

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 relating to rural economic
4 development” respectfully reports that it has considered the same and
5 recommends that the House propose to the Senate that the bill be amended by
6 striking out all after the enacting clause and inserting in lieu thereof the
7 following:

8 * * * Rural Economic Development Initiative * * *

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

10 § 325m. RURAL ECONOMIC DEVELOPMENT INITIATIVE

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

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

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

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

19 (b) Establishment. There is created ~~within the Vermont Housing and~~
20 ~~Conservation Board a~~ the Rural Economic Development Initiative to promote
21 and facilitate to be administered by the Vermont Housing and Conservation

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

8 (c) Services; access to funding.

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

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

16 ~~(B)(2)~~ technical assistance ~~to small towns, businesses in rural areas,~~
17 ~~and industrial parks in small towns and rural areas~~ in writing grants, accessing
18 ~~and completing the application process for identified grants or other funding~~
19 ~~opportunities, including writing applications for grants or other funding,~~
20 coordination with providers of grants or other funding, strategic planning for
21 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) In providing services under this subsection, the Rural Economic
4 Development Initiative shall give first priority to projects that have received
5 necessary State or municipal approval and that are ready for construction or
6 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) 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) In providing services under this subsection, the Rural Economic
15 Development Initiative shall coordinate with the Secretary of Commerce and
16 Community Development ~~in order to avoid duplication by the Rural Economic~~
17 ~~Development Initiative of business recruitment and workforce development~~
18 ~~services provided by the Agency of Commerce and Community Development~~
19 and regional development corporations.

20 ~~(e)~~(g) Report. Beginning on January ~~15, 2018~~ 31, 2019, and annually
21 thereafter, the Rural Economic Development Initiative shall submit to the

1 Senate Committees on Agriculture and on Economic Development, Housing
2 and General Affairs and the House Committees on Agriculture and Forestry
3 and on Commerce and Economic Development a report regarding the activities
4 and progress of the Initiative as part of the report of the Vermont Farm and
5 Forest Viability Program. The report shall include:

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

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

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

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

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

18 (6) ~~recommended changes to the program, including proposed~~
19 ~~legislative amendments to further economic development in small towns and~~
20 ~~rural areas in the State summarize the Initiative's activities in the preceding~~
21 ~~year; evaluate the effectiveness of the services provided by the Initiative;~~

1 provide an accounting of the grants or other funding that the Initiative
2 facilitated or helped secure, and recommend any changes to the program to
3 further economic development in small towns and rural areas of the State.

4 * * * Outdoor Recreation-Friendly Community Program * * *

5 Sec. 2. OUTDOOR RECREATION-FRIENDLY COMMUNITY PROGRAM

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

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

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

18 (1) community economic need;

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

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

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

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

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

12 (7) community commitment to track and measure outcomes to
13 demonstrate economic and social success.

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

16 (1) preferential consideration to become part of the Vermont Trail
17 System;

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

1 (3) access to other economic development assistance if available and
2 appropriate; and

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

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

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

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

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

15 (4) securing access;

16 (5) implementation of public access improvements;

17 (6) stewardship;

18 (7) marketing; and

19 (8) program administration.

20 (f) Reports. On or before January 15, 2019, the Commissioner of Forests,
21 Parks and Recreation shall submit a report to the General Assembly detailing

1 the progress made with the pilot project authorized under subsection (e) of this
2 section. On or before January 15, 2020, the Commissioner of Forests, Parks
3 and Recreation shall submit a report to the General Assembly detailing any
4 measurable results of economic activity growth.

5 * * * Vermont Trails System; Act 250 * * *

6 Sec. 3. PURPOSE

7 The purpose of Secs. 3–4 of this act is to provide for consistency in the
8 application of 10 V.S.A. chapter 151 (Act 250) to the construction and
9 improvement of trails that are part of the Vermont Trails System under
10 10 V.S.A. chapter 20.

11 Sec. 4. 10 V.S.A. § 6001(3) is amended to read:

12 (3)(A) “Development” means each of the following:

13 * * *

14 (v) The construction of improvements on a tract of land involving
15 more than 10 acres that is to be used for municipal, county, or State purposes.

