

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) In providing services under this subsection section, the Rural  
4 Economic Development Initiative shall give first priority to projects that have  
5 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) In providing services under this subsection section, the Rural  
15 Economic Development Initiative shall coordinate with the Secretary of  
16 Commerce and Community Development ~~in order to avoid duplication by the~~  
17 ~~Rural Economic Development Initiative of business recruitment and workforce~~  
18 ~~development services provided by the Agency of Commerce and Community~~  
19 ~~Development, regional development corporations, and regional planning~~  
20 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           (8) program administration.

2           (f) Reports. On or before January 15, 2019, the Commissioner of Forests,  
3           Parks and Recreation shall submit a report to the General Assembly detailing  
4           the progress made with the pilot project authorized under subsection (e) of this  
5           section. On or before January 15, 2020, the Commissioner of Forests, Parks  
6           and Recreation shall submit a report to the General Assembly detailing any  
7           measurable results of economic activity growth.

8                                   \* \* \* Vermont Trails System; Act 250 \* \* \*

9           Sec. 3. PURPOSE

10           The purpose of this section and Sec. 4 of this act is to provide for  
11           consistency in the application of 10 V.S.A. chapter 151 (Act 250) to the  
12           construction and improvement of trails that are part of the Vermont Trails  
13           System under 10 V.S.A. chapter 20.

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

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

16                                   \* \* \*

17                   (v) The construction of improvements on a tract of land involving  
18                   more than 10 acres that is to be used for municipal, county, or State purposes.  
19                   In computing the amount of land involved, land shall be included that is  
20                   incident to the use such as lawns, parking areas, roadways, leaching fields, 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 unless  
11 that portion will be physically altered as part of the project and is on the same  
12 tract or tracts of land.

13 \* \* \* Farm and Forest Viability \* \* \*

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

15 § 4710. VERMONT FARM AND FOREST VIABILITY ~~ENHANCEMENT~~  
16 PROGRAM

17 (a) The Vermont Farm and Forest Viability ~~Enhancement~~ Program is a  
18 voluntary program established in the Agency of Agriculture, Food and Markets  
19 to provide assistance to Vermont ~~farmers~~ farm, food, and forest-sector  
20 businesses to enhance the financial success and long-term viability of Vermont

1 ~~agriculture~~ agricultural and forest sectors. In administering the Program, the  
2 Secretary shall:

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

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

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

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

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

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

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

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

8 (3)(4) The Manager of the Vermont Economic Development Authority  
9 or designee.

10 (4)(5) The Director of University of Vermont Extension or designee.

11 (5)(6) The Executive Director of the Vermont Housing and  
12 Conservation Board or designee.

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

20 (7)(8) A person who has Two people who have expertise in agricultural  
21 or forest-sector economics, financing, or business planning development

1 appointed by the Secretary of Agriculture, Food and Markets in consultation  
2 with the Vermont Housing and Conservation Board and the Commissioner of  
3 Forests, Parks and Recreation.

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

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

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

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

20 ~~(3)~~(2) the ~~producers are committed~~ enrollees demonstrate commitment  
21 to participating in the Program; and

1           ~~(4)~~(3) an evaluation shall be completed by ~~enrolled farmers in~~  
2           ~~conjunction with the teams~~ the enrollees.

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

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

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

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

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

20                 ~~(2) The Secretary of Agriculture, Food and Markets, the Commissioner~~  
21                 ~~of Forests, Parks and Recreation, and the Vermont Housing and Conservation~~

1 Board, separately or cooperatively, may solicit federal funds, grants, and  
2 private contributions for the Farm and Forest Viability ~~Enhancement~~ Program,  
3 but any Vermont Housing and Conservation Board funds used for the Farm  
4 and Forest Viability ~~Enhancement~~ Program shall be administered in  
5 accordance with 10 V.S.A. § 312.

