

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Agriculture and Forestry to which was referred Senate
3 Bill No. 276 entitled “An act relating to rural economic development”
4 respectfully reports that it has considered the same and recommends that the
5 House propose to the Senate that the bill be amended by striking out all after
6 the enacting clause and inserting in lieu thereof the following:

7 * * * Rural Economic Development Initiative * * *

8 Sec. 1. 10 V.S.A. § 325m is amended to read:

9 § 325m. RURAL ECONOMIC DEVELOPMENT INITIATIVE

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

11 (1) ~~“Industrial park” means an area of land permitted as an industrial~~
12 ~~park under chapter 151 of this title or under 24 V.S.A. chapter 117, or under~~
13 ~~both.~~

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

16 (3)(2) “Small town” means a town in the State with a population of less
17 than 5,000 at the date of the most recent U.S. Census Bureau decennial census.

18 (b) Establishment. There is created ~~within the Vermont Housing and~~
19 ~~Conservation Board~~ a the Rural Economic Development Initiative to promote
20 and facilitate to be administered by the Vermont Housing and Conservation
21 Board for the purpose of promoting and facilitating community economic

1 development in the small towns and rural areas of the State. The Rural
2 Economic Development Initiative shall collaborate with municipalities,
3 businesses, ~~industrial parks~~, regional development corporations, regional
4 planning commissions, and other appropriate entities to access funding and
5 other assistance available to small towns and businesses in rural areas of the
6 State when existing State resources or staffing assistance is not available.

7 (c) Services; access to funding.

8 (4) The Rural Economic Development Initiative shall provide the
9 following services to small towns and businesses in rural areas:

10 (A)(1) identification of grant or other funding opportunities available
11 to small towns, businesses in rural areas, and industrial parks in small towns
12 and rural areas that facilitate business development, siting of businesses,
13 workforce development, broadband deployment, infrastructure development,
14 or other economic development opportunities;

15 (B)(2) technical assistance to small towns, businesses in rural areas,
16 and industrial parks in small towns and rural areas in writing grants, accessing
17 and completing the application process for identified grants or other funding
18 opportunities, including writing applications for grants or other funding,
19 coordination with providers of grants or other funding, strategic planning for
20 the implementation or timing of activities funded by grants or other funding,

1 and compliance with the requirements of grant awards or awards of other
2 funding.

3 ~~(2)~~(d) **Priority**. In providing services under this **subsection section**, the
4 Rural Economic Development Initiative shall give first priority to projects that
5 have received necessary State or municipal approval and that are ready for
6 construction or implementation.

7 ~~(d)(e) Services; business development~~ Priority projects. The Rural
8 Economic Development Initiative shall ~~provide small towns and rural areas~~
9 ~~with services to facilitate business development in these areas. These services~~
10 ~~shall include:~~

11 ~~(1) Identifying businesses or business types suitable for a small town,~~
12 ~~rural areas, industrial parks in a small town or rural area, or coworker spaces or~~
13 ~~generator spaces in rural areas. In identifying businesses or business types, the~~
14 ~~Rural Economic Development Initiative shall seek to~~ assist the following
15 priority types of projects:

16 ~~(A) identify businesses or business types in the following priority~~
17 ~~areas:~~

18 ~~(i)(1)~~ (1) milk plants, milk handlers, or dairy products, as those terms
19 are defined in 6 V.S.A. § 2672;

20 ~~(ii)(2) the outdoor recreation and equipment or recreation industry~~
21 enterprises;

1 ~~(iii)~~(3) the value-added food and forest products industry
2 enterprises;

3 ~~(iv)~~(4) the value added food industry farm operations, including
4 phosphorus removal technology for farm operations;

5 ~~(v)~~(5) phosphorus removal technology coworking or business
6 generator and accelerator spaces; and

7 ~~(vi)~~(6) commercial composting facilities; and

8 (7) restoration and rehabilitation of historic buildings in community
9 centers.

10 ~~(B) explore with a small town or rural area whether underused or~~
11 ~~closed school buildings are appropriate sites for coworker or generator spaces.~~

12 ~~(2) Recommending available grants, tax credits, or other incentives that~~
13 ~~a small town or rural area can use to attract businesses.~~

14 ~~(3)~~(f) Coordination. In providing services under this subsection section,
15 the Rural Economic Development Initiative shall coordinate with the Secretary
16 of Commerce and Community Development ~~in order to avoid duplication by~~
17 ~~the Rural Economic Development Initiative of business recruitment and~~
18 ~~workforce development services provided by the Agency of Commerce and~~
19 ~~Community Development,~~ regional development corporations, and regional
20 planning commissions.

1 ~~(e)(g)~~ Report. Beginning on January 15, 2018 31, 2019, and annually
2 thereafter, the Rural Economic Development Initiative shall submit to the
3 Senate Committees on Agriculture and on Economic Development, Housing
4 and General Affairs and the House Committees on Agriculture and Forestry
5 and on Commerce and Economic Development a report regarding the activities
6 and progress of the Initiative as part of the report of the Vermont Farm and
7 Forest Viability Program. The report shall ~~include:~~

8 ~~(1) a summary of the Initiative's activities in the preceding calendar~~
9 ~~year;~~

10 ~~(2) an evaluation of the effectiveness of the services provided by the~~
11 ~~Initiative to small towns, rural areas, and industrial parks;~~

12 ~~(3) a summary of the Initiative's progress in attracting priority~~
13 ~~businesses to small towns and rural areas;~~

14 ~~(4) an accounting of the grants or other funding that the Initiative~~
15 ~~facilitated or provided assistance with;~~

16 ~~(5) an accounting of the funds acquired by the Rural Economic~~
17 ~~Development Initiative for administration of grants or other funding~~
18 ~~mechanisms and whether these funds are sufficient to offset the cost of the~~
19 ~~Rural Economic Development Initiative; and~~

20 ~~(6) recommended changes to the program, including proposed~~
21 ~~legislative amendments to further economic development in small towns and~~

1 ~~rural areas in the State~~ summarize the Initiative’s activities in the preceding
2 year; evaluate the effectiveness of the services provided by the Initiative;
3 provide an accounting of the grants or other funding that the Initiative
4 facilitated or helped secure; and recommend any changes to the program to
5 further economic development in small towns and rural areas of the State.

6 * * * Outdoor Recreation-Friendly Community Program * * *

7 Sec. 2. OUTDOOR RECREATION-FRIENDLY COMMUNITY PROGRAM

8 (a) Establishment. Upon receipt of funding, the Outdoor Recreation-
9 Friendly Community Program (Program) is created to provide incentives for
10 communities to leverage outdoor recreation assets to foster economic growth
11 within a town, village, city, or region of the State.

12 (b) Administration. The Program shall be administered by the Department
13 of Forests, Parks and Recreation in association with the Agency of Commerce
14 and Community Development.

15 (c) Selection. The Commissioner of Forests, Parks and Recreation in
16 consultation with the Agency of Commerce and Community Development and
17 the Vermont Outdoor Recreation Economic Collaborative steering committee
18 shall select communities for the Program using, at minimum, the following
19 factors:

20 (1) community economic need;

1 (2) identification of outdoor recreation as a priority in a town plan or
2 other pertinent planning document;

3 (3) community commitment to an outdoor recreation vision;
4 demonstrated support from community officials, the public, local business, and
5 local and statewide outdoor recreation nonprofit organizations; and
6 commitment to adhere to accepted standards and recreation ethos;

7 (4) a community with a good foundation of outdoor recreation assets
8 already in place with strong potential for growth on both private and public
9 lands;

10 (5) a community with good opportunities for connecting assets within
11 the community with assets of other nearby communities;

12 (6) a community with an existing solid network of local supporting
13 businesses; and

14 (7) community commitment to track and measure outcomes to
15 demonstrate economic and social success.