16 In computing the amount of land involved, land shall be included that is
17 incident to the use such as lawns, parking areas, roadways, leaching fields and
18 accessory buildings. Trails recognized as part of the Vermont Trails System
19 under section 443 of this title shall be deemed to be for a State purpose.

20 * * *

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

3 * * *

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

10 * * * Farm and Forest Viability * * *

11 Sec. 5. 6 V.S.A. § 4710 is amended to read:

12 § 4710. VERMONT FARM AND FOREST VIABILITY ~~ENHANCEMENT~~
13 PROGRAM

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

20 (1) Collaborate with the Vermont Housing and Conservation Board; to
21 administer the program with other State and federal agencies, private entities,

1 and service groups to develop, coordinate, and provide technical and financial
2 assistance to Vermont ~~farmers~~ farm, food, and forest-sector businesses.

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

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

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

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

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

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

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

5 ~~(3)~~(4) The Manager of the Vermont Economic Development Authority
6 or designee.

7 ~~(4)~~(5) The Director of University of Vermont Extension or designee.

8 ~~(5)~~(6) The Executive Director of the Vermont Housing and
9 Conservation Board or designee.

10 ~~(6)~~(7) Four Vermont farmers agricultural or forest-sector business
11 owners appointed by the Secretary of Agriculture, Food and Markets in
12 consultation with the Vermont Housing and Conservation Board and the
13 Commissioner of Forests, Parks and Recreation. The four farmers shall serve
14 two-year terms, except for the first year, two farmers chosen by the Chair shall
15 serve one-year terms At least two of the four business owners shall be
16 agricultural-sector business owners.

17 ~~(7)~~(8) A person who has Two people who have expertise in agricultural
18 or forest-sector economics, financing, or business planning development
19 appointed by the Secretary of Agriculture, Food and Markets in consultation
20 with the Vermont Housing and Conservation Board and the Commissioner of
21 Forests, Parks and Recreation.

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

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

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

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

17 (3) ~~the producers are committed~~ enrollees demonstrate commitment
18 to participating in the Program; and

19 (4) ~~an evaluation shall be completed by enrolled farmers in~~
20 ~~conjunction with the teams~~ enrollees.

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

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

13 ~~(B) providing funds to enrolled farmers;~~

14 ~~(C) providing funds to service providers for administrative expenses~~
15 ~~of the program; and~~

16 ~~(D) leveraging other competitive public and private funds, grants,~~
17 ~~and contributions for the Farm Viability Enhancement Program.~~

18 (2) The Secretary of Agriculture, Food and Markets, the Commissioner
19 of Forests, Parks and Recreation, and the Vermont Housing and Conservation
20 Board, separately or cooperatively, may solicit federal funds, grants, and
21 private contributions for the Farm and Forest Viability ~~Enhancement~~ Program,

1 but any Vermont Housing and Conservation Board funds used for the Farm
2 and Forest Viability Enhancement Program shall be administered in
3 accordance with 10 V.S.A. § 312.

4 (f)(1) In collaboration with ~~the Vermont Housing and Conservation Board,~~
5 the Secretary of Agriculture, Food and Markets and the Commissioner of
6 Forests, Parks and Recreation, the Vermont Housing and Conservation Board
7 shall report in writing to the Senate ~~Committee~~ Committees on Agriculture and
8 on Economic Development, Housing and General Affairs and the House
9 ~~Committee~~ Committees on Agriculture and Forestry and on Commerce and
10 Economic Development on or before January 31 of each year with a report on
11 the activities and performance of the Farm and Forest Viability Enhancement
12 Program. At a minimum, the report shall include an evaluation of the Program
13 utilizing the performance goals and performance measures established in
14 consultation with the Advisory Board under subsection (d) of this section. ~~The~~
15 ~~report should assess potential demand for the Program over the succeeding~~
16 ~~three years.~~

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

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

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

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

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

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

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

14 ~~(3) Assistance from the Agricultural Economic Development Special~~
15 ~~Account shall be available in order to produce agricultural energy, harvest~~
16 ~~biomass, convert biomass into energy, or enable installation and usage of wind,~~
17 ~~solar, or other technology that relies on a resource that is being consumed at a~~
18 ~~harvest rate at or below its natural regeneration rate pursuant to 30 V.S.A.~~
19 ~~§ 8002(2), including:~~

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

1 (C) Maximum fee, for the conversion of Class II wetlands or wetland
2 buffers to cropland use or for installation of a pipeline in a wetland for the
3 transport of manure for the purposes of farming, as that term is defined in
4 10 V.S.A. § 6001(22), \$200.00 per application. As used in this subdivision,
5 “cropland” means land that is used for the production of agricultural crops,
6 including row crops, fibrous plants, pasture, fruit-bearing bushes, trees, or
7 vines, and the production of Christmas trees.