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

19 (2) ~~The Agency of Agriculture, Food and Markets and the Vermont~~  
20 ~~Housing and Conservation Board shall describe in their annual budget~~

1 ~~submissions plans to develop adequate State, federal, and private funds to carry~~  
2 ~~out this initiative.~~

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

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

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

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

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

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

16 ~~(3) Assistance from the Agricultural Economic Development Special~~  
17 ~~Account shall be available in order to produce agricultural energy, harvest~~  
18 ~~biomass, convert biomass into energy, or enable installation and usage of wind,~~  
19 ~~solar, or other technology that relies on a resource that is being consumed at a~~  
20 ~~harvest rate at or below its natural regeneration rate pursuant to 30 V.S.A.~~  
21 ~~§ 8002(2), including:~~





1           (1) a sawmill that produces three and one-half million board feet or less  
2           annually; or

3           (2) an operation that involves the primary processing of forest products  
4           of commercial value and that annually produces:

5                   (A) 3,500 cords or less of firewood or cordwood; or

6                   (B) 10,000 tons or less of bole wood, whole tree chips, or wood  
7           pellets.

8           **Sec. 7. ACT 250 COMMISSION; REVIEW OF FOREST PRODUCTS**

9                   **PROCESSING**

10           The Commission on Act 250: the Next 50 Years (the Commission)  
11           established under 2017 Acts and Resolves No. 47 (Act shall review whether  
12           permit conditions in Act 250 permits issued to forest processing operations  
13           negatively impact the ability of a forest processing operation to operate in an  
14           economically sustainable manner, including whether Act 250 permit conditions  
15           limit the ability of a forest processing operation to alter production or  
16           processing in order to respond to market conditions. If the Commission  
17           determines that Act 250 permit conditions have a negative economic impact on  
18           forestry processing operations, the Commission shall recommend alternatives  
19           for mitigating those negative economic impacts. The Commission shall report  
20           its findings and recommendation, if any, in the report due to the General  
21           Assembly December 15, 2018 under Act 47.

\* \* \* Environmental Permitting Fees \* \* \*

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

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

\* \* \*

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

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

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

(C) Maximum fee, for the conversion of Class II wetlands or wetland buffers to cropland use or for installation of a pipeline in a wetland for the transport of manure for the purpose of farming, as that term is defined in 10 V.S.A. § 6001(22), when the pipeline will serve or implement a water quality or conservation practice, \$200.00 per application. As used in this subdivision, “cropland” means land that is used for the production of

1 agricultural crops, including row crops, fibrous plants, pasture, fruit-bearing  
2 bushes, trees, or vines, and the production of Christmas trees.

3 \* \* \*

4 \* \* \* Electric Utility Demand Charges; Rural Towns \* \* \*

5 Sec. 9. DEMAND CHARGES; REPORT

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

11 (b) The Commissioner shall submit the report to the House Committees on  
12 Agriculture and Forestry, on Commerce and Community Development, and on  
13 Energy and Technology and the Senate Committees on Agriculture, on  
14 Economic Development, Housing and General Affairs, and on Finance.

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

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

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

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

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

9           (d) In this section, “rural town” shall have the same meaning as in  
10          24 V.S.A. § 4303.

11                         \* \* \* Purchase and Use Tax; Forestry Equipment \* \* \*

12          Sec. 10. 32 V.S.A. § 8911 is amended to read:

13          § 8911. EXCEPTIONS

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

15                 (1) Motor vehicles owned or registered, or motor vehicles rented, by any  
16                 state or province or any political subdivision thereof.

17                                 \* \* \*

18                 (23) The following motor vehicles used for timber cutting, timber  
19                 removal, and processing of timber or other solid wood forest products intended  
20                 to be sold ultimately at retail: skidders with grapple and cable, feller bunchers,  
21                 cut-to-length processors, forwarders, delimiters, loader slashers, log loaders,

1 whole-tree chippers, stationary screening systems, and firewood processors,  
2 elevators, and screens.

3 \* \* \* Forest Products Industry; Wood Energy; Supply \* \* \*

4 Sec. 11. PUBLIC BUILDINGS; WOOD ENERGY; VERMONT  
5 SUPPLIERS; REPORT

6 (a) On or before December 15, 2018, the Commissioner of Buildings and  
7 General Services (Commissioner), in consultation with the Commissioner of  
8 Public Service, shall submit a written report and recommendation on the  
9 feasibility and impacts of requiring certain public buildings that use wood to  
10 produce heat or electricity, or both, to give preference to Vermont suppliers  
11 when making fuel supply purchases.

