

Report of Committee of Conference

S.135

TO THE SENATE AND HOUSE OF REPRESENTATIVES:

The Committee of Conference, to which were referred the disagreeing votes of the two Houses upon Senate Bill, entitled:

S.135. An act relating to promoting economic development.

Respectfully reports that it has met and considered the same and recommends that the House recede from its proposal of amendment and that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

* * * Vermont Employment Growth Incentive Program * * *

Sec. A.1. 32 V.S.A. chapter 105 is amended to read:

CHAPTER 105. VERMONT EMPLOYMENT GROWTH
INCENTIVE PROGRAM

* * *

§ 3332. APPLICATION; APPROVAL CRITERIA

(a) Application.

(1) A business may apply for an incentive in one or more years of an award period by submitting an application to the Council in the format the Council specifies for that purpose.

(2) For each award year the business applies for an incentive, the business shall:

(A) specify a payroll performance requirement;

(B) specify a jobs performance requirement or a capital investment performance requirement, or both; and

(C) provide any other information the Council requires to evaluate the application under this subchapter.

(b) Mandatory criteria. The Council shall not approve an application unless it finds:

(1) Except as otherwise provided for an enhanced incentive for a business in a qualifying labor market area under section 3334 of this title, the new revenue the proposed activity ~~generates~~ would generate to the State ~~exceeds~~ would exceed the costs of the activity to the State.

(2) The host municipality welcomes the new business.

(3) ~~The~~ Pursuant to a self-certification or other documentation the Council requires by rule or procedure, the business attests to the best of its knowledge:

(A) the business is not a named party to an administrative order, consent decree, or judicial order issued by the State or a subdivision of the State, or if a named party, that the business is in compliance with the terms of such an order or decree;

(B) the business complies with applicable State laws and regulations; and

(C) the proposed economic activity ~~conforms~~ would conform to applicable town and regional plans and with applicable State laws and regulations.

(4) If the business proposes to expand within a limited local market, an incentive would not give the business an unfair competitive advantage over other Vermont businesses in the same or similar line of business and in the same limited local market.

(5) But for the incentive, the proposed economic activity:

(A) would not occur; or

(B) would occur in a significantly different manner that is significantly less desirable to the State.

* * *

§ 3334. ENHANCED INCENTIVE FOR A BUSINESS IN A QUALIFYING
LABOR MARKET AREA

(a) The Council may increase the value of an incentive for a business that is located in a labor market area in which:

(1) the average annual unemployment rate is greater than the average annual unemployment rate for the State; or

(2) the average annual wage is less than the average annual wage for the State.

(b) In each calendar year, the amount by which the Council may increase the value of all incentives pursuant to this section is:

- (1) \$1,500,000.00 for one or more initial approvals; and
- (2) \$1,000,000.00 for one or more final approvals.

(c) The Council may increase the cap imposed in subdivision (b)(2) of this section by not more than \$500,000.00 upon application by the Governor to, and approval of, the Joint Fiscal Committee.

(d) In evaluating the Governor's request, the Committee shall consider the economic and fiscal condition of the State, including recent revenue forecasts and budget projections.

(e) The Council shall provide the Committee with testimony, documentation, company-specific data, and any other information the Committee requests to demonstrate that increasing the cap will create an opportunity for return on investment to the State.

(f) The purpose of the enhanced incentive for a business in a qualifying labor market area is to increase job growth in economically disadvantaged regions of the State, as provided in subsection (a) of this section.

§ 3335. ENHANCED INCENTIVE FOR ENVIRONMENTAL
TECHNOLOGY BUSINESS

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

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

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

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

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

(C) energy efficiency or conservation;

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

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

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

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

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

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

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

(c) The purpose of the enhanced incentive for an environmental technology business is to promote the growth of businesses in Vermont that both create and sustain high quality jobs and improve the natural environment.

* * *

§ 3338. CLAIMING AN INCENTIVE; ANNUAL FILING WITH
DEPARTMENT OF TAXES

(a) On or before April 30 following each year of the utilization period, a business with an approved application shall submit an incentive claim to the Department of Taxes.

(b) A business shall include:

(1) the information the Department requires, including the information required in section 5842 of this title and other documentation concerning

payroll, jobs, and capital investment necessary to determine whether the business earned the incentive specified for an award year and any installment payment for which the business is eligible; and

(2) a self-certification or other documentation the Department requires by rule or procedure, by which the business attests to the best of its knowledge that:

(A) the business is not a named party to an administrative order, consent decree, or judicial order issued by the State or a subdivision of the State, or if a named party, that the business is in compliance with the terms of such an order or decree; and

(B) the business complies with applicable State laws and regulations.

(c) The Department may consider an incomplete claim to be timely filed if the business files a complete claim within the additional time allowed by the Department in its discretion.

(d) Upon finalizing its review of a complete claim, the Department shall:

(1) notify the business and the Council whether the business is entitled to an installment payment for the applicable year; and

(2) make an installment payment to which the business is entitled.

(e) The Department shall not pay interest on any amounts it holds or pays for an incentive or installment payment pursuant to this subchapter.

§ 3339. RECAPTURE; REDUCTION; REPAYMENT

(a) Recapture.

(1) The Department of Taxes may recapture the value of one or more installment payments a business has claimed, with interest, if:

(A) the business fails to file a claim as required in section 3338 of this title; or

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

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

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

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

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

(ii) was in compliance with State laws and regulations.