16 (d) Incentives. Communities accepted into the Program shall be offered, at
17 minimum, the following incentives:

18 (1) preferential consideration to become part of the Vermont Trail
19 System;

1 (2) preferential consideration when applying for grant assistance
2 through the Recreational Trails Program and the Land and Water Conservation
3 Fund Program;

4 (3) access to other economic development assistance if available and
5 appropriate; and

6 (4) recognition as part of a network of Outdoor Recreation-Friendly
7 Communities connected through a common branding and adherence to high
8 standards of quality and service.

9 (e) Pilot project and appropriation. Upon receipt of funding to create the
10 Outdoor Recreation Friendly Community Program, the Agency of Commerce
11 and Community Development, in association with the Department of Forests,
12 Parks and Recreation, shall approve pilot communities to serve as prototypes
13 for the Program. The funding may be used for the following purposes:

14 (1) communitywide outdoor recreation planning, including assessment,
15 mapping, and identifying possibilities and priorities;

16 (2) services of consultants and other technical assistance providers;

17 (3) public facing mapping and other informational materials;

18 (4) securing access;

19 (5) implementation of public access improvements;

20 (6) stewardship;

21 (7) marketing; and

1 accessory buildings. Trails recognized as part of the Vermont Trails System
2 under section 443 of this title shall be deemed to be for a State purpose.

3 * * *

4 (C) For the purposes of determining jurisdiction under subdivision
5 ~~(3)~~(A) of this section subdivision (3), the following shall apply:

6 * * *

7 (vi) Vermont Trail System projects. In the case of a construction
8 project for a trail recognized as part of the Vermont Trail System pursuant to
9 section 443 of this title, the computation of land involved shall not include any
10 ~~existing or planned~~ portion of the trail or of the Vermont Trail System in
11 existence as of July 1, 2018, unless that portion will be physically altered as
12 part of the project and is on the same tract or tracts of land.

13 * * *

14 (F) When jurisdiction over a trail has been established pursuant
15 to subdivision (A) of this subdivision (3), jurisdiction shall extend only to
16 the trail corridor and to any area directly or indirectly affected by the
17 construction, operation, or maintenance of the trail corridor. The width
18 of the corridor shall be 10 feet unless the District Commission determines
19 that circumstances warrant a wider or narrower width.

20 **Sec. 4a. PROSPECTIVE REPEAL**

21 10 V.S.A. § 6001(3)(C)(vi) shall be repealed on July 1, 2019.

1 **Sec. 4b. ACT 250 JURISDICTION; RECREATIONAL TRAILS;**

2 **EVALUATION**

3 **(a) In addition to the currently assigned tasks under 2017 Acts and**
4 **Resolves No. 47 (Act 47), the Commission on Act 250: the Next 50 Years**
5 **(the Commission) established under that act shall evaluate the strengths**
6 **and challenges associated with regulation of recreational trails under 10**
7 **V.S.A. chapter 151 (Act 250) and alternative structures for the planning,**
8 **review, and construction of future trail networks and the extension of**
9 **existing trail networks. The Commission shall include recommendations**
10 **on this issue in its report to the General Assembly due on or before**
11 **December 15, 2018 under Act 47.**

12 **(b) To provide information and recommendations to the**
13 **Commission on the issue identified in subsection (a) of this section, the**
14 **Commissioner of Forest, Parks and Recreation or designee and the Chair**
15 **of the Natural Resources Board or designee shall form a recreational trails**
16 **working group that shall include officers and employees of the Agency of**
17 **Natural Resources designated by the Secretary of Natural Resources, the**
18 **Vermont Trails and Greenways Council established under 10 V.S.A.**
19 **chapter 20, representatives of environmental organizations, and other**
20 **affected persons. The working group shall submit a report to the**
21 **Commission on Act 250 on or before Oct. 1, 2018.**

1 (a) The Vermont Farm and Forest Viability ~~Enhancement~~ Program is a
2 voluntary program established in the Agency of Agriculture, Food and Markets
3 to provide assistance to Vermont ~~farmers~~ farm, food, and forest-sector
4 businesses to enhance the financial success and long-term viability of Vermont
5 ~~agriculture~~ agricultural and forest sectors. In administering the Program, the
6 Secretary shall:

7 (1) Collaborate with the Vermont Housing and Conservation Board; to
8 administer the program with other State and federal agencies, private entities,
9 and service groups to develop, coordinate, and provide technical and financial
10 assistance to Vermont ~~farmers~~ farm, food, and forest-sector businesses.

11 (2) ~~Include teams of~~ Secure and coordinate experts to assist ~~farmers~~
12 farm, food, and forest-sector business owners in areas such as ~~assessing farm~~
13 ~~resources and potential~~ business and financial planning, succession planning,
14 diversifying, adopting new technologies, improving product quality,
15 developing value-added products, and lowering costs of production ~~for~~
16 ~~Vermont's agricultural sector. The teams.~~ Providers may include ~~farm~~
17 business management specialists, University of Vermont Extension
18 professionals, ~~veterinarians,~~ and other experts to deliver the ~~informational and~~
19 ~~technological~~ educational and consulting services.

1 (3) Encourage agricultural or forest-sector economic development
2 through investing in improvements to essential infrastructure and the
3 promotion of ~~farm~~ businesses in ~~Vermont~~ these sectors.

4 (4) Enter into agreements with private organizations or individuals or
5 with any agency or instrumentality of the United States or of this State and
6 employ technical experts to carry out the purposes of this section.

7 (b) The ~~farm viability enhancement program~~ Farm and Forest Viability
8 Program shall be assisted by an advisory board consisting of ~~ten~~ 12 members
9 who shall include:

10 (1) The Secretary of Agriculture, Food and Markets. The Secretary
11 shall serve as Chair of the Board.

12 (2) The Commissioner of Forests, Parks and Recreation or designee.

13 (3) The Commissioner of Economic Development or designee.

14 ~~(3)~~(4) The Manager of the Vermont Economic Development Authority
15 or designee.

16 ~~(4)~~(5) The Director of University of Vermont Extension or designee.

17 ~~(5)~~(6) The Executive Director of the Vermont Housing and
18 Conservation Board or designee.

19 ~~(6)~~(7) Four Vermont ~~farmers~~ agricultural or forest-sector business
20 owners appointed by the Secretary of Agriculture, Food and Markets in
21 consultation with the Vermont Housing and Conservation Board and the

1 Commissioner of Forests, Parks and Recreation. ~~The four farmers shall serve~~
2 ~~two-year terms, except for the first year, two farmers chosen by the Chair shall~~
3 ~~serve one-year terms~~ At least two of the four business owners shall be
4 agricultural-sector business owners.

5 ~~(7)(8) A person who has~~ Two people who have expertise in agricultural
6 or forest-sector economics, financing, or business planning development
7 appointed by the Secretary of Agriculture, Food and Markets in consultation
8 with the Vermont Housing and Conservation Board and the Commissioner of
9 Forests, Parks and Recreation.

10 (c) Members of the Advisory Board established in subsection (b) of this
11 section other than ex officio members shall serve up to three two-year terms
12 and shall be entitled to per diem expenses pursuant to 32 V.S.A. § 1010 for
13 each day spent in the performance of their duties, and each such member shall
14 be reimbursed ~~from the fund created by this section~~ for his or her reasonable
15 expenses incurred in carrying out his or her duties under this section.

