

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Commerce and Economic Development to which was
3 referred Senate Bill No. 34 entitled “An act relating to cross-promoting
4 development incentives and State policy goals” respectfully reports that it has
5 considered the same and recommends that the House propose to the Senate that
6 the bill be amended by striking out all after the enacting clause and inserting in
7 lieu thereof the following:

8 * * * Rural Economic Development Initiative * * *

9 Sec. 1. 10 V.S.A. chapter 15, subchapter 4 is added to read:

10 § 325m. RURAL ECONOMIC DEVELOPMENT INITIATIVE

11 Subchapter 4. Rural Economic Development Initiative

12 (a) Definitions. As used in this subchapter:

13 (1) “Rural area” means a county of the State designated as “rural” or
14 “mostly rural” by the U.S. Census Bureau in its most recent decennial census.

15 (2) “Small town” means a town in the State with a population of less
16 than 5,000 at the date of the most recent U.S. Census Bureau decennial census.

17 (b) Establishment. There is created within the Vermont Housing and
18 Conservation Board a Rural Economic Development Initiative to promote and
19 facilitate community economic development in the small towns and rural areas
20 of the State. The Rural Economic Development Initiative shall collaborate
21 with municipalities, businesses, regional development corporations, and other

1 appropriate entities to access funding and other assistance available to small
2 towns and businesses in rural areas of the State when existing State resources
3 or staffing assistance is not available.

4 (c) Services; access to funding.

5 (1) The Rural Economic Development Initiative shall provide the
6 following services to small towns and businesses in rural areas:

7 (A) identification of grant or other funding opportunities available to
8 small towns and businesses in rural areas that facilitate business development,
9 siting of businesses, infrastructure, or other economic development
10 opportunities;

11 (B) technical assistance to small towns and businesses in rural areas
12 in writing grants, accessing and completing the application process for
13 identified grants or other funding opportunities, including writing applications
14 for grants or other funding, coordination with providers of grants or other
15 funding, strategic planning for the implementation or timing of activities
16 funded by grants or other funding, and compliance with the requirements of
17 grant awards or awards of other funding; and

18 (C) recommending available grants, tax credits, or other incentives
19 that a small town or rural area can use to attract businesses.

20 (2) In providing services under this subsection, the Rural Economic
21 Development Initiative shall give first priority to projects that have received

1 necessary State or municipal approval and that are ready for construction or
2 implementation. Priority shall also be given to projects identified through
3 community visits hosted by the Vermont Council on Rural Development or
4 other public engagement planning processes.

5 (3) In identifying businesses, or business types, the Rural Economic
6 Development Initiative shall seek to identify businesses or business types in
7 the following priority areas:

8 (A) milk plants, milk handlers, or dairy products, as those terms are
9 defined in 6 V.S.A. § 2672;

10 (B) the outdoor equipment or recreation industry;

11 (C) the value-added forest products industry;

12 (D) the value-added food industry;

13 (E) phosphorus removal technology; and

14 (F) composting facilities.

15 (d) Report. Beginning on January 31, 2018, and annually thereafter, the
16 Rural Economic Development Initiative shall submit to the Senate Committees
17 on Agriculture and on Economic Development, Housing and General Affairs
18 and the House Committees on Agriculture and Forestry and on Commerce and
19 Economic Development a report regarding the activities and progress of the
20 Initiative. The report shall include:

21 (1) a summary of activities in the preceding calendar year;

1 is set by the terms of a federal marketing order known as the Northeast
2 Marketing Area Federal Order 1 (Milk Marketing Order).

3 (2) The Milk Marketing Order does not reflect the actual cost to farmers
4 of milk production.

5 (3) The Milk Marketing Order is dependent on commodity prices and
6 other market influences that lead to significant fluctuations in the price
7 provided to farmers.

8 (4) Because of the Milk Market Order, farmers lose money on milk
9 production, and because of the volatility of the market, farmers cannot
10 predictably plan for investment to decrease production costs.

11 (5) The Vermont Milk Commission was established, in part, to ensure
12 the continuing economic vitality of the dairy industry by stabilizing the price
13 received by farmers for milk at a level allowing them an equitable rate of
14 return.

15 (6) The Secretary of Agriculture, Food and Markets should reconvene
16 the Vermont Milk Commission to:

17 (A) Review the current status of the milk market and expected trends
18 in pricing and cost of the production for the dairy farming and processing
19 industries.

20 (B) Assess, in consultation with interested parties and other states,
21 the proposed federal Farm Bill for 2018 and recommend to the Vermont

1 congressional delegation inclusion, deletion, or amendment of language to the
2 federal legislation.

