
CONFIDENTIAL EMPLOYEES

(a) The Commissioner of Human Resources shall determine those positions in the classified service whose incumbents the Commissioner believes should be designated as managerial, supervisory, or confidential employees. Any disputes arising ~~therefrom~~ from the determination shall be finally resolved by the Board.

(b) The Executive Director of the Department of State's Attorneys and Sheriffs may determine positions in the State's Attorneys' offices whose incumbents the Executive Director believes should be designated as managerial, supervisory, or confidential employees. Any disputes arising from the determination shall be finally resolved by the Board.

Sec. 7. 3 V.S.A. § 908 is added to read:

§ 908. DESIGNATION OF STATE'S ATTORNEYS' EMPLOYEES;
STATEWIDE BARGAINING RIGHTS

Employees of the State's Attorney's offices shall be part of one or more statewide bargaining units, as determined to be appropriate by the Board pursuant to sections 927 and 941 of this title, for the purpose of bargaining collectively pursuant to this chapter.

Sec. 8. 3 V.S.A. § 925 is amended to read:

§ 925. MEDIATION; FACT FINDING

* * *

(k) In the case of the State of Vermont or the Department of State's

Attorneys and Sheriffs, the decision of the Board shall be final, and the terms of the chosen agreement shall be binding on each party, subject to appropriations in accordance with subsection 982(d) of this title. In the case of the University of Vermont or the Vermont State Colleges, the decision of the Board shall be final and binding on each party.

* * *

Sec. 9. 3 V.S.A. § 982 is amended to read:

§ 982. AGREEMENTS; LIMITATIONS, RENEGOTIATION, AND RENEWAL

* * *

(c)(1) Except in the case of the Vermont State Colleges or the University of Vermont, agreements between the State and certified bargaining units which that are not arrived at under the provisions of subsection 925(i) of this title shall, after ratification by the appropriate unit memberships, be submitted to the Governor who shall request sufficient funds from the General Assembly to implement the agreement. If the General Assembly appropriates sufficient funds, the agreement shall become effective at the beginning of the next fiscal year. If the General Assembly appropriates a different amount of funds, the terms of the agreement affected by that appropriation shall be renegotiated based on the amount of funds actually appropriated by the General Assembly, and the agreement with the negotiated changes shall become effective at the beginning of the next fiscal year.

(2)(A) Agreements between the Department of State's Attorneys and Sheriffs and the certified bargaining units that are not arrived at under the provisions of subsection 925(i) of this title shall, after ratification by the appropriate unit memberships, be submitted to the Governor and the General Assembly.

(B) The Executive Director of the Department of State's Attorneys and Sheriffs shall request sufficient funds from the General Assembly to implement the agreement. If the General Assembly appropriates sufficient funds, the agreement shall become effective at the beginning of the next fiscal year. If the General Assembly appropriates a different amount of funds, the terms of the agreement affected by that appropriation shall be renegotiated based on the amount of funds actually appropriated by the General Assembly, and the agreement with the negotiated changes shall become effective at the beginning of the next fiscal year.

* * *

(g) In the event the State of Vermont, the Department of State's Attorneys and Sheriffs, the University of Vermont, and the Vermont State Colleges as

employer and the collective bargaining unit are unable to arrive at an agreement and there is not an existing agreement in effect, the existing contract shall remain in force until a new contract is ratified by the parties. However, nothing in this subsection shall prohibit the parties from agreeing to a modification of certain provisions of the existing contract which, as amended, shall remain in effect until a new contract is ratified by the parties.

* * *

Sec. 10. 13 V.S.A. § 5306 is amended to read:

§ 5306. VICTIM ADVOCATES

In order to carry out the provisions of the victims assistance program, ~~state's attorneys~~ State's Attorneys are authorized to hire victim advocates who shall serve at their pleasure unless otherwise modified by a collective bargaining agreement entered into pursuant to 3 V.S.A. chapter 27. Nothing in this section shall be construed to limit the subjects for bargaining pursuant to 3 V.S.A. § 904.

Sec. 11. 32 V.S.A. § 1185 is amended to read:

§ 1185. OFFICE EXPENSES

* * *

(b)(1) Secretaries shall be hired by and shall serve at the pleasure of the State's Attorney unless otherwise modified by a collective bargaining agreement entered into pursuant to 3 V.S.A. chapter 27. Secretaries shall be State employees paid by the State, and shall receive those benefits available to other classified State employees who are similarly situated but they shall not be subject to the rules provided for under 3 V.S.A. chapter 13. The compensation of each Secretary shall be determined by the Commissioner of Human Resources with the approval of the Governor unless otherwise determined through collective bargaining pursuant to 3 V.S.A. chapter 27. In fixing compensation, there shall be taken into consideration, among other things, the volume of work requiring the services of the Secretary and whether the services are on a full- or part-time basis.

(2) Nothing in this subsection shall be construed to limit the subjects for bargaining pursuant to 3 V.S.A. § 904.

Sec. 12. 24 V.S.A. § 363 is amended to read:

§ 363. DEPUTY STATE'S ATTORNEYS

(a) A State's Attorney may appoint as many deputy State's Attorneys as necessary for the proper and efficient performance of his or her office, ~~and with the approval of the Governor, fix their pay not to exceed that of the~~

State's Attorney making the appointment, and may remove them at pleasure.

(b) The pay for deputy State's Attorneys shall be fixed by the Executive Director of the Department of State's Attorneys and Sheriffs or through collective bargaining pursuant to 3 V.S.A. chapter 27, but it shall not exceed the pay of the State's Attorney making the appointment. Deputy State's Attorneys shall be compensated only for periods of actual performance of the duties of ~~such~~ the office. Deputy State's Attorneys shall be reimbursed for their necessary expenses incurred in connection with their official duties when approved by the State's Attorneys and the Commissioner of Finance and Management.

(c) Deputy State's Attorneys shall exercise all the powers and duties of the State's Attorneys except the power to designate someone to act in the event of their own disqualification.

(d) Deputy State's Attorneys may not enter upon the duties of the office until they have taken the oath or affirmation of allegiance to the State and the oath of office required by the Constitution, and until ~~such~~ the oath together with their appointment is filed for record with the county clerk. If appointed and under oath, a deputy State's Attorney may prosecute cases in another county if the State's Attorney in the other county files the deputy's appointment in the other county clerk's office. In case of a vacancy in the office of State's Attorney, the appointment of the deputy shall expire upon the appointment of a new State's Attorney.

Sec. 13. 24 V.S.A. § 367 is amended to read:

§ 367. DEPARTMENT OF STATE'S ATTORNEYS AND SHERIFFS

* * *

(c)(1) The Executive Director shall prepare and submit all budgetary and financial materials and forms which are required of the head of a department of State government with respect to all State funds appropriated for all of the Vermont State's Attorneys and sheriffs. At the beginning of each fiscal year, the Executive Director, with the approval of the Executive Committee, shall establish allocations for each of the State's Attorneys' offices from the State's Attorneys' appropriation. Thereafter, the Executive Director shall exercise budgetary control over these allocations and the general appropriation for State's Attorneys. The Executive Director shall monitor the sheriff's transport budget and report to the sheriffs on a monthly basis the status of the budget. He or she shall provide centralized support services for the State's Attorneys and sheriffs with respect to budgetary planning, training, and office management, and perform such other duties as the Executive Committee directs. The Executive Director may employ clerical staff as needed to carry

out the functions of the Department.

(2) The Executive Director shall prepare and submit a funding request to the Governor and the General Assembly for the purpose of securing General Fund appropriations for any increased costs related to a collective bargaining agreement and to the Department's contract bargaining and administration.

* * *

Sec. 14. ADJUSTMENT FOR INITIAL CONTRACT

For increased costs related to the initial collective bargaining agreement that the Department of State's Attorneys and Sheriffs enters into pursuant to this act, including the costs of bargaining, implementation, and contract administration, the Department may prepare and submit a funding request to the General Assembly during the budget adjustment process if the timing of the implementation of the agreement does not permit the Department to secure sufficient funding during the regular budgetary process.

Sec. 15. EXISTING BARGAINING UNITS; DECERTIFICATION

On the effective date of this act, the existing bargaining units and the related certifications of an exclusive bargaining representative for the deputy State's Attorneys, victim advocates, and secretaries employed by the Chittenden County State's Attorney and Franklin County State's Attorney shall be dissolved and the members of those bargaining units shall be eligible to organize and bargain collectively under the provisions of the State Employees Labor Relations Act, 3 V.S.A. chapter 27.

* * * Effective Date * * *

Sec. 16. EFFECTIVE DATE

This act shall take effect on passage.

(Committee vote: 7-3-1)

(For text see Senate Journal March 30, 2017)

S. 135

An act relating to promoting economic development

Rep. Botzow of Pownal, for the Committee on Commerce and Economic Development, recommends that the House propose to the Senate that the bill be amended by striking all after the enacting clause and inserting in lieu thereof the following:

* * * Vermont Employment Growth Incentive Program * * *

Sec. A.1. 32 V.S.A. chapter 105 is amended to read:

CHAPTER 105. VERMONT EMPLOYMENT GROWTH
INCENTIVE PROGRAM

* * *

§ 3332. APPLICATION; APPROVAL CRITERIA

(a) Application.

(1) A business may apply for an incentive in one or more years of an award period by submitting an application to the Council in the format the Council specifies for that purpose.

(2) For each award year the business applies for an incentive, the business shall:

(A) specify a payroll performance requirement;

(B) specify a jobs performance requirement or a capital investment performance requirement, or both; and

(C) provide any other information the Council requires to evaluate the application under this subchapter.

(b) Mandatory criteria. The Council shall not approve an application unless it finds:

(1) Except as otherwise provided for an enhanced incentive for a business in a qualifying labor market area under section 3334 of this title, the new revenue the proposed activity ~~generates~~ would generate to the State ~~exceeds~~ would exceed the costs of the activity to the State.

(2) The host municipality welcomes the new business.

(3) The Pursuant to a self-certification or other documentation the Council requires by rule or procedure, the business attests to the best of its knowledge:

(A) the business is not a named party to an administrative order, consent decree, or judicial order issued by the State or a subdivision of the State, or if a named party, that the business is in compliance with the terms of such an order or decree;

(B) the business complies with applicable State laws and regulations; and

(C) the proposed economic activity ~~conforms~~ would conform to applicable town and regional plans and with applicable State laws and regulations.

(4) If the business proposes to expand within a limited local market, an incentive would not give the business an unfair competitive advantage over

other Vermont businesses in the same or similar line of business and in the same limited local market.

(5) But for the incentive, the proposed economic activity:

(A) would not occur; or

(B) would occur in a significantly different manner that is significantly less desirable to the State.

* * *

§ 3334. ENHANCED INCENTIVE FOR A BUSINESS IN A QUALIFYING LABOR MARKET AREA

(a) The Council may increase the value of an incentive for a business that is located in a labor market area in which:

(1) the average annual unemployment rate is greater than the average annual unemployment rate for the State; or

(2) the average annual wage is less than the average annual wage for the State.

(b) In each calendar year, the amount by which the Council may increase the value of all incentives pursuant to this section is:

(1) \$1,500,000.00 for one or more initial approvals; and

(2) \$1,000,000.00 for one or more final approvals.

(c) The Council may increase the cap imposed in subdivision (b)(2) of this section by not more than \$500,000.00 upon application by the Governor to, and approval of, the Joint Fiscal Committee.

(d) In evaluating the Governor's request, the Committee shall consider the economic and fiscal condition of the State, including recent revenue forecasts and budget projections.

(e) The Council shall provide the Committee with testimony, documentation, company-specific data, and any other information the Committee requests to demonstrate that increasing the cap will create an opportunity for return on investment to the State.

(f) The purpose of the enhanced incentive for a business in a qualifying labor market area is to increase job growth in economically disadvantaged regions of the State, as provided in subsection (a) of this section.

§ 3335. ENHANCED INCENTIVE FOR ENVIRONMENTAL TECHNOLOGY BUSINESS

(a) As used in this section, an “environmental technology business” means a business that:

(1) is subject to income taxation in Vermont; and

(2) seeks an incentive for economic activity in Vermont that the Secretary of Commerce and Community Development certifies is primarily research, design, engineering, development, or manufacturing related to one or more of the following:

(A) waste management, including waste collection, treatment, disposal, reduction, recycling, and remediation;

(B) natural resource protection and management, including water and wastewater purification and treatment, air pollution control and prevention or remediation, soil and groundwater protection or remediation, and hazardous waste control or remediation;

(C) energy efficiency or conservation;

(D) clean energy, including solar, wind, wave, hydro, geothermal, hydrogen, fuel cells, waste-to-energy, or biomass.

(b) The Council shall consider and administer an application from an environmental technology business pursuant to the provisions of this subchapter, except that:

(1) the business’s potential share of new revenue growth shall be 90 percent; and

(2) to calculate qualifying payroll, the Council shall:

(A) determine the background growth rate in payroll for the applicable business sector in the award year;

(B) multiply the business’s full-time payroll for the award year by 20 percent of the background growth rate; and

(C) subtract the product from the payroll performance requirement for the award year.

(c) The purpose of the enhanced incentive for an environmental technology business is to promote the growth of businesses in Vermont that both create and sustain high quality jobs and improve the natural environment.

* * *

§ 3338. CLAIMING AN INCENTIVE; ANNUAL FILING WITH
DEPARTMENT OF TAXES

(a) On or before April 30 following each year of the utilization period, a

business with an approved application shall submit an incentive claim to the Department of Taxes.

(b) A business shall include:

(1) the information the Department requires, including the information required in section 5842 of this title and other documentation concerning payroll, jobs, and capital investment necessary to determine whether the business earned the incentive specified for an award year and any installment payment for which the business is eligible; and

(2) a self-certification or other documentation the Department requires by rule or procedure, by which the business attests to the best of its knowledge that:

(A) the business is not a named party to an administrative order, consent decree, or judicial order issued by the State or a subdivision of the State, or if a named party, that the business is in compliance with the terms of such an order or decree; and

(B) the business complies with applicable State laws and regulations.

(c) The Department may consider an incomplete claim to be timely filed if the business files a complete claim within the additional time allowed by the Department in its discretion.

(d) Upon finalizing its review of a complete claim, the Department shall:

(1) notify the business and the Council whether the business is entitled to an installment payment for the applicable year; and

(2) make an installment payment to which the business is entitled.

(e) The Department shall not pay interest on any amounts it holds or pays for an incentive or installment payment pursuant to this subchapter.

§ 3339. RECAPTURE; REDUCTION; REPAYMENT

(a) Recapture.

(1) The Department of Taxes may recapture the value of one or more installment payments a business has claimed, with interest, if:

(A) the business fails to file a claim as required in section 3338 of this title; or

(B) during the utilization period, the business experiences:

(i) a 90 percent or greater reduction from base employment; or

(ii) if it had no jobs at the time of application, a 90 percent or greater reduction from the sum of its job performance requirements; or

(C) the Department determines that during the application or claims process the business knowingly made a false attestation that the business:

(i) was not a named party to, or was in compliance with, an administrative order, consent decree, or judicial order issued by the State or a subdivision of the State: or

(ii) was in compliance with State laws and regulations.

(2) If the Department determines that a business is subject to recapture under subdivision (1) of this subsection, the business becomes ineligible to earn or claim an additional incentive or installment payment for the remainder of the utilization period.

(3) Notwithstanding any other statute of limitations, the Department may commence a proceeding to recapture amounts under subdivision (1) of this subsection as follows:

(A) under subdivision (1)(A) of this subsection, no later than three years from the last day of the utilization period; and

(B) under subdivision (1)(B) of this subsection, no later than three years from date the business experiences the reduction from base employment, or three years from the last day of the utilization period, whichever occurs first.

(b) Reduction; recapture. If a business fails to make capital investments that equal or exceed the sum of its capital investment performance requirements by the end of the award period:

(1) The Department shall:

(A) calculate a reduced incentive by multiplying the combined value of the business's award period incentives by the same proportion that the business's total actual capital investments bear to the sum of its capital investment performance requirements; and

(B) reduce the value of any remaining installment payments for which the business is eligible by the same proportion.

(2) If the value of the installment payments the business has already received exceeds the value of the reduced incentive, then:

(A) the business becomes ineligible to claim any additional installment payments for the award period; and

(B) the Department shall recapture the amount by which the value of the installment payments the business has already received exceeds the value of the reduced incentive.

(c) Tax liability.

(1) A person who has the duty and authority to remit taxes under this title shall be personally liable for an installment payment that is subject to recapture under this section.

(2) For purposes of this section, the Department of Taxes may use any enforcement or collection action available for taxes owed pursuant to chapter 151 of this title.

* * *

§ 3341. CONFIDENTIALITY OF ~~PROPRIETARY~~ BUSINESS
INFORMATION

(a) ~~The Vermont Economic Progress Council and the Department of Taxes shall use measures to protect proprietary financial information, including reporting information in an aggregate form.~~

(b) Information Except for information required to be reported under section 3340 of this title or as provided in this section, information and materials submitted by a business concerning its income taxes and other confidential financial information shall not be subject to public disclosure under the State's public records law in 1 V.S.A. chapter 5, but shall be to the Vermont Economic Progress Council, or business-specific data generated by the Council as part of its consideration of an application under this subchapter, that is not otherwise publicly disclosed, is exempt from public inspection and copying under the Public Records Act and shall be kept confidential. Records related to incentive claims under this chapter that are produced or acquired by the Department of Taxes are confidential returns or return information and are subject to the provisions of section 3102 of this title.

(b)(1) The Council shall disclose information and materials described in subsection (a) of this section:

(A) to the Joint Fiscal Office or its agent upon authorization of the Joint Fiscal Committee or a standing committee of the General Assembly, and shall also be available; and

(B) to the Auditor of Accounts in connection with the performance of duties under section 163 of this title; provided, however, that the

(2) The Joint Fiscal Office or its agent and the Auditor of Accounts shall not disclose, directly or indirectly, to any person any proprietary business information or any information that would identify a business materials received under this subsection except in accordance with a judicial order or as otherwise specifically provided unless authorized by law.

(c) Nothing in this section shall be construed to prohibit the publication of statistical information, rulings, determinations, reports, opinions, policies, or other information so long as the data are disclosed in a form that cannot identify or be associated with a particular business.

* * *

* * * VEGI; Confidentiality * * *

Sec. A.2. 32 V.S.A. § 3102 is amended to read:

§ 3102. CONFIDENTIALITY OF TAX RECORDS

(a) No present or former officer, employee, or agent of the Department of Taxes shall disclose any return or return information to any person who is not an officer, employee, or agent of the Department of Taxes except in accordance with the provisions of this section. A person who violates this section shall be fined not more than \$1,000.00 or imprisoned for not more than one year, or both; and if the offender is an officer or employee of this State, he or she shall, in addition, be dismissed from office and be incapable of holding any public office for a period of five years thereafter.

* * *

(d) The Commissioner shall disclose a return or return information:

* * *

(5) to the Attorney General, if such return or return information relates to chapter 205 of this title or 33 V.S.A. chapter 19, subchapters 1A and 1B, for purposes of investigating potential violations of and enforcing 7 V.S.A. chapter 40, 20 V.S.A. chapter 173, subchapter 2A, and 33 V.S.A. chapter 19, subchapters 1A and 1B;

(6) to the Vermont Economic Progress Council, provided that the disclosure relates to a successful business applicant under chapter 105, subchapter 2 of this title and the incentive it has claimed is reasonably necessary for the Council to perform its duties under that subchapter.

(e) The Commissioner may, in his or her discretion and subject to such conditions and requirements as he or she may provide, including any confidentiality requirements of the Internal Revenue Service, disclose a return or return information:

* * *

(11) To the Joint Fiscal Office or its agent, provided that the disclosure relates to a successful business applicant under chapter 105, subchapter 2 of this title and the incentive it has claimed and is reasonably necessary for the Joint Fiscal Office or its agent to perform the duties authorized by the Joint

Fiscal Committee or a standing committee of the General Assembly under that subchapter; to the Auditor of Accounts for the performance of duties under section 163 of this title; and to the Department of Economic Development for the purposes of subsection 5922(f) of this title; and to the Vermont Economic Progress Council, provided that the disclosure relates to a successful business applicant under chapter 105, subchapter 2 of this title and the incentive it has claimed and is reasonably necessary for the Council to perform its duties under that subchapter.

* * *

* * * Rural Economic Development Infrastructure Districts; H.459 * * *

Sec. B.1. 24 V.S.A. chapter 138 is added to read:

CHAPTER 138. RURAL ECONOMIC DEVELOPMENT
INFRASTRUCTURE DISTRICTS

§ 5701. PURPOSE

The purpose of this chapter is to enable formation of special municipal districts to finance, own, and maintain infrastructure that provides economic development opportunities in rural and underresourced areas of the State, including areas within one or more municipalities. Specifically, this chapter provides mechanisms for public and private partnerships, including opportunities for tax-incentivized financing and voluntary citizen engagement, to help overcome density and economic hardship.

§ 5702. ESTABLISHMENT; GENERAL PROVISIONS

(a) Establishment. Upon written application by 20 or more voters within a proposed district or upon its own motion, the legislative body of a municipality may establish a rural economic development infrastructure district. The application shall describe the infrastructure to be built or acquired; the plan for financing its acquisition; the anticipated economic benefit; the source of revenues for loan, bond, or lease payments; and plans for retention and disbursement of excess revenues, if any. The application also shall clearly state that the proposed district shall not have authority to levy taxes upon the grand list and may not levy service charges or fees upon any underlying municipality except for services used by such municipality, its own officers, and employees in the operation of municipal functions. Notice of establishment of a district shall be recorded as provided in subsection (e) of this section, posted in at least three public places within the municipality for at least 30 days, and published in a newspaper of general circulation within the municipality not more than 10 days from the date of establishment by the legislative body. Following 40 days from the later of the date of establishment by the legislative body of the municipality or an affirmative vote under

subdivision (d)(1) or (2) of this section, the district shall be deemed to be a body politic and corporate, capable of exercising those powers and prerogatives explicitly granted by the legislative body of the municipality in accordance with this chapter and the district's establishment application.

(b) Districts involving more than one municipality. Where the limits of a proposed district include two or more municipalities, or portions of two or more municipalities, the application required by this section shall be made to and considered by the legislative body of each such municipality.

(c) Alteration of district limits. The legislative body of a municipality in which a district is located may alter the limits of a district upon application to the governing board of the district, provided the governing board gives prior written consent. A district expansion need not involve contiguous property. Notice of an alteration of the limits of a district shall be recorded as provided in subsection (e) of this section, posted in at least three public places within the municipality for at least 30 days, and published in a newspaper of general circulation within the municipality not more than 10 days from the date of the legislative body's decision to alter the limits of a district.

(d)(1) Contestability. If a petition signed by five percent of the voters of the municipality objecting to the proposed establishment or alteration of limits of a district is presented to the municipal clerk within 30 days of the date of posting and publication of the notice required by subsection (a) or (c) of this section, as applicable, the legislative body of the municipality shall cause the question of whether the municipality shall establish or alter the limits of the district to be considered at a meeting called for that purpose. The district shall be established in accordance with the application or the limits altered unless a majority of the voters of the municipality present and voting votes to disapprove such establishment or alteration of limits.

(2) If a petition signed by five percent of the voters of the municipality objecting to a legislative body's decision denying the establishment or the alteration of limits of a district is presented to the municipal clerk within 30 days of the legislative body's decision, the legislative body shall cause the question of whether the municipality shall establish or alter the limits of the district to be considered at an annual or special meeting called for that purpose.

(e) Recording. A record of the establishment of a district and any alteration of district limits made by a legislative body shall be filed with the clerk of each municipality in which the district is located, and shall be recorded with the Secretary of State.

§ 5703. LIMITATIONS; TAXES; INDEBTEDNESS; EMINENT DOMAIN

Notwithstanding any grant of authority in this chapter to the contrary:

(1) A district shall not accept funds generated by the taxing or assessment power of any municipality in which it is located.

(2) A district shall not have the power to levy, assess, apportion, or collect any tax upon property within the district, nor upon any of its underlying municipalities, without specific authorization of the General Assembly.

(3) All obligations of the district, including financing leases, shall be secured by and payable only out of the assets of or revenues or monies in the district, including revenue generated by an enterprise owned or operated by the district.

(4) A district shall not have powers of eminent domain.