(2) If the Department determines that a business is subject to recapture under subdivision (1) of this subsection, the business becomes ineligible to earn or claim an additional incentive or installment payment for the remainder of the utilization period.

(3) Notwithstanding any other statute of limitations, the Department may commence a proceeding to recapture amounts under subdivision (1) of this subsection as follows:

(A) under subdivision (1)(A) of this subsection, no later than three years from the last day of the utilization period; and

(B) under subdivision (1)(B) of this subsection, no later than three years from date the business experiences the reduction from base employment, or three years from the last day of the utilization period, whichever occurs first.

(b) Reduction; recapture. If a business fails to make capital investments that equal or exceed the sum of its capital investment performance requirements by the end of the award period:

(1) The Department shall:

(A) calculate a reduced incentive by multiplying the combined value of the business's award period incentives by the same proportion that the business's total actual capital investments bear to the sum of its capital investment performance requirements; and

(B) reduce the value of any remaining installment payments for which the business is eligible by the same proportion.

(2) If the value of the installment payments the business has already received exceeds the value of the reduced incentive, then:

(A) the business becomes ineligible to claim any additional installment payments for the award period; and

(B) the Department shall recapture the amount by which the value of the installment payments the business has already received exceeds the value of the reduced incentive.

(c) Tax liability.

(1) A person who has the duty and authority to remit taxes under this title shall be personally liable for an installment payment that is subject to recapture under this section.

(2) For purposes of this section, the Department of Taxes may use any enforcement or collection action available for taxes owed pursuant to chapter 151 of this title.

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* * * VEGI; Confidentiality * * *

Sec. A.2. 32 V.S.A. § 3102 is amended to read:

§ 3102. CONFIDENTIALITY OF TAX RECORDS

(a) No present or former officer, employee, or agent of the Department of Taxes shall disclose any return or return information to any person who is not an officer, employee, or agent of the Department of Taxes except in accordance with the provisions of this section. A person who violates this section shall be fined not more than \$1,000.00 or imprisoned for not more than

one year, or both; and if the offender is an officer or employee of this State, he or she shall, in addition, be dismissed from office and be incapable of holding any public office for a period of five years thereafter.

* * *

(d) The Commissioner shall disclose a return or return information:

* * *

(5) to the Attorney General, if such return or return information relates to chapter 205 of this title or 33 V.S.A. chapter 19, subchapters 1A and 1B, for purposes of investigating potential violations of and enforcing 7 V.S.A. chapter 40, 20 V.S.A. chapter 173, subchapter 2A, and 33 V.S.A. chapter 19, subchapters 1A and 1B;

(6) to the Vermont Economic Progress Council, provided that the disclosure relates to a successful business applicant under chapter 105, subchapter 2 of this title and the incentive it has claimed is reasonably necessary for the Council to perform its duties under that subchapter.

(e) The Commissioner may, in his or her discretion and subject to such conditions and requirements as he or she may provide, including any confidentiality requirements of the Internal Revenue Service, disclose a return or return information:

* * *

(11) To the Joint Fiscal Office or its agent, provided that the disclosure relates to a successful business applicant under chapter 105, subchapter 2 of this title and the incentive it has claimed and is reasonably necessary for the Joint Fiscal Office or its agent to perform the duties authorized by the Joint Fiscal Committee or a standing committee of the General Assembly under that subchapter; to the Auditor of Accounts for the performance of duties under section 163 of this title; and to the Department of Economic Development for the purposes of subsection 5922(f) of this title; ~~and to the Vermont Economic Progress Council, provided that the disclosure relates to a successful business applicant under chapter 105, subchapter 2 of this title and the incentive it has claimed and is reasonably necessary for the Council to perform its duties under that subchapter.~~

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Sec. A.3. VERMONT EMPLOYMENT GROWTH INCENTIVE; WAGE
REPORTING; RECOMMENDATION

On or before January 15, 2018, the Agency of Commerce and Community Development, in collaboration with the Department of Labor, shall submit to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs a report concerning the Vermont Employment Growth Incentive Program specifying means by which the Vermont Economic Progress Council can

report aggregate information on the wages and benefits for jobs created through the Program.

* * * Rural Economic Development Infrastructure Districts * * *

Sec. B.1. 24 V.S.A. chapter 138 is added to read:

CHAPTER 138. RURAL ECONOMIC DEVELOPMENT

INFRASTRUCTURE DISTRICTS

§ 5701. PURPOSE

The purpose of this chapter is to enable formation of special municipal districts to finance, own, and maintain infrastructure that provides economic development opportunities in rural and underresourced areas of the State, including areas within one or more municipalities. Specifically, this chapter provides mechanisms for public and private partnerships, including opportunities for tax-incentivized financing and voluntary citizen engagement, to help overcome density and economic hardship.