8 * * *

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

10 Sec. 8. DEMAND CHARGES; REPORT

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

16 (b) The Commissioner shall submit the report to the House Committees on
17 Agriculture and Forestry, on Commerce and Community Development, and on
18 Energy and Technology and the Senate Committees on Agriculture, on
19 Economic Development, Housing and General Affairs, and on Finance.

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

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

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

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

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

15 (d) In this section, “rural town” shall have the same meaning as in
16 24 V.S.A. § 4303.

17 * * * Purchase and Use Tax; Forestry Equipment * * *

18 Sec. 9. 32 V.S.A. § 8911 is amended to read:

19 § 8911. EXCEPTIONS

20 The tax imposed by this chapter shall not apply to:

1 Sec. 12. 6 V.S.A. chapter 34 is amended to read:

2 CHAPTER 34. HEMP

3 § 561. FINDINGS; INTENT

4 (a) Findings.

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

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

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

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

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

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

9 § 562. DEFINITIONS

10 As used in this chapter:

11 (1) [Repealed.]

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

16 (3) “Hemp” or “industrial hemp” means the plant *Cannabis sativa* L. and
17 any part of the plant, whether growing or not, with a delta-9
18 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry
19 weight basis.

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

1 § 563. HEMP; AN AGRICULTURAL PRODUCT

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

7 § 564. REGISTRATION; ADMINISTRATION; PILOT PROJECT

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

- 16 (1) the name and address of the person;
- 17 (2) a statement that the seeds obtained for planting are of a type and
18 variety that do not exceed the maximum concentration of tetrahydrocannabinol
19 set forth in subdivision 562(3) of this title; and
- 20 (3) the location and acreage of all parcels sown and other field reference
21 information as may be required by the Secretary.

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

4 (1) cultivation and possession of industrial hemp in Vermont is a
5 violation of the federal Controlled Substances Act unless the industrial hemp is
6 grown, cultivated, or marketed under a pilot program authorized by section
7 7606 of the federal Agricultural Act of 2014, Pub. L. No. 113-79; and

8 (2) federal prosecution for growing hemp in violation of federal law
9 may include criminal penalties, forfeiture of property, and loss of access to
10 federal agricultural benefits, including agricultural loans, conservation
11 programs, and insurance programs; and

12 (3) registrants may purchase or import hemp genetics from any State
13 that complies with federal requirements for the cultivation of industrial hemp.

14 (c) A person registered with the Secretary pursuant to this section shall
15 allow industrial hemp crops, throughout sowing, growing season, harvest,
16 storage, and processing, to be inspected and tested by and at the discretion of
17 the Secretary or ~~his or her~~ designee. The Secretary shall retain tests and
18 inspection information collected under this section for the purposes of research
19 of the growth and cultivation of industrial hemp.

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

1 § 566. RULEMAKING AUTHORITY

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

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

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

14 Sec. 13. TRANSITION; IMPLEMENTATION

15 All persons registered prior to July 1, 2018 with the Secretary of
16 Agriculture, Food and Markets under 6 V.S.A. chapter 34 to grow or cultivate
17 hemp shall be deemed to be registered with the Secretary of Agriculture, Food
18 and Markets as participants in the industrial hemp pilot project established by
19 this act under 6 V.S.A. § 564, and those previously registered persons shall not
20 be required to reregister with the Secretary of Agriculture, Food and Markets.

1 Sec. 14. 6 V.S.A. §§ 567 and 568 are added to read:

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

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

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

7 (2) to verify cannabinoid label guarantees of hemp and hemp-infused
8 products;

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

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

13 § 568. TEST RESULTS; ENFORCEMENT

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

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

1 Sec. 17. 6 V.S.A. § 852 is amended to read:

2 § 852. ~~AUTHORITY; ENFORCEMENT~~

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

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

9 (2) the rules adopted under this chapter.