§ 5704. GOVERNING BOARD; COMPOSITION; MEETINGS; REPORT

(a) Governing board. The legislative power and authority of a district and the administration and the general supervision of all fiscal, prudential, and governmental affairs of a district shall be vested in a governing board, except as otherwise specifically provided in this chapter.

(b) Composition. The first governing board of the district shall consist of four to eight members appointed in equal numbers by the legislative bodies of the underlying municipalities. It shall draft the district's bylaws specifying the size, composition, quorum requirements, and manner of appointing members to the permanent governing board. The bylaws shall require that a majority of the board shall be appointed annually by the legislative bodies of the underlying municipalities. Board members shall serve staggered, three-year terms, and shall be eligible to serve successive terms. The legislative bodies of the municipalities in which the district is located shall fill board vacancies, and may remove board members at will. Any bylaws developed by the governing board under this subsection shall be submitted for approval to the legislative bodies of the municipalities within the district and shall be considered duly adopted 45 days from the date of submission, provided none of the legislative bodies disapprove of the bylaws.

(c) First meeting. The first meeting of the district shall be called upon 30 days' posted and published notice by a presiding officer of a legislative body in which the district is located. Voters within a municipality in which the district is located are eligible to vote at annual and special district meetings. At the first meeting of the district, and at each subsequent annual meeting, there shall be elected from among board members a chair, vice chair, clerk, and treasurer who shall assume their respective offices upon election. At the first meeting, the fiscal year of the district shall be established and rules of

parliamentary procedure shall be adopted. Prior to assuming their offices, officers may be required to post bond in such amounts as determined by resolution of the board. The cost of such bond shall be borne by the district.

(d) Annual and special meetings. Unless otherwise established by the voters, the annual district meeting shall be held on the second Monday in January and shall be warned by the clerk or, in the clerk's absence or neglect, by a member of the board. Special meetings shall be warned in the same manner on application in writing by five percent of the voters of the district. A warning for a district meeting shall state the business to be transacted. The time and place of holding the meeting shall be posted in two or more public places in the district not more than 40 days nor less than 30 days before the meeting and recorded in the office of the clerk before the same is posted.

(e) Annual report. The district shall report annually to the legislative bodies and the citizens of the municipalities in which the district is located on the results of its activities in support of economic growth, job creation, improved community efficiency, and any other benefits incident to its activities.

§ 5705. OFFICERS

(a) Generally. The district shall elect at its first meeting and at each annual meeting thereafter a chair, vice chair, clerk, and treasurer, who shall hold office until the next annual meeting and until others are elected. The board may fill a vacancy in any office.

(b) Chair. The chair shall preside at all meetings of the board and make and sign all contracts on behalf of the district upon approval by the board. The chair shall perform all duties incident to the position and office as required by the general laws of the State.

(c) Vice chair. During the absence of or inability of the chair to render or perform his or her duties or exercise his or her powers, the same shall be performed and exercised by the vice chair and when so acting, the vice chair shall have all the powers and be subject to all the responsibilities given to or imposed upon the chair. During the absence or inability of the vice chair to render or perform his or her duties or exercise his or her powers, the board shall elect from among its members an acting vice chair who shall have the powers and be subject to all the responsibilities given or imposed upon the vice chair.

(d) Clerk. The clerk shall keep a record of the meetings, votes, and proceedings of the district for the inspection of its inhabitants.

(e) Treasurer. The treasurer of the district shall be appointed by the board, and shall serve at its pleasure. The treasurer shall have the exclusive charge

and custody of the funds of the district and shall be the disbursing officer of the district. When warrants are authorized by the board, the treasurer may sign, make, or endorse in the name of the district all checks and orders for the payment of money and pay out and disburse the same and receipt therefor. The treasurer shall keep a record of every obligation issued and contract entered into by the district and of every payment made. The treasurer shall keep correct books of account of all the business and transactions of the district and such other books and accounts as the board may require. The treasurer shall render a statement of the condition of the finances of the district at each regular meeting of the board and at such other times as required of the treasurer. The treasurer shall prepare the annual financial statement and the budget of the district for distribution, upon approval of the board, to the legislative bodies of district members. Upon the treasurer's termination from office by virtue of removal or resignation, the treasurer shall immediately pay over to his or her successor all of the funds belonging to the district and at the same time deliver to the successor all official books and papers.

§ 5706. AUDIT

Once the district becomes operational, the board shall cause an audit of the financial condition of the district to be performed annually by an independent professional accounting firm. The results of the audit shall be provided to the governing board and to the legislative bodies of the municipalities in which the district is located.

§ 5707. COMMITTEES

The board has authority to establish one or more committees and grant and delegate to them such powers as it deems necessary. Members of an executive committee shall serve staggered terms and shall be board members. Membership on other committees established by the board is not restricted to board members.

§ 5708. DISTRICT POWERS

A district created under this chapter has the power to:

(1) exercise independently and in concert with other municipalities any other powers which are necessary or desirable for the installation, ownership, operation, maintenance, and disposition of infrastructure promoting economic development in rural areas and matters of mutual concern and that are exercised or are capable of exercise by any of its members;

(2) enter into municipal financing agreements as provided by sections 1789 and 1821-1828 of this title, or other provisions authorizing the pledge of district assets or net revenue, or alternative means of financing capital improvements and operations;

(3) purchase, sell, lease, own, acquire, convey, mortgage, improve, and use real and personal property in connection with its purpose;

(4) enter into contracts for any term or duration;

(5) operate, cause to be operated, or contract for the construction, ownership, management, financing, and operation of an enterprise which a municipal corporation is authorized by law to undertake;

(6) hire employees and fix the compensation and terms of employment;

(7) contract with individuals, corporations, associations, authorities, and agencies for services and property, including the assumption of the liabilities and assets thereof, provided that no assumed liability shall be a general obligation of a municipality in which the district is located;

(8) contract with the State of Vermont, the United States of America, or any subdivision or agency thereof for services, assistance, and joint ventures;

(9) contract with any municipality for the services of any officers or employees of that municipality useful to it;

(10) promote cooperative arrangements and coordinated action among its members and other public and private entities;

(11) make recommendations for review and action to its members and other public agencies that perform functions within the region in which its members are located;

(12) sue and be sued; provided, however, that the property and assets of the district, other than such property as may be pledged as security for a district obligation, shall be subject to levy, execution, or attachment;

(13) appropriate and expend monies; provided, however, that no appropriation shall be funded or made in reliance upon any taxing authority of the district;

(14) establish sinking and reserve funds for retiring and securing its obligations;

(15) establish capital reserve funds and make deposits in them;

(16) solicit, accept, and administer gifts, grants, and bequests in trust or otherwise for its purpose;

(17) enter into an interstate compact consistent with the purposes of this chapter, subject to the approval of the Vermont General Assembly and the United States Congress;

(18) develop a public sewer or water project, provided the legislative body and the planning commission for the municipality in which the sewer or

water project is proposed to be located confirm in writing that such project conforms with any duly adopted municipal plan, and the regional planning commission confirms in writing that such project conforms with the duly adopted regional plan;

(19) exercise all powers incident to a public corporation, but only to the extent permitted in this chapter;

(20) adopt a name under which it shall be known and shall conduct business; and

(21) make, establish, alter, amend, or repeal ordinances, regulations, and bylaws relating to matters contained in this chapter and not inconsistent with law.

§ 5709. DISSOLUTION

(a) If the board by resolution approved by a two-thirds vote determines that it is in the best interests of the public, the district members, and the district that such district be dissolved, and if the district then has no outstanding obligations under pledges of district assets or revenue, long-term contracts, or contracts subject to annual appropriation, or will have no such debt or obligation upon completion of the plan of dissolution, it shall prepare a plan of dissolution and thereafter adopt a resolution directing that the question of such dissolution and the plan of dissolution be submitted to the voters of the district at a special meeting thereof duly warned for such purpose. If a majority of the voters of the district present and voting at such special meeting shall vote to dissolve the district and approve the plan of dissolution, the district shall cease to conduct its affairs except insofar as may be necessary for the winding up of them. The board shall immediately cause a notice of the proposed dissolution to be mailed to each known creditor of the district and to the Secretary of State and shall proceed to collect the assets of the district and apply and distribute them in accordance with the plan of dissolution.

(b) The plan of dissolution shall:

(1) identify and value all unencumbered assets;

(2) identify and value all encumbered assets;

(3) identify all creditors and the nature or amount of all liabilities and obligations;

(4) identify all obligations under long-term contracts and contracts subject to annual appropriation;

(5) specify the means by which assets of the district shall be liquidated and all liabilities and obligations paid and discharged, or adequate provision made for the satisfaction of them;

(6) specify the means by which any assets remaining after discharge of all liabilities shall be liquidated if necessary; and

(7) specify that any assets remaining after payment of all liabilities shall be apportioned and distributed among the district members according to a formula based upon population.

(c) When the plan of dissolution has been implemented, the board shall adopt a resolution certifying that fact to the district members whereupon the district shall be terminated, and notice thereof shall be delivered to the Secretary of the Senate and the Clerk of the House of Representatives in anticipation of confirmation of dissolution by the General Assembly.

* * * Public Retirement * * *

Sec. C.1. THE GREEN MOUNTAIN SECURE RETIREMENT PLAN

(a) The State of Vermont shall, consistent with federal law and regulation, adopt and implement a voluntary Multiple Employer Plan (MEP) public retirement plan, which shall remain in compliance with federal law and regulations once implemented, and shall be called the "Green Mountain Secure Retirement Plan."

(b) The Plan shall be designed and implemented based upon the following guiding principles:

(1) Simplicity: the Plan should be easy for participants to understand.

(2) Affordability: the Plan should be administered to maximize cost effectiveness and efficiency.

(3) Ease of access: the Plan should be easy to join.

(4) Trustworthy oversight: the Plan should be administered by an organization with unimpeachable credentials.

(5) Protection from exploitation: the Plan should protect its participants, particularly the elderly, from unscrupulous business practices and individuals.

(6) Portability: the Plan should not depend upon employment with a specific firm or organization.

(7) Choice: the Plan should provide sufficient investment alternatives to be suitable for individuals with distinct goals, but not too many options to induce analysis paralysis.

(8) Voluntary: the Plan should not be mandatory but autoenrollment should be used to increase participation.

(9) Financial education and financial literacy: the Plan should assist the

individual in understanding their financial situation.

(10) Sufficient savings: the Plan should encourage adequate savings in retirement combined with existing pension savings and Social Security.

(11) Additive not duplicative: the Plan should not compete with existing private sector solutions.

(12) Use of pretax dollars: contributions to the Plan should be made using pretax dollars.

(c) The Plan shall:

(1) be available on a voluntary basis to:

(A) employers:

(i) with 50 employees or fewer; and

(ii) who do not currently offer a retirement plan to their employees; and

(B) self-employed individuals;

(2) automatically enroll all employees of employers who choose to participate in the MEP;

(3) allow employees the option of withdrawing their enrollment and ending their participation in the MEP;

(4) be funded by employee contributions with an option for future voluntary employer contributions; and

(5) be overseen by a board:

(A) that shall:

(i) set program terms;

(ii) prepare and design plan documents; and

(iii) be authorized to appoint an administrator to assist in the selection of investments, managers, custodians, and other support services; and

(B) that shall be composed of seven members as follows:

(i) an individual with investment experience, to be appointed by the Governor;

(ii) an individual with private sector retirement plan experience, to be appointed by the Governor;

(iii) an individual with investment experience, to be appointed by the State Treasurer;

(iv) an individual who is an employee or retiree, to be appointed by the State Treasurer;

(v) an individual who is an employee advocate or consumer advocate, to be appointed by the Speaker of the House;

(vi) an individual who is an employer with 50 employees or fewer and who does not offer a retirement plan to his or her employees, to be appointed by the Committee on Committees; and

(vii) the State Treasurer, who shall serve as chair.

(C) that shall, on or before January 15, 2020, and every year thereafter, report to the House and Senate Committees on Government Operations concerning the Green Mountain Secure Retirement Plan, including:

(i) the number of employers and self-employed individuals participating in the plan;

(ii) the total number of individuals participating in the plan;

(iii) the number of employers and self-employed individuals who are eligible to participate in the plan but who do not participate;

(iv) the number of employers and self-employed individuals, and the number of employees of participating employers, who have ended their participation during the preceding twelve months;

(v) the total amount of funds contributed to the Plan during the preceding twelve months;

(vi) the total amount of funds withdrawn from the Plan during the preceding twelve months;

(vii) the total funds or assets under management by the Plan;

(viii) the average return during the preceding twelve months;

(ix) the costs of administering the Plan;

(x) the Board's assessment concerning whether the Plan is sustainable and viable;

(xi) once the marketplace is established:

(I) the number of individuals participating;

(II) the number and nature of plans offered; and

(III) the Board's process and criteria for vetting plans; and

(xii) any other information the Board considers relevant, or that the Committee requests.

(D) for attendance at meetings, members of the Board who are not employees of the State of Vermont, and who are not otherwise compensated by their employer or other organization, shall be reimbursed at the per diem rate set in 32 V.S.A. § 1010 and shall be reimbursed for mileage and travel expenses.

(d) The State of Vermont shall implement the “Green Mountain Secure Retirement Plan” on or before January 15, 2019, based on the recommendations of the Public Retirement Plan Study Committee as set forth in Sec. F.1 of 2016 Acts and Resolves, No. 157.

Sec. C.2. 2016 Acts and Resolves No. 157, Sec. F.1 is amended to read:

Sec. F.1. INTERIM STUDY ON THE FEASIBILITY OF
ESTABLISHING A PUBLIC RETIREMENT PLAN

(a) Creation of Committee.

(1) There is created a the Public Retirement Plan Study Committee to evaluate the feasibility of establishing a public retirement plan.

(2) It is the intent of the General Assembly that the Committee continue the work of the Public Retirement Plan Study Committee created in 2014 Acts and Resolves No. 179, Sec. C.108, as amended by 2015 Acts and Resolves No. 58, Sec. C.100, which ceased to exist on January 15, 2016, and to develop specific recommendations concerning the design, creation, and implementation of the Multiple Employer Plan (MEP), pursuant to Sec. C.1 of S.135 (2017) as enacted and as set forth in the January 6, 2017 report issued by the Committee.

(b) Membership.

(1) The Public Retirement Plan Study Committee shall be composed of eight members as follows:

(A) the State Treasurer or designee;

(B) the Commissioner of Labor or designee;

(C) the Commissioner of Disabilities, Aging, and Independent Living or designee;

(D) an individual with private sector experience in the area of providing retirement products and financial services to small businesses, to be appointed by the Speaker;

(E) an individual with experience or expertise in the area of the financial needs of an aging population, to be appointed by the Committee on Committees;

(F) an individual with experience or expertise in the area of the

financial needs of Vermont youth or young working adults, to be appointed by the Treasurer;

(G) a representative of employers, to be appointed by the Speaker; and

(H) a representative of employees who currently lack access to employer-sponsored retirement plans, to be appointed by the Committee on Committees.

(2) Unless another appointee is specified pursuant to the authority granted under subdivision (1) of this subsection, the members of the Public Retirement Plan Study Committee created in 2014 Acts and Resolves No. 179, Sec. C.108, as amended by 2015 Acts and Resolves No. 58, Sec. C.100, which ceased to exist on January 15, 2016, shall serve as the members of the Committee created pursuant to this section.

(c) Powers and duties.

(1)(A) ~~The Committee shall study the feasibility of establishing a develop specific recommendations concerning the design, creation, and implementation time line of the Multiple Employer Plan (MEP) public retirement plan, including the following pursuant to Sec. C.1 of S.135 (2017) as enacted, which shall:~~

~~(i) the access Vermont residents currently have to employer-sponsored retirement plans and the types of employer-sponsored retirement plans;~~

~~(ii) data and estimates on the amount of savings and resources Vermont residents will need for a financially secure retirement;~~

~~(iii) data and estimates on the actual amount of savings and resources Vermont residents will have for retirement, and whether those savings and resources will be sufficient for a financially secure retirement;~~

~~(iv) current incentives to encourage retirement savings, and the effectiveness of those incentives;~~

~~(v) whether other states have created a public retirement plan and the experience of those states;~~

~~(vi) whether there is a need for a public retirement plan in Vermont;~~

~~(vii) whether a public retirement plan would be feasible and effective in providing for a financially secure retirement for Vermont residents;~~

~~(viii) other programs or incentives the State could pursue in combination with a public retirement plan, or instead of such a plan, in order~~

~~to encourage residents to save and prepare for retirement; and be available on a~~
voluntary basis to:

(I) employers:

(aa) with 50 employees or fewer; and

(bb) who do not currently offer a retirement plan to their
employees; and

(II) self-employed individuals;

(ii) automatically enroll all employees of employers who choose
to participate in the MEP;

(iii) allow employees the option of withdrawing their enrollment
and ending their participation in the MEP;

(iv) be funded by employee contributions with an option for
future voluntary employer contributions; and

(v) be overseen by a board that shall:

(I) set programs terms;

(II) prepare and design plan documents; and

(III) be authorized to appoint an administrator to assist in the
selection of investments, managers, custodians, and other support services.

~~(B) if the Committee determines that a public retirement plan is~~
~~necessary, feasible, and effective, the Committee shall study:~~

~~(i) potential models for the structure, management, organization,~~
~~administration, and funding of such a plan;~~

~~(ii) how to ensure that the plan is available to private sector~~
~~employees who are not covered by an alternative retirement plan;~~

~~(iii) how to build enrollment to a level where enrollee costs can~~
~~be lowered;~~

~~(iv) whether such a plan should impose any obligation or liability~~
~~upon private sector employers; The Committee, and thereafter the board that~~
~~will oversee the MEP, shall study and make specific recommendations~~
~~concerning:~~

(i) options to provide access to retirement plans to individuals
who are not eligible to participate in, or choose not to participate in, the MEP
public retirement plan, including alternative plans and options vetted by the
board that shall oversee the MEP, and which private sector plans and options
shall be provided through a marketplace implemented no earlier than one year

after the MEP begins;

(ii) options for paying for the costs of administering the MEP for the period during which program costs may exceed revenues, including allowing financial service providers to subsidize costs in exchange for longer term contracts;

(iii) if after three years there remain significant numbers of Vermonters who are not covered by a retirement plan, methods to increase participation in the MEP; and

(iv) any other issue the Committee deems relevant.

(2) The Committee shall:

(A) continue monitoring U.S. Department of Labor guidance concerning State Savings Programs for Non-Governmental Employees regarding ERISA rules and other pertinent areas of analysis;

(B) further analyze the relationship between the role of states and the federal government; and

(C) continue its collaboration with educational institutions, other states, and national stakeholders.

(3) The Committee shall have the assistance of the staff of the Office of the Treasurer, the Department of Labor, and the Department of Disabilities, Aging, and Independent Living.

(d) Report. On or before January 15, 2018, the Committee shall report to the General Assembly its findings and ~~any recommendations for legislative action.~~ In its report, the Committee shall state its findings as to every factor set forth in ~~subdivision~~ subdivisions (c)(1)(A) ~~of this section, whether it recommends that a public retirement plan be created, and the reasons for that recommendation. If the Committee recommends that a public retirement plan be created, the Committee's report shall include specific recommendations as to the factors listed in subdivision~~ and (c)(1)(B) of this section.

(e) Meetings; term of Committee; Chair. The Committee may meet as frequently as necessary to perform its work and shall cease to exist on January 15, 2018. The State Treasurer shall serve as Chair of the Committee and shall call the first meeting.

(f) Reimbursement. For attendance at meetings, members of the Committee who are not employees of the State of Vermont shall be reimbursed at the per diem rate set in 32 V.S.A. § 1010 and shall be reimbursed for mileage and travel expenses.

* * * Workers' Compensation; VOSHA * * *

Sec. D.1. 21 V.S.A. § 210 is amended to read:

§ 210. PENALTIES

(a) Upon issuance of a citation under this chapter, the Review Board is authorized to assess civil penalties for grounds provided in this subsection. In assessing civil penalties, the Review Board shall follow to the degree practicable the federal procedures prescribed in rules ~~promulgated~~ adopted under the Act. The Review Board shall give due consideration to the appropriateness of the penalty with respect to the size of the business or operation of the employer being assessed, the gravity of the violation, the good faith of the employer, and the history of previous violations. Civil penalties shall be paid to the Commissioner for deposit with the State Treasurer, and may be recovered in a civil action in the name of the State of Vermont brought in any court of competent jurisdiction. The Commissioner shall not reduce the assessed penalties in any fiscal year by more than 50 percent.

(1) Any employer who willfully or repeatedly violates the requirements of this Code or any standard, ~~or rule~~ adopted, or order ~~promulgated~~ issued pursuant to this Code ~~or regulations prescribed pursuant to this Code~~ may be assessed a civil penalty of not more than ~~\$70,000.00~~ \$126,749.00 for each violation, but not less than \$5,000.00 for each willful violation.

(2) Any employer who has received a citation for a serious violation of the requirements of this Code, or any standard, ~~or rule~~ adopted, or order ~~promulgated~~ issued pursuant to this Code, ~~or of any regulations prescribed pursuant to this Code~~, shall be assessed a civil penalty of up to ~~\$7,000.00~~ \$12,675.00 for each violation.

(3) Any employer who has received a citation for a violation of the requirements of this Code, or any standard, ~~or rule~~ adopted, or order ~~promulgated~~ issued pursuant to this Code ~~or of regulations prescribed pursuant to this Code, and such violation~~ if the violation is specifically determined not to be of a serious nature, may be assessed a civil penalty of up to ~~\$7,000.00~~ \$12,675.00 for each such violation.

(4) Any employer who fails to correct a violation for which a citation has been issued within the period permitted for its correction, which period shall not begin to run until the date of the final order of the Review Board, in the case of any review proceeding under section 226 of this title initiated by the employer in good faith and not solely for delay or avoidance of penalties, may be assessed a civil penalty of not more than ~~\$7,000.00~~ \$12,675.00 for each day during which the failure or violation continues.

(5) Any employer who willfully violates any standard, ~~or rule~~ adopted, or order ~~promulgated~~ issued pursuant to this Code, and that violation caused

death to any employee, shall, upon conviction, be punished by a fine of not more than ~~\$20,000.00~~ \$126,749.00 or by imprisonment for not more than one year, or by both.

* * *

(8) Any employer who violates any of the posting requirements, as prescribed under the provisions of this Code, shall be assessed a civil penalty of up to ~~\$7,000.00~~ \$12,675.00 for each violation.

(9)(A) As provided under the federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 and the Act, the penalties provided in subdivisions (1), (2), (3), (4), (5), and (8) of this subsection shall annually, on January 1, be adjusted to reflect the increase in the Consumer Price Index, CPI-U, U.S. City Average, not seasonally adjusted, as calculated by the U.S. Department of Labor or successor agency for the 12 months preceding the previous December 1.

(B) The Commissioner shall calculate and publish the adjustment to the penalties on or before January 1 of each year, and the penalties shall apply to fines imposed on or after that date.

* * *

Sec. D.2. 21 V.S.A. § 711 is amended to read:

§ 711. WORKERS' COMPENSATION ADMINISTRATION FUND

(a) A Workers' Compensation Administration Fund is created pursuant to 32 V.S.A. chapter 7, subchapter 5 to be expended by the Commissioner for the administration of the workers' compensation and occupational disease programs. The Fund shall consist of contributions from employers made at a rate of ~~1.75~~ 1.4 percent of the direct calendar year premium for workers' compensation insurance, one percent of self-insured workers' compensation losses, and one percent of workers' compensation losses of corporations approved under this chapter. Disbursements from the Fund shall be on warrants drawn by the Commissioner of Finance and Management in anticipation of receipts authorized by this section.

* * *

* * * Workforce Development; Career Technical Education * * *

Sec. E.1. 10 V.S.A. § 540 is amended to read:

§ 540. ~~WORKFORCE EDUCATION AND TRAINING~~ DEVELOPMENT
LEADER

(a) The Commissioner of Labor shall be the leader of workforce education

~~and training~~ development in the State, and shall have the authority and responsibility for the coordination of workforce education and training within State government, including the following duties:

(1) Perform the following duties in consultation with the State Workforce Development Board:

(A) advise the Governor on the establishment of an integrated system of workforce education and training for Vermont;

(B) create and maintain an inventory of all existing workforce education and training programs and activities in the State;

(C) use data to ensure that State workforce education and training activities are aligned with the needs of the available workforce, the current and future job opportunities in the State, and the specific credentials needed to achieve employment in those jobs;

(D) develop a State plan, as required by federal law, to ensure that workforce education and training programs and activities in the State serve Vermont citizens and businesses to the maximum extent possible;

(E) ensure coordination and ~~non-duplication~~ nonduplication of workforce education and training activities;

(F) identify best practices and gaps in the delivery of workforce education and training programs;

(G) design and implement criteria and performance measures for workforce education and training activities; and

(H) establish goals for the integrated workforce education and training system.

