

1 TO THE HONORABLE SENATE:

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

7 * * * Rural Economic Development Team * * *

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

9 Subchapter 4. Rural Economic Development Team

10 § 325m. RURAL ECONOMIC DEVELOPMENT TEAM

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

12 (1) “Industrial park” means an area of land permitted as an industrial
13 park under 10 V.S.A. chapter 151, under 24 V.S.A. chapter 117, or under 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) “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 Rural Economic Development Team to promote and
20 facilitate community economic development in the small towns and rural areas
21 of the State. The Rural Economic Development Team shall collaborate with

1 municipalities, businesses, industrial parks, regional development corporations,
2 and other appropriate entities to access funding and other assistance available
3 to small towns and rural areas of the State for development or recruitment of
4 businesses and workforce development when existing State resources or
5 staffing assistance is not available.

6 (c) Services; access to funding.

7 (1) The Rural Economic Development Team shall provide the following
8 services to small towns, rural areas, and businesses in small towns and rural
9 areas:

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

15 (B) technical assistance to small towns, rural areas, and industrial
16 parks and businesses 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) In providing services under this subsection, the Rural Economic
4 Development Team 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) Services; business development. The Rural Economic Development
8 Team shall provide small towns and rural areas with services to facilitate the
9 business development in these areas. These services shall include:

10 (1) Identifying businesses or business types suitable for a small town,
11 rural area, or an industrial park in a small town or rural area. In identifying
12 businesses or business types, the Rural Economic Development Team shall
13 seek to identify businesses or business types in the following priority areas:

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

16 (B) the outdoor equipment or recreation industry;

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

18 (D) the value-added food industry;

19 (E) phosphorus removal technology; and

20 (F) composting facilities.

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

3 (3) Coordinating with small towns or rural areas on ways to establish or
4 attract coworker spaces or generator spaces that facilitate the incubation and
5 development of businesses. The Rural Economic Development Team shall
6 explore with a small town or rural area whether underused or closed school
7 buildings are appropriate sites for coworker or generator spaces.

8 (e) Report. Beginning on January 15, 2018, and annually thereafter, the
9 Rural Economic Development Team shall submit to the Senate Committees on
10 Agriculture and on Economic Development, Housing and General Affairs and
11 the House Committees on Agriculture and Forestry and on Commerce and
12 Economic Development a report regarding the activities and progress of the
13 Team. The report shall include:

14 (1) a summary of the Team’s activities in the preceding calendar year;

15 (2) an evaluation of the effectiveness of the services provided by the
16 Team to small towns, rural areas, and industrial parks;

17 (3) a summary of the Team’s progress in attracting priority businesses to
18 small towns and rural areas;

19 (4) an accounting of the grants or other funding that the Team facilitated
20 or provided assistance with;

1 (5) an accounting of the funds acquired by the Rural Economic
2 Development Team for administration of grants or other funding mechanisms
3 and whether these funds are sufficient to offset the cost of the Rural Economic
4 Development Team; and

5 (6) recommended changes to the program, including proposed
6 legislative amendments to further economic development in small towns and
7 rural areas in the State.

8 Sec. 2. APPROPRIATIONS; RURAL ECONOMIC DEVELOPMENT

9 TEAM

10 Of the funds appropriated to the Vermont Housing and Conservation Board
11 in fiscal year 2018 from the Vermont Housing and Conservation Trust Fund,
12 \$200,000.00 shall be used to implement and administer the Rural Economic
13 Development Team established under 10 V.S.A. § 325m.

14 * * * Vermont Milk Commission * * *

15 Sec. 3. VERMONT MILK COMMISSION; EQUITABLE DAIRY PRICING

16 (a) The General Assembly finds that:

17 (1) The price that farmers from northeastern states, including Vermont,
18 receive for milk is not set by supply and demand in the free market, but instead
19 is set by the terms of a federal marketing order known as the Northeast
20 Marketing Area Federal Order 1 (Milk Marketing Order).

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

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

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

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

13 (6) The Secretary of Agriculture, Food and Markets should reconvene
14 the Vermont Milk Commission to work with interested parties, including other
15 states, to recommend to the U.S. Congress through the Vermont congressional
16 delegation a replacement to the Milk Marketing Order that ensures farmers are
17 provided with an equitable price for milk.