12 (b) As used in this section, “public building” has the same meaning as in  
13 20 V.S.A. § 2730.

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

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

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

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

1       (d) The Commissioner shall submit the report and recommendation to the  
2       Senate Committees on Agriculture and on Natural Resources and Energy and  
3       the House Committees on Agriculture and Forestry and on Energy and  
4       Technology.

\* \* \* Hemp \* \* \*

6       Sec. 12. PURPOSE

7       The purpose of this section and Secs. 13–14 of this act is to amend the laws  
8       of Vermont regarding the cultivation of industrial hemp to conform with  
9       federal requirements for industrial hemp research set forth in section 7606 of  
10       the federal Agricultural Act of 2014, Pub. L. No. 113-79, codified at 7 U.S.C.  
11       § 5940.

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

13   CHAPTER 34. HEMP

14       § 561. FINDINGS; INTENT

15           (a) Findings.

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

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

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

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

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

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

20 § 562. DEFINITIONS

21           As used in this chapter:



1 (1) [Repealed.]

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

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

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

11 § 563. HEMP; AN AGRICULTURAL PRODUCT

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

17 § 564. REGISTRATION; ADMINISTRATION; PILOT PROJECT

18 (a) The Secretary shall establish a pilot program to research the growth,  
19 cultivation, and marketing of industrial hemp. Under the pilot program, the  
20 Secretary shall register persons who will participate in the pilot program  
21 through growing or cultivating industrial hemp. The Secretary shall certify the

1 site where industrial hemp will be cultivated by each person registered under  
2 this chapter. A person who intends to participate in the pilot program and  
3 grow industrial hemp shall register with the Secretary and submit on a form  
4 provided by the Secretary the following:

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

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

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

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

14 (1) cultivation and possession of industrial hemp in Vermont is a  
15 violation of the federal Controlled Substances Act unless the industrial hemp is  
16 grown, cultivated, or marketed under a pilot program authorized by section  
17 7606 of the federal Agricultural Act of 2014, Pub. L. No. 113-79; and

18 (2) federal prosecution for growing hemp in violation of federal law  
19 may include criminal penalties, forfeiture of property, and loss of access to  
20 federal agricultural benefits, including agricultural loans, conservation  
21 programs, and insurance programs; and

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

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

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

11          § 566. RULEMAKING AUTHORITY

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

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

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

3        Sec. 14. TRANSITION; IMPLEMENTATION

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

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

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

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

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

16       (2) to verify cannabinoid label guarantees of hemp and hemp-infused  
17       products;

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

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

1     § 568. TEST RESULTS; ENFORCEMENT

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

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

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

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

14           (b) A person registered with the Secretary as growing the hemp crop shall  
15     not be subject to civil, criminal, or administrative liability or penalty under  
16     18 V.S.A. chapter 84 if the tested industrial hemp has a delta-9  
17     tetrahydrocannabinol concentration of one percent or less on a dry weight  
18     basis.

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

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

2 § 4474e. DISPENSARIES; CONDITIONS OF OPERATION

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

4 (1) Acquire, possess, cultivate, manufacture, process, transfer, transport,  
5 supply, sell, and dispense marijuana, marijuana-infused products, and  
6 marijuana-related supplies and educational materials for or to a registered  
7 patient who has designated it as his or her dispensary and to his or her  
8 registered caregiver for the registered patient’s use for symptom relief.

9 \* \* \*

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

14 \* \* \*

15 \* \* \* Produce Inspection \* \* \*

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

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

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

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

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

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

7 (B) application of the FDA Food Safety Modernization Act,  
8 ~~21 U.S.C. §§ 2201-2252~~ Pub. L. No. 111-353, to farms, farm products, or  
9 value-added products produced in the State.

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

11 § 852. AUTHORITY; ~~ENFORCEMENT~~

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

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

18 (2) the rules adopted under this chapter.