(2) Require from each business, training provider, or program that receives State funding to conduct workforce education and training a report that evaluates the results of the training. Each recipient shall submit its report on a schedule determined by the Commissioner and shall include at least the following information:

(A) name of the person who receives funding;

(B) amount of funding;

(C) activities and training provided;

(D) number of trainees and their general description, including the gender of the trainees when available;

(E) employment status of trainees; and

(F) future needs for resources.

(3) Review reports submitted by each recipient of workforce education and training funding.

(4) Issue an annual report to the Governor and the General Assembly on or before December 1 that includes a systematic evaluation of the accomplishments of the State workforce investment system and the performance of participating agencies and institutions.

(5) Coordinate public and private workforce programs to assure that information is easily accessible to students, employees, and employers; and that all information and necessary counseling is available through one contact.

(6) Facilitate effective communication between the business community and public and private educational institutions.

(7) Notwithstanding any provision of State law to the contrary, and to the fullest extent allowed under federal law, ensure that in each State and State-funded workforce education and training program, the program administrator collects and reports data and results at the individual level by Social Security Number or an equivalent.

(8) Coordinate within and across State government a comprehensive workforce development strategy that grows the workforce, recruits new workers to the State, and meets employers' workforce needs.

Sec. E.2. 10 V.S.A. § 543 is amended to read:

§ 543. WORKFORCE EDUCATION AND TRAINING FUND; GRANT
PROGRAMS

(a) Creation. There is created a the Workforce Education and Training Fund in the Department of Labor to be managed in accordance with 32 V.S.A. chapter 7, subchapter 5.

(b) Purposes. The Department shall use the Fund for the following purposes:

(1) training for Vermont workers, including those who are unemployed, underemployed, or in transition from one job or career to another;

(2) internships to provide students with work-based learning opportunities with Vermont employers;

(3) apprenticeship, preapprenticeship, and industry-recognized credential training; and

(4) other workforce development initiatives related to current and future job opportunities in Vermont as determined by the Commissioner of Labor.

(c) Administrative and other support. The Department of Labor shall

provide administrative support for the grant award process. When appropriate and reasonable, the State Workforce ~~Investment~~ Development Board and all other public entities involved in economic development and workforce education and training shall provide other support in the process.

(d) Eligible activities.

(1) The Department, in collaboration with the Agency of Education when applicable, shall grant awards from the Fund to employers and entities, including private, public, and nonprofit entities, institutions of higher education, high schools, K–12 school districts, supervisory unions, technical centers, and workforce education and training programs that:

(A) create jobs, offer education, training, apprenticeship, preapprenticeship and industry-recognized credentials, mentoring, career planning, or work-based learning activities, or any combination;

(B) employ student-oriented approaches to workforce education and training; and

(C) link workforce education and economic development strategies.

(2) The Department may fund programs or projects that demonstrate actual increased income and economic opportunity for employees and employers for more than one year.

(3) The Department may fund student internships and training programs that involve the same employer in multiple years, with approval of the Commissioner.

(e) [Repealed].

(f) Awards. The Commissioner of Labor, in consultation with the Chair of the State Workforce Development Board, shall develop award criteria and may grant awards to the following:

(1) Training Programs.

(A) Public, private, and nonprofit entities, including employers and education and training providers, for existing or new training programs that enhance the skills of Vermont workers and:

(i) train workers for trades or occupations that are expected to lead to jobs paying at least 200 percent of the current minimum wage or at least 150 percent if benefits are included; this requirement may be waived when warranted based on regional or occupational wages or economic reality;

(ii) do not duplicate, supplant, or replace other available training funded with public money;

(iii) provide a project timeline, including performance goals, and identify how the effectiveness and outcomes of the program will be measured, including for the individual participants, the employers, and the program as a whole; and

(iv) articulate the need for the training and the direct connection between the training and the job.

(B) The Department shall grant awards under this subdivision (1) to programs or projects that:

(i) offer innovative programs of intensive, student-centric, competency-based education, training, apprenticeship, preapprenticeship and industry-recognized credentials, mentoring, or any combination of these;

(ii) address the needs of workers who are unemployed, underemployed, or are at risk of becoming unemployed, and workers who are in transition from one job or career to another;

(iii) address the needs of employers to hire new employees, or retrain incumbent workers, when the employer has demonstrated a need not within the normal course of business, with priority to training that results in new or existing job openings for which the employer intends to hire; or

(iv) in the discretion of the Commissioner, otherwise serve the purposes of this chapter.

(2) Vermont Strong Internship Program. Funding for eligible internship programs and activities under the Vermont Strong Internship Program established in section 544 of this title.

(3) Apprenticeship Program. The Vermont Apprenticeship Program established under 21 V.S.A. chapter 13. Awards under this subdivision may be used to fund the cost of apprenticeship-related instruction provided by the Department of Labor.

(4) Career Focus and Planning programs. In collaboration with the Agency of Education, funding for one or more programs that institute career training and planning for young Vermonters, beginning in middle school.

Sec. E.3. 3. V.S.A. § 2703 is added to read:

§ 2703. CAREER PATHWAYS COORDINATOR

(a) The Secretary of Administration shall have the authority to create the position of Career Pathways Coordinator within the Agency of Education.

(b) The Career Pathways Coordinator shall work under the direction of the State Director for Career Technical Education, and his or her duties shall include the following:

(1) serve as the inter-agency point person for the development of a State-approved Career Pathways System;

(2) convene stakeholders across the Department of Labor, the Agency of Commerce and Community Development, Agency of Education, Agency of Human Services, the Statewide Workforce Development Board, Career Technical Education, employers, postsecondary partners and related entities in order to create a series Career Pathways;

(3) curriculum development, stakeholder engagement, process documentation, and identification of key performance indicators, outcomes collection and reporting;

(4) engage statewide education, employer, and workforce organizations to co-develop statewide career pathways models and exemplars;

(5) identify target populations and entry points;

(6) review and develop competency models, required skill sets, and appropriate credentials at each step of a career pathway, in partnership with business and industry representatives;

(7) coordinate employer validation of competencies and pathways;

(8) develop targeted career ladders and lattices, including stackable skills and industry-recognized credentials;

(9) work with CTE Directors to design and endorse elements of Career Pathways;

(10) use labor market information and other relevant data to identify critical Career Pathways for the State; and

(11) advise the Career Technical Education Director on the funding, governance, and access to career technical education in Vermont.

* * * Heating Fuel and Service Workforce Training Pilot Project * * *

Sec. E.4. HEATING FUEL AND SERVICE WORKFORCE TRAINING

PILOT PROJECT

(a) Findings and purpose.

(1) Vermont's heating fuel and heating service companies provide high-skill, high-demand jobs, many of which do not require a college degree but pay over \$20 per hour and include benefits.

(2) Vermont's heating fuel and heating service companies have a significant need for new employees. More than two-thirds of these companies report that there is a lack of qualified applicants for heating technician jobs, and more than half report a lack of qualified drivers.

(3) The purpose of this section is to create a partnership between the State and the industry to identify prospective employees, provide them with training and skills necessary for currently available jobs, and provide employers with a skilled workforce.

(b) The Department of Labor, in collaboration with the regional Career Technical Education and Training Centers and the Vermont Fuel Dealers Association, shall establish a Heating Fuel and Service Workforce Training Pilot Project, consistent with the following:

(1) The Department, CTE Centers, Adult Technical Education Providers, and the Association shall:

(A) advertise the availability of workforce training in the field of heating fuel and service;

(B) organize informational sessions, meetings, and other group and individual opportunities for prospective trainees and interested heating and fuel service companies to connect; and

(C) coordinate matches between trainees and employers.

(2) In the event of a successful match, the Department shall facilitate the negotiation and execution of training and employment agreements, pursuant to which:

(A) a prospective trainee agrees to pursue specified training, education, or certification necessary to meet the employer's workforce need;

(B) the Department agrees to provide educational and administrative support to the trainee and 50 percent of the cost of training; and

(C) the employer agrees to provide 50 percent of the cost of training and to employ the trainee upon the successful completion of training, passage of an examination, attainment of a required certification, or a combination of these.

(3) The Association, in collaboration with the CTE Centers and subject to approval by the Department, shall provide education and training that meet the needs of trainees and employers.

(c) The Department shall have the authority to use available private, State, and federal funding to implement the provisions of this section.

(d) On or before January 15, 2018, the Department shall submit a report to the Senate Committee on Economic Development, Housing and General Affairs and the House Committee on Commerce and Economic Development addressing the implementation of this section, the profile of trainees and employers that participated, and any recommendations for further action.

* * * CTE Dual Enrollment; H.391 * * *

Sec. E.5. CTE DUAL ENROLLMENT MEMORANDA OF UNDERSTANDING

(a) Intent. The intent of this act is to expand the recognition of academic and technical course work completed by students in CTE programs by the University of Vermont and the Vermont State Colleges.

(b) Dual enrollment.

(1) Pursuant to 16 V.S.A. § 944(e), the Agency of Education shall assist the University of Vermont and the Vermont State Colleges in developing memoranda of understanding with each regional CTE center and each comprehensive high school, as defined in 16 V.S.A. § 1522, to facilitate dual enrollment under section 944.

(2) The University of Vermont and the Vermont State Colleges shall enter into memoranda of understanding, as developed with the Agency, with each regional CTE center.

(3) On or before January 15, 2018, the Secretary of Education shall provide a progress report on the status of the memoranda of understanding to the House and Senate Committees on Education, the House Committee on Commerce and Economic Development, and the Senate Committee on Economic Development, Housing and General Affairs.

Sec. F.1. BENEFIT CLIFF; REPORT

(a) The Commissioner for Children and Families, in consultation with the Joint Fiscal Office, shall evaluate the State's public benefit structure and recommend methods for mitigating or eliminating the benefit cliffs experienced by working Vermonters receiving public assistance.

(b) On or before January 15, 2018, the Commissioner shall submit a report with the results of this evaluation to the House Committees on Human Services, on Commerce and Economic Development, and on Ways and Means and to the Senate Committees on Economic Development, Housing and General Affairs, on Finance, and on Health and Welfare.

(c) The Commissioner may seek the assistance of the Office of Legislative Council in drafting a recommended legislative proposal arising out of the analysis conducted pursuant to this section.

* * * Financial Technology * * *

Sec. G.1. FINANCIAL TECHNOLOGY

(a) The General Assembly finds:

(1) The field of financial technology is rapidly expanding in scope and application.

(2) These developments present both opportunities and challenges.

(3) On the opportunity side, Vermont has been a leader in previous innovations in finance in contexts such as captive insurance.

(4) The existing Vermont legislation on blockchain technology and other aspects of e-finance have given Vermont the potential for leadership in this new era of innovation as well, with the possibility of expanded economic activity in the financial technology sector that would provide opportunities for employment, tax revenues, and other benefits.

(5) Furthermore, it is important for Vermonters that these developments proceed in ways that do not create avoidable risks for individuals and enterprises in the new e-economy.

(6) The legislative and regulatory response in Vermont will be critical to our ability to embrace the benefits of financial technology and to avoid challenges it may create.

(b)(1) In order to permit the legislature to respond to these developing opportunities and concerns on an informed basis, on or before November 30, 2017, the Center for Legal Innovation at Vermont Law School, in consultation with the Commissioner of Financial Regulation, the Secretary of Commerce and Community Development, and the Attorney General, shall submit a report to the General Assembly that includes:

(A) findings and recommendations on the potential opportunities and risks presented by developments in financial technology;

(B) suggestions for an overall policy direction and proposals for legislative and regulatory action that would effectively implement that policy direction; and

(C) measurable goals and outcomes that would indicate success in the implementation of such a policy.

(2) In developing the background for this report, the Center, Commissioner, Secretary, and Attorney General may consult such other constituencies and stakeholders within and outside the State as they may determine will be helpful to their considerations.

* * * Municipal Outreach; Sewerage and Water Service Connections * * *

Sec. H.1. AGENCY OF NATURAL RESOURCES; EDUCATION AND
OUTREACH; DELEGATION; SEWERAGE AND WATER

SERVICE CONNECTIONS

(a) The Secretary of Natural Resources, after consultation with the Vermont League of Cities and Towns, shall conduct outreach and education for municipalities regarding the ability of a municipality under 10 V.S.A. § 1976 to be delegated the authority to permit the connection of a municipal sewer or water service line to subdivided land, a building, or a campground.

(b) The education and outreach shall specify the conditions or requirements for delegation, how a municipality can seek delegation, and contact information or other resource to provide additional information regarding delegation. The education and outreach may include educational materials, workshops, or classes regarding the ability of a municipality to be delegated under 10 V.S.A. § 1976 the permitting of sewer and water service connection.

(c) On or before January 15, 2018, the Secretary of Natural Resources shall submit a report to the Senate Committees on Natural Resources and Energy and on Economic Development, Housing and General Affairs and the House Committees on Natural Resources, Fish and Wildlife and on Commerce and Economic Development summarizing the education and outreach conducted or planned by the Secretary under the requirements of this section and whether any municipality has sought delegation of sewer and water service connection permitting under 10 V.S.A. § 1976 since the effective date of this act.

* * * Municipal Land Use and Development; Affordable Housing * * *

Sec. H.2. 24 V.S.A. § 4303 is amended to read:

§ 4303. DEFINITIONS

The following definitions shall apply throughout this chapter unless the context otherwise requires:

(1) “Affordable housing” means either of the following:

~~(A) Housing that is owned by its inhabitants whose gross annual household income does not exceed 80 percent of the county median income, or 80 percent of the standard metropolitan statistical area income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development, and the total annual cost of the housing, including principal, interest, taxes, insurance, and condominium association fees is not more than 30 percent of the household’s gross annual income.~~
Owner-occupied housing for which the total annual cost of ownership, including principal, interest, taxes, insurance, and condominium association fees, does not exceed 30 percent of the gross annual income of a household at 120 percent of the highest of the following:

(i) the county median income, as defined by the U.S. Department

of Housing and Urban Development;

(ii) the standard metropolitan statistical area median income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development; or

(iii) the statewide median income, as defined by the U.S. Department of Housing and Urban Development.

~~(B) Housing that is rented by its inhabitants whose gross annual household income does not exceed 80 percent of the county median income, or 80 percent of the standard metropolitan statistical area income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development, and the total annual cost of the housing, including rent, utilities, and condominium association fees, is not more than 30 percent of the household's gross annual income. Rental housing for which the total annual cost of renting, including rent, utilities, and condominium association fees, does not exceed 30 percent of the gross annual income of a household at 80 percent of the highest of the following:~~

(i) the county median income, as defined by the U.S. Department of Housing and Urban Development;

(ii) the standard metropolitan statistical area median income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development; or

(iii) the statewide median income, as defined by the U.S. Department of Housing and Urban Development.

* * *

* * * Act 250; Priority Housing Projects * * *

Sec. H.3. 10 V.S.A. § 6001 is amended to read:

§ 6001. DEFINITIONS

In this chapter:

* * *

(3)(A) “Development” means each of the following:

* * *

(iv) The construction of housing projects such as cooperatives, condominiums, or dwellings, or construction or maintenance of mobile homes or mobile home parks, with 10 or more units, constructed or maintained on a tract or tracts of land, owned or controlled by a person, within a radius of five miles of any point on any involved land, and within any continuous period of

five years. However:

(I) A priority housing project shall constitute a development under this subdivision (iv) only if the number of housing units in the project is:

(aa) ~~275 or more, in a municipality with a population of 15,000 or more;~~ [Repealed.]

(bb) ~~150 or more, in a municipality with a population of 10,000 or more but less than 15,000;~~ [Repealed.]

(cc) 75 or more, in a municipality with a population of 6,000 or more but less than 10,000;₂

(dd) 50 or more, in a municipality with a population of 3,000 or more but less than 6,000;₂

(ee) 25 or more, in a municipality with a population of less than 3,000;~~and~~₂

(ff) ~~notwithstanding~~ Notwithstanding subdivisions (aa)(cc) through (ee) of this subdivision (3)(A)(iv)(I), 10 or more if the construction involves the demolition of one or more buildings that are listed on or eligible to be listed on the State or National Register of Historic Places. However, demolition shall not be considered to create jurisdiction under this subdivision if the Division for Historic Preservation has determined that the proposed demolition will have no adverse effect, will have no adverse effect if specified conditions are met, or will have an adverse effect that will be adequately mitigated. Any imposed conditions shall be enforceable through a grant condition, deed covenant, or other legally binding document.

(II) The determination of jurisdiction over a priority housing project shall count only the housing units included in that discrete project.

(III) Housing units in a priority housing project shall not count toward determining jurisdiction over any other project.

* * *

(D) The word “development” does not include:

* * *

(viii)(I) The construction of a priority housing project in a municipality with a population of 10,000 or more.

(II) If the construction of a priority housing project in this subdivision (3)(D)(viii) involves demolition of one or more buildings that are listed or eligible to be listed on the State or National Register of Historic Places, this exemption shall not apply unless the Division for Historic

Preservation has made the determination described in subdivision (A)(iv)(I)(ff) of this subdivision (3) and any imposed conditions are enforceable in the manner set forth in that subdivision.

* * *

(27) “Mixed income housing” means a housing project in which the following apply:

(A) Owner-occupied housing. At the option of the applicant, owner-occupied housing may be characterized by either of the following:

(i) at least 15 percent of the housing units have a purchase price ~~which~~ that at the time of first sale does not exceed 85 percent of the new construction, targeted area purchase price limits established and published annually by the Vermont Housing Finance Agency; or

(ii) at least 20 percent of the housing units have a purchase price ~~which~~ that at the time of first sale does not exceed 90 percent of the new construction, targeted area purchase price limits established and published annually by the Vermont Housing Finance Agency;

(B) Rental ~~Housing~~ housing. At least 20 percent of the housing units that are rented constitute affordable housing and have a duration of affordability of ~~no not~~ not less than 20 15 years.

(28) “Mixed use” means construction of both mixed income housing and construction of space for any combination of retail, office, services, artisan, and recreational and community facilities, provided at least 40 percent of the gross floor area of the buildings involved is mixed income housing. “Mixed use” does not include industrial use.

(29) “Affordable housing” means either of the following:

(A) ~~Housing that is owned by its inhabitants whose gross annual household income does not exceed 80 percent of the county median income, or 80 percent of the standard metropolitan statistical area income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development, and the total annual cost of the housing, including principal, interest, taxes, insurance, and condominium association fees is not more than 30 percent of the household’s gross annual income.~~ Owner-occupied housing for which the total annual cost of ownership, including principal, interest, taxes, insurance, and condominium association fees, does not exceed 30 percent of the gross annual income of a household at 120 percent of the highest of the following:

(i) the county median income, as defined by the U.S. Department of Housing and Urban Development;

(ii) the standard metropolitan statistical area median income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development; or

(iii) the statewide median income, as defined by the U.S. Department of Housing and Urban Development.

~~(B) Housing that is rented by its inhabitants whose gross annual household income does not exceed 80 percent of the county median income, or 80 percent of the standard metropolitan statistical area income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development, and the total annual cost of the housing, including rent, utilities, and condominium association fees, is not more than 30 percent of the household's gross annual income. Rental housing for which the total annual cost of renting, including rent, utilities, and condominium association fees, does not exceed 30 percent of the gross annual income of a household at 80 percent of the highest of the following:~~

(i) the county median income, as defined by the U.S. Department of Housing and Urban Development;

(ii) the standard metropolitan statistical area median income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development; or

(iii) the statewide median income, as defined by the U.S. Department of Housing and Urban Development.

* * *

(35) "Priority housing project" means a discrete project located on a single tract or multiple contiguous tracts of land that consists exclusively of:

(A) mixed income housing or mixed use, or any combination thereof, and is located entirely within a designated downtown development district, designated new town center, designated growth center, or designated village center that is also a designated neighborhood development area under 24 V.S.A. chapter 76A; or

(B) mixed income housing and is located entirely within a designated Vermont neighborhood or designated neighborhood development area under 24 V.S.A. chapter 76A.

* * *

Sec. H.4. 10 V.S.A. § 6081 is amended to read:

§ 6081. PERMITS REQUIRED; EXEMPTIONS

(a) No person shall sell or offer for sale any interest in any subdivision

located in this State, or commence construction on a subdivision or development, or commence development without a permit. This section shall not prohibit the sale, mortgage, or transfer of all, or an undivided interest in all, of a subdivision unless the sale, mortgage, or transfer is accomplished to circumvent the purposes of this chapter.

* * *

(o) If a ~~downtown development district~~ designation pursuant to 24 V.S.A. § ~~2793~~ chapter 76A is removed, subsection (a) of this section shall apply to any subsequent substantial change to a priority housing project that was originally exempt pursuant to subdivision 6001(3)(A)(iv)(I) of this title on the basis of that designation.

(p)(1) No permit or permit amendment is required for any change to a project that is located entirely within a downtown development district designated pursuant to 24 V.S.A. § 2793, if the change consists exclusively of any combination of mixed use and mixed income housing, and the cumulative changes within any continuous period of five years, commencing on or after the effective date of this subsection, remain below the any applicable jurisdictional threshold specified in subdivision 6001(3)(A)(iv)(I) of this title.

(2) No permit or permit amendment is required for a priority housing project in a designated center other than a downtown development district if the project remains below any applicable jurisdictional threshold specified in subdivision 6001(3)(A)(iv)(I) of this title and will comply with all conditions of any existing permit or permit amendment issued under this chapter that applies to the tract or tracts on which the project will be located. If such a priority housing project will not comply with one or more of these conditions, an application may be filed pursuant to section 6084 of this title.

* * *

Sec. H.5. 10 V.S.A. § 6084 is amended to read:

§ 6084. NOTICE OF APPLICATION; HEARINGS, COMMENCEMENT OF REVIEW

* * *

(f) This subsection concerns an application for a new permit amendment to change the conditions of an existing permit or existing permit amendment in order to authorize the construction of a priority housing project described in subdivision 6081(p)(2) of this title.

(1) The District Commission may authorize a district coordinator to issue such an amendment, without notice and a hearing, if the applicant demonstrates that all parties to the existing permit or existing permit

amendment, which contains the condition or conditions proposed to be changed, or their successors in interest have consented to the proposed changes to conditions relative to the criteria for which the party obtained party status.

(2) If the applicant is not able to obtain the consent of a party or parties or their successors in interest with respect to one or more of the conditions in the existing permit or permit amendment proposed to be changed, the applicant shall file a permit application pursuant to this section. However, review by the District Commission shall be limited to whether the changes to conditions not consented to by the party or parties or their successors in interest enable positive findings to be made under subsection 6086(a) and are authorized under subsection 6086(c) of this title.

Sec. H.6. 30 V.S.A. § 55 is added to read:

§ 55. PRIORITY HOUSING PROJECTS; STRETCH CODE

A priority housing project as defined in 10 V.S.A. § 6001 shall meet or exceed the stretch codes established under this subchapter by the Department of Public Service.

* * * ACCD; Publication of Median Household Income and Qualifying Costs for Affordable Housing * * *

Sec. H.7. 3 V.S.A. § 2472 is amended to read:

§ 2472. DEPARTMENT OF HOUSING AND COMMUNITY
DEVELOPMENT

(a) The Department of Housing and Community Development is created within the Agency of Commerce and Community Development. The Department shall:

* * *

(5) In conjunction with the Vermont Housing Finance Agency, annually publish data and information to enable the public to determine income levels and costs for owner-occupied and rental housing to qualify as affordable housing, as defined in 24 V.S.A. § 4303 and 10 V.S.A. § 6001(29), including:

(A) the median income for each Vermont county, as defined by the U.S. Department of Housing and Urban Development;

(B) the standard metropolitan statistical area median income for each municipality located in such an area, as defined by the U.S. Department of Housing and Urban Development; and

(C) the statewide median income, as defined by the U.S. Department of Housing and Urban Development.