16 (d) In consultation with the Advisory Board, the Secretary of Agriculture,
17 Food and Markets and the Vermont Housing and Conservation Board shall
18 establish ~~grant criteria~~, performance goals, performance measures that
19 demonstrate Program results, and other criteria to implement the Program. The
20 ~~grant~~ criteria shall include at least the following requirements:

1 (1) ~~the application is developed in consultation with the producers who~~
2 ~~use or would use the Program and will address their needs;~~

3 (2) ~~the use of the funds~~ available to the Program is likely to succeed in
4 improving the economic viability of the ~~farm and the farm's~~ producers
5 business;

6 (3)(2) ~~the producers are committed~~ enrollees demonstrate commitment
7 to participating in the Program; and

8 (4)(3) ~~an evaluation shall be completed by enrolled farmers in~~
9 ~~conjunction with the teams~~ the enrollees.

10 (e)(1) ~~The Farm Viability Enhancement Program Special Fund is~~
11 ~~established in the State Treasury and shall be administered by the Secretary of~~
12 ~~Agriculture, Food and Markets in accordance with the provisions of 32 V.S.A.~~
13 ~~chapter 7, subchapter 5, except that interest earned on the fund shall be~~
14 ~~retained in the Fund. The Fund shall be used only for the purpose of~~
15 ~~implementing and effectuating the Farm Viability Enhancement Program~~
16 ~~established by this section. There shall be deposited in such Fund any monies~~
17 ~~appropriated by the General Assembly to, or received by, the Secretary of~~
18 ~~Agriculture, Food and Markets from any other source, public or private. The~~
19 ~~Fund shall be used only for the purposes of:~~

20 (A) ~~providing funds for the Farm Viability Enhancement Program as~~
21 ~~established in this section;~~

- 1 ~~(B) providing funds to enrolled farmers;~~
2 ~~(C) providing funds to service providers for administrative expenses~~
3 ~~of the program; and~~
4 ~~(D) leveraging other competitive public and private funds, grants,~~
5 ~~and contributions for the Farm Viability Enhancement Program.~~

6 (2) The Secretary of Agriculture, Food and Markets, the Commissioner
7 of Forests, Parks and Recreation, and the Vermont Housing and Conservation
8 Board, separately or cooperatively, may solicit federal funds, grants, and
9 private contributions for the Farm and Forest Viability ~~Enhancement~~ Program,
10 but any Vermont Housing and Conservation Board funds used for the Farm
11 and Forest Viability ~~Enhancement~~ Program shall be administered in
12 accordance with 10 V.S.A. § 312.

13 (f)~~(1)~~ In collaboration with ~~the Vermont Housing and Conservation Board~~,
14 the Secretary of Agriculture, Food and Markets and the Commissioner of
15 Forests, Parks and Recreation, the Vermont Housing and Conservation Board
16 shall report in writing to the Senate ~~Committee~~ Committees on Agriculture and
17 on Economic Development, Housing and General Affairs and the House
18 ~~Committee~~ Committees on Agriculture and Forestry and on Commerce and
19 Economic Development on or before January 31 of each year with a report on
20 the activities and performance of the Farm and Forest Viability ~~Enhancement~~
21 Program. At a minimum, the report shall include an evaluation of the Program

1 utilizing the performance goals and performance measures established in
2 consultation with the Advisory Board under subsection (d) of this section. ~~The~~
3 ~~report should assess potential demand for the Program over the succeeding~~
4 ~~three years.~~

5 ~~(2) The Agency of Agriculture, Food and Markets and the Vermont~~
6 ~~Housing and Conservation Board shall describe in their annual budget~~
7 ~~submissions plans to develop adequate State, federal, and private funds to carry~~
8 ~~out this initiative.~~

9 ~~(g)(1) The Agricultural Economic Development Special Account is~~
10 ~~established as a dedicated sub-account of the Vermont Farm Viability~~
11 ~~Enhancement Program Special Fund. There shall be deposited in such account~~
12 ~~any monies:~~

13 ~~(A) appropriated by the General Assembly to the account; and~~

14 ~~(B) received by the State or the Secretary of Agriculture, Food and~~
15 ~~Markets from any source, public or private, for use for any of the purposes for~~
16 ~~which the account was established.~~

17 ~~(2) The Fund shall only be used for the purposes of:~~

18 ~~(A) encouraging private investment in the economic initiative; and~~

19 ~~(B) providing incentives for technology businesses, determined by~~
20 ~~the Agency of Agriculture, Food and Markets to provide critical technological~~
21 ~~solutions for the growth of Vermont's agricultural economy.~~

1 ~~(3) Assistance from the Agricultural Economic Development Special~~
2 ~~Account shall be available in order to produce agricultural energy, harvest~~
3 ~~biomass, convert biomass into energy, or enable installation and usage of wind,~~
4 ~~solar, or other technology that relies on a resource that is being consumed at a~~
5 ~~harvest rate at or below its natural regeneration rate pursuant to 30 V.S.A.~~
6 ~~§ 8002(2), including:~~

7 ~~(A) business and technical assistance for research and planning to aid~~
8 ~~a farmer or a group of farmers in developing business enterprises;~~

9 ~~(B) cost effective implementation assistance to leverage other~~
10 ~~sources of capital to assist a farmer or group of farmers in purchasing~~
11 ~~equipment, technology, or other assistance; and~~

12 ~~(C) business, technical, and implementation assistance to persons that~~
13 ~~are not farmers for the development and implementation of technology or~~
14 ~~development of facilities designed to produce agricultural energy, harvest~~
15 ~~biomass, or convert biomass into energy, provided that the person is working~~
16 ~~in consultation with a Vermont farm, is creating an enterprise that utilizes~~
17 ~~Vermont resources, and provides Vermont a significant return on investment~~
18 ~~and meets any financial and technical criteria established by the Secretary by~~
19 ~~procedure. [Repealed.]~~

1 operation to operate in an economically sustainable manner, including whether
2 Act 250 permit conditions limit the ability of a forest processing operation to
3 alter production or processing in order to respond to market conditions. If the
4 Commission determines that Act 250 permit conditions have a **significant**
5 negative economic impact on forestry processing operations, the Commission
6 shall recommend alternatives for mitigating those negative economic impacts.
7 The Commission shall **include** its findings and recommendation **on this issue,**
8 if any, in the report due to the General Assembly on December 15, 2018 under
9 Act 47.

10 * * * Environmental Permitting Fees * * *

11 Sec. 8. 3 V.S.A. § 2822(j) is amended to read:

12 (j) In accordance with subsection (i) of this section, the following fees are
13 established for permits, licenses, certifications, approvals, registrations, orders,
14 and other actions taken by the Agency of Natural Resources.

15 * * *

16 (26) For individual conditional use determinations, for individual
17 wetland permits, for general conditional use determinations issued under
18 10 V.S.A. § 1272, or for wetland authorizations issued under a general permit,
19 an administrative processing fee assessed under subdivision (2) of this
20 subsection (j) and an application fee of:

1 (A) \$0.75 per square foot of proposed impact to Class I or II
2 wetlands.

3 (B) \$0.25 per square foot of proposed impact to Class I or II wetland
4 buffers.

5 (C) Maximum fee, for the conversion of Class II wetlands or wetland
6 buffers to cropland use or for installation of a pipeline in a wetland for the
7 transport of manure for the purpose of farming, as that term is defined in
8 10 V.S.A. § 6001(22), when the pipeline will serve or implement a water
9 quality or conservation practice, \$200.00 per application. As used in this
10 subdivision, “cropland” means land that is used for the production of
11 agricultural crops, including row crops, fibrous plants, pasture, fruit-bearing
12 bushes, trees, or vines, and the production of Christmas trees.