3 (C) Review and assess dairy marketing programs in the State that
4 require specific production methods or limitations in order to determine
5 whether these programs provide farmers with opportunities for pricing
6 premiums. The Commission shall include review of marketing programs for
7 organic milk, GMO free milk, grass-based dairy, and sustainable agriculture
8 programs.

9 (b)(1) As soon as practical and on or before September 1, 2017, the
10 Secretary of Agriculture, Food and Markets shall convene the Vermont Milk
11 Commission under 6 V.S.A. chapter 162.

12 (2) The Vermont Milk Commission may:

13 (A) Collaborate with interested parties, including other Northeastern
14 states, to assess the proposed federal Farm Bill 2018 and develop
15 recommendations or positions on the proposed federal legislation. The
16 recommendations or positions shall be designed to provide farmers with:

17 (i) adequate risk management protection; and

18 (ii) adequate funding for water quality infrastructure

19 improvement.

1 (B) Submit proposed recommendations or positions on the federal
2 Farm Bill 2018 to the Senate Committee on Agriculture and the House
3 Committee on Agriculture and Forestry on or before February 15, 2018.

4 (3) The Vermont Milk Commission shall:

5 (A) Review the current status of the milk market and expected trends
6 in pricing and cost of the production for the dairy farming and processing
7 industries.

8 (B) Review and assess dairy marketing programs in the State that
9 require specific production methods or limitations in order to determine
10 whether these programs provide farmers with opportunities for pricing
11 premiums. The Commission shall include review of marketing programs for
12 organic milk, GMO free milk, grass-based dairy, and sustainable agriculture
13 programs.

14 (C) Submit to the Senate Committee on Agriculture and the House
15 Committee on Agriculture and Forestry a summary of the status of the dairy
16 industry in Vermont and a summary of market opportunities for pricing
17 premiums in the region and the State.

18 (c) Except for the two legislative members of the Commission, the per
19 diem compensation and reimbursement to which a member of the Commission
20 is entitled shall be paid from the budget of the Agency of Agriculture, Food
21 and Markets.

1 Sec. 4. FUNDING; VERMONT MILK COMMISSION

2 In fiscal year 2018, it is the intent of the General Assembly to make funding
3 available to the Agency of Agriculture, Food and Markets for the purposes of
4 reconvening the Vermont Milk Commission as required under Sec. 3 of
5 this act.

6 * * * Cross-promotion of Development Programs * * *

7 Sec. 5. EXECUTIVE BRANCH CROSS-PROMOTION OF LOAN, GRANT,
8 AND INCENTIVE PROGRAMS

9 The General Assembly finds that it is within the authority of the Executive
10 Branch to manage a process of continuous improvement for agency and
11 statewide programs and operations. While undertaking these efforts, the
12 Executive Branch shall ensure that State loan, grant, and other incentive
13 programs cross-promote relevant State policies, including the adoption of
14 renewable energy, rural economic development, public access to conserved
15 lands, and water quality improvements.

16 * * * Energy Efficiency * * *

17 Sec. 6. REPORT; ENERGY EFFICIENCY CHARGE; COMMERCIAL AND
18 INDUSTRIAL CUSTOMERS

19 (a) On or before January 15, 2018, the Commissioner of Public Service (the
20 Commissioner) shall submit a report with recommendations as described in
21 subsection (b) of this section.

1 (1) In preparing the report, the Commissioner shall consult with the
2 Secretary of Commerce and Community Development, the energy efficiency
3 utilities (EEU) appointed under 30 V.S.A. § 209(d)(2), the regional
4 development corporations, the Public Service Board, and other affected
5 persons.

6 (2) The Commissioner shall submit the report to the Senate Committees
7 on Finance, on Natural Resources and Energy, and on Agriculture and the
8 House Committees on Ways and Means, on Energy and Technology, and on
9 Agriculture and Forestry.

10 (b) The report shall provide the Commissioner’s recommendations on:

11 (1) Whether and how to increase the use by commercial and industrial
12 customers of self-administered efficiency programs under 30 V.S.A. § 209(d)
13 and (j), including:

14 (A) Potential methods and incentives to increase participation in self-
15 administration of energy efficiency, including:

16 (i) Potential changes to the eligibility criteria for existing
17 programs.

18 (ii) Use of performance-based structures.

19 (iii) Self-administration of energy efficiency by a commercial and
20 industrial customer, with payment of an energy efficiency charge (EEC)
21 amount only for technical assistance by an EEU, if the customer demonstrates

1 that it possesses in-house expertise that supports such self-administration and
2 implements energy efficiency measures that the customer demonstrates are
3 cost-effective and save energy at a benefit-cost ratio similar to the EEU.