* * *

* * * Downtown Tax Credits * * *

Sec. H.8. 32 V.S.A. § 5930ee is amended to read:

§ 5930ee. LIMITATIONS

Beginning in fiscal year 2010 and thereafter, the State Board may award tax credits to all qualified applicants under this subchapter, provided that:

(1) the total amount of tax credits awarded annually, together with sales tax reallocated under section 9819 of this title, does not exceed ~~\$2,200,000.00~~ \$2,400,000.00;

* * *

* * * Tax Credit for Affordable Housing; Captive Insurance Companies * * *

Sec. H.9. 32 V.S.A. § 5930u is amended to read:

§ 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

(a) As used in this section:

* * *

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

* * *

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

* * *

* * * Vermont State Housing Authority; Powers * * *

Sec. H.10. 24 V.S.A. § 4005 is amended to read:

§ 4005. VERMONT STATE HOUSING AUTHORITY; ESTABLISHMENT,
MEMBERS, POWERS

* * *

(e) Notwithstanding any provision of law, no person, ~~domestic or foreign~~, shall be authorized to administer allocations of money under 42 U.S.C.A. § 1437a or 1437f or other federal statute authorizing rental subsidies for the benefit of persons of low or moderate income, except:

- (1) ~~a subcontractor of the State Authority; or~~
- (2) a State public body authorized by law to administer such allocations;
- (3) a person authorized to administer such allocations pursuant to an agreement with the State Authority; or
- (4) an organization, of which the State Authority is a promoter, member, associate, owner, or manager, that is authorized by a federal agency to administer such allocations in this State.

(f) In addition to the powers granted by this chapter, the State Authority shall have all the powers necessary or convenient for the administration of federal monies pursuant to subsection (e) of this section, including the power:

- (1) to enter into one or more agreements for the administration of federal monies;
- (2) to be a promoter, partner, member, associate, owner, or manager of any partnership, limited liability company, joint venture, association, trust, or other organization;
- (3) to conduct its activities, locate offices, and exercise the powers granted by this title within or outside this State;
- (4) to carry on a business in the furtherance of its purposes; and
- (5) to do all things necessary or convenient, consistent with law, to further the activities and affairs of the Authority.

* * * Repeal of Sunset on Sales and Use Tax Exemption;
Airplanes and Airplane Parts * * *

Sec. I.1. REPEALS

The following are repealed:

- (1) 2007 Acts and Resolve No. 81, Secs. 7a (amendment to sales tax exemption for aircraft parts) and 7b (effective date).
- (2) 2008 Acts and Resolve No. 190, Sec. 43 (effective date).

* * * Tax Increment Financing Districts * * *

Sec. J. TAX INCREMENT FINANCING; FINDINGS

The General Assembly finds that the State of Vermont has an important role

to play in creating the infrastructure necessary to support downtown development and revitalization, particularly in distressed communities.

Sec. J.1. 24 V.S.A. chapter 53, subchapter 5 is amended to read:

Subchapter 5. Tax Increment Financing

* * *

§ 1892. CREATION OF DISTRICT

* * *

(d) The following municipalities have been authorized to use education tax increment financing for a tax increment financing district, ~~and the Vermont Economic Progress Council is not authorized to approve any additional tax increment financing districts even if one of the districts named in this subsection is terminated pursuant to subsection 1894(a) of this subchapter:~~

- (1) the City of Burlington, Downtown;
- (2) the City of Burlington, Waterfront;
- (3) the Town of Milton, North and South;
- (4) the City of Newport;
- (5) the City of Winooski;
- (6) the Town of Colchester;
- (7) the Town of Hartford;
- (8) the City of St. Albans;
- (9) the City of Barre; ~~and~~
- (10) the Town of Milton, Town Core; and
- (11) the City of South Burlington, New Town Center.

* * *

§ 1894. POWER AND LIFE OF DISTRICT

* * *

(c) Use of the municipal property tax increment. For only debt incurred within the period permitted under subdivision (a)(1) of this section after creation of the district, and related costs, not less than an equal share plus five percent of the municipal tax increment pursuant to subsection (f) of this section shall be retained to service the debt, beginning the first year in which debt is incurred, pursuant to subsection (b) of this section.

* * *

(f) Equal share required. If any tax increment utilization is approved pursuant to 32 V.S.A. § 5404a(h), no more than 75 percent of the State property tax increment and no less than an equal percent, plus five percent, of the municipal tax increment may be approved by the Council or used by the municipality to service this debt.

* * *

Sec. J.2. 32 V.S.A. § 5404a is amended to read:

§ 5404a. TAX STABILIZATION AGREEMENTS; TAX INCREMENT
FINANCING DISTRICTS

* * *

(f) A municipality that establishes a tax increment financing district under 24 V.S.A. chapter 53, subchapter 5 shall collect all property taxes on properties contained within the district and apply up to 75 percent of the State education property tax increment, and not less than an equal share plus five percent of the municipal tax increment, as defined in 24 V.S.A. § 1896, to repayment of financing of the improvements and related costs for up to 20 years pursuant to 24 V.S.A. § 1894, if approved by the Vermont Economic Progress Council pursuant to this section, subject to the following:

(1) In a municipality with one or more approved districts, the Council shall not approve an additional district until the municipality retires the debt incurred for all of the districts in the municipality.

(2) The Council shall not approve more than two districts in a single county, and not more than an additional 14 districts in the State, provided:

(A) The districts listed in 24 V.S.A. § 1892(d) shall not be counted against the limits imposed in this subdivision (2).

(B) The Council shall consider complete applications in the order they are submitted, except that if during any calendar month the Council receives applications for more districts than are actually available in a county, the Council shall evaluate each application and shall approve the application that, in the Council's discretion, best meets the economic development needs of the county.

(C) If, while the General Assembly is not in session, the Council receives applications for districts that would otherwise qualify for approval but, if approved, would exceed the 14-district limit in the State, the Council shall make one or more presentations to the Emergency Board concerning the applications, and the Emergency Board may, in its discretion, increase the 14-district limit.

(3)(A) A municipality shall immediately notify the Council if it resolves not to incur debt for an approved district within five years of approval or a five-year extension period as required in 24 V.S.A. § 1894.

(B) Upon receiving notification pursuant to subdivision (3)(A) of this subsection, the Council shall terminate the district and may approve a new district, subject to the provisions of this section and 24 V.S.A. chapter 53, subchapter 5.

(4) The Council shall not approve any additional districts on or after July 1, 2024.

(5) Prior to January 1, 2019, the Council shall not accept or approve an application for a district within a county that has five or more approved districts.

* * *

(h) Criteria for approval. To approve utilization of incremental revenues pursuant to subsection (f) of this section, the Vermont Economic Progress Council shall do all the following:

(1) Review each application to determine that the ~~new real property~~ proposed infrastructure improvements and the proposed development would not have occurred or would have occurred in a significantly different and less desirable manner but for the proposed utilization of the incremental tax revenues. The review shall take into account:

(A) the amount of additional time, if any, needed to complete the proposed development within the tax increment district and the amount of additional cost that might be incurred if the project were to proceed without education property tax increment financing;

(B) how the proposed development components and size would differ, if at all, without education property tax increment financing, including, if applicable to the development, the number of units of affordable housing, as defined in 24 V.S.A. § 4303; and

(C) the amount of additional revenue expected to be generated as a result of the proposed development; the percentage of that revenue that shall be paid to the education fund; the percentage that shall be paid to the municipality; and the percentage of the revenue paid to the municipality that shall be used to pay financing incurred for development of the tax increment financing district.

(2) Process requirements. Determine that each application meets all of the following four requirements:

(A) The municipality held public hearings and established a tax

increment financing district in accordance with 24 V.S.A. §§ 1891-1900.

(B) The municipality has developed a tax increment financing district plan, including: a project description; a development financing plan; a pro forma projection of expected costs; a projection of revenues; a statement and demonstration that the project would not proceed without the allocation of a tax increment; evidence that the municipality is actively seeking or has obtained other sources of funding and investment; and a development schedule that includes a list, a cost estimate, and a schedule for public improvements and projected private development to occur as a result of the improvements.

(C) The municipality has approved or pledged the utilization of incremental municipal tax revenues for purposes of the district in the same proportion as the utilization of education property tax revenues approved by the Vermont Economic Progress Council for the tax increment financing district.

(D) The proposed infrastructure improvements and the projected development or redevelopment are compatible with approved municipal and regional development plans, and the project has clear local and regional significance for employment, housing, and transportation improvements.

(3) Location criteria. Determine that each application meets one of the following criteria:

(A) The development or redevelopment is compact, high density, and located in or near existing industrial areas.

(B) The proposed district is within an approved growth center, designated downtown, designated village center, ~~or~~ new town center, or neighborhood development area.

(C) The development will occur in an area that is economically distressed, which for the purposes of this subdivision means that the ~~area has experienced patterns of increasing unemployment, a drop in average wages, or a decline in real property values~~ municipality in which the area is located has at least one of the following:

(i) a median family income that is not more than 80 percent of the statewide median family income as reported by the Vermont Department of Taxes for the most recent year for which data is available;

(ii) an annual average unemployment rate that is at least one percent greater than the latest annual average statewide unemployment rate as reported by the Vermont Department of Labor; or

(iii) a median sales price for residential properties under six acres that is not more than 80 percent of the statewide median sales price for

residential properties under six acres as reported by the Vermont Department of Taxes.

(4) Project criteria. Determine that the proposed development within a tax increment financing district will accomplish at least ~~three~~ two of the following ~~five~~ four criteria:

~~(A) The development within the tax increment financing district clearly requires substantial public investment over and above the normal municipal operating or bonded debt expenditures.~~

~~(B) The development includes new or rehabilitated affordable housing that is affordable to the majority of the residents living within the municipality and is developed at a higher density than at the time of application. "Affordable" has the same meaning as in 10 V.S.A. § 6001(29), as defined in 24 V.S.A. § 4303.~~

~~(C)~~(B) The project will affect the remediation and redevelopment of a brownfield located within the district. As used in this section, "brownfield" means an area in which a hazardous substance, pollutant, or contaminant is or may be present, and that situation is likely to complicate the expansion, development, redevelopment, or reuse of the property.

~~(D)~~(C) The development will include at least one entirely new business or business operation or expansion of an existing business within the district, and this business will provide new, ~~quality~~ high-quality, full-time jobs that meet or exceed the prevailing wage for the region as reported by the department of labor.

~~(E)~~(D) The development will enhance transportation by creating improved traffic patterns and flow or creating or improving public transportation systems.

* * *

Sec. J.3. IMPLEMENTATION

Secs. J.1 and J.2 of this act shall apply only to tax increment financing district applications filed, and districts approved, on or after the date of passage of this act.

* * * Climate Economy Accelerator; H.398 * * *

Sec. K.1. FINDINGS AND PURPOSE

(a) Findings. The General Assembly finds:

(1) Vermont needs to attract and support entrepreneurs, youths, and investors to reinvigorate its economy, today and for the future.

(2) Vermont has a tremendous opportunity to systematically advance economic activity that addresses the challenge of climate change by reducing and mitigating carbon impacts, while spurring innovation and creativity, encouraging entrepreneurship, attracting youths, and building jobs for the future.

(3) Vermont's unique environmental image, strong brand recognition nationally, quality of life, and history of entrepreneurship and invention provides an opportunity to position the State as a premier place to establish new businesses whose mission, products, and services can help society and our economy mitigate the effects of climate change.

(4) The goal of quality job creation as part of the State's economic development policy is dependent on providing support for the start-up and expansion of small businesses sectors of our economy.

(5) The Vermont Sustainable Jobs Fund, the Vermont Council on Rural Development, and a working group of business, finance, and economic development leaders, are developing the Climate Economy Business Accelerator Program to grow entrepreneurial opportunities and provide a network for businesses to promote their solutions, products, and services that can lead to collaboration and innovation.

(6) The Accelerator Program aims to accelerate the creation and growth of entrepreneurs that commercialize business solutions to address the negative impacts of climate change and position our State as the place to come and build businesses that export solutions for a changing climate worldwide.

(7) Nationally, business accelerators have led to the growth of start-up companies, job creation, and enhanced entrepreneurial activity in a region. Most accelerators are located in major cities and throughout Canada. There are over 150 business accelerators in the United States at this time.

(8) Neither Vermont, nor other New England States, have an accelerator program to support start-up businesses and serve the needs of both rural and urban businesses.

(9) In early 2017 a climate change-related accelerator will launch in Philadelphia with a focus on technology development related to agriculture and water.

(10) The Vermont Sustainable Jobs Fund program (VSJF) was created in 1995 to accelerate the development of Vermont's green economy. Per its enabling statute, VSJF focuses its development efforts on particular economic sectors by supporting the business assistance and financing needs of businesses in these sectors.

(11) To date, VSJF has concentrated on working with early-stage and

growth-stage businesses in the green economy, primarily due to a lack of sufficient funding support to work with start-up businesses. Additional funding for VSJF's Accelerator Program will enable it to fulfill its statutory mission.

(12) A State investment of seed funding would leverage additional private and philanthropic investment to carry out this work and boost economic development, innovation, and job creation.

(b) Purpose. The purpose of Sec. K.2 of this act is to create a statutory framework to authorize the creation of the Climate Economy Business Accelerator Program capable of attracting and retaining young entrepreneurs in the State and to position Vermont as a national leader in climate economy innovation.

Sec. K.2. 10 V.S.A. § 331 is added to read:

§ 331. CLIMATE ECONOMY BUSINESS ACCELERATOR PROGRAM

(a) Definition. In this section "climate economy" means the work performed by businesses whose products and services are designed to reduce, mitigate, or prepare for the negative impacts of climate change on human systems, including:

- (1) clean energy development and distribution;
- (2) thermal and electrical efficiencies in buildings and building construction;
- (3) evolving public and private transportation systems;
- (4) energy and efficiency innovations in the working lands economy;
- (5) recycling, reuse, and renewal of resources; and
- (6) resilience technologies, such as soil-sensing devices.

(b) Program implementation. The Vermont Sustainable Jobs Fund shall have the authority to design and implement a Climate Economy Business Accelerator Program as follows:

- (1) Assemble a team of experienced program partners, mentors, investors, and business content providers to design and deliver a high quality experience to Accelerator Program cohort participants.
- (2) Recruit and select a cohort of at least 10 start-up and early-stage businesses to participate together in a three-to-four-month intensive program of training, mentoring, and investment opportunities.
- (3) Assist cohort members in clarifying the market for their products, evaluating the needs of their management teams, defining their business

models, articulating their unique values, and securing needed investment capital.

(4) Develop an evaluation and metrics capture process compatible with Results-Based Accountability and begin tracking results.

(5) Develop a network of climate economy related businesses to work alongside the Accelerator Program in order to connect cohort members with the business community to spark business-to-business collaboration, stimulate additional job growth in the climate economy sector, and provide ongoing support as their businesses mature.

(6) Raise additional program funding as needed from sponsors, partners, private foundations, and federal agencies to leverage State general funds.

(c) Outcomes. The outcomes of the Program shall include:

(1) Increase the success rate of start-up businesses in the climate economy sector in Vermont.

(2) Create jobs in the climate economy sector.

(3) Attract and retain young entrepreneurs who develop climate economy businesses in Vermont to serve local, national, and global markets.

(4) Attract equity and venture capital to emerging climate economy start-up businesses in Vermont.

* * * Opportunity Economy; H.480 * * *

Sec. L.1. MICROBUSINESS DEVELOPMENT PROGRAM; FINDINGS; APPROPRIATION

(a) Findings. The General Assembly finds:

(1) Since 1989, the Microbusiness Development Program has provided free business technical assistance, including training and counseling, as well as access to capital to Vermonters with low income.

(2) The Vermont Community Action Agencies work in conjunction with many partners, including other service providers, State agencies, business technical assistance providers, and both traditional and alternative lenders.

(3) Each year the Program:

(A) enables the creation or expansion of an average of 145 businesses across Vermont;

(B) supports the creation of 84 new jobs; and

(C) provides access to more than \$1,100,000.00 in capital.

(4) The average cost per job created through the Program is less than

\$3,600.00.

(b) Intent. It is the intent of the General Assembly to provide additional funding, subject to available resources, for the regional Microbusiness Development Programs pursuant to 3 V.S.A. § 3722.

Sec. L.2. FINANCIAL EDUCATION, COACHING, AND

CREDIT-BUILDING SERVICES; FINDINGS; APPROPRIATION

(a) Findings. The General Assembly finds:

(1) To overcome barriers to financial security, “Financial Capability” education and coaching services empower people to stabilize their finances, set goals and work to achieve them, and sustain successful financial behaviors over time.

(2) The knowledge and skills gained by Vermonters with low income enable them better to manage scarce resources, repair or build credit, and establish or strengthen connections to financial institutions.

(3) Recent studies show that 10 hours of financial education can yield a savings of \$1,390.00 per year for participants, a substantial sum for families living in poverty.

(4) Additionally, a recent national study found that 58 percent of individuals with low-to-moderate income receiving financial coaching and credit-building services had their credit score increase as a result.

(5) These services in Vermont can and have been customized to meet the particular needs of families participating in Reach Up.

(b) It is the intent of the General Assembly to provide funding, subject to available resources, to enable more Vermonters with low income to access these services.

* * * Funding Priorities * * *

Sec. M.1. SMALL BUSINESS DEVELOPMENT CENTER

In fiscal year 2018, it is the intent of the General Assembly to provide funding, subject to available resources, to the Vermont Small Business Development Center (SBDC) as follows:

(1) for the purpose of increasing the number of SBDC business advisors, with priority to underserved regions of the State; and

(2) for the purpose of fully funding the SBDC technology commercialization advisor position.

Sec. M.2. ECONOMIC DEVELOPMENT MARKETING

(a) The Agency of Commerce and Community Development shall have the authority, and may use available funds, to:

(1) implement the Department of Economic Development's economic development marketing plan to attract and retain residents and businesses to Vermont, highlighting the many positive features that make Vermont a great place to live, work, and do business; and

(2) prioritize marketing tactics with the potential to shift most efficiently and effectively perceptions about Vermont as a place to live and work, and that will form a set of marketing assets and strategic framework to sustain Department of Economic Development activities beyond initial implementation.

(b) Funds available to implement this section may be matched with federal funds, special funds, grants, donations, and private funds. To increase the amount and effectiveness of marketing activities conducted, the Agency shall collaborate with private sector partners to maximize State marketing resources and to enable Vermont businesses to align their own brand identities with the Vermont brand, enhancing the reputations of both the business and the State.

(c) For any economic development marketing plan implemented pursuant to this section, the Secretary of Commerce and Community Development shall establish performance measures that support strategic priorities, including strengthening the State economy, before disbursing funds.

* * * Effective Dates * * *

Sec. N.1. EFFECTIVE DATES

(a) This section, Sec. B.1 (rural economic development infrastructure districts), and Secs. J-J.3 (tax increment financing districts) shall take effect on passage.

(b) The remaining sections shall take effect on July 1, 2017.

(Committee vote: 9-0-2)

(For text see Senate Journal March 30, 31, 2017)

Rep. Condon of Colchester, for the Committee on Ways and Means, recommends the bill ought to pass in concurrence with proposal of amendment as recommended by the Committee on Commerce and Economic Development and when further amended as follows:

First: By striking out Secs. J-J.3, Tax Increment Financing Districts, in their entirety and inserting in lieu thereof the following:

* * * Tax Increment Financing Districts* * *

Sec. J. TAX INCREMENT FINANCING; FINDINGS

The General Assembly finds that the State of Vermont has an important role to play in creating the infrastructure necessary to support downtown development and revitalization, particularly in distressed communities.

Sec. J.1. 24 V.S.A. § 1892 is amended to read:

§ 1892. CREATION OF DISTRICT

(a) Upon a finding that such action will serve the public purposes of this subchapter and subject to subsection (d) of this section, the legislative body of any municipality may create within its jurisdiction a special district to be known as a tax increment financing district. The district shall be described by its boundaries and the properties therein and the district boundary shall be shown on a plan entitled "Proposed Tax Increment Financing District (municipal name), Vermont." The legislative body shall hold one or more public hearings, after public notice, on the proposed plan.

* * *

(d) The following municipalities have been authorized to use education tax increment financing for a tax increment financing district, ~~and the Vermont Economic Progress Council is not authorized to approve any additional tax increment financing districts even if one of the districts named in this subsection is terminated pursuant to subsection 1894(a) of this subchapter:~~

- (1) the City of Burlington, Downtown;
- (2) the City of Burlington, Waterfront;
- (3) the Town of Milton, North and South;
- (4) the City of Newport;
- (5) the City of Winooski;
- (6) the Town of Colchester;
- (7) the Town of Hartford;
- (8) the City of St. Albans;
- (9) the City of Barre; ~~and~~
- (10) the Town of Milton, Town Core; and
- (11) the City of South Burlington.

(e) Annually, the General Assembly may use the estimate of the maximum amount of new long-term net debt that prudently may be authorized for tax increment financing districts in the next fiscal year prepared pursuant to 32 V.S.A. § 305b to determine whether to expand the number of tax increment

financing districts.

Sec. J.2. ADDITIONAL TIF DISTRICTS; FINDINGS; APPROVAL

(a) The General Assembly finds that:

(1) the City of Newport has retired its tax increment financing district and all debt incurred in the district was repaid in 2015; and

(2) the Town of Colchester voted to dissolve its tax increment financing district in November 2014.

(b) Notwithstanding 24 V.S.A. § 1892(d), and as a result of the termination of the two tax increment financing districts described in subsection (a) of this section, the Vermont Economic Progress Council is authorized to approve two additional tax increment financing districts.

Sec. J.3. 24 V.S.A. § 1894 is amended to read:

§ 1894. POWER AND LIFE OF DISTRICT

(a) Incurring indebtedness.

(1) A municipality approved under 32 V.S.A. § 5404a(h) may incur indebtedness against revenues of the tax increment financing district at any time during a period of up to five years following the creation of the district. If no debt is incurred during this five-year period, the district shall terminate, unless the Vermont Economic Progress Council grants an extension to a municipality pursuant to subsection (d) of this section. However, if any indebtedness is incurred within the first five years after the creation of the district, then the district has a total of ten years after the creation of the district to incur any additional debt.

* * *

(c) Use of the municipal property tax increment. For only debt incurred within the period permitted under subdivision (a)(1) of this section after creation of the district, and related costs, ~~not less than an equal share~~ 100 percent of the municipal tax increment ~~pursuant to subsection (f) of this section~~ shall be retained to service the debt, beginning the first year in which debt is incurred, pursuant to subsection (b) of this section.

* * *

(f) ~~Equal share required~~ Required share of increment. If any tax increment utilization is approved pursuant to 32 V.S.A. § 5404a(h), ~~no not~~ more than 75 percent of the State property tax increment and ~~no not~~ less than ~~an equal percent~~ 100 percent of the municipal tax increment may be approved by the Council or used by the municipality to service this debt.

* * *

Sec. J.4. 32 V.S.A. § 305b is added to read:

§ 305b. EDUCATION PROPERTY TAX INCREMENT; EMERGENCY

BOARD ESTIMATE

(a) Annually, at the January meeting of the Emergency Board held pursuant to section 305a of this title, the Joint Fiscal Office and the Secretary of Administration shall provide to the Emergency Board a consensus estimate of forgone revenue from the Education Fund resulting from the retention of education property tax increment by tax increment financing districts authorized pursuant to 24 V.S.A. chapter 53 and section 5404a of this title. The estimate shall be for the succeeding fiscal year. The Emergency Board shall adopt an official estimate of forgone revenue from the Education Fund at the January meeting.

(b) Annually, on or before September 30 of each year, the Emergency Board shall review the size and affordability of the net indebtedness for tax increment financing districts and submit to the Governor and to the General Assembly an estimate of the maximum amount of new long-term net debt that prudently may be authorized for tax increment financing districts in the next fiscal year. The estimate of the Board shall be advisory, and shall take into consideration:

(1) any existing or new debt incurred by authorized tax increment financing districts; and

(2) the impact of the amount of the indebtedness on the General and Education Funds.

Sec. J.5. 16 V.S.A. § 4025 is amended to read:

§ 4025. EDUCATION FUND

(a) ~~An~~ The Education Fund is established to comprise the following:

(1) All revenue paid to the State from the statewide education tax on nonresidential and homestead property under 32 V.S.A. chapter 135.

