

1 H.597

2 Introduced by Representatives Botzow of Pownal and Marcotte of Coventry

3 Referred to Committee on

4 Date:

5 Subject: Commerce and trade; economic development

6 Statement of purpose of bill as introduced: This bill proposes to: (1) modify
7 the Vermont Employment Growth Incentive Program to encourage
8 participation in the Program by small businesses, start-up businesses, mission-
9 based businesses, and clean water technology businesses; and (2) increase the
10 amount of the downtown tax credit.

11 An act relating to the Vermont Employment Growth Incentive Program and
12 economic development

13 It is hereby enacted by the General Assembly of the State of Vermont:

14 Sec. 1. 32 V.S.A. chapter 105, subchapter 2 is amended to read:

15 Subchapter 2. Vermont Employment Growth Incentive Program

16 § 3330. PURPOSE; FORM OF INCENTIVES; ENHANCED INCENTIVES;

17 ELIGIBLE APPLICANT

18 (a) Purpose. The purpose of the Vermont Employment Growth Incentive
19 Program is to generate net new revenue to the State by encouraging a business

1 to add new payroll, create new jobs, and make new capital investments and
2 sharing a portion of the revenue with the business.

3 (b) Form of incentives; enhanced incentives.

4 (1) The Vermont Economic Progress Council may approve an incentive
5 under this subchapter in the form of a direct cash payment in annual
6 installments.

7 (2) The Council may approve the following enhanced incentives:

8 (A) an enhanced incentive for a business in a labor market area with
9 higher than average unemployment or lower than average wages pursuant to
10 section 3334 of this title;

11 (B) an enhanced incentive for an environmental technology business
12 pursuant to section 3335 of this title; and

13 (C) an enhanced incentive for ~~a business that participates in a State~~
14 ~~workforce training program~~ a small business, start-up business, or mission-
15 based business pursuant to section 3336 of this title.

16 (c) Eligible applicant. Only a business may apply for an incentive pursuant
17 to this subchapter.

18 * * *

19 § 3333. CALCULATING THE VALUE OF AN INCENTIVE

20 Except as otherwise provided for an enhanced incentive for a business in a
21 qualifying labor market area under section 3334 of this title, an enhanced

1 incentive for an environmental technology business under section 3335 of this
2 title, or an enhanced incentive for ~~workforce training~~ a small business, start-up
3 business, or mission-based business under section 3336 of this title, the
4 Council shall calculate the value of an incentive for an award year as follows:

5 * * *

6 § 3335. ENHANCED INCENTIVE FOR ENVIRONMENTAL
7 TECHNOLOGY BUSINESS

8 (a) As used in this section, an “environmental technology business” means
9 a business that:

10 (1) is subject to income taxation in Vermont; and

11 (2) seeks an incentive for economic activity in Vermont that the
12 Secretary of Commerce and Community Development certifies is primarily
13 research, design, engineering, development, or manufacturing related to one or
14 more of the following:

15 (A) waste management, including waste collection, treatment,
16 disposal, reduction, recycling, and remediation;

17 (B) natural resource protection and management, including water and
18 wastewater purification and treatment, air pollution control and prevention or
19 remediation, soil and groundwater protection or remediation, and hazardous
20 waste control or remediation;

21 (C) energy efficiency or conservation;

1 (D) clean energy, including solar, wind, wave, hydro, geothermal,
2 hydrogen, fuel cells, waste-to-energy, or biomass;

3 (E) the reduction of water pollution, including the reduction of
4 sediment and harmful nutrient pollution such as phosphorus and nitrogen, and
5 other activities supporting the goals of the Vermont Clean Water Act, 2015
6 Acts and Resolves No. 64.

7 (b) The Council shall consider and administer an application from an
8 environmental technology business pursuant to the provisions of this
9 subchapter, except that:

10 (1) the business's potential share of new revenue growth shall be
11 90 percent; and

12 (2) to calculate qualifying payroll, the Council shall:

13 (A) determine the background growth rate in payroll for the
14 applicable business sector in the award year;

15 (B) multiply the business's full-time payroll for the award year by
16 20 percent of the background growth rate; and

17 (C) subtract the product from the payroll performance requirement
18 for the award year.

19 (c) The purpose of the enhanced incentive for an environmental technology
20 business is to promote the growth of businesses in Vermont that both create

1 and sustain ~~high quality~~ high-quality jobs and improve the natural
2 environment.