13 * * *

14 * * * Electric Utility Demand Charges; Rural Towns * * *

15 Sec. 9. DEMAND CHARGES; REPORT

16 (a) On or before January 31, 2019, the Commissioner of Public Service
17 (Commissioner), in consultation with the Secretary of Commerce and
18 Community Development, shall submit a written report on electric utility
19 demand charges in Vermont and their effect on the ability of industrial
20 enterprises to locate in rural towns of the State.

1 (b) The Commissioner shall submit the report to the House Committees on
2 Agriculture and Forestry, on Commerce and Community Development, and on
3 Energy and Technology and the Senate Committees on Agriculture, on
4 Economic Development, Housing and General Affairs, and on Finance.

5 (c) The report under this section shall include:

6 (1) a narrative summary of the terms, conditions, and rates for each
7 demand charge tariff of each Vermont electric utility;

8 (2) a table that shows the rates and applicability of each such tariff, with
9 such other information as the Commissioner may consider relevant, organized
10 by electric utility;

11 (3) an analysis of the alternatives to these tariffs that will improve the
12 ability of industrial enterprises to locate in rural towns of the State, including
13 the use of energy efficiency, self-generation, and other measures to reduce the
14 demand of such enterprises on the interconnecting electric utility;

15 (4) the Commissioner’s recommendations on changes to demand charge
16 tariffs and other methods to reduce demand that would encourage locating
17 industrial enterprises in rural towns of the State or that would reduce or remove
18 disincentives posed by demand charge tariffs to such locations.

19 (d) In this section, “rural town” shall have the same meaning as in
20 24 V.S.A. § 4303.

1 produce heat or electricity, or both, to give preference to Vermont suppliers
2 when making fuel supply purchases.

3 (b) As used in this section, “public building” has the same meaning as in
4 20 V.S.A. § 2730.

5 (c) The submission shall include the Commissioner’s specific
6 recommendations as to each of the following categories of public buildings:

7 (1) schools owned, occupied, or administered by municipalities;

8 (2) other public buildings owned or occupied by the State of Vermont,
9 counties, municipalities, or other public entities; and

10 (3) public buildings or biomass energy facilities in Vermont that receive
11 incentives or financing, or both, from the State of Vermont and are not within
12 the category described in subdivision (1) or (2) of this subsection.

13 (d) The Commissioner shall submit the report and recommendation to the
14 Senate Committees on Agriculture and on Natural Resources and Energy and
15 the House Committees on Agriculture and Forestry and on Energy and
16 Technology.

17 * * * Hemp * * *

18 Sec. 12. PURPOSE

19 The purpose of this section and Secs. 13–14 of this act is to amend the laws
20 of Vermont regarding the cultivation of industrial hemp to conform with
21 federal requirements for industrial hemp research set forth in section 7606 of

1 the federal Agricultural Act of 2014, Pub. L. No. 113-79, codified at 7 U.S.C.
2 § 5940.

3 Sec. 13. 6 V.S.A. chapter 34 is amended to read:

4 CHAPTER 34. HEMP

5 § 561. FINDINGS; INTENT

6 (a) Findings.

7 (1) Hemp has been continuously cultivated for millennia, is accepted
8 and available in the global marketplace, and has numerous beneficial, practical,
9 and economic uses, including: high-strength fiber, textiles, clothing, ~~bio-fuel~~
10 biofuel, paper products, protein-rich food containing essential fatty acids and
11 amino acids, biodegradable plastics, resins, nontoxic medicinal and cosmetic
12 products, construction materials, rope, and value-added crafts.

13 (2) The many agricultural and environmental beneficial uses of hemp
14 include: livestock feed and bedding, stream buffering, erosion control, water
15 and soil purification, and weed control.

16 (3) The hemp plant, an annual herbaceous plant with a long slender stem
17 ranging in height from four to 15 feet and a stem diameter of one-quarter to
18 three-quarters of an inch is morphologically distinctive and readily identifiable
19 as an agricultural crop grown for the cultivation and harvesting of its fiber
20 and seed.

1 (4) Hemp cultivation will enable the State of Vermont to accelerate
2 economic growth and job creation, promote environmental stewardship, and
3 expand export market opportunities.

4 (5) The federal Agricultural Act of 2014, Pub. L. No. 113-79 authorized
5 the growing, cultivation, and marketing of industrial hemp, notwithstanding
6 restrictions under the federal Controlled Substances Act, if certain criteria are
7 satisfied.

8 (b) Purpose. The intent of this chapter is to establish policy and procedures
9 for growing hemp in Vermont that comply with federal law so that farmers and
10 other businesses in the Vermont agricultural industry can take advantage of
11 this market opportunity.

12 § 562. DEFINITIONS

13 As used in this chapter:

14 (1) [Repealed.]

15 (2) “Hemp products” or “hemp-infused products” means all products
16 made from hemp, including cloth, cordage, fiber, food, fuel, paint, paper,
17 construction materials, plastics, seed, seed meal, seed oil, and certified seed for
18 cultivation.

19 (3) “Hemp” or “industrial hemp” means the plant *Cannabis sativa* L. and
20 any part of the plant, whether growing or not, with a delta-9

1 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry
2 weight basis.

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

4 § 563. HEMP; AN AGRICULTURAL PRODUCT

5 ~~Hemp~~ Industrial hemp is an agricultural product ~~which~~ that may be grown
6 as a crop, produced, possessed, marketed, and commercially traded in Vermont
7 pursuant to the provisions of this chapter. The cultivation of industrial hemp
8 shall be subject to and comply with ~~the requirements of~~ the required
9 agricultural practices adopted under section 4810 of this title.

10 § 564. REGISTRATION; ADMINISTRATION; PILOT PROJECT

11 (a) The Secretary shall establish a pilot program to research the growth,
12 cultivation, and marketing of industrial hemp. Under the pilot program, the
13 Secretary shall register persons who will participate in the pilot program
14 through growing or cultivating industrial hemp. The Secretary shall certify the
15 site where industrial hemp will be cultivated by each person registered under
16 this chapter. A person who intends to participate in the pilot program and
17 grow industrial hemp shall register with the Secretary and submit on a form
18 provided by the Secretary the following:

19 (1) the name and address of the person;

1 (2) a statement that the seeds obtained for planting are of a type and
2 variety that do not exceed the maximum concentration of tetrahydrocannabinol
3 set forth in subdivision 562(3) of this title; and

4 (3) the location and acreage of all parcels sown and other field reference
5 information as may be required by the Secretary.

6 (b) The form provided by the Secretary pursuant to subsection (a) of this
7 section shall include a notice statement that, ~~until current federal law is~~
8 ~~amended to provide otherwise:~~

9 (1) cultivation and possession of industrial hemp in Vermont is a
10 violation of the federal Controlled Substances Act unless the industrial hemp is
11 grown, cultivated, or marketed under a pilot program authorized by section
12 7606 of the federal Agricultural Act of 2014, Pub. L. No. 113-79; and

13 (2) federal prosecution for growing hemp in violation of federal law
14 may include criminal penalties, forfeiture of property, and loss of access to
15 federal agricultural benefits, including agricultural loans, conservation
16 programs, and insurance programs; and

17 (3) registrants may purchase or import hemp genetics from any state that
18 complies with federal requirements for the cultivation of industrial hemp.