(2) For each fiscal year, the amount of the general funds appropriated and transferred to the Education Fund shall be \$305,900,000.00, to be increased annually beginning for fiscal year 2018 by the consensus Joint Fiscal Office and Administration determination of the National Income and Product Accounts (NIPA) Implicit Price Deflator for State and Local Government Consumption Expenditures and Gross Investment as reported by the U.S. Department of Commerce, Bureau of Economic Analysis through the fiscal year for which the payment is being determined, plus an additional one-tenth

of one percent, plus an amount equal to one-half of the official estimate of forgone revenue from the Education Fund adopted by the Emergency Board pursuant to section 305b of this title.

* * *

Sec. J.6. 32 V.S.A. § 5404a(h) is amended to read:

(h) Criteria for approval. To approve utilization of incremental revenues pursuant to subsection (f) of this section, the Vermont Economic Progress Council shall do all the following:

(1) ~~Review~~ Conduct a review of each application to determine that the new real property development would not have occurred or would have occurred in a significantly different and less desirable manner but for the proposed utilization of the incremental tax revenues. The review ~~that~~ shall take into account:

(A) the amount of additional time, if any, needed to complete the proposed development within the tax increment district and the amount of additional cost that might be incurred if the project were to proceed without education property tax increment financing;

(B) how the proposed development components and size would differ, if at all, including, if applicable to the development, in the number of units of affordable housing, as defined in 24 V.S.A. § 4303, without education property tax increment financing; and

(C) the amount of additional revenue expected to be generated as a result of the proposed development; the percentage of that revenue that shall be paid to the ~~education fund~~ Education Fund; the percentage that shall be paid to the municipality; and the percentage of the revenue paid to the municipality that shall be used to pay financing incurred for development of the tax increment financing district.

* * *

(3) Location criteria. Determine that each application meets one of the following criteria:

(A) The development or redevelopment is compact, high density, and located in or near existing industrial areas.

(B) The proposed district is within an approved growth center, designated downtown, designated village center, ~~or~~ new town center, or neighborhood development area.

(C) The development will occur in an area that is economically distressed, which for the purposes of this subdivision means that the ~~area has~~

~~experienced patterns of increasing unemployment, a drop in average wages, or a decline in real property values~~ municipality in which the area is located has at least one of the following:

(i) a median family income that is not more than 80 percent of the statewide median family income as reported by the Vermont Department of Taxes for the most recent year for which data are available;

(ii) an annual average unemployment rate that is at least one percent greater than the latest annual average statewide unemployment rate as reported by the Vermont Department of Labor; or

(iii) a median sales price for residential properties under six acres that is not more than 80 percent of the statewide median sales price for residential properties under six acres as reported by the Vermont Department of Taxes.

(4) Project criteria. Determine that the proposed development within a tax increment financing district will accomplish at least three of the following five criteria:

(A) The development within the tax increment financing district clearly requires substantial public investment over and above the normal municipal operating or bonded debt expenditures.

(B) The development includes new or rehabilitated affordable housing ~~that is affordable to the majority of the residents living within the municipality and is developed at a higher density than at the time of application. “Affordable” has the same meaning as in 10 V.S.A. § 6001(29), as defined in 24 V.S.A. § 4303.~~

(C) The project will affect the remediation and redevelopment of a brownfield located within the district. As used in this section, “brownfield” means an area in which a hazardous substance, pollutant, or contaminant is or may be present, and that situation is likely to complicate the expansion, development, redevelopment, or reuse of the property.

(D) The development will include at least one entirely new business or business operation or expansion of an existing business within the district, and this business will provide new, ~~quality~~ high-quality, full-time jobs that meet or exceed the prevailing wage for the region as reported by the ~~department of labor~~ Department of Labor.

(E) The development will enhance transportation by creating improved traffic patterns and flow or creating or improving public transportation systems.

Sec. J.7. 24 V.S.A. chapter 53, subchapter 5 is redesignated to read:

Subchapter 5. Statewide Tax Increment Financing

Sec. J.8. 24 V.S.A. chapter 53, subchapter 6 is added to read:

Subchapter 6. Municipal Tax Increment Financing

§ 1903. DEFINITIONS

As used in this subchapter:

(1) “District” or “TIF” means a tax increment financing district.

(2) “Improvements” means the installation, new construction, or reconstruction of infrastructure to benefit a municipal tax increment financing district, including utilities, transportation, public facilities and amenities, land and property acquisition and demolition, and site preparation.

(3) “Legislative body” means the mayor and alderboard, the city council, the selectboard, or the president and trustees of an incorporated village, as appropriate.

(4) “Municipality” means a city, town, or incorporated village.

(5) “Original taxable value” means the total valuation as determined in accordance with 32 V.S.A. chapter 129 of all taxable real property located within the tax increment financing district as of the creation date as set forth in section 1904 of this subchapter, provided that no parcel within the district shall be divided or bisected by the district boundary.

(6) “Related costs” means expenses incurred and paid by the municipality, exclusive of the actual cost of constructing and financing improvements, that are directly related to the creation and implementation of a municipal tax increment financing district, including reimbursement of sums previously advanced by the municipality for those purposes, direct municipal expenses such as departmental or personnel costs related to creating or administering the project, and audit costs allocable to the district.

§ 1904. MUNICIPAL TAX INCREMENT FINANCING DISTRICT

(a) General authority. Notwithstanding any provision of subchapter 5 of this chapter or 32 V.S.A. § 5404a to the contrary, upon approval of the legislative body of any municipality, a municipality may create a municipal tax increment financing district, and may incur debt to provide funding for improvements and related costs for the district.

(b) Municipal approval; voter approval.

(1) The legislative body of the municipality shall hold one or more public hearings to consider a municipal tax increment financing plan. Following public notice, hearing, and opportunity to comment, the legislative

body of the municipality may grant approval of the plan.

(2) When adopted by the act of the legislative body of that municipality, the plan shall be recorded with the municipal clerk and lister or assessor, and the creation of the district shall occur at 12:01 a.m. on April 1 of the calendar year so voted by the municipal legislative body.

(3) The municipality may only incur debt for the project if the voters of the municipality approve the debt obligation by a majority vote at a regular or special meeting for which voting upon the debt obligation was properly warned.

(4) Following final voter approval, the municipality has up to five years to incur debt pursuant to the financing plan.

(c) Life of district.

(1) A municipality may incur indebtedness against revenues of the municipal tax increment financing district over any period authorized by the legislative body of the municipality.

(2) Any indebtedness incurred under subdivision (1) of this subsection may be retired over any period authorized by the legislative body of the municipality.

(3) The district shall continue until the date and hour the indebtedness is retired or, if no debt is incurred, after the period authorized by the legislative body of the municipality to incur indebtedness.

(d) Financing. During the life of an active district, the following apply, notwithstanding any provision of law to the contrary:

(1) Valuation.

(A) Within 30 days of voter approval pursuant to subsection (b) of this section, the lister or assessor for a municipality shall certify to the legislative body of the municipality the original taxable value of a tax increment financing district as of the date the voters approved the debt obligation.

(B) On or before June 30 following voter approval and annually thereafter, the lister or assessor shall assess and certify to the legislative body the current value of a project parcel.

(2) Tax rate.

(A) The lister or assessor shall use the original taxable value of a project parcel when computing the municipal tax rate.

(B) When calculating the amount of tax due on a project parcel, the

treasurer shall apply the municipal tax rate to the current assessed value, rather than the original taxable value.

(3) Tax increment.

(A) The “tax increment” is the amount of tax paid on a project parcel, as calculated pursuant to subdivision (2)(B) of this subsection (d) using the current assessed value, that exceeds the amount of tax that would have been due if the tax rate were applied to the original taxable value.

(B) The municipality may retain any share of the municipal tax increment to service the debt, beginning the first year in which debt is incurred.

(C) A municipal tax increment financing district created pursuant to this subchapter is not authorized to retain any education property tax increment.

(D) A municipality shall segregate the tax increment in a special account and in its official books and records.

(4) Use of tax increment.

(A) As of each date the municipality receives a tax payment and retains a portion of the tax increment pursuant to this section, the municipality shall use the portion of the municipal tax increment that is necessary to pay costs actually incurred as of that date for debt service and related costs.

(B) If, after paying for improvements and related costs, there remains any excess portion of the tax increment, the municipality may retain the increment to prepay principal and interest on the financing, use for future financing payments, or use for defeasance of the financing.

(e) Annual audit.

(1) The municipality shall ensure that the segregated account for the tax increment financing district required by this section is subject to the annual audit requirements prescribed in sections 1681 and 1690 of this title.

(2) Any audit procedures shall include verification of the original taxable value and current assessed value, expenditures for project debt service and related costs, annual and total tax increment funds generated, and allocation of tax increment funds.

Sec. J.9. IMPLEMENTATION

Secs. J.1– J.3 and J.6 of this act shall apply only to tax increment financing district applications filed, and districts approved, on or after the date of passage of this act.

Second: In Sec. A.1, 32 V.S.A. chapter 105, by striking out section 3341 in its entirety.

Third: By redesignating Secs. H.9–H.10 as Secs. H.10–H.11 and inserting a new Sec. H.9 to read:

Sec. H.9. 32 V.S.A. § 5930bb(a) is amended to read:

(a) Qualified applicants may apply to the State Board to obtain the tax credits provided by this subchapter for a qualified project at any time before ~~one year after~~ the completion of the qualified project.

Fourth: By inserting a Sec. M.3 to read:

Sec. M.3. 2014 Acts and Resolves No. 179, Sec. G.100(b), as amended by 2015 Acts and Resolves No. 51, Sec. G.9, and 2016 Acts and Resolves No. 172, Sec. E.801, is further amended to read:

(b) Sec. E.100.6 (wood products manufacture incentive) shall take effect retroactively on January 1, 2014 and apply to tax years 2014, 2015, and 2016, 2017, and 2018.

Fifth: In Sec. N.1, Effective Dates, in subsection (a), by striking out “J–J.3” and inserting in lieu thereof “J–J.9”

(Committee Vote: 9-2-0)

S. 136

An act relating to miscellaneous consumer protection provisions

Rep. Marcotte of Coventry, for the Committee on Commerce and Economic Development, recommends that the House propose to the Senate that the bill be amended by striking all after the enacting clause and inserting in lieu thereof the following:

* * * Home Loan Escrow Account Analysis * * *

Sec. 1. 8 V.S.A. § 10404 is amended to read:

§ 10404. HOME LOAN ESCROW ACCOUNTS

* * *

(c) A lender shall not require a borrower to deposit into an escrow account any greater sum than is sufficient to pay taxes, insurance premiums, and other charges with respect to the residential real estate, subject to the following additional charges:

(1) a lender may require aggregate annual deposits no greater than the reasonably estimated total annual charges plus ~~one-twelfth~~ one-sixth of such total; and

(2) a lender may require monthly deposits no greater than one-twelfth of the reasonably estimated total annual charges plus an amount needed to maintain an additional account balance no greater than ~~one-twelfth~~ one-sixth of such total.

* * *

(g)(1) At least annually, a lender shall conduct an escrow account analysis at the completion of the escrow account computation year to determine the borrower's monthly escrow account payments for the next computation year based on the borrower's current tax liability, if made available to the lender either by the borrower or the municipality, after any applicable adjustment for a State credit on property taxes.

(2) Upon submission of a revised property tax bill to the lender, the lender shall review the property tax bill and upon verifying that it has been reduced since the date of the last escrow account analysis, the lender shall, within 30 days of receiving notice from the borrower, conduct a new escrow account analysis, recalculate the borrower's monthly escrow payment, and notify the borrower of any change.

(3) ~~The lender shall provide~~ At least annually, and whenever an escrow account analysis is conducted or upon request of the borrower, the lender shall provide to the borrower financial statements relating to the borrower's escrow account in a manner and on a form ~~approved by the Commissioner~~ consistent with the federal Real Estate Settlement Procedures Act. The lender shall not charge the borrower for the preparation and transmittal of such statements.

* * *

* * * Fantasy Sports Contests * * *

Sec. 2. 9 V.S.A. chapter 116 is added to read:

CHAPTER 116. FANTASY SPORTS CONTESTS

§ 4185. DEFINITIONS

As used in this chapter:

(1) "Computer script" means a list of commands that can be executed by a program, scripting engine, or similar mechanism that a fantasy sports player can use to automate participation in a fantasy sports contest.

(2) "Confidential fantasy sports contest information" means nonpublic information available to a fantasy sports operator that relates to a fantasy sports player's activity in a fantasy sports contest and that, if disclosed, may give another fantasy sports player an unfair competitive advantage in a fantasy sports contest.

(3) “Fantasy sports contest” means a virtual or simulated sporting event governed by a uniform set of rules adopted by a fantasy sports operator in which:

(A) a fantasy sports player may earn one or more cash prizes or awards, the value of which a fantasy sports operator discloses in advance of the contest;

(B) a fantasy sports player uses his or her knowledge and skill of sports data, performance, and statistics to create and manage a fantasy sports team;

(C) a fantasy sports team earns fantasy points based on the sports performance statistics accrued by individual athletes or teams, or both, in real world sporting events;

(D) the outcome is determined by the number of fantasy points earned; and

(E) the outcome is not determined by the score, the point spread, the performance of one or more teams, or the performance of an individual athlete in a single real world sporting event.

(4) “Fantasy sports operator” means a person that offers to members of the public the opportunity to participate in a fantasy sports contest for consideration.

(5) “Fantasy sports player” means an individual who participates in a fantasy sports contest for consideration.

(6) “Location percentage” mean the percentage, rounded to the nearest tenth of a percent, of the total of all entry fees collected from fantasy sports players located in Vermont, divided by the total entry fees collected from all fantasy sports players in fantasy sports contests.

(7) “Net fantasy sports contest revenues” means the amount equal to the total of all entry fees that a fantasy sports operator collects from all fantasy sports players, less the total of all sums paid out as winnings to all fantasy sports players, multiplied by the location percentage for Vermont.

§ 4186. CONSUMER PROTECTION

(a) A fantasy sports operator shall adopt commercially reasonable policies and procedures to:

(1) prevent participation in a fantasy sports contest it offers to the public with a cash prize of \$5.00 or more by:

(A) the fantasy sports operator;

(B) an employee of the fantasy sports operator or a relative of the employee who lives in the same household; or

(C) a professional athlete or official who participates in one or more real world sporting events in the same sport as the fantasy sports contest;

(2) prevent the disclosure of confidential fantasy sports contest information to an unauthorized person;

(3) require that a fantasy sports player is 18 years of age or older, and verify the age of each player using one or more commercially available databases, which government or business regularly use to verify and authenticate age and identity;

(4) limit and disclose to prospective players the number of entries a fantasy sports player may submit for each fantasy sports contest;

(5) limit a fantasy sports player to not more than one username or account;

(6) prohibit the use of computer scripts that provide a player with a competitive advantage over another player;

(7) segregate player funds from operational funds, or maintain a reserve in the form of cash, cash equivalents, payment processor receivables, payment processor reserves, an irrevocable letter of credit, a bond, or a combination thereof in an amount that equals or exceeds the amount of deposits in fantasy sports player accounts, for the benefit and protection of fantasy sports player funds held in their accounts; and

(8) notify fantasy sports players that winnings of a certain amount may be subject to income taxation.

(b) A fantasy sports operator shall have the following duties:

(1) The operator shall provide a link on its website to information and resources addressing addiction and compulsive behavior and where to seek assistance with these issues in Vermont and nationally.

(2)(A) The operator shall enable a fantasy sports player to restrict irrevocably his or her own ability to participate in a fantasy sports contest, for a period of time the player specifies, by submitting a request to the operator through its website or by online chat with the operator's agent.

(B) The operator shall provide to a player who self-restricts his or her participation information concerning:

(i) available resources addressing addiction and compulsive behavior;

(ii) how to close an account and restrictions on opening a new account during the period of self-restriction;

(iii) requirements to reinstate an account at the end of the period; and

(iv) how the operator addresses reward points and account balances during and after the period of self-restriction, and when the player closes his or her account.

(3) The operator shall provide a player access to the following information for the previous six months:

(A) a player's play history, including money spent, games played, previous line-ups, and prizes awarded;

(B) a player's account details, including deposit amounts, withdrawal amounts, and bonus information, including amounts remaining for a pending bonus and amounts released to the player.

(c)(1) A fantasy sports operator shall contract with a third party to perform an annual independent audit, consistent with the standards established by the American Institute of Certified Public Accountants, to ensure compliance with the requirements in this chapter.

(2) The fantasy sports operator shall submit the results of the independent audit to the Attorney General.

(d) A fantasy sports operator shall not extend credit to a fantasy sports player.

(e) A fantasy sports operator shall not offer a fantasy sports contest based on the performance of participants in college, high school, or youth athletic events.

§ 4187. FAIR AND TRUTHFUL ADVERTISING

(a) A fantasy sports operator shall not depict in an advertisement to consumers in this State:

(1) minors, other than professional athletes who may be minors;

(2) students;

(3) schools or colleges; or

(4) school or college settings, provided that incidental depiction of nonfeatured minors does not violate this section.

(b) A fantasy sports operator shall not state or imply in an advertisement to consumers in this State endorsement by:

- (1) minors, other than professional athletes who may be minors;
- (2) collegiate athletes;
- (3) colleges; or
- (4) college athletic associations.

(c)(1) A fantasy sports operator shall include in an advertisement to consumers in this State information concerning assistance available to problem gamblers, or shall direct consumers to a reputable source of that information.

(2) If an advertisement is of insufficient size or duration to provide the information required in subdivision (1) of this subsection, the advertisement shall refer to a website or application that does prominently include such information.

(d) A fantasy sports operator shall only make representations concerning winnings that are accurate, not misleading, and capable of substantiation at the time of the representation. For purposes of this subsection, an advertisement is misleading if it makes representations about average winnings without equally prominently representing the average net winnings of all players.

§ 4188. EXEMPTION

The provisions of 13 V.S.A. chapter 51, relating to gambling and lotteries, shall not apply to a fantasy sports contest.

§ 4189. REGISTRATION

In addition to applicable requirements under Titles 11–11C for a business organization doing business in this State to register with the Secretary of State, on or before January 15 following each year in which a fantasy sports operator offers a fantasy sports contest to consumers in this State, the operator shall file an annual registration with the Secretary of State on a form adopted for that purpose and pay to the Secretary an annual registration fee in an amount equal to one-half of one percent of its annual net fantasy sports contest revenue for the prior calendar year.

§ 4190. ENFORCEMENT

(a) A person that violates a provision of this chapter commits an unfair and deceptive act in commerce in violation of section 2453 of this title.

(b) The Attorney General has the authority to adopt rules to implement the provisions of this chapter and to conduct civil investigations, enter into assurances of discontinuance, and bring civil actions as provided under chapter 63, subchapter 1 of this title.

Sec. 3. 32 V.S.A. § 3102(e)(19) is added to read:

(19) To the Secretary of State for the purpose of administering the registration fee for fantasy sports operators under 9 V.S.A. § 4189.

Sec. 4. 32 V.S.A. § chapter 221 is added to read:

CHAPTER 221. FANTASY SPORTS

§ 9001. DEFINITIONS

The terms used in this chapter shall have the same mean as the terms defined in 9 V.S.A. chapter 116.

§ 9002. TAX IMPOSED

A fantasy sports operator shall annually pay 11 percent of its annual net fantasy sports contest revenue to the Department of Taxes for deposit in the General Fund. The tax shall be on annual net fantasy sports contest revenue for each calendar year. To the extent it does not conflict with the terms of this chapter, the tax imposed by this section shall be implemented under the administrative and appeal provisions related to Vermont's personal income tax under chapter 151 of this title, including the provisions concerning personal liability.

§ 9003. RETURNS

Any person liable for the tax imposed by this chapter shall, on or before the 15th day of March, return to the Commissioner under oath of a person with legal authority to bind the fantasy sports operator a statement containing its name and place of business, its net fantasy sports contest revenues for the preceding year, and any other information required by the Commissioner, along with the tax due for the prior calendar year.

§ 9004. PENALTIES

(a) Any person subject to the provisions of this chapter who fails to pay the tax imposed by this chapter by the date that payment is due or fails to submit a return as required by this chapter is subject to the provisions of sections 3202 and 5864 of this title.

Sec. 5. REPORT

On or before January 15, 2019, and annually thereafter, the Attorney General, in collaboration with the Department of Taxes and the Secretary of State, shall submit to the House Committees on Commerce and Economic Development and on Ways and Means, and to the Senate Committees on Economic Development, Housing and General Affairs and on Finance, a report that provides a summary of fantasy sports business activity in this State.

* * * Automatic Renewal Provisions in Consumer Contracts; H.286 * * *

Sec. 6. 9 V.S.A. § 2454a is added to read:

§ 2454a. CONSUMER CONTRACTS; AUTOMATIC RENEWAL

(a) A contract between a consumer and a seller or a lessor with an initial term of one year or longer shall not renew automatically unless:

(1) the contract states clearly and conspicuously the terms of the automatic renewal provision in plain, unambiguous language, and in bold-face type;

(2) in addition to accepting the contract, the consumer takes an affirmative action to opt in to the automatic renewal provision; and

(3) if the consumer opts in to the automatic renewal provision, the seller or lessor provides a written or electronic notice to the consumer:

(A) not less than 30 days, and not more than 60 days, before the earliest of:

(i) the automatic renewal date;

(ii) the termination date; or

(iii) the date by which the consumer must provide notice to cancel the contract; and

(B) that includes:

(i) the date the contract will terminate and a clear statement that unless the consumer cancels the contract on or before the termination date, the contract will renew automatically;

(ii) the length and any additional terms of the renewal period;

(iii) one or more methods by which the consumer can cancel the contract; and

(iv) contact information for the seller or lessor,

(b) A person who violates a provision of subsection (a) of this section commits an unfair and deceptive act in commerce in violation of section 2453 of this title.

(c) The provisions of this section do not apply to a contract between a consumer and a financial institution, as defined in 8 V.S.A. § 11101.

Sec. 7. AUTOMATIC RENEWAL OF CONTRACTS; APPLICABILITY TO
EXISTING CONTRACTS

(a) A contract between a consumer and a seller or lessor in effect on January 1, 2018, with an initial term of one year or longer, and that includes an

automatic renewal provision, shall not renew automatically unless the seller or lessor sends written or electronic notice to the consumer with the information required 9 V.S.A. § 2454a(a)(3)(B):

(1) not less than 30 days, and not more than 60 days, before the earliest of:

(A) the automatic renewal date;

(B) the termination date; or

(C) the date by which the consumer must provide notice to cancel the contract; or

(2) if the contract will automatically renew on or before January 31, 2018, then as soon as is commercially reasonable after this section takes effect.

(b) The Attorney General shall have the same authority to enforce this section as for 9 V.S.A. § 2454a.

* * * Retainage of Payment for Construction Materials; H.288 * * *

Sec. 8. 9 V.S.A. § 4005 is amended to read:

§ 4005. RETAINAGE

(a) If payments under a construction contract are subject to retainage, any amounts ~~which~~ that have been retained during the performance of the contract and ~~which~~ that are due to be released to the contractor upon final completion shall be paid within 30 days after final acceptance of the work.

(b) If an owner is not withholding retainage, a contractor or subcontractor may withhold retainage from its subcontractor in accordance with their agreement. The retainage shall be paid within 30 days after final acceptance of the work.

(c) Notwithstanding any contrary agreement, a contractor shall pay to its subcontractors, and each subcontractor shall in turn pay to its subcontractors, within seven days after receipt of the retainage, the full amount due to each such subcontractor.

(d) If an owner, contractor, or subcontractor unreasonably withholds acceptance of the work or fails to pay retainage as required by this section, the owner, contractor, or subcontractor shall be subject to the interest, penalty, and attorney's fees provisions of sections 4002, 4003, and 4007 of this title.

(e) Notwithstanding any provision of this section or an agreement to the contrary, except in the case of a contractor or subcontractor who is both a materialman who delivers materials and is contracted to perform work using those materials, a contractor or subcontractor shall not hold retainage for

contracted materials that:

(1) have been delivered by a materialman and accepted by the contractor at the site, or off-site; and

(2) are covered by a manufacturer's warranty, or graded to meet industry standards, or both.