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

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

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

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

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

3 Sec. 18. 6 V.S.A. § 853 is amended to read:

4 § 853. FARM INSPECTIONS

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

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

10 (B) the rules adopted under this chapter.

11 (2) This section shall not limit the Secretary’s authority to respond to an
12 emergency in order to prevent a public health hazard under section 21 of this
13 title.

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

17 (e) The Secretary may coordinate with other State agencies and
18 organizations to carry out inspections at or near the same time on a given
19 produce farm.

1 Sec. 19. 6 V.S.A. §§ 856 and 857 are added to read:

2 § 856. ENFORCEMENT; CORRECTIVE ACTIONS

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

7 (1) a description of the alleged violation;

8 (2) identification of this section;

9 (3) identification of the applicable rule violated; and

10 (4) the required corrective action that the person shall take to correct the
11 violation.

12 § 857. ENFORCEMENT; ADMINISTRATIVE ORDERS

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

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

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

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

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

3 (3) order mandatory corrective actions;

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

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

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

13 (c) If the Secretary of Agriculture, Food and Markets issues a verbal order
14 under this section, the Secretary shall issue written notice to the person subject
15 to the order within five days of the issuance of the verbal order. The written
16 notice shall include a statement that the person has 15 days from the date the
17 written notice was received to request a hearing.

18 (d) If a person who receives a cease and desist order, a verbal order, an
19 administrative order, or a mandatory corrective action under this section does
20 not request in writing a hearing within 15 days of receipt of the order or within
21 15 days of written notice for a verbal order, the person's right to a hearing is

1 waived. Upon receipt of a written request for a hearing, the Secretary
2 promptly shall set a date and time for a hearing. A request for a hearing on a
3 cease and desist order, verbal order, or administrative order issued under this
4 section shall not stay the order.

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

8 * * * Livestock and Poultry Transport for Slaughter * * *

9 Sec. 20. 6 V.S.A. § 1461a(c) is amended to read:

10 (c) Livestock and poultry that are transported to a commercial slaughter
11 facility within the State shall not be removed from the facility without the
12 facility's ~~owner~~ owner's first obtaining written permission from the State
13 Veterinarian. For purposes of this section, arrival of the conveyance onto
14 facility property and the offloading of livestock or poultry constitutes transport
15 to a slaughter facility, regardless of whether the animals have been ~~offloaded~~
16 ~~or~~ presented for antemortem inspection. The State Veterinarian may require
17 inspection and testing prior to issuing consent for removal.

1 entity cooperating with the Agency is necessary to assist the Secretary in
2 responding to the disease or pest threat;

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

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

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

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

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

17 Sec. 22. SCHEDULE; SUBMISSION OF NUTRIENT MANAGEMENT
18 PLAN

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

1 incentives to businesses sited within the industrial park. The report shall

2 include:

3 (1) recommended criteria for establishing an industrial park in a
4 rural area;

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

7 (3) recommended incentives for businesses sited within a designated
8 industrial park in a rural area, including permitting incentives, permit fee
9 reductions, reduced electric rates, net metering incentives, and other regulatory
10 incentives;

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

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

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

18 * * * Fire Prevention and Building Code Fees * * *

19 Sec. 24. 20 V.S.A. § 2731(c) is amended to read:

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

1 (b) Managed forestland shall be eligible for use value appraisal under this
2 subchapter only if:

3 (1) The land is subject to a forest management plan, or subject to a
4 conservation management plan in the case of lands certified under 10 V.S.A.
5 § 6306(b), ~~which~~ that:

6 (A) ~~is~~ Is signed by the owner of the parcel;.

7 (B) ~~complies~~ Complies with subdivision 3752(9) of this title;

8 (C) ~~is~~ Is filed with and approved by the Department of Forests, Parks
9 and Recreation; and.