4 (B) The potential inclusion of such methods and incentives in EEU
5 demand resource plans.

6 (C) Periodic reporting by the EEUs of participation rates in self-
7 administration of energy efficiency by commercial and industrial customers
8 located in the small towns in the State’s rural areas. As used in this
9 subdivision (C):

10 (i) “Rural area” means a county of the State designated as “rural”
11 or “mostly rural” by the U.S. Census Bureau in its most recent decennial
12 census.

13 (ii) “Small town” means a town in a rural area of the State with a
14 population of less than 5,000 at the date of the most recent U.S. Census Bureau
15 decennial census.

16 (2) The potential establishment of a multi-year pilot program that allows
17 a category of commercial and industrial customers to apply the total amount of
18 their Energy Efficiency Charge (EEC), for the period of the pilot, to
19 investments that reduce the customer’s total energy consumption.

20 (A) The goal of such a program would be to reduce significantly all
21 energy costs for the customer, and to transform the energy profile of the

1 customer such that significant savings would be generated and endure over the
2 long term. Customers in the program would receive the full amount of their
3 EEC contributions, for the period of the pilot, in the form of direct services and
4 incentives provided by an EEU, which would consider how to lower
5 customers' bills cost-effectively across electric, heating, transportation, and
6 process fuels using energy efficiency, demand management, energy storage,
7 fuel switching, and on-site renewable energy.

8 (B) In the report, the Commissioner shall consider:

9 (i) the definition of eligible commercial and industrial customers;

10 (ii) the potential establishment and implementation of such a
11 program in a manner similar to an economic development rate for the EEU;

12 (iii) the interaction of such a program with the existing programs
13 for self-managed energy efficiency under 30 V.S.A. § 209(d), including the
14 Energy Savings Account, Self-Managed Energy Efficiency, and Customer
15 Credit Programs;

16 (iv) the benefits and costs of such a program, including:

17 (I) a reduction in the operating costs of participating customers;

18 (II) the effect on job retention and creation and on economic
19 development;

20 (III) the effect on greenhouse gas emissions;

1 (IV) the effect on systemwide efficiency benefits that would
2 otherwise be obtained with the EEC funds, such as avoided supply costs,
3 avoided transmission and distribution costs, avoided regional network service
4 charges, and lost revenues from the regional forward-capacity market;

5 (V) the potential impact on commercial and industrial
6 customers that may not be eligible to participate in such a program;

7 (VI) the extent to which such a program may result in cost
8 shifts or subsidization among rate classes, and methods for avoiding or
9 mitigating these effects;

10 (VII) the effect on the budgets developed through the demand
11 resource planning process;

12 (VIII) the costs of administration;

13 (IX) any other benefits and costs of the potential program; and

14 (v) The consistency of such a program with least-cost planning as
15 defined in 30 V.S.A. § 218c; with State energy goals and policy set forth in
16 10 V.S.A. §§ 578, 580, and 581 and 30 V.S.A. §§ 202a and 218e; and with the
17 State energy plans adopted pursuant to 30 V.S.A. §§ 202 and 202b.

18 (c) The report submitted under this section shall include a proposed
19 timeline to phase in the recommendations contained in the report. In
20 developing this timeline, the Commissioner shall consider the impact to the

1 established budgets of the EEUs, the regulatory requirements applicable to the
2 EEUs, and the value of rapid implementation of the recommendations.

3 Sec. 7. 30 V.S.A. § 209(d)(3) is amended to read:

4 (3) Energy efficiency charge; regulated fuels. In addition to its existing
5 authority, the Board may establish by order or rule a volumetric charge to
6 customers for the support of energy efficiency programs that meet the
7 requirements of section 218c of this title, with due consideration to the State's
8 energy policy under section 202a of this title and to its energy and economic
9 policy interests under section 218e of this title to maintain and enhance the
10 State's economic vitality. The charge shall be known as the energy efficiency
11 charge, shall be shown separately on each customer's bill, and shall be paid to
12 a fund administrator appointed by the Board and deposited into ~~an~~ the Electric
13 Efficiency Fund. When such a charge is shown, notice as to how to obtain
14 information about energy efficiency programs approved under this section
15 shall be provided in a manner directed by the Board. This notice shall include,
16 at a minimum, a toll-free telephone number, and to the extent feasible shall be
17 on the customer's bill and near the energy efficiency charge.