19 (c) A person registered with the Secretary pursuant to this section shall
20 allow industrial hemp crops, throughout sowing, growing season, harvest,
21 storage, and processing, to be inspected and tested by and at the discretion of

1 the Secretary or ~~his or her~~ designee. The Secretary shall retain tests and
2 inspection information collected under this section for the purposes of research
3 of the growth and cultivation of industrial hemp.

4 (d) The Secretary may assess an annual registration fee of \$25.00 for the
5 performance of his or her duties under this chapter.

6 § 566. RULEMAKING AUTHORITY

7 (a) The Secretary may adopt rules to provide for the implementation of this
8 chapter and the pilot project authorized under this chapter, which may include
9 rules to require hemp to be tested during growth for tetrahydrocannabinol
10 levels and to require inspection and supervision of hemp during sowing,
11 growing season, harvest, storage, and processing. The Secretary shall not
12 adopt under this or any other section a rule that would prohibit a person to
13 grow hemp based on the legal status of hemp under federal law.

14 (b) The Secretary shall adopt rules establishing how the Agency of
15 Agriculture, Food and Markets will conduct research within the pilot program
16 for industrial hemp.

17 (c) The Secretary shall adopt rules establishing requirements for the
18 registration of processors of hemp and hemp-infused products.

19 Sec. 14. TRANSITION; IMPLEMENTATION

20 All persons registered prior to July 1, 2018 with the Secretary of
21 Agriculture, Food and Markets under 6 V.S.A. chapter 34 to grow or cultivate

1 hemp shall be deemed to be registered with the Secretary of Agriculture, Food
2 and Markets as participants in the industrial hemp pilot project established by
3 this act under 6 V.S.A. § 564, and those previously registered persons shall not
4 be required to reregister with the Secretary of Agriculture, Food and Markets.

5 Sec. 15. 6 V.S.A. §§ 567 and 568 are added to read:

6 § 567. AGENCY OF AGRICULTURE, FOOD AND MARKETS; TESTING

7 The Agency of Agriculture, Food and Markets shall establish a cannabis
8 quality control program for the following purposes:

9 (1) to develop potency and contaminant testing protocols for hemp and
10 hemp-infused products;

11 (2) to verify cannabinoid label guarantees of hemp and hemp-infused
12 products;

13 (3) to test for pesticides, solvents, heavy metals, mycotoxins, and
14 bacterial and fungal contaminants in hemp and hemp-infused products; and

15 (4) to certify testing laboratories that can offer the services in
16 subdivisions (2) and (3) of this section.

17 § 568. TEST RESULTS; ENFORCEMENT

18 (a) If the Secretary or a dispensary registered under 18 V.S.A. chapter 86
19 tests a hemp crop and the hemp has a delta-9 tetrahydrocannabinol
20 concentration of more than 0.3 percent on a dry weight basis, the person
21 registered with the Secretary as growing the hemp crop shall:

1 (1) enter into an agreement with a dispensary registered under 18 V.S.A.
2 chapter 86 for the separation of the delta-9 tetrahydrocannabinol from the
3 hemp crop, return of the hemp crop to the person registered with the Secretary,
4 and retention of the separated delta-9 tetrahydrocannabinol by the dispensary.

5 (2) sell the hemp crop to a dispensary registered under 18 V.S.A.
6 chapter 86; or

7 (3) arrange for the Secretary to destroy or order the destruction of the
8 hemp crop.

9 (b) A person registered with the Secretary as growing the hemp crop shall
10 not be subject to civil, criminal, or administrative liability or penalty under
11 18 V.S.A. chapter 84 if the tested industrial hemp has a delta-9
12 tetrahydrocannabinol concentration of one percent or less on a dry weight
13 basis.

14 (c) A crop or product confirmed by the Secretary to meet the definition of
15 hemp under State or federal law may be sold or transferred in interstate
16 commerce to the extent authorized by federal law.

17 Sec. 16. 18 V.S.A. § 4474e is amended to read:

18 § 4474e. DISPENSARIES; CONDITIONS OF OPERATION

19 (a) A dispensary registered under this section may:

20 (1) Acquire, possess, cultivate, manufacture, process, transfer, transport,
21 supply, sell, and dispense marijuana, marijuana-infused products, and

1 marijuana-related supplies and educational materials for or to a registered
2 patient who has designated it as his or her dispensary and to his or her
3 registered caregiver for the registered patient’s use for symptom relief.

4 * * *

5 (5) Acquire, possess, manufacture, process, transfer, transport, market,
6 and test hemp provided by persons registered with the Secretary of
7 Agriculture, Food and Markets under 6 V.S.A. chapter 34 to grow or cultivate
8 hemp.

9 * * *

10 * * * Produce Inspection * * *

11 Sec. 17. 6 V.S.A. § 21(b) is amended to read:

12 (b) The Secretary shall have the authority to:

13 (1) respond to and remediate incidences of mass animal death,
14 agricultural structure fires, or other emergencies on a farm in order to prevent a
15 public health hazard;

16 (2) condemn, confiscate, or establish restrictions on the use, sale, or
17 distribution of adulterated raw agricultural commodities or animal feed; and

18 (3) cooperate with the Department of Health and other State and federal
19 agencies regarding:

20 (A) the prevention or remediation of the adulteration of raw
21 agricultural commodities, food, or animal feed on farms; and

1 (B) application of the FDA Food Safety Modernization Act,
2 ~~21 U.S.C. §§ 2201-2252~~ Pub. L. No. 111-353, to farms, farm products, or
3 value-added products produced in the State.

4 Sec. 18. 6 V.S.A. § 852 is amended to read:

5 § 852. AUTHORITY; ~~ENFORCEMENT~~

6 (a) The Secretary may enforce in the State the requirements of:

7 (1) the rules adopted under the ~~federal~~ U.S. Food and Drug
8 Administration Food Safety Modernization Act, ~~Public Law No. 111-353~~, for
9 ~~standards for growing, harvesting, packing, and holding of produce for human~~
10 ~~consumption~~ Standards for Growing, Harvesting, Packing, and Holding of
11 Produce for Human Consumption, 21 C.F.R. part 112; and

12 (2) the rules adopted under this chapter.

13 (b) The Agency may collaborate with the ~~Vermont~~ Department of Health
14 regarding application of the ~~federal Food Safety Modernization Act and the~~
15 ~~rules adopted thereunder~~ U.S. Food and Drug Administration Food Safety
16 Modernization Act, Standards for Growing, Harvesting, Packing, and Holding
17 of Produce for Human Consumption, 21 C.F.R. part 112, and application of the
18 rules adopted under this chapter.

19 (c) The Secretary shall carry out the provisions of this chapter using:

1 (1) monies appropriated to the Agency by the federal government for the
2 purpose of administering the federal Food Safety Modernization Act and the
3 rules adopted thereunder;

4 (2) monies appropriated to the Agency by the State for the purpose of
5 administering this chapter; and

6 (3) other gifts, bequests, and donations by private entities for the
7 purposes of administering this chapter.

8 Sec. 19. 6 V.S.A. § 853 is amended to read:

9 § 853. FARM INSPECTIONS

10 (a)(1) The Secretary may inspect a produce farm during reasonable hours
11 for the purposes of ensuring compliance with:

12 (A) the federal standards for growing, harvesting, packing, and
13 holding of produce for human consumption, as adopted under 21 C.F.R.
14 part 112; or

15 (B) the rules adopted under this chapter.

16 (2) This section shall not limit the Secretary's authority to respond to an
17 emergency in order to prevent a public health hazard under section 21 of this
18 title.