* * * Credit Protection for Vulnerable Persons; H.390 * * *

Sec. 9. 9 V.S.A. § 2480a is amended to read:

§ 2480a. DEFINITIONS

~~For purposes of~~ As used in this subchapter and subchapter 9 of this chapter:

(1) "Consumer" means a natural person ~~residing in this State other than a protected consumer.~~

(2) "Credit report" means ~~any written, oral, or other communication of any information by a credit reporting agency bearing on a consumer's credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living, including an investigative credit report. The term does not include:~~

~~(A) a report containing information solely as to transactions or experiences between the consumer and the person making the report; or~~

~~(B) an authorization or approval of a specific extension of credit directly or indirectly by the issuer of a credit card or similar device. a consumer report, as defined in 15 U.S.C. § 1681a, that is used or collected in whole or in part for the purpose of serving as a factor in establishing a consumer's eligibility for credit for personal, family, or household purposes.~~

(3) "Credit reporting agency" or "agency" means ~~any person which, for monetary fees, dues, or on a cooperative nonprofit basis, regularly engages in whole or in part in the practice of assembling or evaluating consumer credit information or other information on consumers for the purpose of reporting to third parties on the credit rating or creditworthiness of any consumer~~ a person who, for fees, dues, or on a cooperative basis, regularly engages in whole or in part in the practice of assembling or evaluating information concerning a consumer's credit or other information for the purpose of furnishing a credit report to another person.

(4) "Identity theft" means the unauthorized use of another person's personal identifying information to obtain credit, goods, services, money, or property.

(5) "Investigative credit report" means a report in which information on a consumer's character, general reputation, personal characteristics, or mode of

living is obtained through personal interviews with neighbors, friends, or associates of the consumer reported on or with others with whom the consumer is acquainted or who may have knowledge concerning any such items of information. The term does not include reports of specific factual information on a consumer's credit record obtained directly from a creditor of the consumer or from a credit reporting agency when such information was obtained directly from a creditor of the consumer or from the consumer.

(6) ~~“Proper identification,” as used in this subchapter, means that information generally deemed sufficient to identify a person~~ has the same meaning as in 15 U.S.C. § 1681h(a)(1), and includes:

(A) the consumer's full name, including first, last, and middle names and any suffix;

(B) any name the consumer previously used;

(C) the consumer's current and recent full addresses, including street address, any apartment number, city, state, and ZIP code;

(D) the consumer's Social Security number; and

(E) the consumer's date of birth.

(7) “Security freeze” means a notice placed in a credit report, at the request of the consumer, pursuant to section 2480h of this title.

(8) “Consumer who is subject to a protected consumer security freeze” means a natural person:

(A) for whom a credit reporting agency placed a security freeze under section 2480h of this title; and

(B) who, on the day on which a request for the removal of the security freeze is submitted under section 2480h of this title, is not a protected consumer.

(9) “File” has the same meaning as in 15 U.S.C. § 1681a.

(10) “Incapacitated person” has the same meaning as in 14 V.S.A. § 3152.

(11)(A) “Personal information” means personally identifiable financial information:

(i) provided by a consumer to another person;

(ii) resulting from any transaction with the consumer or any service performed for the consumer; or

(iii) otherwise obtained by another person.

(B) “Personal information” does not include:

(i) publicly available information, as that term is defined by the regulations prescribed under 15 U.S.C. § 6804; or

(ii) any list, description, or other grouping of consumers, and publicly available information pertaining to the consumers, that is derived without using any nonpublic personal information.

(C) Notwithstanding subdivision (B) of this subdivision (11), “personal information” includes any list, description, or other grouping of consumers, and publicly available information pertaining to the consumers, that is derived using any nonpublic personal information other than publicly available information.

(12) “Protected consumer” means a natural person who, at the time a request for a security freeze is made, is:

(A) less than 16 years of age;

(B) an incapacitated person; or

(C) a protected person.

(13) “Protected person” has the same meaning as in 14 V.S.A. § 3152.

(14) “Record” means a compilation of information that:

(A) identifies a protected consumer;

(B) is created by a consumer reporting agency solely for the purpose of complying with this section; and

(C) may not be created or used to consider the protected consumer’s credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living.

(15) “Representative” means a person who provides to a consumer reporting agency sufficient proof of authority to act on behalf of a protected consumer.

(16) “Sufficient proof of authority” means documentation that shows that a person has authority to act on behalf of a protected consumer, including:

(A) a court order;

(B) a lawfully executed power of attorney; or

(C) a written, notarized statement signed by the person that expressly describes the person’s authority to act on behalf of the protected consumer.

(17) “Sufficient proof of identification” means information or documentation that identifies a protected consumer or a representative,

including:

(A) a Social Security number or a copy of a Social Security card issued by the U.S. Social Security Administration;

(B) a certified or official copy of a birth certificate; or

(C) a copy of a government issued driver license or identification card.

Sec. 10. 9 V.S.A. chapter 63, subchapter 9 is added to read:

Subchapter 9. Credit Report Protection for Minors

§ 2493. TITLE

This subchapter is known as “Credit Report Protection for Minors.”

§ 2494. DEFINITIONS

As used in this subchapter:

(1) “Proper authority” means:

(A) in the case that it is required of a protected consumer’s representative:

(i) sufficient proof of identification of the protected consumer;

(ii) sufficient proof of identification of the protected consumer’s representative; and

(iii) sufficient proof of authority to act on behalf of the protected consumer; and

(B) in the case that it is required of a consumer who is subject to a protected consumer security freeze:

(i) sufficient proof of identification of the consumer who is subject to a protected consumer security freeze; and

(ii) proof that the consumer who is subject to a protected consumer security freeze is not a protected consumer.

(2) “Protected consumer security freeze” means:

(A) if a consumer reporting agency does not have a file that pertains to a protected consumer, a restriction that:

(i) is placed on the protected consumer’s record in accordance with this subchapter; and

(ii) except as otherwise provided in this subchapter, prohibits the consumer reporting agency from releasing the protected consumer’s record; or

(B) if a consumer reporting agency has a file that pertains to the protected consumer, a restriction that:

(i) is placed on the protected consumer's credit report in accordance with this subchapter; and

(ii) except as otherwise provided in this subchapter, prohibits the consumer reporting agency from releasing the protected consumer's credit report or any information derived from the protected consumer's credit report.

§ 2495. APPLICABILITY

This subchapter does not apply to the use of a protected consumer's credit report or record by:

(1) a person administering a credit file monitoring subscription service to which:

(A) the protected consumer has subscribed; or

(B) the protected consumer's representative has subscribed on the protected consumer's behalf;

(2) a person who, upon request from the protected consumer or the protected consumer's representative, provides the protected consumer or the protected consumer's representative with a copy of the protected consumer's credit report;

(3) a check services or fraud prevention services company that issues:

(A) reports on incidents of fraud; or

(B) authorization for the purpose of approving or processing negotiable instruments, electronic funds transfers, or similar payment methods;

(4) a deposit account information service company that issues reports regarding account closures due to fraud, substantial overdrafts, automated teller machine abuse, or similar information regarding an individual to inquiring banks or other financial institutions for use only in reviewing an individual's request for a deposit account at the inquiring bank or financial institution;

(5) an insurance company for the purpose of conducting the insurance company's ordinary business;

(6) a consumer reporting agency that:

(A) only resells credit information by assembling and merging information contained in a database of another consumer reporting agency or multiple consumer reporting agencies; and

(B) does not maintain a permanent database of credit information

from which new credit reports are produced; or

(7) a consumer reporting agency's database or file that consists of information that:

(A) concerns and is used for:

(i) criminal record information;

(ii) fraud prevention or detection;

(iii) personal loss history information; or

(iv) employment, tenant, or individual background screening; and

(B) is not used for credit granting purposes.

§ 2496. SECURITY FREEZE FOR PROTECTED CONSUMER; TIME IN EFFECT

(a) A consumer reporting agency shall place a security freeze for a protected consumer if:

(1) the consumer reporting agency receives a request from the protected consumer's representative for the placement of the security freeze; and

(2) the protected consumer's representative:

(A) submits the request described in subdivision (1) of this subsection (a):

(i) to the address or other point of contact provided by the consumer reporting agency; and

(ii) in the manner specified by the consumer reporting agency;

(B) demonstrates proper authority to the consumer reporting agency; and

(C) if applicable, pays the consumer reporting agency a fee described in section 2497 of this title.

(b) If a consumer reporting agency does not have a file that pertains to a protected consumer when the consumer reporting agency receives a request described in subsection (a) of this section, the consumer reporting agency shall create a record for the protected consumer.

(c) The credit reporting agency shall:

(1) place a security freeze no later than 30 days after the date the agency receives a request pursuant to subsection (a) of this section; and

(2) no later than 10 business days after placing the freeze:

(A) send a written confirmation of the security freeze to the protected consumer or the protected consumer's representative; and

(B) provide a unique personal identification number or password, other than a Social Security number, to be used to authorize the release of the protected consumer's credit for a specific party, parties, or period of time.

(d) If the protected consumer or protected consumer's representative wishes to allow the protected consumer's credit report to be accessed by a specific party or parties, or for a specific period of time while a freeze is in place, he or she shall:

(1) contact the credit reporting agency;

(2) request that the freeze be temporarily lifted;

(3) provide:

(A) proper authority;

(B) the unique personal identification number or password provided by the credit reporting agency pursuant to subsection (c) of this section;

(C) the proper information regarding the third party, parties, or time period for which the report shall be available to users of the credit report; and

(4) if applicable, pay the consumer reporting agency a fee described in section 2497 of this title.

(e) A credit reporting agency may develop procedures involving the use of telephone, fax, the Internet, or other electronic media to receive and process a request from a consumer to lift temporarily a freeze on a credit report pursuant to subsection (d) of this section in an expedited manner.

(f) A credit reporting agency that receives a request from a consumer to lift temporarily a freeze on a credit report pursuant to subsection (e) of this section shall comply with the request not later than three business days after receiving the request.

(g) A credit reporting agency shall remove or lift temporarily a freeze placed on a protected consumer's credit report only in the following cases:

(1) Upon request, pursuant to subsection (d) or (j) of this section.

(2) If the protected consumer's credit report was frozen due to a material misrepresentation of fact by the consumer. If a credit reporting agency intends to remove a freeze upon a protected consumer's credit report pursuant to this subdivision, the credit reporting agency shall notify the protected consumer and his or her representative in writing prior to removing the freeze on the consumer's credit report.

(h) If a third party requests access to a credit report on which a protected consumer security freeze is in effect and this request is in connection with an application for credit or any other use and neither the consumer subject to the protected consumer security freeze nor the protected consumer's representative allows the credit report to be accessed for that specific party or period of time, the third party may treat the application as incomplete.

(i) If a protected consumer's representative requests a security freeze pursuant to this section, the credit reporting agency shall disclose to the protected consumer's representative the process of placing and lifting temporarily a security freeze and the process for allowing access to information from the protected consumer's credit report for a specific party, parties, or period of time while the protected consumer security freeze is in place.

(j)(1) A protected consumer security freeze shall remain in place until the consumer subject to the protected consumer security freeze or the protected consumer's representative requests that the security freeze be removed.

(2) A credit reporting agency shall remove a protected consumer security freeze within three business days of receiving a proper request for removal.

(3) The protected consumer's representative or the consumer who is subject to a protected consumer security freeze shall submit to the consumer reporting agency a proper request for removal:

(A) at the address or other point of contact provided by the consumer reporting agency; and

(B) in the manner specified by the consumer reporting agency.

(4) When submitting a proper request for removal, a protected consumer's representative or a consumer who is subject to a protected consumer security freeze shall:

(A) provide proper authority;

(B) provide the unique personal identification number or password provided by the credit reporting agency pursuant to subsection (c) of this section; and

(C) if applicable, pay the consumer reporting agency a fee described in section 2497 of this title.

(k) A credit reporting agency shall require proper identification of the person making a request to place or remove a protected consumer security freeze.

(1) The provisions of this section, including the protected consumer security freeze, do not apply to the use of a consumer report by the following:

(1) A person, or the person's subsidiary, affiliate, agent, or assignee with which the protected consumer has or, prior to assignment, had an account, contract, or debtor-creditor relationship for the purposes of reviewing the account or collecting the financial obligation owing for the account, contract, or debt, or extending credit to a consumer with a prior or existing account, contract, or debtor-creditor relationship, subject to the requirements of section 2480e of this title. As used in this subdivision, "reviewing the account" includes activities related to account maintenance, monitoring, credit line increases, and account upgrades and enhancements.

(2) A subsidiary, affiliate, agent, assignee, or prospective assignee of a person to whom access has been granted under subsection (d) of this section for purposes of facilitating the extension of credit or other permissible use.

(3) Any person acting pursuant to a court order, warrant, or subpoena.

(4) The Office of Child Support when investigating a child support case pursuant to Title IV-D of the Social Security Act (42 U.S.C. §§ 651-669b) and 33 V.S.A. 4102.

(5) The Economic Services Division of the Department for Children and Families or the Department of Vermont Health Access or its agents or assignee acting to investigate welfare or Medicaid fraud.

(6) The Department of Taxes, municipal taxing authorities, or the Department of Motor Vehicles or any of their agents or assignees, acting to investigate or collect delinquent taxes or assessments, including interest and penalties, unpaid court orders, or to fulfill any of their other statutory or charter responsibilities.

(7) A person's use of credit information for the purposes of prescreening as provided by the federal Fair Credit Reporting Act.

(8) Any person for the sole purpose of providing a credit file monitoring subscription service to which the consumer has subscribed.

(9) A credit reporting agency for the sole purpose of providing a consumer with a copy of his or her credit report upon the consumer's request.

(10) Any property and casualty insurance company for use in setting or adjusting a rate or underwriting for property and casualty insurance purposes.

§ 2497. FEES

(a) Except as provided in subsection (b) of this section, a consumer reporting agency may not charge a fee for any service performed under this

subchapter.

(b) A consumer reporting agency may charge a reasonable fee, which does not exceed \$5.00, for each placement, suspension, or removal of a protected consumer security freeze, unless:

(1) the protected consumer's representative:

(A) has obtained a police report that states the protected consumer is the alleged victim of identity fraud; and

(B) provides a copy of the report to the consumer reporting agency; or

(2)(A) the protected consumer is less than 16 years of age at the time the request is submitted to the consumer reporting agency; and

(B) the consumer reporting agency has a file that pertains to the protected consumer.

* * * Use of Credit Information for Personal Insurance; H.432 * * *

Sec. 11. 8 V.S.A. § 4727 is added to read:

§ 4727. PERSONAL INSURANCE; USE OF CREDIT INFORMATION

(a) Purpose. The purpose of this section is to regulate the use of credit information for personal insurance, so that consumers are afforded certain protections with respect to the use of such information.

(b) Scope. This section applies to personal insurance and not to commercial insurance. As used in this section, "personal insurance" means private passenger automobile, homeowners, motorcycle, mobile home owners, and noncommercial dwelling fire insurance policies. Such policies must be underwritten for personal, family, or household use. No other types of insurance shall be included as personal insurance for the purpose of this section.

(c) Definitions. As used in this section:

(1) "Adverse action" means a denial or cancellation of, an increase in any charge for, or a reduction or other adverse or unfavorable change in the terms of coverage or amount of, any insurance, existing or applied for, in connection with the underwriting of personal insurance.

(2) "Affiliate" means any company that controls, is controlled by, or is under common control with another company.

(3) "Applicant" means an individual who has applied to be covered by a personal insurance policy with an insurer.

(4) "Consumer" means an insured whose credit information is used or

whose insurance score is calculated in the underwriting or rating of a personal insurance policy or an applicant for such a policy.

(5) “Consumer reporting agency” means any person which, for monetary fees, dues, or on a cooperative nonprofit basis, regularly engages in whole or in part in the practice of assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer reports to third parties.

(6) “Credit information” means any credit-related information derived from a credit report, found on a credit report itself, or provided on an application for personal insurance. Information that is not credit-related shall not be considered “credit information,” regardless of whether it is contained in a credit report or in an application, or is used to calculate an insurance score.

(7) “Credit report” means any written, oral, or other communication of information by a consumer reporting agency bearing on a consumer’s credit worthiness, credit standing, or credit capacity which is used or expected to be used or collected in whole or in part for the purpose of serving as a factor to determine personal insurance premiums, eligibility for coverage, or tier placement.

(8) “Insurance score” means a number or rating that is derived from an algorithm, computer application, model, or other process that is based in whole or in part on credit information for the purposes of predicting the future insurance loss exposure of an individual applicant or insured.

(d) Use of credit information. An insurer authorized to do business in this State that uses credit information to underwrite or rate risks, shall not:

(1) Use an insurance score that is calculated using income, gender, address, zip code, ethnic group, religion, marital status, or nationality of the consumer as a factor.

(2) Deny, cancel or nonrenew a policy of personal insurance solely on the basis of credit information, without consideration of any other applicable underwriting factor independent of credit information and not expressly prohibited by subdivision (1) of this subsection.

(3) Base an insured’s renewal rates for personal insurance solely upon credit information, without consideration of any other applicable factor independent of credit information.

(4) Take an adverse action against a consumer solely because he or she does not have a credit card account, without consideration of any other applicable factor independent of credit information.

(5) Consider an absence of credit information or an inability to calculate

an insurance score in underwriting or rating personal insurance, unless the insurer does one of the following:

(A) Treats the consumer as otherwise approved by the Commissioner, if the insurer presents information that such an absence or inability relates to the risk for the insurer.

(B) Treats the consumer as if the applicant or insured had neutral credit information, as defined by the insurer.

(C) Excludes the use of credit information as a factor and uses only other underwriting criteria.

(6) Take an adverse action against a consumer based on credit information, unless an insurer obtains and uses a credit report issued or an insurance score calculated within 90 days from the date the policy is first written or renewal is issued.

(7) Use credit information unless not later than every 36 months following the last time that the insurer obtained current credit information for the insured, the insurer recalculates the insurance score or obtains an updated credit report. Regardless of the requirements of this subsection:

(A) At annual renewal, upon the request of a consumer or the consumer's agent, the insurer shall reunderwrite and rerate the policy based upon a current credit report or insurance score. An insurer need not recalculate the insurance score or obtain the updated credit report of a consumer more frequently than once in a 12-month period.

(B) The insurer shall have the discretion to obtain current credit information upon any renewal before the 36 months, if consistent with its underwriting guidelines.

(C) No insurer need obtain current credit information for an insured, despite the requirements of subdivision (A) of this subdivision (7), if one of the following applies:

(i) The insurer is treating the consumer as otherwise approved by the Commissioner.

(ii) The insured is in the most favorably priced tier of the insurer, within a group of affiliated insurers. However, the insurer shall have the discretion to order such report, if consistent with its underwriting guidelines.

(iii) Credit was not used for underwriting or rating such insured when the policy was initially written. However, the insurer shall have the discretion to use credit for underwriting or rating such insured upon renewal, if consistent with its underwriting guidelines.

(iv) The insurer reevaluates the insured beginning not later than 36 months after inception and thereafter based upon other underwriting or rating factors, excluding credit information.

(8) Use the following as a negative factor in any insurance scoring methodology or in reviewing credit information for the purpose of underwriting or rating a policy of personal insurance:

(A) credit inquiries not initiated by the consumer or inquiries requested by the consumer for his or her own credit information;

(B) inquiries relating to insurance coverage, if so identified on a consumer's credit report;

(C) collection accounts with a medical industry code, if so identified on the consumer's credit report;

(D) multiple lender inquiries, if coded by the consumer reporting agency on the consumer's credit report as being from the home mortgage industry and made within 30 days of one another, unless only one inquiry is considered; and

(E) multiple lender inquiries, if coded by the consumer reporting agency on the consumer's credit report as being from the automobile lending industry and made within 30 days of one another, unless only one inquiry is considered.

(e)(1) Extraordinary life circumstances. Notwithstanding any other law or rule to the contrary, an insurer that uses credit information shall, on written request from an applicant for insurance coverage or an insured, provide reasonable exceptions to the insurer's rates, rating classifications, company or tier placement, or underwriting rules or guidelines for a consumer who has experienced and whose credit information has been directly influenced by any of the following events:

(A) a catastrophic event, as declared by the federal or State government;

(B) a serious illness or injury, or a serious illness or injury to an immediate family member;

(C) the death of a spouse, child, or parent;

(D) divorce or involuntary interruption of legally owed alimony or support payments;

(E) identity theft;

(F) the temporary loss of employment for a period of three months or more, if it results from involuntary termination;

(G) military deployment overseas; or

(H) other events, as determined by the insurer.

(2) If an applicant or insured submits a request for an exception as set forth in subdivision (1) of this subsection, an insurer may, in its sole discretion, but is not mandated to:

(A) require the consumer to provide reasonable written and independently verifiable documentation of the event;

(B) require the consumer to demonstrate that the event had direct and meaningful impact on the consumer's credit information;

(C) require such request be made no more than 60 days from the date of the application for insurance or the policy renewal;

(D) grant an exception despite the consumer not providing the initial request for an exception in writing; or

(E) grant an exception where the consumer asks for consideration of repeated events or the insurer has considered this event previously.

(3) An insurer is not out of compliance with any law or rule relating to underwriting, rating, or rate filing as a result of granting an exception under this section. Nothing in this section shall be construed to provide a consumer or other insured with a cause of action that does not exist in the absence of this section.

(4) The insurer shall provide notice to consumers that reasonable exceptions are available and information about how the consumer may inquire further.

(5) Within 30 days of the insurer's receipt of sufficient documentation of an event described in subdivision (1) of this subsection, the insurer shall inform the consumer of the outcome of the request for a reasonable exception. Such communication shall be in writing or provided to an applicant in the same medium as the request.

(f) Dispute resolution and error correction. If it is determined through the dispute resolution process set forth in the federal Fair Credit Reporting Act, 15 U.S.C. § 1681i(a)(5), that the credit information of a current insured was incorrect or incomplete and if the insurer receives notice of such determination from either the consumer reporting agency or from the insured, the insurer shall reunderwrite and rerate the consumer within 30 days of receiving the notice. After reunderwriting or rerating the insured, the insurer shall make any adjustments necessary, consistent with its underwriting and rating guidelines. If an insurer determines that the insured has overpaid premium, the insurer shall refund to the insured the amount of overpayment calculated back to the

shorter of either the last 12 months of coverage or the actual policy period.

(g)(1) Initial notification. If an insurer writing personal insurance uses credit information in underwriting or rating a consumer, the insurer or its agent shall disclose, either on the insurance application or at the time the insurance application is taken, that it may obtain credit information in connection with such application. Such disclosure shall be either written or provided to an applicant in the same medium as the application for insurance. The insurer need not provide the disclosure statement required under this section to any insured on a renewal policy if such consumer has previously been provided a disclosure statement.

(2) Use of the following example disclosure statement constitutes compliance with this section: “In connection with this application for insurance, we may review your credit report or obtain or use a credit-based insurance score based on the information contained in that credit report. We may use a third party in connection with the development of your insurance score.”

(h) Adverse action notification. If an insurer takes an adverse action based upon credit information, the insurer must meet the notice requirements of this subsection. Such insurer shall:

(1) Provide notification to the consumer that an adverse action has been taken, in accordance with the requirements of the federal Fair Credit Reporting Act, 15 U.S.C. § 1681m(a).

(2) Provide notification to the consumer explaining the reason for the adverse action. The reasons must be provided in sufficiently clear and specific language so that a person can identify the basis for the insurer’s decision to take an adverse action. Such notification shall include a description of up to four factors that were the primary influences of the adverse action. The use of generalized terms such as “poor credit history,” “poor credit rating,” or “poor insurance score” does not meet the explanation requirements of this subsection. Standardized credit explanations provided by consumer reporting agencies or other third party vendors are deemed to comply with this section.

(i) Filing. Insurers that use insurance scores to underwrite and rate risks must file their scoring models, or other scoring processes, with the Department of Financial Regulation. A third party may file scoring models on behalf of insurers. A filing that includes insurance scoring may include loss experience justifying the use of credit information. Any filing relating to credit information is considered trade secret under and not subject to disclosure under Vermont’s Public Records Act.

(j) Indemnification. An insurer shall indemnify, defend, and hold agents

harmless from and against all liability, fees, and costs arising out of or relating to the actions, errors, or omissions of a producer who obtains or uses credit information or insurance scores, or both, for an insurer, provided the producer follows the instructions of or procedures established by the insurer and complies with any applicable law or regulation. Nothing in this section shall be construed to provide a consumer or other insured with a cause of action that does not exist in the absence of this section.