18 (b) As soon as practical and no later than September 1, 2017, the Secretary
19 of Agriculture, Food and Markets shall convene the Vermont Milk
20 Commission under 6 V.S.A. chapter 162 to propose changes to the federal
21 Northeast Marketing Area Federal Order 1 that provide farmers in Vermont

1 with an equitable price for milk that reflects better the actual cost of dairy
2 production. The Vermont Milk Commission shall:

3 (1) Analyze the current status of the milk market to identify areas or
4 issues that could be addressed in an amendment to the Milk Marketing Order.

5 (2) Collaborate with interested parties, including other Northeastern
6 states, to develop a proposed amendment to or replacement of the current Milk
7 Marketing Order for the northeast. The proposed amendment or replacement
8 shall be designed to:

9 (A) provide farmers with an equitable price for milk that is based on
10 the costs of production; and

11 (B) eliminate or reduce provisions in the Milk Marketing Order that
12 facilitate price volatility in the milk market.

13 (3) Submit a proposed amendment to or replacement of the Milk
14 Marketing Order to the Senate Committee on Agriculture and the House
15 Committee on Agriculture and Forestry on or before January 15, 2018.

16 (4) After review by the General Assembly, submit to the congressional
17 delegation of Vermont the proposed amendment to or replacement of the Milk
18 Marketing Order so that the U.S. Congress may amend the Milk Marketing
19 Order.

20 (c) Except for the two legislative members of the Commission, the per
21 diem compensation and reimbursement to which a member of the Commission

1 is entitled shall be paid from the budget of the Agency of Agriculture, Food
2 and Markets.

3 * * * Development Cabinet * * *

4 Sec. 4. 3 V.S.A. § 2293(b) is amended to read:

5 (b) Development Cabinet.

6 (1)(A) ~~A~~ The Development Cabinet is created, to consist of the
7 Secretaries of ~~the Agencies of~~ Administration, of Agriculture, Food and
8 Markets, of Commerce and Community Development, of Education, of
9 Natural Resources, and of Transportation.

10 (B) The Governor or ~~the Governor's~~ designee shall chair the
11 Development Cabinet.

12 (2) The Development Cabinet shall advise the Governor on how best to
13 implement the purposes of this section, and shall recommend changes as
14 appropriate to improve implementation of those purposes.

15 (3)(A) The Development Cabinet may establish interagency work
16 groups to support its mission, drawing membership from any agency or
17 department of State government.

18 (B) Any interagency work groups established under this subsection
19 (b) shall evaluate, test the feasibility of, and suggest alternatives to economic
20 development proposals, including proposals for public-private partnerships,
21 submitted to them for consideration.

1 (C) The Development Cabinet shall refer to appropriate interagency
2 workgroups any economic development proposal that has a significant impact
3 on the inventory or use of State land or buildings.

4 (4) The Development Cabinet shall:

5 (A) Review State loan, grant, and other incentive programs to explore
6 whether and how the expenditure of State funds can cross-promote relevant
7 State policies, including the adoption of renewable energy, rural economic
8 development, public access to conserved lands, and water quality
9 improvements.

10 (B) Recommend to the Governor and the General Assembly areas for
11 improvement, program changes, conditions on incentives, and other strategies
12 to ensure cross-promotion of relevant State policies. The Cabinet's
13 recommendations shall prioritize economic development opportunities in rural
14 areas, small towns, and industrial parks in small towns and rural areas. As
15 used in this subdivision, "rural area," "small town," and "industrial park" shall
16 have the same meaning as set forth in 10 V.S.A. § 325m.

17 (C) On or before December 15, 2018 and biennially thereafter,
18 submit a report to the Governor and the General Assembly on the
19 implementation of its recommendations and the effectiveness of efforts to
20 cross-promote incentive programs and State policies.

1 * * * Energy Efficiency * * *

2 Sec. 5. 30 V.S.A. § 209(d)(3) is amended to read:

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

14 * * *

15 (B) The charge established by the Board pursuant to this subdivision
16 (3) shall be in an amount determined by the Board by rule or order that is
17 consistent with the principles of least-cost integrated planning as defined in
18 section 218c of this title.