§ 5702. ESTABLISHMENT; GENERAL PROVISIONS

(a) Establishment. Upon written application by 20 or more voters within a proposed district or upon its own motion, the legislative body of a municipality may establish a rural economic development infrastructure district. The application shall describe the infrastructure to be built or acquired; the plan for financing its acquisition; the anticipated economic benefit; the source of revenues for loan, bond, or lease payments; and plans for retention and

disbursement of excess revenues, if any. The application also shall clearly state that the proposed district shall not have authority to levy taxes upon the grand list and may not levy service charges or fees upon any underlying municipality except for services used by such municipality, its own officers, and employees in the operation of municipal functions. Notice of establishment of a district shall be recorded as provided in subsection (e) of this section, posted in at least three public places within the municipality for at least 30 days, and published in a newspaper of general circulation within the municipality not more than 10 days from the date of establishment by the legislative body. Following 40 days from the later of the date of establishment by the legislative body of the municipality or an affirmative vote under subdivision (d)(1) or (2) of this section, the district shall be deemed to be a body politic and corporate, capable of exercising those powers and prerogatives explicitly granted by the legislative body of the municipality in accordance with this chapter and the district's establishment application.

(b) Districts involving more than one municipality. Where the limits of a proposed district include two or more municipalities, or portions of two or more municipalities, the application required by this section shall be made to and considered by the legislative body of each such municipality.

(c) Alteration of district limits. The legislative body of a municipality in which a district is located may alter the limits of a district upon application to

the governing board of the district, provided the governing board gives prior written consent. A district expansion need not involve contiguous property. Notice of an alteration of the limits of a district shall be recorded as provided in subsection (e) of this section, posted in at least three public places within the municipality for at least 30 days, and published in a newspaper of general circulation within the municipality not more than 10 days from the date of the legislative body's decision to alter the limits of a district.

(d)(1) Contestability. If a petition signed by five percent of the voters of the municipality objecting to the proposed establishment or alteration of limits of a district is presented to the municipal clerk within 30 days of the date of posting and publication of the notice required by subsection (a) or (c) of this section, as applicable, the legislative body of the municipality shall cause the question of whether the municipality shall establish or alter the limits of the district to be considered at a meeting called for that purpose. The district shall be established in accordance with the application or the limits altered unless a majority of the voters of the municipality present and voting votes to disapprove such establishment or alteration of limits.

(2) If a petition signed by five percent of the voters of the municipality objecting to a legislative body's decision denying the establishment or the alteration of limits of a district is presented to the municipal clerk within 30 days of the legislative body's decision, the legislative body shall cause the

question of whether the municipality shall establish or alter the limits of the district to be considered at an annual or special meeting called for that purpose.

(e) Recording. A record of the establishment of a district and any alteration of district limits made by a legislative body shall be filed with the clerk of each municipality in which the district is located, and shall be recorded with the Secretary of State.

§ 5703. LIMITATIONS; TAXES; INDEBTEDNESS; EMINENT DOMAIN

Notwithstanding any grant of authority in this chapter to the contrary:

(1) A district shall not accept funds generated by the taxing or assessment power of any municipality in which it is located.

(2) A district shall not have the power to levy, assess, apportion, or collect any tax upon property within the district, nor upon any of its underlying municipalities, without specific authorization of the General Assembly.

(3) All obligations of the district, including financing leases, shall be secured by and payable only out of the assets of or revenues or monies in the district, including revenue generated by an enterprise owned or operated by the district.

(4) A district shall not have powers of eminent domain.

§ 5704. GOVERNING BOARD; COMPOSITION; MEETINGS; REPORT

(a) Governing board. The legislative power and authority of a district and the administration and the general supervision of all fiscal, prudential, and

governmental affairs of a district shall be vested in a governing board, except as otherwise specifically provided in this chapter.

(b) Composition. The first governing board of the district shall consist of four to eight members appointed in equal numbers by the legislative bodies of the underlying municipalities. It shall draft the district's bylaws specifying the size, composition, quorum requirements, and manner of appointing members to the permanent governing board. The bylaws shall require that a majority of the board shall be appointed annually by the legislative bodies of the underlying municipalities. Board members shall serve staggered, three-year terms, and shall be eligible to serve successive terms. The legislative bodies of the municipalities in which the district is located shall fill board vacancies, and may remove board members at will. Any bylaws developed by the governing board under this subsection shall be submitted for approval to the legislative bodies of the municipalities within the district and shall be considered duly adopted 45 days from the date of submission, provided none of the legislative bodies disapprove of the bylaws.

(c) First meeting. The first meeting of the district shall be called upon 30 days' posted and published notice by a presiding officer of a legislative body in which the district is located. Voters within a municipality in which the district is located are eligible to vote at annual and special district meetings. At the first meeting of the district, and at each subsequent annual meeting, there

shall be elected from among board members a chair, vice chair, clerk, and treasurer who shall assume their respective offices upon election. At the first meeting, the fiscal year of the district shall be established and rules of parliamentary procedure shall be adopted. Prior to assuming their offices, officers may be required to post bond in such amounts as determined by resolution of the board. The cost of such bond shall be borne by the district.

(d) Annual and special meetings. Unless otherwise established by the voters, the annual district meeting shall be held on the second Monday in January and shall be warned by the clerk or, in the clerk's absence or neglect, by a member of the board. Special meetings shall be warned in the same manner on application in writing by five percent of the voters of the district. A warning for a district meeting shall state the business to be transacted. The time and place of holding the meeting shall be posted in two or more public places in the district not more than 40 days nor less than 30 days before the meeting and recorded in the office of the clerk before the same is posted.

(e) Annual report. The district shall report annually to the legislative bodies and the citizens of the municipalities in which the district is located on the results of its activities in support of economic growth, job creation, improved community efficiency, and any other benefits incident to its activities.