(k) Sale of policy term information by consumer reporting agency. A consumer reporting agency shall not provide or sell data or lists that include any information that in whole or in part was submitted in conjunction with an insurance inquiry about a consumer's credit information or a request for a credit report or insurance score. Such information includes the expiration dates of an insurance policy or any other information that may identify time periods during which a consumer's insurance may expire and the terms and conditions of the consumer's insurance coverage. The restrictions provided in this subsection do not apply to data or lists the consumer reporting agency supplies to the insurance producer from whom information was received, the insurer on whose behalf such producer acted, or such insurer's affiliates or holding companies. Nothing in this section shall be construed to restrict any insurer from being able to obtain a claims history report or a motor vehicle report.

* * * Credit Card Debt Collection; H.482 * * *

Sec. 12. 12 V.S.A. § 511 is amended to read:

§ 511. CIVIL ACTION

(a) A civil action, except one brought upon the judgment or decree of a court of record of the United States or of this or some other state, and except as otherwise provided, shall be commenced within six years after the cause of action accrues and not thereafter.

(b) Notwithstanding subsection (a) of this section, a civil action to collect a debt arising from default on a credit card account shall be commenced within three years after the cause of action accrues and not thereafter.

Sec. 13. 12 V.S.A. § 3170 is amended to read:

§ 3170. EXEMPTIONS; ISSUANCE OF ORDER

(a) No order approving the issuance of trustee process against earnings shall be entered against a judgment debtor who was, within the two-month period preceding the hearing provided in section 3169 of this title, a recipient of assistance from the Vermont Department for Children and Families or the Department of Vermont Health Access. The judgment debtor must establish this exemption at the time of hearing.

(b) The earnings of a judgment debtor shall be exempt as follows:

(1) seventy-five percent of the debtor's weekly disposable earnings, or 30 times the federal minimum hourly wage, whichever is greater; or

(2) if the judgment debt arose from a consumer credit transaction, as that term is defined by 15 U.S.C. section 1602 and implementing regulations of the Federal Reserve Board, other than a default on a credit card account, 85 percent of the debtor's weekly disposable earnings, or 40 times the federal minimum hourly wage, whichever is greater; or

(3) if the judgment debt arose from a default on a credit card account, 85 percent of the debtor's weekly disposable earnings, or 40 times the applicable minimum hourly wage, whichever is greater; or

(4) if the court finds that the weekly expenses reasonably incurred by the debtor for his or her maintenance and that of dependents exceed the amounts exempted by subdivisions (1), and (2), and (3) of this subsection, such greater amount of earnings as the court shall order.

* * *

Sec. 14. 9 V.S.A. § 41a is amended to read:

§ 41A. LEGAL RATES

* * *

(e)(1) Subject to subdivision (2) of this subsection, interest on a judgment against a debtor in default on a credit card account shall accrue at the rate of 12 percent per annum.

(2) A court may suspend the accrual of interest on a judgment against a debtor in default on a credit card account if the court finds, through a financial disclosure, that the debtor has an inability to pay.

Sec. 15. 12 V.S.A. § 2903(c) is amended to read:

§ 2903. DURATION AND EFFECTIVENESS

* * *

(c) ~~Interest~~ Unless a court suspends the accrual of interest pursuant to 9 V.S.A. § 41a(e), interest on a judgment lien shall accrue at the rate of 12 percent per annum.

Sec. 16. EFFECTIVE DATES

(a) This section shall take effect on passage.

(b) Sec. 11 (credit information for personal insurance) shall take effect on passage and apply to personal insurance policies either written to be effective

or renewed on or after nine months from the effective date of the act.

(c) Secs. 2–5 (fantasy sports operators) shall take effect on January 1, 2018 and apply to calendar year 2018 and after.

(d) Secs. 6–7 (automatic renewal provisions) shall take effect on January 1, 2018.

(e) The following sections shall take effect on July 1, 2017:

(1) Sec. 1 (home loan escrow accounts).

(2) Sec. 8 (retainage for construction materials).

(3) Secs. 9–10 (credit protection for vulnerable persons).

(4) Secs. 12–15 (credit card debt collection).

(Committee vote: 10-1-0)

(For text see Senate Journal March 30, 31, 2017)

Rep. Browning of Arlington, for the Committee on Ways and Means recommends the bill ought to pass when amended as recommended by the Committee on and when further amended as follows:

First: By striking out Secs. 2–5 in their entireties and inserting in lieu thereof new Secs. 2–5 to read:

Sec. 2. FANTASY SPORTS; FINDINGS AND PURPOSE

(a) Findings. The General Assembly finds:

(1) Participation in online fantasy sports contests throughout the nation has grown significantly in recent years and it is estimated that approximately 80,000 Vermonters have participated in at least one fantasy sports contest.

(2) At least 10 states have now recognized fantasy sports as a legal, regulated activity, and legislation has been introduced in many more states to recognize, regulate, and tax the activity in order to identify contest operators, ensure fair play, and protect consumers.

(3) Given the widespread participation in online fantasy sports contests, Vermont should carefully consider how best to regulate fantasy sports contests, register fantasy sports contest operators, and provide necessary protection for Vermont consumers.

(b) Purpose. The purpose of Sec. 3 of this act is to direct the Attorney General and the Executive Branch to consider and propose an appropriate regulatory framework for fantasy sports contests.

Sec. 3. FANTASY SPORTS CONTESTS; PROPOSALS

(a) On or before December 15, 2017, the Attorney General shall submit to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs a proposal for necessary consumer protection provisions regulating fantasy sports contests and operators.

(b) On or before December 15, 2017, the Secretary of Administration shall submit to the House Committee on Ways and Means and the Senate Committee on Finance a proposal for fantasy sports contests concerning:

(1) registration requirements and a flat registration fee of an appropriate amount; and

(2) an appropriate percentage tax on an appropriate measure of revenue.

Secs. 4–5. [Deleted.]

Second: In Sec. 16 (effective dates) by striking out subsection (c) in its entirety and inserting in lieu thereof a new subsection (c) to read:

(c) Secs. 2–3 (fantasy sports proposals) shall take effect on passage.

(Committee Vote:10-0-1)

Senate Proposal of Amendment

H. 219

An act relating to the Vermont spaying and neutering program

The Senate proposes to the House to amend the bill by striking all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 20 V.S.A. § 3815(a) is amended to read:

(a) ~~The agency of human services~~ Agency of Human Services shall administer a dog, cat, and wolf-hybrid spaying and neutering program providing reduced-cost spaying and neutering services and presurgical immunization for dogs, cats, and wolf-hybrids owned or cared for by ~~low income~~ low income individuals ~~with low income~~. ~~The agency~~ Agency shall implement the program through an agreement with a qualified organization ~~consistent with the applicable administrative rules,~~ except that the Agency may implement the program if the Commissioner determines that there is no qualified organization capable of implementing the program based on review of overall program success, financial resources of the organization, viability of the organization, or the organization's prior performance in implementing the program.

Sec. 2. EFFECTIVE DATE

This act shall take effect on passage.

(For text see House Journal March 14, 2017)

H. 509

An act relating to calculating statewide education tax rates

The Senate proposes to the House to amend the bill as follows:

First: In Sec. 1, subdivision (1), by striking out “\$10,077.00” and inserting in lieu thereof \$10,015.00, and in subdivision (2), by striking out “\$11,851.00” and inserting in lieu thereof \$11,820.00

Second: In Sec. 2, by striking out “\$1.555” and inserting in lieu thereof \$1.563

Third: By striking out the reader assistance and Secs. 3 through 5 (unfunded mandates) in their entirety and inserting in lieu thereof new Secs. 3 through 5 to read:

Sec. 3. [Deleted.]

Sec. 4. [Deleted.]

Sec. 5. [Deleted.]

Fourth: By inserting a Sec. 6a to read as follows:

Sec. 6a. CALCULATION OF TAX RATES FOR MEMBER TOWNS IN
VOLUNTARY SCHOOL GOVERNANCE MERGERS.

(a) Definitions. As used in this section:

(1) “Five percent provision” means collectively the provisions in 2010 Acts and Resolves No. 153, 2012 Acts and Resolves No.156, and 2015 Acts and Resolves No. 46, limiting a town’s equalized homestead property tax rate increase or decrease, and related household income percentage adjustments to five percent in a single year during the years in which the corresponding tax rate reductions apply to a new union school district’s equalized unified homestead property rate.

(2) “Tax rate reductions” means collectively the equalized homestead property tax rate reductions, and related household income percentage reductions, provided for voluntary school governance mergers in 2010 Act and Resolves No. 153, 2012 Acts and Resolves No. 156, and 2015 Acts and Resolves No. 46.

(3) “Education spending in the prior fiscal year” means the total education spending of all merging districts in the year prior to merger, divided by the total number of equalized pupils of all the merging districts in the year prior to merger.

(4) “Tax rate of a member town” means collectively the equalized homestead property tax rate, and related household income percentage

reductions, for the referenced town.

(b) Tax rate reduction review.

(1) In a fiscal year in which the tax rate reductions are applied to a new union school district, if the district's education spending per equalized pupil increases by four percent or less over its education spending per equalized pupil in the prior fiscal year, then it shall be presumed to not trigger Tax Rate Reduction Review.

(2) In a fiscal year in which the tax rate reductions are applied to a new union school district, if the district's education spending per equalized pupil increases by more than four percent over its education spending per equalized pupil in the prior fiscal year, then it shall be subject to a Tax Rate Reduction Review.

(3) Upon the request of the Secretary, a union school district shall submit its budget to Tax Rate Reduction Review to determine whether its increase in education spending per equalized pupil was beyond the school district's control or for other good cause. In conducting the Review, the Secretary will select three business managers and three superintendents to serve in an advisory role in the Review. The Review shall consider at least the following factors:

(A) The extent to which the increase in education spending per equalized pupil is caused by declining enrollment in the union school district.

(B) The extent to which the increase in education spending per equalized pupil is caused by unifying employee contracts in the course of the union school district formation process.

(C) The extent to which the increase in education spending per equalized pupil is caused by increases in tuition paid by the union school district.

(4) If, at the conclusion of the Review, the Secretary determines that the union school district's budget contains excessive increases in educational spending per equalized pupil that are within the district's control and are not supported by good cause, then union school district rates for the fiscal year will be determined as follows:

(A) The tax rate of a member town that would otherwise be increased by no more than five percent shall be increased by no more than five percent plus the difference between a four percent increase in education spending per equalized pupil and the actual increase in the union school district's education spending per equalized pupil.

(B) The tax rate of a member town that would otherwise be

decreased by no more than five percent shall be decreased by no more than five percent minus the difference between a four percent increase in education spending per equalized pupil and the actual increase in the union school district's education spending per equalized pupil.

Fifth: By adding a new section, to be Sec. 7, with reader assistance, to read:

* * * Health Care Costs * * *

Sec. 7. HEALTH CARE COST K-12 EDUCATION WORKING GROUP

(a) Creation. There is created the Health Care Cost K-12 Education Working Group (Working Group) to consider and make recommendations on how to achieve maximum savings for negotiated teacher health care benefits in the public kindergarten through grade 12 educational system.

(b) Membership. The Working Group shall be composed of the following three members:

(1) the Executive Director of the Vermont-NEA or designee;

(2) the Executive Director of the School Boards' Association or designee; and

(3) the Executive Director of the Vermont Superintendents Association or designee.

(c) Report. On or before November 15, 2017, the Working Group shall submit a written report to the House and Senate Committees on Education and on Appropriations, the House Committee on Ways and Means, and the Senate Committee on Finance with its findings and any recommendations.

Sixth: By striking out Sec. 7 (effective dates) in its entirety and inserting in lieu thereof the following:

Sec. 8. EFFECTIVE DATES

This act shall take effect July 1, 2017 and apply to fiscal year 2018 and after, except Sec. 6a (calculation of rates in certain districts), which shall take effect on passage and shall apply to all budgets voted on by the electorate after the date of passage.

(For text see House Journal March 28, 29, 2017)

Amendment to be offered by Rep. Turner of Milton to H. 509

That the House concur in the Senate Proposal of Amendment with further amendment by striking out Sec. 7, working group, and its reader assistance in their entirety and inserting in lieu thereof a new Sec. 7 to read:

Sec. 7. [Deleted.]

Amendment to be offered by Reps. Beck of St. Johnsbury, Greshin of Warren, Baser of Bristol, Browning of Arlington, Brumsted of Shelburne, Christensen of Weathersfield, Condon of Colchester, Conlon of Cornwall, Cupoli of Rutland City, Hooper of Brookfield, Jickling of Brookfield, Gannon of Wilmington, Juskiewicz of Cambridge, Murphy of Fairfax, Olsen of Londonderry, Scheuermann of Stowe, Shaw of Pittsford, Sibilia of Dover, Sullivan of Dorset and Wright of Burlington to H. 509

Move to substitute an amendment for the amendment offered by Representative Turner of Milton as follows:

First: In Sec. 1, subdivision (1), by striking out “\$10,015.00” and inserting in lieu thereof “\$10,077.00”, and in subdivision (2), by striking out “\$11,820.00” and inserting in lieu thereof “\$11,851.00”

Second: In Sec. 2, by striking out “\$1.563” and inserting in lieu thereof “\$1.555”

Third: By striking out Sec. 7, working group, and its reader assistance, and Sec. 8, effective date, and its reader assistance, in their entirety and inserting in lieu thereof reader assistance headings and Secs. 7–14 to read:

* * * Health Care Benefits and Coverage for School Employees * * *

Sec. 7. FINDINGS

(a) Vermont’s school employees receive health coverage through the Vermont Education Health Initiative (VEHI). Actuarial analysis of current VEHI plans indicates they have among the highest actuarial values of any health insurance plan offered in the State of Vermont. Premiums for VEHI plans are up to nine percent higher than those for a BlueCross BlueShield platinum plan offered through Vermont Health Connect.

(b) In response, the VEHI is replacing existing school employee health insurance plans with plans designed to be competitive with Vermont Health Connect.

(c) This change means that, as of January 1, 2018, all school employees will be on new health care plans.

(d) The new health plans cover the same health care services and networks, but they have lower premium costs. The savings associated with lower premiums is estimated to be as high as \$75 million.

(e) The new plans also create higher out-of-pocket exposure through deductibles and co-payment requirements. However, because the premiums for these plans are markedly lower, there are opportunities to keep employees’ out-of-pocket costs at current levels while also realizing up to \$26 million in savings.

(f) These new plans have made health insurance negotiations more complex. In at least 20 supervisory unions, the parties have declared impasse over the inability to negotiate the transition to new health insurance plans.

(g) The State of Vermont is uniquely positioned to bargain health care benefits and coverage with school employees in a manner that ensures fairness and equity for school employees and delivers savings for property taxpayers.

Sec. 8. 16 V.S.A. § 2004 is amended to read:

§ 2004. AGENDA

(a) The school board, through its negotiations council, shall, upon request, negotiate with representatives of the teachers' or administrators' organization negotiations council on matters of salary, related economic conditions of employment, the manner in which it will enforce an employee's obligation to pay the agency service fee, procedures for processing complaints and grievances relating to employment, and any mutually agreed upon matters not in conflict with the statutes and laws of the State of Vermont.

(b) As used in this section, the terms "salary" and "related economic conditions of employment" shall not include health care benefits or coverage. Health care benefits and health coverage, including health reimbursement and health savings accounts, shall not be subject to collective bargaining pursuant to this section, but shall be determined on a statewide basis pursuant to section 2031 of this chapter.

Sec. 9. 16 V.S.A. chapter 57, subchapter 5 is added to read:

Subchapter 5: Negotiations for Health Care Benefits and Coverage

§ 2031. HEALTH CARE BENEFITS AND COVERAGE FOR SCHOOL EMPLOYEES; NEGOTIATION

(a)(1) The statewide labor organizations that represent teachers, administrators, and municipal school employees, as defined in 21 V.S.A. § 1722, shall jointly negotiate with the Governor or designee to determine the health care benefits and coverage, including contributions to health reimbursement and health savings accounts, the percentage of the premium to be paid by school employees and by the supervisory district, supervisory union, or school district, and other terms and conditions of health coverage that shall be available to school employees in Vermont.

(2) The labor organizations and the Governor or designee shall enter into a written agreement applicable to all teachers, administrators, and municipal school employees statewide that sets forth the health care benefits and coverage, including contributions to health reimbursement and health savings accounts, if any, the percentage of the premium to be paid by school

employees and by the supervisory district, supervisory union, or school district, and all other terms and conditions of health coverage that are agreed to.

(b) Notwithstanding any provision of this chapter to the contrary, negotiations pursuant to this section shall be subject to the provisions of 3 V.S.A. chapter 27, subchapters 2 and 4 for the purposes of impasse resolution and the prevention and adjudication of unfair labor practices.

(c) An agreement pursuant to subsection (a) of this section shall be ratified by a statewide majority vote of the teachers, administrators, and municipal school employees who are represented for purposes of collective bargaining pursuant to this chapter or 21 V.S.A. chapter 22. A referendum on the agreement shall be conducted by secret ballot by each represented bargaining unit, and the results of the referendum shall be submitted to the Vermont Labor Relations Board for tabulation of the statewide results.

(d) All supervisory districts, supervisory unions, and school districts shall provide health care benefits and coverage to their teachers, administrators, and municipal school employees in accordance with the terms of the agreement between the State and the labor organizations entered into pursuant to subsection (a) of this section.

(e) A teacher, administrator, or municipal school employee shall not be permitted to strike in relation to negotiations between the labor organizations and the Governor pursuant to this section. Nothing in this subsection shall be construed to modify a teacher's, administrator's, or municipal school employee's right to strike in relation to negotiations occurring pursuant to subchapter 3 of this chapter or 21 V.S.A. chapter 22.

Sec. 10. 21 V.S.A. § 1722 is amended to read:

§ 1722. DEFINITIONS

As used in this chapter:

* * *

(12) "Municipal employee" means any employee of a municipal employer, including a municipal school employee or a professional employee as defined in subdivision 1502(11) of this title, except:

* * *

(17) "Wages, hours, and other conditions of employment" means any condition of employment directly affecting the economic circumstances, health, safety, or convenience of employees but excluding matters of managerial prerogative as defined in this section. For collective bargaining related to municipal school employees, "wages, hours, and other conditions of

employment” shall not include health care benefits or coverage.

* * *

(21) “Municipal school employee” means an employee of a supervisory district, supervisory union, or school district that is not otherwise subject to 16 V.S.A. chapter 57 (labor relations for teachers and administrators).

Sec. 11. 21 V.S.A. § 1725 is amended to read:

§ 1725. COLLECTIVE BARGAINING PROCEDURE

(a)(1) For the purpose of collective bargaining, the representatives of the municipal employer and the bargaining unit shall meet at any reasonable time and shall bargain in good faith with respect to wages, hours, and conditions of employment, and shall execute a written contract incorporating any agreement reached; provided, however, neither party shall be compelled to agree to a proposal nor to make a concession, nor to bargain over any issue of managerial prerogative.

(2) For purposes of collective bargaining related to municipal school employees, “wages, hours, and conditions of employment” shall not include health care benefits or coverage. Health care benefits and coverage, including health reimbursement and health savings accounts, shall not be subject to collective bargaining pursuant to this section, but shall be determined on a statewide basis pursuant to 16 V.S.A. § 2031.

* * *

Sec. 12. TRANSITIONAL PROVISIONS APPLICABLE TO PLAN YEARS 2018, 2019, AND 2020

Notwithstanding any provision of 16 V.S.A. chapter 57, subchapter 5 to the contrary, for plan years 2018, 2019, and 2020, the negotiations between the Governor or designee and the statewide labor organizations that represent teachers, administrators, and municipal school employees, as defined in 21 V.S.A. § 1722, to establish the terms of health care benefits and coverage for all school employees shall be limited to:

(1) the percentage of the premium to be paid by school employees and by the supervisory district, supervisory union, or school district for one or more of the health benefit plans offered by the Vermont Education Health Initiative for plan year 2018;

(2) the amounts of the supervisory districts’, supervisory unions’, and school districts’ contributions to school employees’ health reimbursement accounts, health savings accounts, or both; and

(3) other terms and conditions of health coverage.

Sec. 13. SAVINGS FROM HEALTH CARE TRANSITION

(a) After entering into an agreement for health care benefits and coverage pursuant to 16 V.S.A. § 2031, the Governor or designee shall notify each supervisory district, supervisory union, and school district of the required employer and employee contributions for single, two-person, parent-child, and family plans and for any health reimbursement or health savings account.

(b) On or before June 30, 2017 or 30 days after the adoption of its annual budget, whichever is later, each supervisory district, supervisory union, and school district shall submit to the Secretary of Education and the Commissioner of Finance and Management a report documenting its actual health care costs for calendar years 2016 and 2017 and its budgeted health care costs for 2018. This report shall be on a form prescribed by the Commissioner of Finance and Management and shall specify the employee contribution and employer contribution totals for each calendar year.

(c) Notwithstanding any other provision of law, for fiscal year 2018 only, the State shall offset the amount of savings between budgeted and actual costs for health care benefits and coverage against the fiscal year 2018 payment to each supervisory district, supervisory union, or school district; provided, however, the State shall withhold any such payment until it has received the report required pursuant to subsection (b) of this section. The savings offset under this subsection shall be allocated to the Education Fund.

* * * Effective Dates * * *

Sec. 14. EFFECTIVE DATES

(a) This section and Secs. 7–13 shall take effect on passage and shall apply to negotiations for collective bargaining agreements that are entered into after the effective date of this act.

(b) The remaining sections of this act shall take effect on July 1, 2017 and apply to fiscal year 2018 and after.

H. 515

An act relating to Executive Branch and Judiciary fees

The Senate proposes to the House to amend the bill as follows:

First: Before Sec. 1, by adding a reader assistance to read as follows:

* * * Executive Branch and Judiciary Fees * * *

Second: In Sec. 5, by striking out Sec. 5 in its entirety and inserting in lieu thereof three new sections and their reader assistances to read as follows:

* * * Food and Lodging Establishments * * *

Sec. 5. 18 V.S.A. chapter 85 is amended to read:

CHAPTER 85. FOOD AND LODGING ESTABLISHMENTS

Subchapter 1. Food and Lodging Establishments

§ 4301. FOOD ESTABLISHMENTS; DEFINITIONS

(a) As used in this subchapter:

(1) ~~“Food” shall include all articles used for food, drink, confectionery, or condiment, by man, whether simple, mixed, or compound, and all substances and ingredients used in the preparation thereof. “Bakery” means all buildings, rooms, basements, cellars, lofts, or other premises or part thereof, used, occupied, or maintained for the purpose of producing for sale bread, cakes, pies, or other food products made either wholly or partially with flour.~~

(2) “Children’s camp” means any residential camp for children that:

(A) offers a combination of programs and facilities established for the primary purpose of providing an experience to children;

(B) is operated for five or more consecutive days during one or more seasons of the year; and

(C) provides 24-hours-a-day supervision of children.

(3) “Commissioner” means the Commissioner of Health.

(4) “Department” means the Department of Health.

(5) ~~“Establishment” shall include all buildings, rooms, basements, cellars, lofts, or other premises or part thereof, used, occupied, or maintained for the purpose of manufacturing, preparing, packing, canning, bottling, keeping, storing, handling, serving, or distributing in any manner, food for sale means food manufacturing establishments, food service establishments, lodging establishments, children’s camps, seafood vending facilities, and shellfish reshippers and repackers.~~

(6) “Food” means articles of food, drink, confectionery, or condiment for human consumption, whether simple, mixed, or compound, and all substances and ingredients used in the preparation thereof.

(7) “Food manufacturing establishment” or “food processor” means all buildings, rooms, basements, cellars, lofts, or other premises or part thereof, used, occupied, or maintained for the purpose of manufacturing, preparing, packing, canning, bottling, keeping, storing, handling, serving, or distributing food for sale. A food manufacturing establishment shall include food processors, bakeries, distributors, and warehouses. A food manufacturing establishment shall not include a place where only maple syrup or maple

products, as defined in 6 V.S.A. § 481, are prepared for human consumption.

(8) “Food service establishment” means entities that prepare, serve, and sell food to the public, including restaurants, temporary food vendors, caterers, mobile food units, and limited operations as defined in rule.

(9) “Lodging establishment” means a place where overnight accommodations are regularly provided to the transient, traveling, or vacationing public, including hotels, motels, inns, and bed and breakfasts. “Lodging establishment” shall not include short-term rentals.