10 (D) ~~provides~~ Provides for continued conservation management or
11 forest crop production on the parcel for 10 years. An initial forest management
12 plan or conservation management plan must be filed with the Department of
13 Forests, Parks and Recreation ~~no later than~~ on or before October 1 and shall be
14 effective for a 10-year period beginning the following April 1. Prior to
15 expiration of a 10-year plan and ~~no later than~~ on or before April 1 of the year
16 in which the plan expires, the owner shall file a new conservation or forest
17 management plan for the next succeeding 10 years to remain in the program.

18 (E) The Department may approve a forest management plan that
19 provides for the maintenance and enhancement of the tract's wildlife habitat
20 where clearly consistent with timber production and with minimum acceptable

1 standards for forest management as established by the Commissioner of
2 Forests, Parks and Recreation.

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

18 (2) A management report of whatever activity has occurred, signed by
19 the owner, has been filed with ~~the Department of Forests, Parks and Recreation~~
20 by Department of Taxes, Division of Property Valuation and Review on or

1 before February 1 of the year following the year when the management activity
2 occurred.

3 (3) There has not been filed with the Director an adverse inspection
4 report by the Department stating that the management of the tract is contrary to
5 the forest or conservation management plan, or contrary to the minimum
6 acceptable standards for forest or conservation management. The management
7 activity report shall be on a form prescribed by the Commissioner of Forests,
8 Parks and Recreation in consultation with the Commissioner of Taxes and shall
9 include a detachable section signed by all the owners that shall contain the
10 federal tax identification numbers of all the owners. The section containing
11 federal tax identification numbers shall not be made available to the general
12 public, but shall be forwarded to the Commissioner of Taxes within 30 days
13 after receipt and used for tax administration purposes. All information
14 contained within the management activity report shall be forwarded to the
15 Department of Forests, Parks and Recreation, except for any tax identification
16 number, federal identification number, or social security number included in
17 the report. If any owner shall satisfy the Department that he or she was
18 prevented by accident, mistake, or misfortune from filing an initial or revised
19 management plan which is required to be filed on or before October 1, or a
20 management plan update which is required to be filed on or before April 1 of
21 the year in which the plan expires, or a management activity report which is

1 required to be filed on or before February 1 of the year following the year
2 when the management activity occurred, the Department may receive that
3 management plan or management activity report at a later date; provided,
4 however, no initial or revised management plan shall be received later than
5 December 31, and no management plan update shall be received later than one
6 year after April 1 of the year the plan expires, and no management activity
7 report shall be received later than March 1.

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

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

15 (2) The Department shall have the ability to enter parcels of managed
16 forestland for the purpose of inspections. The Department may bring any other
17 staff from the Agency of Natural Resources that have the expertise to evaluate
18 compliance with this chapter or staff that may be required to ensure the safety
19 of the Department while conducting the inspections.

20 (3) If that Department finds that the management of the tract is contrary
21 to the conservation or forest management plan, or contrary to the minimum

1 acceptable standards for conservation or forest management, it shall file with
2 the owner, the assessing officials, and the Director an adverse inspection report
3 within 30 days ~~of~~ after the conclusion of the inspection process.

4 (d) After managed forestland has been removed from use value appraisal
5 due to an adverse inspection report under ~~subdivision 3756(i)(1)~~ subsection
6 3756(k) of this title, a new application for use value appraisal shall not be
7 considered for a period of five years, and then shall be approved by the
8 Department of Forests, Parks and Recreation only if a compliance report has
9 been filed with the new application, certifying that appropriate measures have
10 been taken to bring the parcel into compliance with minimum acceptable
11 standards for forest or conservation management.

12 * * *

13 Sec. 26. 32 V.S.A. § 3756 is amended to read:

14 § 3756. QUALIFICATION FOR USE VALUE APPRAISAL

15 (a) The owner of eligible agricultural land, farm buildings, or managed
16 forestland shall be entitled to have eligible property appraised at its use value,
17 provided the owner shall have applied to the Director on or before September 1
18 of the previous tax year, on a form approved by the Board and provided by the
19 Director. A farmer, whose application has been accepted on or before
20 December 31 by the Director of the Division of Property Valuation and
21 Review of the Department of Taxes for enrollment for the use value program

1 for the current tax year, shall be entitled to have eligible property appraised at
2 its use value, if he or she was prevented from applying on or before
3 September 1 of the previous year due to the severe illness of the farmer.