§ 5705. OFFICERS

(a) Generally. The district shall elect at its first meeting and at each annual meeting thereafter a chair, vice chair, clerk, and treasurer, who shall hold office until the next annual meeting and until others are elected. The board may fill a vacancy in any office.

(b) Chair. The chair shall preside at all meetings of the board and make and sign all contracts on behalf of the district upon approval by the board. The chair shall perform all duties incident to the position and office as required by the general laws of the State.

(c) Vice chair. During the absence of or inability of the chair to render or perform his or her duties or exercise his or her powers, the same shall be performed and exercised by the vice chair and when so acting, the vice chair shall have all the powers and be subject to all the responsibilities given to or imposed upon the chair. During the absence or inability of the vice chair to render or perform his or her duties or exercise his or her powers, the board shall elect from among its members an acting vice chair who shall have the powers and be subject to all the responsibilities given or imposed upon the vice chair.

(d) Clerk. The clerk shall keep a record of the meetings, votes, and proceedings of the district for the inspection of its inhabitants.

(e) Treasurer. The treasurer of the district shall be appointed by the board, and shall serve at its pleasure. The treasurer shall have the exclusive charge and custody of the funds of the district and shall be the disbursing officer of the district. When warrants are authorized by the board, the treasurer may sign, make, or endorse in the name of the district all checks and orders for the payment of money and pay out and disburse the same and receipt therefor. The treasurer shall keep a record of every obligation issued and contract entered into by the district and of every payment made. The treasurer shall keep correct books of account of all the business and transactions of the district and such other books and accounts as the board may require. The treasurer shall render a statement of the condition of the finances of the district at each regular meeting of the board and at such other times as required of the treasurer. The treasurer shall prepare the annual financial statement and the budget of the district for distribution, upon approval of the board, to the legislative bodies of district members. Upon the treasurer's termination from office by virtue of removal or resignation, the treasurer shall immediately pay over to his or her successor all of the funds belonging to the district and at the same time deliver to the successor all official books and papers.

§ 5706. AUDIT

Once the district becomes operational, the board shall cause an audit of the financial condition of the district to be performed annually by an independent

professional accounting firm. The results of the audit shall be provided to the governing board and to the legislative bodies of the municipalities in which the district is located.

§ 5707. COMMITTEES

The board has authority to establish one or more committees and grant and delegate to them such powers as it deems necessary. Members of an executive committee shall serve staggered terms and shall be board members.

Membership on other committees established by the board is not restricted to board members.

§ 5708. DISTRICT POWERS

A district created under this chapter has the power to:

(1) exercise independently and in concert with other municipalities any other powers which are necessary or desirable for the installation, ownership, operation, maintenance, and disposition of infrastructure promoting economic development in rural areas and matters of mutual concern and that are exercised or are capable of exercise by any of its members;

(2) enter into municipal financing agreements as provided by sections 1789 and 1821–1828 of this title, or other provisions authorizing the pledge of district assets or net revenue, or alternative means of financing capital improvements and operations;

(3) purchase, sell, lease, own, acquire, convey, mortgage, improve, and use real and personal property in connection with its purpose;

(4) enter into contracts for any term or duration;

(5) operate, cause to be operated, or contract for the construction, ownership, management, financing, and operation of an enterprise which a municipal corporation is authorized by law to undertake;

(6) hire employees and fix the compensation and terms of employment;

(7) contract with individuals, corporations, associations, authorities, and agencies for services and property, including the assumption of the liabilities and assets thereof, provided that no assumed liability shall be a general obligation of a municipality in which the district is located;

(8) contract with the State of Vermont, the United States of America, or any subdivision or agency thereof for services, assistance, and joint ventures;

(9) contract with any municipality for the services of any officers or employees of that municipality useful to it;

(10) promote cooperative arrangements and coordinated action among its members and other public and private entities;

(11) make recommendations for review and action to its members and other public agencies that perform functions within the region in which its members are located;

(12) sue and be sued; provided, however, that the property and assets of the district, other than such property as may be pledged as security for a district obligation, shall not be subject to levy, execution, or attachment;

(13) appropriate and expend monies; provided, however, that no appropriation shall be funded or made in reliance upon any taxing authority of the district;

(14) establish sinking and reserve funds for retiring and securing its obligations;

(15) establish capital reserve funds and make deposits in them;

(16) solicit, accept, and administer gifts, grants, and bequests in trust or otherwise for its purpose;

(17) enter into an interstate compact consistent with the purposes of this chapter, subject to the approval of the Vermont General Assembly and the U. S. Congress;

(18) develop a public sewer or water project, provided the legislative body and the planning commission for the municipality in which the sewer or water project is proposed to be located confirm in writing that such project conforms with any duly adopted municipal plan, and the regional planning commission confirms in writing that such project conforms with the duly adopted regional plan;

(19) exercise all powers incident to a public corporation, but only to the extent permitted in this chapter;

(20) adopt a name under which it shall be known and shall conduct business; and

(21) make, establish, alter, amend, or repeal ordinances, regulations, and bylaws relating to matters contained in this chapter and not inconsistent with law.