19 (b) The Agency may collaborate with the ~~Vermont~~ Department of Health  
20 regarding application of the ~~federal Food Safety Modernization Act and the~~  
21 ~~rules adopted thereunder~~ U.S. Food and Drug Administration Food Safety

1 Modernization Act, Standards for Growing, Harvesting, Packing, and Holding  
2 of Produce for Human Consumption, 21 C.F.R. part 112, and application of the  
3 rules adopted under this chapter.

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

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

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

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

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

13 § 853. FARM INSPECTIONS

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

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

19 (B) the rules adopted under this chapter.



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

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

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

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

11 § 856. ENFORCEMENT; CORRECTIVE ACTIONS

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

16           (1) a description of the alleged violation;

17           (2) identification of this section;

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

19           (4) the required corrective action that the person shall take to correct the  
20 violation.

1     § 857. ENFORCEMENT; ADMINISTRATIVE ORDERS

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

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

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

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

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

13          (3) order mandatory corrective actions;

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

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

17          (b) When the Secretary of Agriculture, Food and Markets issues a cease  
18    and desist order, written administrative order, or required corrective action  
19    under subsection (a) of this section, the Secretary shall provide the person  
20    subject to the order or corrective action with a statement that the order or

1 corrective action is effective upon receipt and the person has 15 days from the  
2 date the order or corrective action was issued to request a hearing.

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

8 (d) If a person who receives a cease and desist order, a verbal order, an  
9 administrative order, or a mandatory corrective action under this section does  
10 not request in writing a hearing within 15 days of receipt of the order or within  
11 15 days of written notice for a verbal order, the person's right to a hearing is  
12 waived. Upon receipt of a written request for a hearing, the Secretary  
13 promptly shall set a date and time for a hearing. A request for a hearing on a  
14 cease and desist order, verbal order, or administrative order issued under this  
15 section shall not stay the order.

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

\* \* \* Livestock and Poultry Transport for Slaughter \* \* \*

1  
2 Sec. 21. 6 V.S.A. § 1461a(c) is amended to read:

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

11 \* \* \* Nutrient Management Planning \* \* \*

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

13 § 4817. NUTRIENT MANAGEMENT PLAN; REPORTING

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

1        (b) Limitation on disclosure; authorized disclosure. A nutrient  
2        management plan submitted to the Secretary under this section and information  
3        contained within a nutrient management plan shall be exempt from inspection  
4        or copying under the Public Records Act except that the Secretary may  
5        authorize disclosure of a nutrient management plan or information within a  
6        nutrient management plan for one or more of the following:

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

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

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

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

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

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

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

8           Sec. 23. SCHEDULE; SUBMISSION OF NUTRIENT MANAGEMENT  
9           PLAN

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

13           (1) the owner or operator of a large farm, beginning on February 15,  
14           2019 and annually thereafter;

15           (2) the owner or operator of a medium farm, beginning on April 30,  
16           2019 and annually thereafter; and

17           (3) the owner or operator of a small farm subject to certification,  
18           beginning on January 31, 2021 and annually thereafter.

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\*\*\* Industrial Park Designation \*\*\*

Sec. 24. AGENCY OF COMMERCE AND COMMUNITY

DEVELOPMENT; INDUSTRIAL PARK DESIGNATION

(a) On or before December 15, 2018, the Secretary of Commerce and Community Development, after consultation with the Secretary of Natural Resources, the Chair of the Natural Resources Board, Regional Development Corporations, Regional Planning Commissions, the Vermont Natural Resources Council, and the Commission on Act 250, shall submit to the Senate Committees on Agriculture and on Economic Development, Housing and General Affairs and to the House Committees on Commerce and Economic Development, on Agriculture and Forestry, and on Natural Resources, Fish, and Wildlife recommendations for establishing an economic development program under which defined parcels in rural areas of the State are designated as industrial parks for the purposes of providing regulatory and permitting incentives to businesses sited within the industrial park. The report shall

include:

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

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

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

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

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

9           **(b) The recommendations in the report shall be designed in manner so that**  
10           **any recommended process or criteria maintain consistency with the land use**  
11           **goals of Vermont in 24 V.S.A. § 4302 and the relevant regional plan adopted**  
12           **under 24 V.S.A. § 4348.**

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

16                           \* \* \* Fire Prevention and Building Code Fees \* \* \*

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

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

19                   (1) The permit application fee for a construction plan approval shall be  
20           based on \$8.00 per each \$1,000.00 of the total valuation of the construction



1 work proposed to be done for all buildings, but in no event shall the permit  
2 application fee exceed ~~\$185,000.00~~ \$130,000.00 nor be less than \$50.00.

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

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

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

10 \* \* \*

11 \* \* \* Use Value Appraisal \* \* \*

12 Sec. 26. 32 V.S.A. § 3755 is amended to read:

13 § 3755. ELIGIBILITY FOR USE VALUE APPRAISALS

14 \* \* \*

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

17 (1) The land is subject to a forest management plan, or subject to a  
18 conservation management plan in the case of lands certified under 10 V.S.A.

19 § 6306(b), ~~which~~ that:

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

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

1           (C) ~~is~~ Is filed with and approved by the Department of Forests, Parks  
2 and Recreation; ~~and~~

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

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

16           (F) The Department, upon giving due consideration to resource  
17 inventories submitted by applicants, may approve a conservation management  
18 plan, consistent with conservation management standards, so as to include  
19 appropriate provisions designed to preserve: areas with special ecological  
20 values; fragile areas; rare or endangered species; significant habitat for  
21 wildlife; significant wetlands; outstanding resource waters; rare and

1 irreplaceable natural areas; areas with significant historical value; public water  
2 supply protection areas; areas that provide public access to public waters; and  
3 open or natural areas located near population centers or historically frequented  
4 by the public. In approving a plan, the Department shall give due  
5 consideration to: the need for restricted public access where required to  
6 protect the fragile nature of the resource; public accessibility where restricted  
7 access is not required; facilitation of appropriate, traditional public usage; and  
8 opportunities for traditional or expanded use for educational purposes and for  
9 research.

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

14 (3) There has not been filed with the Director an adverse inspection  
15 report by the Department stating that the management of the tract is contrary to  
16 the forest or conservation management plan, or contrary to the minimum  
17 acceptable standards for forest or conservation management. ~~The management~~  
18 ~~activity report shall be on a form prescribed by the Commissioner of Forests,~~  
19 ~~Parks and Recreation in consultation with the Commissioner of Taxes and shall~~  
20 ~~include a detachable section be signed by all the owners that and shall contain~~  
21 ~~the federal tax identification numbers of all the owners. The section containing~~

1 ~~federal tax identification numbers shall not be made available to the general~~  
2 ~~public, but shall be forwarded to the Commissioner of Taxes within 30 days~~  
3 ~~after receipt and used for tax administration purposes.~~ All information  
4 contained within the management activity report shall be forwarded to the  
5 Department of Forests, Parks and Recreation, except for any tax identification  
6 number included in the report. If any owner shall satisfy the Department that  
7 he or she was prevented by accident, mistake, or misfortune from filing an  
8 initial or revised management plan which is required to be filed on or before  
9 October 1, or a management plan update which is required to be filed on or  
10 before April 1 of the year in which the plan expires, or a management activity  
11 report which is required to be filed on or before February 1 of the year  
12 following the year when the management activity occurred, the Department  
13 owner may receive submit that management plan or management activity  
14 report at a later date; provided, however, no initial or revised management plan  
15 shall be received later than December 31, and no management plan update  
16 shall be received later than one year after April 1 of the year the plan expires,  
17 and no management activity report shall be received later than March 1.

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

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

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

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

15          (d) After managed forestland has been removed from use value appraisal  
16 due to an adverse inspection report under ~~subdivision 3756(i)(1)~~ subsection  
17 3756(k) of this title, a new application for use value appraisal shall not be  
18 considered for a period of five years, and then **the forest management plan**  
19 shall be approved by the Department of Forests, Parks and Recreation only if a  
20 compliance report has been filed with the **new application forest management**  
21 **plan**, certifying that appropriate measures have been taken to bring the parcel

1 into compliance with minimum acceptable standards for forest or conservation  
2 management.