19 (i) As circumstances and programs evolve, the amount of the
20 charge shall be reviewed for unrealized energy efficiency potential and shall be

1 adjusted as necessary in order to realize all reasonably available, cost-effective,
2 energy efficiency savings.

3 (ii) In setting the amount of the charge and its allocation, the
4 Board shall determine an appropriate balance among the following objectives;
5 provided, however, that particular emphasis shall be accorded to the first four
6 of these objectives: reducing the size of future power purchases; reducing the
7 generation of greenhouse gases; limiting the need to upgrade the State's
8 transmission and distribution infrastructure; minimizing the costs of electricity;
9 reducing Vermont's total energy demand, consumption, and expenditures;
10 providing efficiency and conservation as a part of a comprehensive resource
11 supply strategy; providing the opportunity for all Vermonters to participate in
12 efficiency and conservation programs; and targeting efficiency and
13 conservation efforts to locations, markets, or customers where they may
14 provide the greatest value.

15 (iii) The Board, by rule or order, shall establish a process by
16 which a customer who pays an average annual energy efficiency charge under
17 this subdivision (3) of at least \$5,000.00 may apply to the Board to self-
18 administer energy efficiency through the use of an energy savings account,
19 which shall contain a percentage of the customer's energy efficiency charge
20 payments as determined by the Board. The remaining portion of the charge

1 shall be used for systemwide energy benefits. The Board in its rules or order
2 shall establish criteria for approval of these applications.

3 (iv) For one three-year period, the customer for the account of a
4 manufacturing facility located in an industrial park in a small town or rural
5 area may apply to self-administer energy efficiency programs and measures in
6 lieu of paying the energy efficiency charge on the account.

7 (I) As used in this subdivision (I), “rural area,” “small town,”
8 and “industrial park” shall have the same meaning as set forth in 10 V.S.A.
9 § 325m.

10 (II) A customer seeking approval under this subdivision (iv)
11 shall agree to invest, over a three-year period, an average annual dollar amount
12 on cost-effective energy programs and measures equivalent to:

13 (aa) 75 percent of its most recent annual energy efficiency
14 charge amount; or

15 (bb) if the customer has not previously paid an annual
16 energy efficiency charge, 75 percent of the customer’s estimated net annual
17 kilowatt hours to be consumed multiplied by the applicable energy efficiency
18 charge, provided that the customer shall submit to the Board the actual amount
19 of kilowatt hours consumed in the first calendar year of self-administration so
20 that the Board can determine if the customer shall be responsible for additional
21 investment in energy programs and measures.

1 (III) Cost-effective energy programs and measures may include
2 investment in on-site renewable generation, if cost-effective and part of a
3 comprehensive program for the facility that includes energy efficiency
4 measures. Annual financing payments of a cost-effective energy program or
5 measure under this subdivision are allowable investment in calculating a
6 customer's average investment on cost-effective energy programs or measures
7 over a three-year period.

8 (IV) The Board shall develop criteria for approval of these
9 applications.

10 (V) A customer shall self-administer under this subdivision for
11 one three-year period and may not reapply for successive terms. At the
12 conclusion of the three-year period, the customer shall pay the energy
13 efficiency charge as part of the customer's electric bill.

14 * * *

15 * * * Environmental Permitting * * *

16 Sec. 6. 3 V.S.A. § 2822 is amended to read:

17 § 2822. BUDGET AND REPORT; POWERS

18 * * *

19 (h)(1) The Secretary shall reduce the fee for a permit or permit renewal
20 under this section by 25 percent when the activity subject to the permit is
21 located in an industrial park in a small town or rural area.

1 (2) If a fee for a stormwater permit or permit renewal is assessed on a
2 per acre basis under subdivision (j)(2)(A) or (B) of this section, the maximum
3 total fee for the permit shall be \$7,500.00 if the permitted activity is located in
4 an industrial park in a small town or rural area.

5 (3) As used in this subdivision (I), “rural area,” “small town,” and
6 “industrial park” shall have the same meaning as set forth in 10 V.S.A.
7 § 325m.