§ 5709. DISSOLUTION

(a) If the board by resolution approved by a two-thirds vote determines that it is in the best interests of the public, the district members, and the district that such district be dissolved, and if the district then has no outstanding obligations under pledges of district assets or revenue, long-term contracts, or contracts subject to annual appropriation, or will have no such debt or obligation upon completion of the plan of dissolution, it shall prepare a plan of dissolution and thereafter adopt a resolution directing that the question of such dissolution and the plan of dissolution be submitted to the voters of the district at a special meeting thereof duly warned for such purpose. If a majority of the voters of the district present and voting at such special meeting shall vote to dissolve the district and approve the plan of dissolution, the district shall cease to conduct its affairs except insofar as may be necessary for the winding up of them. The board shall immediately cause a notice of the proposed dissolution

to be mailed to each known creditor of the district and to the Secretary of State and shall proceed to collect the assets of the district and apply and distribute them in accordance with the plan of dissolution.

(b) The plan of dissolution shall:

(1) identify and value all unencumbered assets;

(2) identify and value all encumbered assets;

(3) identify all creditors and the nature or amount of all liabilities and obligations;

(4) identify all obligations under long-term contracts and contracts subject to annual appropriation;

(5) specify the means by which assets of the district shall be liquidated and all liabilities and obligations paid and discharged, or adequate provision made for the satisfaction of them;

(6) specify the means by which any assets remaining after discharge of all liabilities shall be liquidated if necessary; and

(7) specify that any assets remaining after payment of all liabilities shall be apportioned and distributed among the district members according to a formula based upon population.

(c) When the plan of dissolution has been implemented, the board shall adopt a resolution certifying that fact to the district members whereupon the district shall be terminated, and notice thereof shall be delivered to the

Secretary of the Senate and the Clerk of the House of Representatives in anticipation of confirmation of dissolution by the General Assembly.

* * * Public Retirement * * *

Sec. C.1. THE GREEN MOUNTAIN SECURE RETIREMENT PLAN

(a) The State of Vermont shall, consistent with federal law and regulation, adopt and implement a voluntary Multiple Employer Plan (MEP) public retirement plan, which shall remain in compliance with federal law and regulations once implemented, and shall be called the “Green Mountain Secure Retirement Plan.”

(b) The Plan shall be designed and implemented based upon the following guiding principles:

(1) Simplicity: the Plan should be easy for participants to understand.

(2) Affordability: the Plan should be administered to maximize cost effectiveness and efficiency.

(3) Ease of access: the Plan should be easy to join.

(4) Trustworthy oversight: the Plan should be administered by an organization with unimpeachable credentials.

(5) Protection from exploitation: the Plan should protect its participants, particularly the elderly, from unscrupulous business practices and individuals.

(6) Portability: the Plan should not depend upon employment with a specific firm or organization.

(7) Choice: the Plan should provide sufficient investment alternatives to be suitable for individuals with distinct goals, but not too many options to induce analysis paralysis.

(8) Voluntary: the Plan should not be mandatory but autoenrollment should be used to increase participation.

(9) Financial education and financial literacy: the Plan should assist the individual in understanding his or her financial situation.

(10) Sufficient savings: the Plan should encourage adequate savings in retirement combined with existing pension savings and Social Security.

(11) Additive not duplicative: the Plan should not compete with existing private sector solutions.

(12) Use of pretax dollars: contributions to the Plan should be made using pretax dollars.

(c) The Plan shall:

(1) be available on a voluntary basis to:

(A) employers:

(i) with 50 employees or fewer; and

(ii) that do not currently offer a retirement plan to their

employees; and

(B) self-employed individuals:

(2) automatically enroll all employees of employers that choose to participate in the MEP;

(3) allow employees the option of withdrawing their enrollment and ending their participation in the MEP;

(4) be funded by employee contributions with an option for future voluntary employer contributions; and

(5) be overseen by a board:

(A) that shall:

(i) set program terms;

(ii) prepare and design plan documents; and

(iii) be authorized to appoint an administrator to assist in the selection of investments, managers, custodians, and other support services; and

(B) that shall be composed of seven members as follows:

(i) an individual with investment experience, to be appointed by the Governor;

(ii) an individual with private sector retirement plan experience, to be appointed by the Governor;

(iii) an individual with investment experience, to be appointed by the State Treasurer;

(iv) an individual who is an employee or retiree, to be appointed by the State Treasurer;

(v) an individual who is an employee advocate or consumer advocate, to be appointed by the Speaker of the House;

(vi) an individual who is an employer with 50 employees or fewer and who does not offer a retirement plan to his or her employees, to be appointed by the Committee on Committees; and

(vii) the State Treasurer, who shall serve as chair.

(C) that shall, on or before January 15, 2020 and every year thereafter, report to the House and Senate Committees on Government Operations concerning the Green Mountain Secure Retirement Plan, including:

(i) the number of employers and self-employed individuals participating in the plan;

(ii) the total number of individuals participating in the plan;

(iii) the number of employers and self-employed individuals who are eligible to participate in the plan but who do not participate;

(iv) the number of employers and self-employed individuals, and the number of employees of participating employers, who have ended their participation during the preceding 12 months;

(v) the total amount of funds contributed to the Plan during the preceding 12 months;

(vi) the total amount of funds withdrawn from the Plan during the preceding 12 months;

(vii) the total funds or assets under management by the Plan;

(viii) the average return during the preceding 12 months;

(ix) the costs of administering the Plan;

(x) the Board’s assessment concerning whether the Plan is sustainable and viable;

(xi) once the marketplace is established:

(I) the number of individuals participating;

(II) the number and nature of plans offered; and

(III) the Board’s process and criteria for vetting plans; and

(xii) any other information the Board considers relevant, or that the Committee requests.