(10) “Salvage food” means any food product from which the label on the packaging has been lost or destroyed or which has been subjected to possible damage as the result of an accident, fire, flood, or other cause that prevents the product from meeting the specifications of the manufacturer or the packer, but is otherwise suitable for human consumption.

(11) “Salvage food facility” means any food vendor for which salvage food comprises 50 percent or more of gross sales.

(12) “Seafood vending facility” means a store, motor vehicle, retail stand, or similar place from which a person sells seafood for human consumption.

(13) “Shellfish reshipper and repacker” means an establishment engaging in interstate commerce of molluscan shellfish.

(14) “Short-term rental” means a furnished home, condominium, or other dwelling rented to the transient, traveling, or vacationing public for a period of fewer than 30 consecutive days and for more than 14 days per calendar year.

(b) Nothing in this ~~subchapter~~ chapter shall be construed to modify or affect laws or ~~regulations~~ rules of the ~~agency of agriculture, food and markets~~ Agency of Agriculture, Food and Markets.

§ 4302. GENERAL REQUIREMENTS

(a) A person shall not manufacture, prepare, pack, can, bottle, keep, store, handle, serve, or distribute in any manner food for the purpose of sale, in an unclean, unsanitary, or unhealthful establishment or under unclean, unsanitary, or unhealthful conditions.

(b) A person shall not engage in the business of conducting a lodging establishment or children’s camp under unclean, unsanitary, or unhealthful conditions.

§ 4303. SPECIAL PROVISIONS RULEMAKING

Subject to the provisions of this subchapter, The Commissioner shall adopt

rules pursuant to 3 V.S.A. chapter 25 to establish minimum standards for the safe and sanitary operation of food or lodging establishments or children's camps or any combination thereof and their administration and enforcement. The rules shall require that an establishment shall be constructed, maintained, and operated with strict regard for the health of the employees and for the purity and wholesomeness of the food therein produced, kept, stored, handled, served, or distributed, so far as may be reasonable and necessary in the public interest and consistent with the character of the establishment, the public pursuant to the following general requirements:

(1) The entire establishment and its immediate appertaining premises, including the fixtures and furnishings, the machinery, apparatus, implements, utensils, receptacles, vehicles, and other devices used in the production, keeping, storing, handling, serving, or distributing of the food, or the materials used in the food, shall be constructed, maintained, and operated in a clean, sanitary, and healthful manner;

(2) The food and the materials used in the food shall be protected from any foreign or injurious contamination ~~which~~ that may render them unfit for human consumption;

(3) The clothing, habits, and conduct of the employees shall be conducive to and promote cleanliness, sanitation, and healthfulness;

(4) There shall be proper, suitable, and adequate toilets and lavatories, constructed, maintained, and operated in a clean, sanitary, and healthful manner;

(5) There shall be proper, suitable, and adequate ~~light~~ water supply, heating, lighting, ventilation, drainage, sewage disposal, and plumbing.

(6) There shall be proper operation and maintenance of pools, recreation water facilities, spas, and related facilities within lodging establishments.

(7) The Commissioner may adopt any other minimum conditions deemed necessary for the operation and maintenance of a food or lodging establishment in a safe and sanitary manner.

§ 4304. EMPLOYEES

(a) An employer shall not ~~require, permit, or suffer any~~ allow a person affected with any contagious, infectious, or other disease or physical ailment ~~which that~~ such employment detrimental to the public health to work in ~~such an~~ an establishment, and a person so affected shall not work in ~~any such an~~ an establishment subject to the provisions of this subchapter ~~chapter~~.

(b) The Commissioner may require a person employed in an establishment subject to the provisions of this chapter to undergo medical testing or an

examination necessary for the purpose of determining whether the person is affected by a contagious, infectious, or other disease or physical ailment that may render his or her employment detrimental to public health. The Commissioner may prohibit a person from working in an establishment pursuant to an emergency health order described in section 127 of this title if the person refuses to submit to medical testing or an examination.

§ 4305. ~~POWERS AND DUTIES OF STATE BOARD OF HEALTH~~

~~The board may require a person proposing to work or working in an establishment subject to the provisions of this subchapter, to undergo a physical examination for the purpose of ascertaining whether such person is affected with any contagious, infectious, or other disease or physical ailment, which may render his or her employment detrimental to the public health. The examination shall be made at the time and pursuant to conditions which shall be prescribed by the board. A person who refuses to submit to such examination shall not work or be required, permitted, or suffered to work in any such establishment. [Repealed.]~~

§ 4306. INSPECTION

(a) ~~It shall be the duty of the board~~ Commissioner to enforce the provisions of this ~~subchapter~~ chapter and of 6 V.S.A. § 3312(d), and ~~it he or she~~ shall be permitted to inspect through ~~its~~ his or her duly authorized officers, inspectors, agents, or assistants, at all reasonable times, an establishment, ~~an establishment's records, and a salvage food facility subject to the provisions of this subchapter~~ chapter.

(b) Whenever an inspection demonstrates that the establishment or salvage food facility is not operated in accordance with the provision of this chapter, the officer, inspector, agent, or assistant shall notify the licensee of the conditions found and direct necessary changes.

§ 4307. HEARING; ORDERS

~~When it appears upon such an inspection demonstrates that any establishment is being maintained or operated in violation of the provisions of this subchapter chapter or any related rules, the board~~ Commissioner shall ~~cause provide~~ written notice thereof, together with an order commanding ~~an~~ both abatement of such ~~the~~ violation and a compliance with this ~~subchapter~~ chapter within a reasonable period of time to be fixed in the order, ~~to be served by a proper officer upon the person violating such provisions. Under such any related rules and regulations as may be prescribed adopted by the board~~ Commissioner, a person upon whom such ~~the~~ notice and order are served shall be given an opportunity to be heard and to show cause ~~as to why such the~~ order should be vacated or amended. When, upon such ~~a~~ hearing, it appears

that the provisions of this ~~subchapter~~ chapter have not been violated, the ~~board~~ Commissioner shall immediately vacate ~~such~~ the order, but without prejudice. When, however, it appears that ~~such~~ the provisions have been violated and ~~such~~ the person fails to comply with an order issued by the ~~board~~ Commissioner under the provisions of this section, the ~~board~~ Commissioner shall, ~~forthwith, certify the facts to the proper prosecuting officer~~ revoke, modify, or suspend the person's license or enforce a civil penalty.

§ 4308. REGULATIONS

~~The board shall make uniform and necessary rules and regulations for carrying out the provisions of this subchapter. [Repealed.]~~

§ 4309. PENALTY

A person who violates a provision of this ~~subchapter~~ chapter or 6 V.S.A. § 3312(d), for which no other penalty is provided, shall be fined not more than \$300.00 for the first offense and, for each subsequent offense, not more than \$500.00.

Subchapter 2. Licensing Food and Lodging Establishments

§ 4351. LICENSE FROM DEPARTMENT OF HEALTH

(a) A person shall not operate or maintain a ~~hotel, inn, restaurant, tourist camp, food manufacturing facility, retail food establishment, lodging establishment, children's camp, seafood vending facility,~~ or any other place in which food is prepared and served, ~~or lodgings provided or furnished to the transient traveling or vacationing public, or a seafood vending facility,~~ unless he or she shall have ~~first obtained and holds~~ obtains and holds from the ~~department~~ Commissioner a license authorizing such operation. ~~The secretary may prescribe rules or conditions within which he or she may issue a temporary license for a period not to exceed 60 days. The license shall state the rules or conditions under which it is issued. However, nothing herein shall apply to any person who occasionally prepares and serves meals or provides occasional lodgings. The license shall be displayed in such a way as to be easily viewed by the patrons. All licenses shall be displayed in a manner as to be easily viewed by the public.~~

(b) ~~For purposes of this section, "seafood vending facility" includes a store, motor vehicle, stand, or similar place from which a person sells seafood for consumption at another location.~~

(1) A person shall not knowingly and willingly sell or offer for sale a bulk product manufactured by a bakery, regardless of whether the bakery is located inside or outside the State, unless the operator of the bakery holds a valid license from the Commissioner.

(2) The Commissioner shall not grant a license to a bakery located outside the State unless:

(A) the person operating the bakery:

(i) has consented in writing to the Department's inspection and paid the required fee; or

(ii) has presented to the Department satisfactory evidence of inspection and approval from the proper authority in his or her state and paid the required fee; and

(B) inspection of the bakery confirms that it meets the laws and rules of this State.

(c) The Commissioner may issue a temporary license for no more than 90 days. The temporary license shall state the conditions under which it is issued.

(d) If the Commissioner does not renew a license, he or she shall provide written notice to the licensee. The notice shall specify any changes necessary to conform with State rules and shall state that if compliance is achieved within the time designated in the notice, the license shall be renewed. If the licensee fails to achieve compliance within the prescribed time, the licensee shall have an opportunity for a hearing.

(e) Any licensee or applicant aggrieved by a decision or order of the Commissioner may appeal to the Board of Health within 30 days of that decision. Hearings by the Board under this section shall be subject to the provisions of 3 V.S.A. chapter 25 relating to contested cases. The Board shall consider the matter de novo and all persons, parties, and interests may appear and be heard. The Board shall issue an order within 30 days following the conclusion of the hearing.

(f) If a licensee fails to renew his or her license within 60 days of its expiration date, a licensee shall apply for a new license and meet all licensure requirements anew.

§ 4352. APPLICATION

A person desiring to operate a place Prior to operating an establishment in which food is prepared and served or in which three or more lodging is units are offered to the public, a person shall apply to the board Commissioner upon forms supplied by the board Department and shall pay a license fee as provided by section 4353 of this title. An application for licensure shall be submitted no fewer than 30 days prior to the opening of a food or lodging establishment. Upon receipt of such license fee and when satisfied that the premises are sanitary and healthful in accordance with the provisions of this chapter and related rules, the board Commissioner shall issue a license to the

applicant with respect to the premises described ~~therein~~ in the application.

§ 4353. FEES

(a) The Commissioner may establish by rule any requirement the Department needs to determine the applicable categories or exemptions for licenses. The following license fees shall be paid annually to the ~~Board~~ Department at the time of making the application according to the following schedules:

(1) ~~Restaurant~~ Restaurants

- I — Seating capacity of 0 to 25; \$105.00
- II — Seating capacity of 26 to 50; \$180.00
- III — Seating capacity of 51 to 100; \$300.00
- IV — Seating capacity of 101 to 200; \$385.00
- V — Seating capacity of 201 to 599; \$450.00
- VI — Seating capacity 600 or over; \$1,000.00
- VII — Home Caterer; \$155.00
- VIII — Commercial Caterer; \$260.00
- IX — Limited Operations; \$140.00
- X — Fair Stand; \$125.00; if operating for four or more days per year; \$230.00

(2) Lodging establishments

- I — Lodging capacity of 1 to 10; \$130.00
- II — Lodging capacity of 11 to 20; \$185.00
- III — Lodging capacity of 21 to 50; \$250.00
- IV — Lodging capacity of 51 to 200; \$390.00
- V — Lodging capacity of over 200; \$1,000.00

(3) ~~Food processor~~ manufacturing establishment — a fee for any person or persons that process food for resale to restaurants, stores, or individuals according to the following schedule:

(A) Food manufacturing establishments; nonbakeries

- I — Gross receipts of \$10,001.00 to \$50,000.00; \$175.00
- ~~(B)~~II — Gross receipts of over \$50,000.00; \$275.00

III — Gross receipts of \$10,000.00 or less are exempt pursuant to section 4358 of this title

(B) Food manufacturing establishment; bakeries

I — Home bakery; \$100.00

II — Small commercial; \$200.00

III — Large commercial; \$350.00

(4) Seafood vending facility — \$200.00, unless operating pursuant to another license issued by the Department of Health and generating less than \$40,000.00 or less in seafood gross receipts annually. If generating more than \$40,000.00 in seafood gross receipts annually, the fee is to be paid regardless of whether the facility is operating pursuant to another license issued by the Department of Health.

(5) Shellfish reshippers and repackers — \$375.00.

(6) Children's camps — \$150.00.

(b) The Commissioner of Health ~~will~~ shall be the final authority on definition of categories contained ~~herein~~ in this section.

(c) All fees received by the Board Department under this section shall be credited to a special fund and shall be available to the Department to offset the cost of providing the services.

§ 4354. TERM OF LICENSE

~~Licenses~~ A license shall expire annually on a date established by the ~~department~~ Department and ~~shall be renewable~~ may be renewed upon the payment of a new license fee if the licensee is in good standing with the Department.

§ 4355. ~~REGULATIONS;~~ REPORTS

~~(a) The board may prescribe such rules and regulations as may be necessary to ensure the operation in a sanitary and healthful manner of places in which food is prepared and served to the public or in which lodgings are provided. All reports which such board may require shall be on forms prescribed by it.~~

~~(b) The board shall not adopt any rule requiring food establishments that operate less than six months of the year and provide outdoor seating for no more than 16 people to provide toilet facilities to patrons, and any such rule or portion thereof now in effect is repealed. [Repealed.]~~

§ 4356. ~~INSPECTION;~~ REVOCATION

~~The members of the board and any person in its employ and by its~~

~~direction, at reasonable times, may enter any place operated under the provisions of sections 4351-4355 of this title, so far as may be necessary in the discharge of its duties. Whenever upon such inspection it is found that the premises are not being conducted in accordance with the provisions of the above named sections or the regulations adopted in accordance therewith, such board shall notify the licensee of the conditions found and direct such changes as are necessary. If such licensee shall fail within a reasonable time to comply with such orders, rules, or regulations adopted under the provisions of such sections, the board shall revoke the license. [Repealed.]~~

~~§ 4357. PENALTY~~

~~A person who violates any provision of this subchapter shall be fined not more than \$500.00. [Repealed.]~~

~~§ 4358. EXEMPTIONS~~

~~(a) The provisions of this subchapter shall apply only to such those hotels, inns, restaurants, tourist camps, and other places as that solicit the patronage of the public by advertising by means of signs, notices, placards, radio, electronic communications, or printed announcements.~~

~~(b) The provisions of this subchapter shall not apply to an individual manufacturing and selling bakery products from his or her own home kitchen whose average gross retail sales do not exceed \$125.00 per week.~~

~~(c) Any food manufacturing establishment claiming a licensing exemption shall provide documentation as required by rule.~~

~~(d) The Commissioner shall not adopt a rule requiring food establishments that operate less than six months of the year and provide outdoor seating for fewer than 16 people at one time to provide toilet and hand washing facilities for patrons.~~

* * *

~~Subchapter 4. Bakeries~~

~~§ 4441. BAKERY PRODUCTS; DEFINITION~~

~~For the purposes of this subchapter,~~

~~(1) The word “bakery” is defined as a building or part of a building wherein is carried on as a principal occupation the production of bread, cakes, pies, or other food products made either wholly or in part of flour and intended for sale.~~

~~(2) The word “person” shall extend and be applied to bodies corporate, and to partnerships and unincorporated associations. [Repealed.]~~

§ 4442. ~~RULES AND INSPECTION BY STATE BOARD OF HEALTH~~

~~The Board shall adopt and enforce rules as the public health may require in respect to the sanitary conditions of bakeries as defined herein. The Board is hereby authorized to inspect any such bakery at all reasonable times through its duly appointed officers, inspectors, agents, or assistants. [Repealed.]~~

§ 4443. ~~SLEEPING ROOMS SEPARATE~~

~~The sleeping rooms for persons employed in a bakery shall be separated from the rooms where food products or any ingredient thereof are manufactured or stored. [Repealed.]~~

§ 4444. ~~LICENSE~~

~~(a) No person shall operate a bakery in this state without having obtained from the department a license describing the building used as a bakery, including the post office address of the same, which license shall be posted by the owner or operator of such bakery in a conspicuous place in the shop described in such license or in the sales room connected therewith.~~

~~(b) No person shall knowingly and willfully sell or offer for sale in this state any bulk product manufactured by a bakery, whether such a bakery is located within or without the state, unless the operator of such bakery shall hold a valid license, as prescribed, from the department, which license shall in no case be granted covering a bakery located outside the state unless the person operating such bakery shall have consented in writing to its inspection and paid the fee as herein provided, or shall have paid the fee and received a license after presenting to the department satisfactory evidence of inspection and approval from the proper authority of his or her own state, and such bakery shall have been found by the inspection to meet the requirements of the laws of this state and rules and regulations of the secretary relating thereto. [Repealed.]~~

§ 4445. ~~RENEWAL OF LICENSE~~

~~The holder of such a license who desires to continue to operate a bakery shall annually, commencing on or before January 31, 1974, and thereafter on or before January 31, renew his or her license, pay the renewal fee, and receive a new license provided the licensee is entitled thereto. [Repealed.]~~

§ 4446. ~~FEE~~

~~(a) A person owning or conducting a bakery as specified in sections 4441 and 4444 of this title shall pay to the Board a fee for each certificate and renewal thereof in accordance with the following schedule:~~

~~Bakery I - Home Bakery; \$100.00~~

~~II - Small Commercial; \$200.00~~

~~III - Large Commercial; \$350.00~~

~~IV - Camps; \$150.00~~

~~(b) The Commissioner of Health will be the final authority on definition of categories contained herein.~~

~~(c) All fees received by the Board under this section shall be credited to a special fund and shall be available to the Department to offset the cost of providing the services. [Repealed.]~~

~~§ 4447. REVOCATION~~

~~Such license may be suspended or revoked by the board for cause after hearing. [Repealed.]~~

~~§ 4448. NEW BAKERY~~

~~No person shall open a new bakery in this state without having given at least 15 days' notice to the department of intention to open such bakery which notice shall contain a description and location of the building proposed to be used as such bakery. Upon receipt of such notice, the department shall cause such premises to be examined and, if found to comply with the provisions and statutes relating to bakeries and the rules and regulations prescribed by the secretary, a license shall be issued upon payment of the fee as herein provided. [Repealed.]~~

~~§ 4449. LOCAL REGULATIONS~~

~~The provisions of this subchapter shall not prevent local health authorities from making and enforcing orders or regulations concerning the sanitary condition of bakeries and the sale of bakery products, except that such orders and regulations shall be suspended to the extent necessary to give effect to the provisions of this subchapter and the rules and regulations prescribed pursuant thereto. [Repealed.]~~

~~§ 4450. PENALTY~~

~~A person who violates any provisions of this subchapter shall be fined not more than \$500.00. [Repealed.]~~

~~§ 4451. EXCEPTIONS~~

~~The provisions of this subchapter shall not apply to individuals manufacturing in and selling from their own private home kitchens bread, cakes, pies, or other food products made either wholly or in part from flour whose average gross retail sales of such products do not exceed \$125.00 a week, nor to restaurants, inns, or hotels subject to the provisions of subchapter~~

~~2 of this chapter, nor to church, fraternal, or charitable food sales. [Repealed.]~~

~~Subchapter 5. Salvage Food Facilities~~

~~§ 4461. DEFINITIONS~~

~~For the purposes of this subchapter:~~

~~(1) “Salvage food” means any food product from which the label on the packaging has been lost or destroyed or which has been subjected to possible damage as the result of accident, fire, flood, or other cause which may prevent the product from meeting the specifications of the manufacturer or the packer, but is otherwise suitable for human consumption.~~

~~(2) “Salvage food facility” means a food vendor for which salvage foods comprise 50 percent or more of gross sales. [Repealed.]~~

~~§ 4462. REGULATIONS AND INSPECTION~~

~~The state board of health is authorized to inspect any salvage food facility at all reasonable times through its officers, inspectors, agents, or assistants. [Repealed.]~~

~~Subchapter 6. Temporary Outdoor Seating~~

~~§ 4465. LIMITED FOOD ESTABLISHMENTS; TEMPORARY OUTDOOR SEATING~~

~~A food establishment that prepares and serves food for off premises uses may provide temporary outdoor seating for up to 16 persons from May 1 to October 31 without providing patron toilet or handwashing facilities. [Repealed.]~~

~~Sec. 6. SHORT-TERM RENTAL WORKING GROUP; REPORT~~

~~(a) Creation. There is created the Short-Term Rental Working Group within the Department of Health for the purpose of analyzing and developing a proposal for regulation of the short-term rental industry in Vermont, including an evaluation of:~~

~~(1) the impact of short-term rentals on Vermont’s hospitality industry;~~

~~(2) policies to level the playing field between short-term rentals and other lodging establishments, such as unit registration and self-certification of unit compliance with State health and safety laws and rules;~~

~~(3) necessary precautions to protect the health and safety of the transient, traveling, or vacationing public;~~

~~(4) policies implemented in other states and municipalities to regulate short-term rentals;~~

(5) the appropriate registration fee for short-term rentals, if any; and
(6) alternative definitions of “short-term rentals” to that enacted in 18V.S.A. § 4301.

(b)(1) Membership. The Working Group shall be composed of the following members:

(A) the Commissioner of Health or designee;

(B) the Commissioner of Taxes or designee; and

(C) the Executive Director of the Department of Public Safety’s Fire Safety Division or designee.

(2) The Commissioner of Health shall invite at least the following representatives to participate in the Working Group:

(A) a representative of the Vermont Chamber of Commerce;

(B) a representative of Vermont’s short-term rental industry;

(C) a representative of local government; and

(D) a representative of the Vermont Lodging Association.

(c) Assistance. The Working Group shall have the administrative, technical, and legal assistance of Department of Health.

(d) Report. On or before October 1, 2017, the Working Group shall submit a written report to the House Committee on Human Services and the Senate Committee on Health and Welfare with its findings and any recommendations for legislative action.

(e) Meetings.

(1) The Commissioner of Health or designee shall call the first meeting of the Working Group to occur on or before August 1, 2017

(2) The Commissioner of Health or designee shall be the Chair.

(3) A majority of the membership shall constitute a quorum.

(4) The Working Group shall cease to exist on October 31, 2017.

(f) Definitions. As used in this section:

(1) “Lodging establishment” means the same as in 18 V.S.A. § 4301(9).

(2) “Short-term rental” means the same as in 18 V.S.A. § 4301(14).

* * * Effective Date * * *

Sec. 7. EFFECTIVE DATE

This act shall take effect on July 1, 2017.

And that after passage the title of the bill be amended to read:

An act relating to Executive Branch and Judiciary fees and food and lodging establishments.

(For text see House Journal March 28, 2017)

Committee of Conference Report

H. 494

An act relating to the Transportation Program and miscellaneous changes to transportation-related law

TO THE SENATE AND HOUSE OF REPRESENTATIVES:

The Committee of Conference to which were referred the disagreeing votes of the two Houses upon House Bill entitled:

H. 494 An act relating to the Transportation Program and miscellaneous changes to transportation-related law

Respectfully reports that it has met and considered the same and recommends that the House accede to the Senate Proposal of Amendment, and that the bill be further amended in Sec. 7 (Transportation Alternatives Grant Program), by striking out subsection (f) in its entirety and inserting in lieu thereof the following:

(f)(1) In fiscal years 2018 and 2019, all Grant Program funds shall be reserved for municipalities for environmental mitigation projects relating to stormwater and highways, including eligible salt and sand shed projects.

(2) In fiscal years 2020 and 2021, Grant Program funds shall be awarded for any eligible activity and in accordance with the priorities established in subdivision (4) of this subsection.

(3) Each In fiscal year 2022 and thereafter, \$1,100,000.00 of Grant Program funds, or such lesser sum if all eligible applications amount to less than \$1,100,000.00, shall be reserved for municipalities for environmental mitigation projects relating to stormwater and highways, including eligible salt and sand shed projects.

(4) Regarding Grant Program funds awarded in fiscal years 2020 and 2021, and the balance of Grant Program funds not reserved for environmental mitigation projects in fiscal year 2022 and thereafter, in evaluating applications for Transportation Alternatives grants, the Transportation Alternatives Grant Committee shall give preferential weighting to projects involving as a primary feature a bicycle or pedestrian facility. The degree of preferential weighting and the circumstantial factors sufficient to overcome the weighting shall be in the complete discretion of the Transportation

Alternatives Grant Committee.

*RICHARD T. MAZZA
RICHARD A. WESTMAN
DUSTIN ALLARD DEGREE*

*Committee on the part of the
Senate*

*PATRICK M. BRENNAN
DAVID E. POTTER
CLEMENT J. BISSONNETTE*

Committee on the part of the House