3 \* \* \*

4 \* \* \* Sales and Use Tax; Advanced Wood Boilers \* \* \*

5 Sec. 27. 32 V.S.A. § 9701 is amended to read:

6 § 9701. DEFINITIONS

7 Unless the context in which they occur requires otherwise, the following  
8 terms when used in this chapter mean:

9 \* \* \*

10 (54) “Noncollecting vendor” means a vendor that sells tangible personal  
11 property or services to purchasers who are not exempt from the sales tax under  
12 this chapter, but that does not collect the Vermont sales tax.

13 (55) “Advanced wood boiler” means a boiler or furnace:

14 (A) installed as a primary central heating system;

15 (B) rated as high-efficiency, meaning a higher heating value or gross  
16 calorific value of 85 percent or more;

17 (C) containing at least one week fuel-storage, automated startup and  
18 shutdown, and fuel feed; and

19 (D) meeting other efficiency and air emissions standards established  
20 by the Department of Environmental Conservation.

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 \* \* \* Self-Managed Energy Efficiency \* \* \*

14 Sec. 30. 30 V.S.A. § 209 is amended to read:

15 § 209. JURISDICTION; GENERAL SCOPE

16 \* \* \*

17 (j) Self-managed energy efficiency programs.

18 (1) There shall be a class of self-managed energy efficiency programs  
19 for transmission and industrial electric ratepayers only.

20 (2) The Commission, by order, shall enact this class of programs.

1           (3) Entities approved to participate in the self-managed energy  
2 efficiency program class shall be exempt from all statewide charges under  
3 subdivision (d)(3) of this section that support energy efficiency programs  
4 performed by or on behalf of Vermont electric utilities. If an electric ratepayer  
5 approved to participate in this program class also is a customer of a natural gas  
6 utility, the ratepayer shall be exempt from all charges under subdivision (d)(3)  
7 of this section or contained within the rates charged by the natural gas utility to  
8 the ratepayer that support energy efficiency programs performed by or on  
9 behalf of that utility, provided that the ratepayer complies with this subsection.

10           (4) All of the following shall apply to a class of programs under this  
11 subsection:

12           (A) A member of the transmission or industrial electric rate classes  
13 shall be eligible to apply to participate in the self-managed energy efficiency  
14 program class if the charges to the applicant, or to its predecessor in interest at  
15 the served property, under subdivision (d)(3) of this section were a  
16 minimum of:

17           (i) \$1.5 million during calendar year 2008; or

18           (ii) \$1.5 million during calendar year 2017.

19           (B) A cost-based fee to be determined by the Commission shall be  
20 charged to the applicant to cover the administrative costs, including savings  
21 verification, incurred by the Commission and Department. The Commission



1 shall determine procedures for savings verification. Such procedures shall be  
2 consistent with savings verification procedures established for entities  
3 appointed under subdivision (d)(2) of this section.

4 (C) An applicant shall demonstrate to the Commission that it has a  
5 comprehensive energy management program with annual objectives.  
6 Achievement of certification of ISO standard 14001 shall be eligible to satisfy  
7 the requirements of having a comprehensive program.

8 (D) An applicant eligible pursuant to subdivision (A)(i) of this  
9 subdivision (j)(4) shall commit to an annual average ~~energy efficiency~~  
10 investment in energy efficiency and productivity programs and measures  
11 during each three-year period that the applicant participates in the program of  
12 ~~no~~ not less than \$1 million. An applicant eligible pursuant to subdivision  
13 (A)(ii) of this subdivision (j)(4) shall commit to an annual average investment  
14 in energy efficiency and productivity programs and measures during each  
15 three-year period that the applicant participates in the program of not less than  
16 \$500,000.00. To achieve the exemption from energy efficiency charges related  
17 to natural gas under subdivision (3) of this subsection (j), ~~the~~ an applicant shall  
18 make an additional annual energy efficiency investment in an amount not less  
19 than \$55,000.00. As used in this subsection (j), “productivity programs and  
20 measures” means investments that reduce the amount of energy required to  
21 produce a unit of product.