(D) for attendance at meetings, members of the Board who are not employees of the State of Vermont, and who are not otherwise compensated by their employer or other organization, shall be reimbursed at the per diem rate set in 32 V.S.A. § 1010 and shall be reimbursed for mileage and travel expenses.

(d) The State of Vermont shall implement the “Green Mountain Secure Retirement Plan” on or before January 15, 2019, based on the

recommendations of the Public Retirement Plan Study Committee as set forth in 2016 Acts and Resolves No. 157, Sec. F.1.

Sec. C.2. 2016 Acts and Resolves No. 157, Sec. F.1 is amended to read:

Sec. F.1. INTERIM STUDY ON THE FEASIBILITY OF
ESTABLISHING A PUBLIC RETIREMENT PLAN

(a) Creation of Committee.

(1) There is created ~~a~~ the Public Retirement Plan Study Committee to evaluate the feasibility of establishing a public retirement plan.

(2) It is the intent of the General Assembly that the Committee continue the work of the Public Retirement Plan Study Committee created in 2014 Acts and Resolves No. 179, Sec. C.108, as amended by 2015 Acts and Resolves No. 58, Sec. C.100, which ceased to exist on January 15, 2016, and to develop specific recommendations concerning the design, creation, and implementation of the Multiple Employer Plan (MEP), pursuant to Sec. C.1 of S.135 (2017) as enacted and as set forth in the January 6, 2017 report issued by the Committee.

(b) Membership.

(1) The Public Retirement Plan Study Committee shall be composed of eight members as follows:

- (A) the State Treasurer or designee;
- (B) the Commissioner of Labor or designee;

(C) the Commissioner of Disabilities, Aging, and Independent Living or designee;

(D) an individual with private sector experience in the area of providing retirement products and financial services to small businesses, to be appointed by the Speaker;

(E) an individual with experience or expertise in the area of the financial needs of an aging population, to be appointed by the Committee on Committees;

(F) an individual with experience or expertise in the area of the financial needs of Vermont youth or young working adults, to be appointed by the Treasurer;

(G) a representative of employers, to be appointed by the Speaker; and

(H) a representative of employees who currently lack access to employer-sponsored retirement plans, to be appointed by the Committee on Committees.

(2) Unless another appointee is specified pursuant to the authority granted under subdivision (1) of this subsection, the members of the Public Retirement Plan Study Committee created in 2014 Acts and Resolves No. 179, Sec. C.108, as amended by 2015 Acts and Resolves No. 58, Sec. C.100, which

ceased to exist on January 15, 2016, shall serve as the members of the Committee created pursuant to this section.

(c) Powers and duties.

(1)(A) The Committee shall ~~study the feasibility of establishing a~~ develop specific recommendations concerning the design, creation, and implementation time line of the Multiple Employer Plan (MEP) public retirement plan, including the following pursuant to Sec. C.1 of S.135 (2017) as enacted, which shall:

(i) ~~the access Vermont residents currently have to employer-sponsored retirement plans and the types of employer-sponsored retirement plans;~~

(ii) ~~data and estimates on the amount of savings and resources Vermont residents will need for a financially secure retirement;~~

(iii) ~~data and estimates on the actual amount of savings and resources Vermont residents will have for retirement, and whether those savings and resources will be sufficient for a financially secure retirement;~~

(iv) ~~current incentives to encourage retirement savings, and the effectiveness of those incentives;~~

(v) ~~whether other states have created a public retirement plan and the experience of those states;~~

~~(vi) whether there is a need for a public retirement plan
in Vermont;~~

~~(vii) whether a public retirement plan would be feasible and
effective in providing for a financially secure retirement for Vermont residents;~~

~~(viii) other programs or incentives the State could pursue in
combination with a public retirement plan, or instead of such a plan, in order to
encourage residents to save and prepare for retirement; and be available on a
voluntary basis to:~~

(I) employers:

(aa) with 50 employees or fewer; and

(bb) that do not currently offer a retirement plan to their
employees; and

(II) self-employed individuals;

(ii) automatically enroll all employees of employers that choose to
participate in the MEP;

(iii) allow employees the option of withdrawing their enrollment
and ending their participation in the MEP;

(iv) be funded by employee contributions with an option for future
voluntary employer contributions; and

(v) be overseen by a board that shall:

(I) set programs terms;

(II) prepare and design plan documents; and

(III) be authorized to appoint an administrator to assist in the selection of investments, managers, custodians, and other support services.

~~(B) if the Committee determines that a public retirement plan is necessary, feasible, and effective, the Committee shall study:~~

~~(i) potential models for the structure, management, organization, administration, and funding of such a plan;~~

~~(ii) how to ensure that the plan is available to private sector employees who are not covered by an alternative retirement plan;~~

~~(iii) how to build enrollment to a level where enrollee costs can be lowered;~~

~~(iv) whether such a plan should impose any obligation or liability upon private sector employers;~~ The Committee, and thereafter the board that will oversee the MEP, shall study and make specific recommendations concerning:

(i) options to provide access to retirement plans to individuals who are not eligible to participate in, or choose not to participate in, the MEP public retirement plan, including alternative plans and options vetted by the board that shall oversee the MEP, and which private sector plans and options shall be provided through a marketplace implemented no earlier than one year after the MEP begins;

(ii) options for paying for the costs of administering the MEP for the period during which program costs may exceed revenues, including allowing financial service providers to subsidize costs in exchange for longer term contracts;

(iii) if after three years there remain significant numbers of Vermonters who are not covered by a retirement plan, methods to increase participation in the MEP; and

(iv) any other issue the Committee deems relevant.