8 (i)(1) The Secretary shall not process an application for which the
9 applicable fee has not been paid unless the Secretary specifies that the fee may
10 be paid at a different time or unless the person applying for the permit is
11 exempt from the permit fee requirements pursuant to 32 V.S.A. § 710.
12 Municipalities shall be exempt from the payment of fees under this section
13 except for those fees prescribed in subdivisions (j)(1), (7), (8), (14), and (15) of
14 this section for which a municipality may recover its costs by charging a user
15 fee to those who use the permitted services. Municipalities shall pay fees
16 prescribed in subdivisions (j)(2), (10), (11), (12), and (26), except that a
17 municipality shall also be exempt from those fees for stormwater systems
18 prescribed in subdivision (j)(2)(A)(iii)(I, (II), or (IV) and (j)(2)(B)(iv)(I, (II),
19 or (V) of this section for which a municipality has assumed full legal
20 responsibility under 10 V.S.A. § 1264.

1 (2) An air contaminant source shall be exempt from the fees required
2 under subdivisions (j)(1)(A) and (B) when the source of the emissions is the
3 anaerobic digestion of agricultural products, agricultural by-products,
4 agricultural waste, or food waste.

5 * * *

6 * * * Phosphorus Removal Technology; Grants * * *

7 Sec. 7. 6 V.S.A. § 4828 is amended to read:

8 § 4828. CAPITAL EQUIPMENT ASSISTANCE PROGRAM

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

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

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

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

- 5 (A) the Lake Champlain Basin;
- 6 (B) the Lake Memphremagog Basin;
- 7 (C) the Connecticut River Basin; and
- 8 (D) the Hudson River Basin.

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

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

15 (d) An applicant for a State grant under this section to purchase or
16 implement phosphorus removal technology or equipment shall pay 10 percent
17 of the total eligible project cost. The dollar amount of a State grant to purchase
18 or implement phosphorus removal technology or equipment shall be equal to
19 the total eligible project cost, less 10 percent of the total as paid by the
20 applicant, and shall not exceed \$300,000.00.

1 * * * Forestry Equipment * * *

2 Sec. 8. 32 V.S.A. § 9741 is amended to read:

3 § 9741. SALES NOT COVERED

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

7 * * *

8 (50) Compost, animal manure, manipulated animal manure, and planting
9 mix when any of these items are sold in bulk. As used in this section, the term
10 “sold in bulk” shall mean sold in a form that is not prepackaged, or sold in a
11 packaged form in volumes greater than one cubic yard.

12 (51) Machinery, equipment, implements, accessories, parts, and
13 contrivances used predominantly in the commercial cutting, removal, or
14 processing of timber or other solid wood forest products intended to be sold
15 ultimately at retail, including: grapple and cable skidders; feller bunchers;
16 cut-to-length processors; forwarders; delimiters; loader slashers; log loaders;
17 skid steer loaders; tracked excavators; bulldozers; whole tree chippers;
18 stationary screening systems; and firewood processors, elevators, and screens;
19 but excluding tracked vehicles subject to subdivision (38) of this section. As
20 used in this subdivision, the term “predominantly” means 75 percent or more
21 of the time the machinery or equipment is in use.

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

2 (kk) The statutory purpose of the exemption for timber cutting, removal,
3 and processing machinery in subdivision 9741(51) of this title is to promote
4 Vermont’s commercial timber and forest products economy.

5 * * * Repeals * * *

6 Sec. 10. REPEALS

7 The following are repealed on July 1, 2023:

8 (1) 10 V.S.A. chapter 15, subchapter 4 (Rural Economic Development
9 Team);

10 (2) 30 V.S.A. § 209(d)(3)(B)(iv) (self administration of electric
11 efficiency charge; industrial parks);

12 (3) 3 V.S.A. § 2822(h) (ANR fees in industrial parks) and (i)(2)
13 (anaerobic digesters; air contaminant fee); and

14 (4) 6 V.S.A. § 4828(d) (phosphorus removal grant criteria).

15 * * * Effective Dates * * *

16 Sec. 11. EFFECTIVE DATES

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

19

20

21

1 (Committee vote: _____)

2

3

Representative _____

4

FOR THE COMMITTEE