19 (b) ~~After inspection, the Secretary may issue an inspection certificate that~~
20 ~~shall include the date and place of inspection along with any other pertinent~~
21 ~~facts that the Secretary may require.~~

1 (☞) The Secretary may coordinate with other State agencies and
2 organizations to carry out inspections at or near the same time on a given
3 produce farm.

4 Sec. 20. 6 V.S.A. §§ 856 and 857 are added to read:

5 § 856. ENFORCEMENT; CORRECTIVE ACTIONS

6 When the Secretary of Agriculture, Food and Markets determines that a
7 person is violating the rules listed in section 852 of this title, the Secretary may
8 issue a written warning that shall be served in person or by certified mail,
9 return receipt requested. A warning issued under this section shall include:

- 10 (1) a description of the alleged violation;
11 (2) identification of this section;
12 (3) identification of the applicable rule violated; and
13 (4) the required corrective action that the person shall take to correct the
14 violation.

15 § 857. ENFORCEMENT; ADMINISTRATIVE ORDERS

16 (a) Notwithstanding the requirements of section 856 of this title, the
17 Secretary at any time may pursue one or more of the following:

- 18 (1) issue a cease and desist order in accordance to a person the Secretary
19 believes to be in violation of the rules listed in section 852 of this title;

1 (2) issue a verbal order or written administrative order to protect public
2 health, including orders for the stop sale, recall, embargo, destruction,
3 quarantine, and release of produce, when:

4 (A) the U.S. Food and Drug Administration requires immediate State
5 action; or

6 (B) an alleged violation, activity, or farm practice presents an
7 immediate threat to the public health or welfare;

8 (3) order mandatory corrective actions;

9 (4) take any action authorized under chapter 1 of this title;

10 (5) seek administrative or civil penalties in accordance with the
11 requirements of section 15, 16, or 17 of this title.

12 (b) When the Secretary of Agriculture, Food and Markets issues a cease
13 and desist order, written administrative order, or required corrective action
14 under subsection (a) of this section, the Secretary shall provide the person
15 subject to the order or corrective action with a statement that the order or
16 corrective action is effective upon receipt and the person has 15 days from the
17 date the order or corrective action was issued to request a hearing.

18 (c) If the Secretary of Agriculture, Food and Markets issues a verbal order
19 under this section, the Secretary shall issue written notice to the person subject
20 to the order within five days of the issuance of the verbal order. The written

1 notice shall include a statement that the person has 15 days from the date the
2 written notice was received to request a hearing.

3 (d) If a person who receives a cease and desist order, a verbal order, an
4 administrative order, or a mandatory corrective action under this section does
5 not request in writing a hearing within 15 days of receipt of the order or within
6 15 days of written notice for a verbal order, the person's right to a hearing is
7 waived. Upon receipt of a written request for a hearing, the Secretary
8 promptly shall set a date and time for a hearing. A request for a hearing on a
9 cease and desist order, verbal order, or administrative order issued under this
10 section shall not stay the order.

11 (e) A person aggrieved by a final action or decision of the Secretary under
12 this section may appeal de novo to the Civil Division of the Superior Court
13 within 30 days of the final decision of the Secretary.

14 * * * Livestock and Poultry Transport for Slaughter * * *

15 Sec. 21. 6 V.S.A. § 1461a(c) is amended to read:

16 (c) Livestock and poultry that are transported to a commercial slaughter
17 facility within the State shall not be removed from the facility without the
18 facility's ~~owner~~ owner's first obtaining written permission from the State
19 Veterinarian. For purposes of this section, arrival of the conveyance onto
20 facility property and the offloading of livestock or poultry constitutes transport
21 to a slaughter facility, regardless of whether the animals have been ~~offloaded~~

1 ~~or~~ presented for antemortem inspection. The State Veterinarian may require
2 inspection and testing prior to issuing consent for removal.

3 * * * Nutrient Management Planning * * *

4 Sec. 22. 6 V.S.A. § 4817 is added to read:

5 § 4817. NUTRIENT MANAGEMENT PLAN; REPORTING

6 (a) Submission of plans. Annually, an owner or operator of a farm that,
7 under this chapter, requires a large farm permit or a medium farm permit or is
8 subject to the requirement for small farm certification shall submit to the
9 Secretary a digital or electronic copy of the nutrient management plan required
10 under this chapter. A nutrient management plan submitted by an owner or
11 operator of a farm under this subsection shall identify the location of the outfall
12 of subsurface tile drainage installed on the farm after January 1, 2018.

13 (b) Limitation on disclosure; authorized disclosure. A nutrient
14 management plan submitted to the Secretary under this section and information
15 contained within a nutrient management plan shall be exempt from inspection
16 or copying under the Public Records Act except that the Secretary may
17 authorize disclosure of a nutrient management plan or information within a
18 nutrient management plan for one or more of the following:

19 (1) to allow an Agency contractor or governmental entity cooperating
20 with the Agency to provide technical or financial assistance to the farm;

1 (2) to respond to a disease or pest threat to a farm, if the Secretary
2 determines that a threat to agricultural operations exists and the disclosure of
3 information within the nutrient management plan to a person or governmental
4 entity cooperating with the Agency is necessary to assist the Secretary in
5 responding to the disease or pest threat;

6 (3) to provide information related to State or federal assistance to the
7 owner or operator of a farm for development of the nutrient management plan
8 or for practices required under the nutrient management plan;

9 (4) to provide or publish statistical or aggregated information provided
10 that the Secretary shall not disclose the identity of the individual persons,
11 households, or businesses from whom or where the information was obtained;

12 (5) when the owner or operator of the farm consents; or

13 (6) to disclose any information related to an enforcement action taken
14 against the owner or operator of the farm that submitted the nutrient
15 management plan.

16 (c) Waiver of privilege or protection. The disclosure of information by the
17 Secretary under subsection (b) of this section shall not constitute a waiver by
18 the owner or operator of the farm of any applicable privilege or protection
19 under State or federal law, including trade secret protection.

1 Sec. 23. SCHEDULE; SUBMISSION OF NUTRIENT MANAGEMENT

2 PLAN

3 An owner or operator of a farm subject to the nutrient management plan
4 reporting requirements of 6 V.S.A. § 4817 shall initiate submission of the
5 nutrient management plan according to the following schedule:

6 (1) the owner or operator of a large farm, beginning on February 15,

7 2019 and annually thereafter;

8 (2) the owner or operator of a medium farm, beginning on April 30,

9 2019 and annually thereafter; and

10 (3) the owner or operator of a small farm subject to certification,

11 beginning on January 31, 2021 and annually thereafter.

12 * * * Industrial Park Designation * * *

13 Sec. 24. AGENCY OF COMMERCE AND COMMUNITY

14 DEVELOPMENT; INDUSTRIAL PARK DESIGNATION

15 (a) On or before December 15, 2018, the Secretary of Commerce and

16 Community Development, after consultation with the Secretary of Natural

17 Resources, the Chair of the Natural Resources Board, Regional Development

18 Corporations, Regional Planning Commissions, the Vermont Natural

19 Resources Council, and the Commission on Act 250, shall submit to the Senate

20 Committees on Agriculture and on Economic Development, Housing and

21 General Affairs and to the House Committees on Commerce and Economic

1 Development, on Agriculture and Forestry, and on Natural Resources, Fish,
2 and Wildlife recommendations for establishing an economic development
3 program under which defined parcels in rural areas of the State are designated
4 as industrial parks for the purposes of providing regulatory and permitting
5 incentives to businesses sited within the industrial park. The report shall
6 include:

7 (1) recommended criteria for establishing an industrial park in a
8 rural area;

9 (2) eligibility criteria, if any, for a business to site within a designated
10 industrial park in a rural area;

11 (3) recommended incentives for businesses sited within a designated
12 industrial park in a rural area, including permitting incentives, permit fee
13 reductions, reduced electric rates, net metering incentives, and other regulatory
14 incentives;

15 (4) recommended technical or financial assistance that a business would
16 be eligible to receive for locating within a designated industrial park in a rural
17 area; and

18 (5) draft legislation necessary to implement any recommendation.