(2) The Committee shall:

(A) continue monitoring U.S. Department of Labor guidance concerning State Savings Programs for Non-Governmental Employees regarding ERISA rules and other pertinent areas of analysis;

(B) further analyze the relationship between the role of states and the federal government; and

(C) continue its collaboration with educational institutions, other states, and national stakeholders.

(3) The Committee shall have the assistance of the staff of the Office of the Treasurer, the Department of Labor, and the Department of Disabilities, Aging, and Independent Living.

(d) Report. On or before January 15, 2018, the Committee shall report to the General Assembly its findings and ~~any~~ recommendations ~~for legislative~~

~~action.~~ In its report, the Committee shall state its findings as to every factor set forth in ~~subdivision~~ subdivisions (c)(1)(A) ~~of this section, whether it recommends that a public retirement plan be created, and the reasons for that recommendation.~~ ~~If the Committee recommends that a public retirement plan be created, the Committee's report shall include specific recommendations as to the factors listed in subdivision~~ and (c)(1)(B) of this section.

(e) Meetings; term of Committee; Chair. The Committee may meet as frequently as necessary to perform its work and shall cease to exist on January 15, 2018. The State Treasurer shall serve as Chair of the Committee and shall call the first meeting.

(f) Reimbursement. For attendance at meetings, members of the Committee who are not employees of the State of Vermont shall be reimbursed at the per diem rate set in 32 V.S.A. § 1010 and shall be reimbursed for mileage and travel expenses.

* * * Workers' Compensation; VOSHA * * *

Sec. D.1. 21 V.S.A. § 210 is amended to read:

§ 210. PENALTIES

(a) Upon issuance of a citation under this chapter, the Review Board is authorized to assess civil penalties for grounds provided in this subsection. In assessing civil penalties, the Review Board shall follow to the degree practicable the federal procedures prescribed in rules ~~promulgated~~ adopted

under the Act. The Review Board shall give due consideration to the appropriateness of the penalty with respect to the size of the business or operation of the employer being assessed, the gravity of the violation, the good faith of the employer, and the history of previous violations. Civil penalties shall be paid to the Commissioner for deposit with the State Treasurer, and may be recovered in a civil action in the name of the State of Vermont brought in any court of competent jurisdiction. The Commissioner shall not reduce the assessed penalties in any fiscal year by more than 50 percent.

(1) Any employer ~~who~~ that willfully or repeatedly violates the requirements of this Code or any standard; or rule adopted, or order ~~promulgated~~ issued pursuant to this Code ~~or regulations prescribed pursuant to this Code~~ may be assessed a civil penalty of not more than ~~\$70,000.00~~ \$126,749.00 for each violation, but not less than \$5,000.00 for each willful violation.

(2) Any employer ~~who~~ that has received a citation for a serious violation of the requirements of this Code, or any standard; or rule adopted, or order ~~promulgated~~ issued pursuant to this Code, ~~or of any regulations prescribed pursuant to this Code~~, shall be assessed a civil penalty of up to ~~\$7,000.00~~ \$12,675.00 for each violation.

(3) Any employer ~~who~~ that has received a citation for a violation of the requirements of this Code, or any standard; or rule adopted, or order

~~promulgated~~ issued pursuant to this Code ~~or of regulations prescribed pursuant to this Code, and such violation~~ if the violation is specifically determined not to be of a serious nature, may be assessed a civil penalty of up to ~~\$7,000.00~~ \$12,675.00 for each such violation.

(4) Any employer ~~who~~ that fails to correct a violation for which a citation has been issued within the period permitted for its correction, which period shall not begin to run until the date of the final order of the Review Board, in the case of any review proceeding under section 226 of this title initiated by the employer in good faith and not solely for delay or avoidance of penalties, may be assessed a civil penalty of not more than ~~\$7,000.00~~ \$12,675.00 for each day during which the failure or violation continues.

(5) Any employer ~~who~~ that willfully violates any standard, ~~or rule adopted,~~ or order ~~promulgated~~ issued pursuant to this Code, and that violation caused death to any employee, shall, upon conviction, be punished by a fine of not more than ~~\$20,000.00~~ \$126,749.00 or by imprisonment for not more than one year, or by both.

* * *

(8) Any employer ~~who~~ that violates any of the posting requirements, as prescribed under the provisions of this Code, shall be assessed a civil penalty of up to ~~\$7,000.00~~ \$12,675.00 for each violation.

(9)(A) As provided under the federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 and the Act, the penalties provided in subdivisions (1), (2), (3), (4), (5), and (8) of this subsection shall annually, on January 1, be adjusted to reflect the increase in the Consumer Price Index, CPI-U, U.S. City Average, not seasonally adjusted, as calculated by the U.S. Department of Labor or successor agency for the 12 months preceding the previous December 1.