1           (E) Participation in the self-managed program includes efficiency and  
2           productivity programs and measures applicable to electric and other forms of  
3           energy. A participant may balance efficiency investments in such programs  
4           and measures across all types of energy or fuels without limitations.

5           (F) A participant shall provide to the Commission and Department  
6           annually an accounting of energy investments in energy efficiency and  
7           productivity programs and measures and the resultant energy savings in the  
8           form prescribed by the Commission, which may conduct reasonable audits to  
9           ensure the accuracy of the data provided.

10          (G) The Commission shall report to the General Assembly annually  
11          by on or before April 30 concerning the prior calendar year's class of self-  
12          managed energy efficiency programs. The report shall include identification of  
13          participants, their annual investments, and resulting savings, and any actions  
14          taken to exclude entities from the program.

15          (H) Upon approval of an application by the Commission, the  
16          applicant shall be able to participate in the class of self-managed energy  
17          efficiency programs.

18          (I) On a determination that, for a given three-year period, a  
19          participant in the self-managed efficiency program class did not meet or has  
20          not met the commitment required by subdivision (4)(D) of this subsection

1 subdivision (j)(4), the Commission shall terminate the participant's eligibility  
2 for the self-managed program class.

3 (i) On such termination, the former participant will be subject  
4 fully to the then existing charges applicable to its rate class without exemption  
5 under subdivision (3) of this subsection (j), and within 90 days ~~of~~ after such  
6 termination shall pay:

7 (I) the difference between the investment it made pursuant to  
8 the self-managed energy efficiency program during the three-year period of  
9 noncompliance and the full amount of the charges and rates related to energy  
10 efficiency it would have incurred during that period absent exemption under  
11 subdivision (3) of this subsection (j); and

12 (II) the difference between the investment it made pursuant to  
13 the program within the current three-year period, if different from the period of  
14 noncompliance, and the full amount of the charges and rates related to energy  
15 efficiency it would have incurred during the current period absent exemption  
16 under subdivision (3) of this subsection (j).

17 (ii) Payments under subdivision ~~(4)(I)(i)~~ of this ~~subsection (j)~~  
18 subdivision (4)(I) shall be made to the entities to which the full amount of  
19 charges and rates would have been paid absent exemption under subdivision  
20 (3) of this subsection (j).

1 (iii) A former participant may not reapply for membership in the  
2 self-managed program after termination under this subdivision (4)(I).

3 (J) A participant in the self-managed program class may request  
4 confidentiality of data it reports to the Commission if the data would qualify  
5 for exemption from disclosure under 1 V.S.A. § 317. If such confidentiality is  
6 requested, the Commission shall disclose the data only in accordance with a  
7 protective agreement approved by the Commission and signed by the recipient  
8 of the data, unless a court orders otherwise.

9 (K) Any data not subject to a confidentiality request under  
10 subdivision ~~(4)(J)~~ of this subsection subdivision (4) will be a public record.

11 (L) A participant in the self-managed program class may submit  
12 projects to the independent system operator of New England, including  
13 through recognized aggregators, for payments under that operator's forward  
14 capacity market program, and shall invest such payments in electric or fuel  
15 efficiency.

16 (M) A participant in the self-managed program class may receive  
17 funding from an energy program administered by a government or other entity  
18 ~~which that~~ is not the participant ~~but and~~ may ~~not~~ count such funds received as  
19 part of the annual commitment to its self-managed energy efficiency program.

20 \* \* \*

21 **Sec. 31. ENERGY SAVINGS ACCOUNT PARTNERSHIP PILOT**

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

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

4           (2) “Commission” means the Public Utility Commission under  
5           30 V.S.A. § 3.

6           (3) “Customer” means a commercial, industrial, or agricultural electric  
7           customer that is located in a service territory in which Efficiency Vermont  
8           delivers energy efficiency programs and measures and that does not qualify for  
9           SMEEP.