3 § 3336. ENHANCED INCENTIVE FOR ~~WORKFORCE TRAINING~~

4 SMALL BUSINESS, START-UP BUSINESS, AND MISSION-
5 BASED BUSINESS

6 (a) ~~A business whose application is approved may elect to claim the~~
7 ~~incentive specified for an award year as an enhanced training incentive by:~~

8 ~~(1) notifying the Council of its intent to pursue an enhanced training~~
9 ~~incentive and dedicate its incentive funds to training through the Vermont~~
10 ~~Training Program; and~~

11 ~~(2) applying for a grant from the Vermont Training Program to perform~~
12 ~~training for one or more new employees who hold qualifying jobs.~~

13 ~~(b) If a business is awarded a grant for training under this section, the~~
14 ~~Agency of Commerce and Community Development shall disburse grant funds~~
15 ~~for on-the-job training of 75 percent of wages for each employee in training or~~
16 ~~75 percent of trainer expense, and the business shall be responsible for the~~
17 ~~remaining 25 percent of the applicable training costs.~~

18 ~~(c) A business that successfully completes its training shall submit a~~
19 ~~written certificate of completion to the Agency of Commerce and Community~~
20 ~~Development which shall notify the Department of Taxes.~~

1 ~~(d) Upon notification by the Agency, and if the Department determines that~~
2 ~~the business has earned the incentive for the award year, it shall:~~

3 ~~(1) disburse to the business a payment in an amount equal to 25 percent~~
4 ~~of the cost for training expenses pursuant to subsection (b) of this section;~~

5 ~~(2) disburse to the Agency of Commerce and Community Development~~
6 ~~a payment in an amount equal to 25 percent of the cost for training expenses~~
7 ~~pursuant to subsection (b) of this section; and~~

8 ~~(3) disburse the remaining value of the incentive in annual installments~~
9 ~~pursuant to section 3337 of this title.~~

10 As used in this section:

11 (1) “Mission-based business” means a business that at the time of
12 application is one of the following:

13 (A) a domestic limited liability company that has elected to be a low-
14 profit limited liability company and meets the requirements specified in
15 11 V.S.A. § 4162;

16 (B) a domestic business corporation that has elected to be a benefit
17 corporation and meets the requirements of 11A V.S.A. chapter 21; or

18 (C) a foreign business organization that has elected a form and meets
19 the applicable statutory requirements of the foreign jurisdiction that the
20 Secretary determines are substantially similar to the form and requirements for
21 a domestic low-profit limited liability company or benefit corporation.

1 (2) “Small business” means a business that at the time of application has
2 19 or fewer full-time employees in Vermont.

3 (3) “Start-up business” means a business:

4 (A) established within one year of the date of application; or

5 (B) with no full-time employees at the time of application.

6 (b) The Council shall consider and administer an application from a small
7 business, start-up business, or mission-based business pursuant to the
8 provisions of this subchapter, except that:

9 (1) the business’s potential share of new revenue growth shall be
10 90 percent; and

11 (2) to calculate qualifying payroll, the Council shall:

12 (A) determine the background growth rate in payroll for the
13 applicable business sector in the award year;

14 (B) multiply the business’s full-time payroll for the award year by
15 20 percent of the background growth rate; and

16 (C) subtract the product from the payroll performance requirement
17 for the award year.

18 (c) The purpose of the enhanced incentive for a small business, start-up
19 business, or mission-based business is to promote the growth of these
20 businesses in Vermont that create and sustain high-quality jobs.

1 § 3337. EARNING AN INCENTIVE

2 (a) Earning an incentive; installment payments.

3 (1) A business with an approved application earns the incentive
4 specified for an award year if, within the applicable time period provided in
5 this section, the business:

6 (A) maintains or exceeds its base payroll and base employment;

7 (B) meets or exceeds the payroll performance requirement specified
8 for the award year; and

9 (C) meets or exceeds the jobs performance requirement specified for
10 the award year; or the capital investment performance requirement specified
11 for the award year, or both.

12 (2) A Subject to subdivision (3) of this subsection, a business that earns
13 an incentive specified for an award year is eligible to receive an installment
14 payment for the year in which it earns the incentive and for each of the next
15 four years in which the business:

16 (A) maintains or exceeds its base payroll and base employment;

17 (B) maintains or exceeds the payroll performance requirement
18 specified for the award year; and

19 (C) if the business earns an incentive by meeting or exceeding the
20 jobs performance target specified for the award year, maintains or exceeds the
21 jobs performance requirement specified for the award year.

1 (B) during the utilization period, the business experiences:

2 (i) a 90 percent or greater reduction from base employment; or

3 (ii) if it had no jobs at the time of application, a 90 percent or
4 greater reduction from the sum of its job performance requirements; ~~or~~

5 (C) the Department determines that during the application or claims
6 process the business knowingly made a false attestation that the business:

7 (i) was not a named party to, or was in compliance with, an
8 administrative order, consent decree, or judicial order issued by the State or a
9 subdivision of the State; or

10 (ii) was in compliance with State laws and regulations; or

11 (D) the business elects to take a lump-sum payment for an incentive
12 pursuant to subdivision 3337(a)(3) of this title and during the four years
13 following the year in which it earned the incentive the business fails to:

14 (i) maintain its base payroll or base employment;

15 (ii) maintain the payroll performance requirement specified for the
16 award year; or

17 (iii) if the business earns an incentive by meeting or exceeding the
18 jobs performance target specified for the award year, maintain the jobs
19 performance requirement specified for the award year.

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1 Sec. 2. EFFECTIVE DATE

2 This act shall take effect on July 1, 2018.