19 (b) The recommendations in the report shall be designed in a manner so
20 that any recommended process or criteria maintains consistency with the land

1 use goals of Vermont in 24 V.S.A. § 4302 and the relevant regional plan
2 adopted under 24 V.S.A. § 4348.

3 (c) As used in this section, “rural area” means a county of the State
4 designated as “rural” or “mostly rural” by the U.S. Census Bureau in its most
5 recent decennial census.

6 * * * Fire Prevention and Building Code Fees * * *

7 Sec. 25. 20 V.S.A. § 2731(c) is amended to read:

8 (c) The following fire prevention and building code fees are established:

9 (1) The permit application fee for a construction plan approval shall be
10 based on \$8.00 per each \$1,000.00 of the total valuation of the construction
11 work proposed to be done for all buildings, but in no event shall the permit
12 application fee exceed ~~\$185,000.00~~ \$130,000.00 nor be less than \$50.00.

13 (2) When an inspection is required due to the change in use or
14 ownership of a public building, the fee shall be \$125.00.

15 (3) The proof of inspection fee for fire suppression, alarm, detection,
16 and any other fire protection systems shall be \$30.00.

17 (4) Three-year initial certificate of fitness and renewal fees for
18 individuals performing activities related to fire or life safety established under
19 subsection (a) of this section shall be:

20 * * *

1 in which the plan expires, the owner shall file a new conservation or forest
2 management plan for the next succeeding 10 years to remain in the program.

3 (E) The Department may approve a forest management plan that
4 provides for the maintenance and enhancement of the tract's wildlife habitat
5 where clearly consistent with timber production and with minimum acceptable
6 standards for forest management as established by the Commissioner of
7 Forests, Parks and Recreation.

8 (F) The Department, upon giving due consideration to resource
9 inventories submitted by applicants, may approve a conservation management
10 plan, consistent with conservation management standards, so as to include
11 appropriate provisions designed to preserve: areas with special ecological
12 values; fragile areas; rare or endangered species; significant habitat for
13 wildlife; significant wetlands; outstanding resource waters; rare and
14 irreplaceable natural areas; areas with significant historical value; public water
15 supply protection areas; areas that provide public access to public waters; and
16 open or natural areas located near population centers or historically frequented
17 by the public. In approving a plan, the Department shall give due
18 consideration to: the need for restricted public access where required to
19 protect the fragile nature of the resource; public accessibility where restricted
20 access is not required; facilitation of appropriate, traditional public usage; and

1 opportunities for traditional or expanded use for educational purposes and for
2 research.

3 (2) A management report of whatever activity has occurred, signed by
4 the owner, has been filed with the Department of ~~Forests, Parks and Recreation~~
5 by Taxes, Director of Property Valuation and Review on or before February 1
6 of the year following the year when the management activity occurred.

7 (3) There has not been filed with the Director an adverse inspection
8 report by the Department stating that the management of the tract is contrary to
9 the forest or conservation management plan, or contrary to the minimum
10 acceptable standards for forest or conservation management. The management
11 activity report shall be on a form prescribed by the Commissioner of Forests,
12 Parks and Recreation in consultation with the Commissioner of Taxes and shall
13 include a detachable section be signed by all the owners that and shall contain
14 the federal tax identification numbers of all the owners. The section containing
15 federal tax identification numbers shall not be made available to the general
16 public, but shall be forwarded to the Commissioner of Taxes within 30 days
17 after receipt and used for tax administration purposes. All information
18 contained within the management activity report shall be forwarded to the
19 Department of Forests, Parks and Recreation, except for any tax identification
20 number included in the report. If any owner ~~shall satisfy~~ satisfies the
21 Department that he or she was prevented by accident, mistake, or misfortune

1 from filing an initial or revised management plan ~~which~~ that is required to be
2 filed on or before October 1, or a management plan update ~~which~~ that is
3 required to be filed on or before April 1 of the year in which the plan expires,
4 or a management activity report ~~which~~ that is required to be filed on or before
5 February 1 of the year following the year when the management activity
6 occurred, the **Department owner may receive submit** that management plan or
7 management activity report at a later date; provided, however, no initial or
8 revised management plan shall be received later than December 31, and no
9 management plan update shall be received later than one year after April 1 of
10 the year the plan expires, and no management activity report shall be received
11 later than March 1.

12 (c) The Department of Forests, Parks and Recreation shall periodically
13 review the management plans and each year review the management activity
14 reports that have been filed.

15 (1) At intervals not to exceed 10 years, that Department shall inspect
16 each parcel of managed forestland qualified for use value appraisal to verify
17 that the terms of the management plan have been carried out in a timely
18 fashion.

19 (2) The Department shall have the ability to enter parcels of managed
20 forestland for the purpose of inspections. The Department may bring any other
21 staff from the Agency of Natural Resources that have the expertise to evaluate

1 compliance with this chapter or staff that may be required to ensure the safety
2 of the Department while conducting the inspections.

3 (3) If that Department finds that the management of the tract is contrary
4 to the conservation or forest management plan, or contrary to the minimum
5 acceptable standards for conservation or forest management, it shall file with
6 the owner, the assessing officials, and the Director an adverse inspection report
7 within 30 days **of after** the conclusion of the inspection process.

8 (d) After managed forestland has been removed from use value appraisal
9 due to an adverse inspection report under ~~subdivision 3756(i)(1)~~ subsection
10 3756(k) of this title, a new application for use value appraisal shall not be
11 considered for a period of five years, and then **the forest management plan**
12 shall be approved by the Department of Forests, Parks and Recreation only if a
13 compliance report has been filed with the **new application forest management**
14 **plan**, certifying that appropriate measures have been taken to bring the parcel
15 into compliance with minimum acceptable standards for forest or conservation
16 management.

17 * * *

1 Sec. 28. 32 V.S.A. § 9741 is amended to read:

2 § 9741. SALES NOT COVERED

3 Retail sales and use of the following shall be exempt from the tax on retail
4 sales imposed under section 9771 of this title and the use tax imposed under
5 section 9773 of this title.

6 * * *

7 (52) Advanced wood boilers, as defined in section 9701 of this title.

8 Sec. 29. 32 V.S.A. § 9706(11) is added to read:

9 (11) The statutory purpose of the exemption for advanced wood boilers in
10 subdivision 9741(52) of this title is to promote the forest products industry in
11 Vermont by encouraging the purchase of modern wood heating systems.

12
13 * * * **Energy Efficiency** * * *

14 Sec. 30. ENERGY SAVINGS ACCOUNT PARTNERSHIP PILOT

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

16 (1) “ACCD” means the Agency of Commerce and Community
17 Development under 3 V.S.A. chapter 47.

18 (2) “Commission” means the Public Utility Commission under
19 30 V.S.A. § 3.

20 (3) “Customer” means a commercial or industrial electric customer that
21 is located in a service territory in which Efficiency Vermont delivers energy

1 efficiency programs and measures and that does not qualify for SMEEP. **The**
2 **term shall also include at least one electric customer located in such a**
3 **service territory whose operation is primarily devoted to farming as**
4 **defined in 10 V.S.A. § 6001, regardless of the customer’s rate class.**

5 (4) “Customer EEC Funds” means a customer’s EEC payments during
6 the period of the ESA partnership project.