18 * * *

1 * * * Environmental Permitting * * *

2 Sec. 8. ENVIRONMENTAL PERMITTING; AIR CONTAMINANT FEES;
3 ANAEROBIC DIGESTION

4 On or before January 15, 2018, the Secretary of Natural Resources shall
5 report to House Committees on Agriculture and Forestry and on Natural
6 Resources, Fish and Wildlife and the Senate Committees on Agriculture and
7 on Natural Resources and Energy with a recommendation for reducing or
8 eliminating the air contaminant fee paid by farmers for the emissions from the
9 anaerobic digestion of agricultural products, agricultural by-products,
10 agricultural waste, or food waste. The report shall include a summary of what
11 services the Agency of Natural Resources provides or provided to owners of
12 anaerobic digestors in relation to fees paid.

13 * * * Phosphorus Removal Technology; Grants * * *

14 Sec. 9. 6 V.S.A. § 4828 is amended to read:

15 § 4828. CAPITAL EQUIPMENT ASSISTANCE PROGRAM

16 (a) It is the purpose of this section to provide assistance to contract
17 applicators, nonprofit organizations, and farms to purchase or use innovative
18 equipment that will aid in the reduction of surface runoff of agricultural wastes
19 to State waters, improve water quality of State waters, reduce odors from
20 manure application, separate phosphorus from manure, decrease greenhouse
21 gas emissions, and reduce costs to farmers.

1 (b) The capital equipment assistance program is created in the Agency of
2 Agriculture, Food and Markets to provide farms, nonprofit organizations, and
3 custom applicators in Vermont with State financial assistance for the purchase
4 of new or innovative equipment to improve manure application, separation of
5 phosphorus from manure, or nutrient management plan implementation.

6 (c) Assistance under this section shall in each fiscal year be allocated
7 according to the following priorities and as further defined by the Secretary:

8 (1) First priority shall be given to capital equipment to be used on farm
9 sites that are serviced by custom applicators, phosphorus separation equipment
10 providers, and nonprofit organizations and that are located in descending order
11 within the boundaries of:

- 12 (A) the Lake Champlain Basin;
- 13 (B) the Lake Memphremagog Basin;
- 14 (C) the Connecticut River Basin; and
- 15 (D) the Hudson River Basin.

16 (2) Next priority shall be given to capital equipment to be used at a farm
17 site ~~which~~ that is located in descending order within the boundaries of:

- 18 (A) the Lake Champlain Basin;
- 19 (B) the Lake Memphremagog Basin;
- 20 (C) the Connecticut River Basin; and
- 21 (D) the Hudson River Basin.

1 occupations in Vermont that experience a high risk of workplace and on-the-
2 job injuries and whose workers' compensation insurance is characterized by
3 high premiums and few policyholders in the insurance pool. The industries
4 and occupations addressed in the study shall include, among others, logging
5 and log hauling, as well as arborists, roofers, and occupations in saw mills and
6 wood manufacturing operations. In particular, the Commissioner shall:

7 (1) examine differences in the potential for loss, premium rates, and
8 experience and participation in the workers' compensation marketplace
9 between the industries and occupations identified, and the average for all
10 industries and occupations in Vermont;

11 (2) study potential methods for reducing workers' compensation
12 premium rates and costs for high-risk industries and occupations, including
13 risk pooling between multiple high-risk industries or occupations, creating
14 self-insured trusts; creating voluntary safety certification programs, and
15 programs or best practices employed by other states; and

16 (3) model the potential impact on workers' compensation premiums and
17 costs from each of the methods identified pursuant to subdivision (2) of this
18 subsection.

19 (b) On or before January 15, 2018, the Commissioner of Financial
20 Regulation shall submit a written report to the House Committee on Commerce
21 and Economic Development and the Senate Committee on Finance regarding

1 his or her findings and any recommendations for legislative action to reduce
2 the workers' compensation premium rates and costs for the industries
3 identified in the study.

4 * * * Repeals * * *

5 Sec. 12. REPEALS

6 The following are repealed on July 1, 2023:

7 (1) 10 V.S.A. chapter 15, subchapter 4 (Rural Economic Development
8 Initiative); and

9 (2) 6 V.S.A. § 4828(d) (phosphorus removal grant criteria).

10 * * * Effective Dates * * *

11 Sec. 13. EFFECTIVE DATES

12 This section and Sec. 3 (Vermont Milk Commission) shall take effect on
13 passage. All other sections shall take effect on July 1, 2017.

14
15
16
17 (Committee vote: _____)

18 _____

19 Representative _____

20 FOR THE COMMITTEE