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

12           (5) “Department” means the Department of Public Service under  
13           3 V.S.A. § 212 and 30 V.S.A. § 1.

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

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

19           (8) “Energy efficiency utility” or “EEU” means an entity appointed to  
20           deliver energy efficiency and conservation programs and measures under  
21           30 V.S.A. § 209(d)(2).

1           (9) “ESA” means an energy savings account under 30 V.S.A.

2           § 209(d)(3)(B).

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

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

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

9           (13) “Standing committees of jurisdiction” means the House Committee  
10           on Energy and Technology and the Senate Committees on Finance and on  
11           Natural Resources and Energy.

12           (14) “Unregulated fuel” shall have the same meaning as in 30 V.S.A.  
13           § 209(e).

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

20           (1) Notwithstanding any contrary provision of 30 V.S.A. § 209(d)(3)(B),  
21           the customer shall be able to receive an amount equal to 100 percent of its

1 Customer EEC Funds to pay for the full cost of projects that are eligible under  
2 subdivision (3) of this subsection; for technical assistance and other services  
3 from Efficiency Vermont; and for evaluation, measurement, and verification  
4 activity conducted by the Department or EVT.

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

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

15 (c) Methodology for evaluation, measurement, and verification. In its rule  
16 or order under subsection (b) of this section, the Commission shall establish a  
17 methodology for evaluation, measurement, and verification of projects  
18 implemented under the pilot that is consistent with the requirements of  
19 30 V.S.A. § 218c and that includes cost-effectiveness screening that values  
20 energy savings across the customer's energy portfolio and non-energy benefits

1 such as economic development. As used in this subsection, “economic  
2 development” includes job creation, job retention, and capital investment.

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

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

9 (c) Competitive solicitation. A customer shall apply to participate in the  
10 ESA Partnership Pilot through a competitive solicitation process conducted  
11 jointly by EVT, the Department, and ACCD.

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

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

19 (3) EVT, the Department, and ACCD jointly shall select customers to  
20 participate in the ESA Partnership Pilot from among the customers that timely



1 submit proposals in response to the RFP and shall notify the Commission of  
2 the selected customers.

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

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

8 (d) Energy management plans. Working with EVT, each customer selected  
9 for the ESA Partnership Pilot shall develop an energy management plan for the  
10 three-year period of the pilot with projects to be implemented, energy savings  
11 targets, and a timeline for projects and investments. A copy of each plan shall  
12 be submitted to the Commission, the Department, and ACCD.

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

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

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

4 (h) Annual reports. On or before each November 1 from 2020 through  
5 2022, the EVT and the selected customers jointly shall submit written progress  
6 reports to the Commission, the Department, and the standing committees of  
7 jurisdiction that include projects under the ESA Partnership Pilot and their  
8 associated energy and cost savings. A customer's projects under the pilot and  
9 the associated data and results shall be made public through this report.  
10 However, a customer may request that the Commission order customer-  
11 specific data to be used in preparing a report under this subsection be kept  
12 confidential if the data would qualify for exemption from disclosure under  
13 1 V.S.A. § 317. If the Commission issues such an order, the data subject to the  
14 order shall be disclosed only in accordance with a protective agreement  
15 approved by the Commission and signed by the recipient of the data, unless a  
16 court directs otherwise.

17 (i) Evaluation; recommendation. On completion of the ESA Partnership  
18 Pilot, the Commission shall conduct or shall have a third party conduct an  
19 independent evaluation of the ESA Partnership Pilot and, after considering the  
20 results of that evaluation, shall submit a written recommendation to the  
21 standing committees of jurisdiction on whether to continue the program

1 conducted under this section and, if so, under what recommended conditions  
2 and revisions, if any. The Commission shall submit this recommendation on  
3 or before January 15, 2023.

4 \* \* \* Effective Dates \* \* \*

5 Sec. 32. EFFECTIVE DATES

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

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

10

11

12

13 (Committee vote: \_\_\_\_\_)

14

\_\_\_\_\_

15

Representative \_\_\_\_\_

16

FOR THE COMMITTEE