7 (5) “Department” means the Department of Public Service under
8 3 V.S.A. § 212 and 30 V.S.A. § 1.

9 (6) “EEC” means an energy efficiency charge on a customer’s retail
10 electric bill under 30 V.S.A. § 209(d).

11 (7) “Efficiency Vermont” or “EVT” means the EEU whose appointment
12 under 30 V.S.A § 209(d)(2) includes the delivery of programs and measures to
13 customers of multiple electric distribution utilities.

14 (8) “Energy efficiency utility” or “EEU” means an entity appointed to
15 deliver energy efficiency and conservation programs and measures under
16 30 V.S.A. § 209(d)(2).

17 (9) “ESA” means an energy savings account under 30 V.S.A.
18 § 209(d)(3)(B).

19 (10) “ESA Partnership Pilot” means the three-year pilot program
20 established by this section.

1 (11) “Productivity measures” means investments that reduce the amount
2 of energy required to produce a unit of product.

3 (12) “SMEEP” means the self-managed energy efficiency program
4 established under 30 V.S.A. § 209(j).

5 (13) “Standing committees of jurisdiction” means the House Committee
6 on Energy and Technology and the Senate Committees on Finance and on
7 Natural Resources and Energy.

8 (14) “Unregulated fuel” shall have the same meaning as in 30 V.S.A.
9 § 209(e).

10 (b) ESA Partnership Pilot; establishment. On or before July 1, 2019, the
11 Commission by rule or order shall establish a three-year pilot program for
12 customers to self-direct the use of their Customer EEC Funds, working with
13 EVT. The total amount of Customer EEC Funds available in the pilot program
14 each year shall not exceed \$2 million. The pilot program established under
15 this section shall be an expansion of the ESA option under which:

16 (1) Notwithstanding any contrary provision of 30 V.S.A. § 209(d)(3)(B),
17 the customer shall be able to receive an amount equal to 100 percent of its
18 Customer EEC Funds to pay for the full cost of projects that are eligible under
19 subdivision (3) of this subsection; for technical assistance and other services
20 from EVT; and for evaluation, measurement, and verification activity
21 conducted by the Department or EVT.

1 (2) The customer may receive payments in advance of project
2 completion from EVT based on the energy management plan submitted under
3 subsection (d) of this section, estimated project costs, and projected energy
4 savings. However, a customer shall not receive advance payments from EVT
5 that exceed the amount of Customer EEC Funds the customer has already paid.

6 (3) Notwithstanding any contrary provision of 30 V.S.A. § 209, the
7 Customer EEC Funds may be used for one or more of the following: electric
8 energy efficiency, thermal energy and process-fuel efficiency for unregulated
9 fuels, productivity measures, demand management, and energy storage that
10 provides benefits to the customer and its interconnecting utility.

11 (c) Methodology for evaluation, measurement, and verification. In its rule
12 or order under subsection (b) of this section, the Commission shall establish a
13 methodology for evaluation, measurement, and verification of projects
14 implemented under the pilot that is consistent with the requirements of
15 30 V.S.A. § 218c and that includes cost-effectiveness screening that values
16 energy savings across the customer’s energy portfolio and nonenergy benefits
17 such as economic development. As used in this subsection, “economic
18 development” includes job creation, job retention, and capital investment.

19 (1) This methodology may be considered for future establishment of
20 EEU performance criteria under 30 V.S.A. § 209(d).

1 (2) EVT and the Department shall evaluate and verify the electricity
2 savings of each project funded under the ESA Partnership Pilot with no less
3 rigor than is required by the Independent System Operator of New England
4 (ISO-NE) for the ISO-NE’s forward capacity market.

5 (d) Competitive solicitation. A customer shall apply to participate in the
6 ESA Partnership Pilot through a competitive solicitation process conducted
7 jointly by EVT, the Department, and ACCD.

8 (1) Promptly after the Commission’s rule or order under subsection (b)
9 of this section becomes effective, EVT, the Department, and ACCD shall
10 establish criteria for customer selection that are consistent with that rule or
11 order and that take into account energy efficiency and economic development.

12 (2) On establishment of the selection criteria, EVT, the Department, and
13 ACCD jointly shall issue a request for proposals (RFP) from customers
14 seeking to participate in the ESA Partnership Pilot.

15 (3) EVT, the Department, and ACCD jointly shall select customers to
16 participate in the ESA Partnership Pilot from among the customers that timely
17 submit proposals in response to the RFP and shall notify the Commission of
18 the selected customers.

19 (4) If EVT, the Department, and ACCD are unable to resolve an issue
20 arising under this subsection, they shall bring the issue to the Commission for
21 resolution.

1 (5) Customer selection under this subsection shall be completed before
2 July 1, 2019.

3 (e) Energy management plans. Working with EVT, each customer selected
4 for the ESA Partnership Pilot shall develop an energy management plan for the
5 three-year period of the pilot with projects to be implemented, energy savings
6 targets, and a timeline for projects and investments. A copy of each plan shall
7 be submitted to the Commission, the Department, and ACCD.

8 (f) Other EEU services. A customer that participates in the ESA
9 Partnership Pilot shall not be eligible for other EEU services, except for an
10 EEU appointed to deliver natural gas efficiency programs and measures.

11 (g) Other funding. A customer that participates in the ESA Partnership
12 Pilot may receive funding from an energy program administered by a
13 government or other person that is not the participant, including an EEU
14 appointed to deliver natural gas efficiency services, but shall not count such
15 funds as part of the investment commitment of the ESA Partnership Pilot.

16 (h) Unused funds. At the end of the ESA Partnership Pilot, any Customer
17 EEC Funds that have not been expended or committed under the pilot shall
18 revert to use for systemwide energy efficiency programs and measures.

19 (i) Annual reports. On or before each November 1 from 2020 through
20 2022, the EVT and the selected customers jointly shall submit written progress
21 reports to the Commission, the Department, and the standing committees of

1 jurisdiction that include projects under the ESA Partnership Pilot and their
2 associated energy and cost savings. A customer's projects under the pilot and
3 the associated data and results shall be made public through this report.
4 However, a customer may request that the Commission order customer-
5 specific data to be used in preparing a report under this subsection be kept
6 confidential if the data would qualify for exemption from disclosure under
7 1 V.S.A. § 317. If the Commission issues such an order, the data subject to the
8 order shall be disclosed only in accordance with a protective agreement
9 approved by the Commission and signed by the recipient of the data, unless a
10 court directs otherwise.

11 (j) Evaluation; recommendation. On completion of the ESA Partnership
12 Pilot, the Commission shall conduct or shall have a third party conduct an
13 independent evaluation of the ESA Partnership Pilot and, after considering the
14 results of that evaluation, shall submit a written recommendation to the
15 standing committees of jurisdiction on whether to continue the program
16 conducted under this section and, if so, under what recommended conditions
17 and revisions, if any. The Commission shall submit this recommendation on
18 or before January 15, 2023.

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* * * Effective Dates * * *

Sec. **31**. EFFECTIVE DATES

(a) This section and Secs. 3–4**b** (Act 250; trails), 6 (Act 250 primary processing of forest products), **7 (Act 250; review of forest products processing), 8** (wetland permit fee), **17–20** (produce inspection), and **21** (livestock transport) shall take effect on passage.

(b) All other sections shall take effect on July 1, 2018.

(Committee vote: _____)

Representative _____

FOR THE COMMITTEE