4 * * *

5 ~~(i)(1) After providing 30 days' notice to the owner, the Director shall~~
6 ~~remove from use value appraisal an entire parcel of managed forestland and~~
7 ~~notify the owner when the Commissioner of Forests, Parks and Recreation has~~
8 ~~not received a required management activity report or has received an adverse~~
9 ~~inspection report, unless the lack of conformance consists solely of the failure~~
10 ~~to make prescribed planned cutting. In that case, the Director may delay~~
11 ~~removal from use value appraisal for a period of one year at a time to allow~~
12 ~~time to bring the parcel into conformance with the plan.~~

13 ~~(2)(A)~~ The Director shall remove from use value appraisal an entire
14 parcel or parcels of agricultural land and farm buildings identified by the
15 Secretary of Agriculture, Food and Markets as being used by a person:

16 ~~(i)(A)~~ found, after administrative hearing, or contested judicial
17 hearing or motion, to be in violation of water quality requirements established
18 under 6 V.S.A. chapter 215, or any rules adopted or any permit or certification
19 issued under 6 V.S.A. chapter 215; or

20 ~~(ii)(B)~~ who is not in compliance with the terms of an
21 administrative or court order issued under 6 V.S.A. chapter 215, subchapter 10

1 to remedy a violation of the requirements of 6 V.S.A. chapter 215 or any rules
2 adopted or any permit or certification issued under 6 V.S.A. chapter 215.

3 ~~(B)~~(2) The Director shall notify the owner that agricultural land or a
4 farm building has been removed from use value appraisal by mailing
5 notification of removal to the owner or operator's last and usual place of
6 abode. After removal of agricultural land or a farm building from use value
7 appraisal under this section, the Director shall not consider a new application
8 for use value appraisal for the agricultural land or farm building until the
9 Secretary of Agriculture, Food and Markets submits to the Director a
10 certification that the owner or operator of the agricultural land or farm building
11 is complying with the water quality requirements of 6 V.S.A. chapter 215 or an
12 order issued under 6 V.S.A. chapter 215. After submission of a certification by
13 the Secretary of Agriculture, Food and Markets, an owner or operator shall be
14 eligible to apply for enrollment of the agricultural land or farm building
15 according to the requirements of this section.

16 * * *

17 (k)(1) As used in this subsection:

18 (A) "Contiguous" means touching, bordering, or adjoining along the
19 boundary of a property. Properties that would be contiguous if except for
20 separation by a roadway, railroad, or other public easement shall be considered
21 contiguous.

1 (B) “Parcel” shall have the same meaning as in section 4152 of this
2 title.

3 (2) After providing 30 days’ notice to the owner, the Director shall
4 remove from use value appraisal an entire parcel of contiguous managed
5 forestland and notify the owner when the Commissioner of Forests, Parks and
6 Recreation has not received a required management activity report or has
7 received an adverse inspection report on greater than one percent of enrolled
8 forestland on a parcel, unless the lack of conformance consists solely of the
9 failure to make prescribed planned cutting. In that case, the Director may
10 delay removal from use value appraisal for a period of one year at a time to
11 allow opportunity to bring the parcel into conformance with the plan. When
12 the Director receives an adverse inspection report documenting violations on
13 less than or equal to one percent of forestland on a parcel, the forestland
14 enrolled in the municipality in which the violation occurred shall be removed
15 from use value appraisal, unless the lack of conformance consists solely of the
16 failure to make a prescribed planned cutting under a forest management plan.
17 If a violation consists solely of failure to make a prescribed planned cutting,
18 the Director may delay removal of a parcel of forestland from use value
19 appraisal for a period of one year at a time to allow the owner of the parcel
20 opportunity to bring the parcel into conformance with its forest management
21 plan.

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 whether for residential or commercial use.

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

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

13 * * * Effective Dates * * *

14 Sec. 30. EFFECTIVE DATES

15 (a) This section and Secs. 3–4 (Act 250; trails), 6 (Act 250 primary
16 processing of forest products), 7 (wetland permit fee), 16–19 (produce
17 inspection), and 20 (livestock transport) shall take effect on passage.

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

19

20

21

1 (Committee vote: _____)

2

3

Representative _____

4

FOR THE COMMITTEE