(B) The Commissioner shall calculate and publish the adjustment to the penalties on or before January 1 of each year, and the penalties shall apply to fines imposed on or after that date.

* * *

Sec. D.2. 21 V.S.A. § 711 is amended to read:

§ 711. WORKERS' COMPENSATION ADMINISTRATION FUND

(a) A Workers' Compensation Administration Fund is created pursuant to 32 V.S.A. chapter 7, subchapter 5 to be expended by the Commissioner for the administration of the workers' compensation and occupational disease programs. The Fund shall consist of contributions from employers made at a rate of ~~4.75~~ 1.4 percent of the direct calendar year premium for workers' compensation insurance, one percent of self-insured workers' compensation losses, and one percent of workers' compensation losses of corporations approved under this chapter. Disbursements from the Fund shall be on

warrants drawn by the Commissioner of Finance and Management in anticipation of receipts authorized by this section.

* * *

* * * Workforce Development; Career Technical Education * * *

Sec. E.1. STATE WORKFORCE DEVELOPMENT SYSTEM; REPORT

(a) Under 10 V.S.A. § 540, as the leader of workforce education and training in the State of Vermont, the Commissioner of Labor, in collaboration with the State Workforce Development Board, has the duty to:

(1) advise the Governor on the establishment of an integrated system of workforce education and training for Vermont;

(2) create and maintain an inventory of all existing workforce education and training programs and activities in the State;

(3) use data to ensure that State workforce education and training activities are aligned with the needs of the available workforce, the current and future job opportunities in the State, and the specific credentials needed to achieve employment in those jobs;

(4) develop a State plan, as required by federal law, to ensure that workforce education and training programs and activities in the State serve Vermont citizens and businesses to the maximum extent possible;

(5) ensure coordination and nonduplication of workforce education and training activities;

(6) identify best practices and gaps in the delivery of workforce education and training programs;

(7) design and implement criteria and performance measures for workforce education and training activities; and

(8) establish goals for the integrated workforce education and training system.

(b) Consistent with these duties, the Commissioner of Labor and the State Workforce Development shall convene a working group on State workforce development composed of the following:

(1) the Commissioner of Labor or Deputy;

(2) a subgroup of at least seven members of the State Workforce Development Board who are appointed by the Board, and who shall serve in addition to the Commissioner and the Secretaries specified in this subsection, or their deputies if applicable, and shall include:

(A) the Chair of the State Workforce Development Board, who shall serve as the Chair of the working group; and

(B) at least one member who represents the interests of organized labor and employees;

(3) the Secretary of Commerce and Community Development or Deputy;

(4) the Secretary of Education or Deputy.

(5) the Secretary of Human Services or Deputy;

(6) a member of the Vermont Senate who is a member of the State Workforce Development Board, designated by the Senate Committee on Committees; and

(7) a member of the Vermont House of Representatives who is a member of the State Workforce Development Board, designated by the Speaker of the House.

(c) The working group, in collaboration with relevant State agencies, stakeholders, and workforce education and training providers, shall:

(1) assess Vermont's current workforce education, development, and training program and resource allocations;

(2) identify efficiencies and delivery models that more effectively allocate, reallocate, redirect, and deploy these resources to more dynamically serve the needs of Vermonters and Vermont employers; and

(3) design two or more options, at least one of which is not primarily based upon restructuring State agencies and departments, for a State workforce development system that:

(A) aligns State efforts to train, employ, and improve the wages of Vermont's workforce and ensure collaboration and sustainable interagency partnerships within government;

(B) coordinates within and across State government a comprehensive workforce development strategy that grows the workforce, recruits new workers to the State, and meets employers' workforce needs;

(C) aligns to the needs of employers and current or prospective employees through systematic and ongoing engagement and partnership;

(D) serves two customers with equal energy: the current or prospective employee and the employer;

(E) is engaged at the State and local levels with employers on an ongoing basis to ensure alignment with the workforce needs of employers; and

(F) expands access and accelerate Career and Technical Education to Vermont students in grades 9–12 and to Vermont adults.

(d)(1) The working group shall have the administrative support of the State Workforce Development Board, which shall organize and convene meetings of the group.

(2) The working group shall have the technical support and related subject matter expertise of the Department of Labor and the Agencies of Commerce and Community Development, of Education, and of Human Services.

(3) The working group shall have the legal and fiscal support of the Office of Legislative Council and the Joint Fiscal Office as is necessary for the

purposes of preparing proposed legislation for submission to the General Assembly.

(e) In order to perform its duties pursuant to this act, the working group shall have the authority to request and gather data and information as it determines is necessary from entities that conduct workforce education and training programs and activities, including agencies, departments, and programs within the Executive Branch, and from nongovernmental entities that receive State-controlled funding. Unless otherwise exempt from public disclosure pursuant to State or federal law, a workforce education and training provider shall provide the data and information requested by the working group within a reasonable time.

(f) For attendance at meetings during adjournment of the General Assembly, legislative members of the working group shall be entitled to per diem compensation and reimbursement of expenses pursuant to 2 V.S.A. § 406 for no more than five meetings, provided this limitation shall not apply to a meeting of the working group that occurs on the same date as a meeting of the full State Workforce Development Board for which the member is receiving compensation.

(g) On or before November 15, 2017, the Commissioner of Labor and the working group on State workforce development shall report to the Senate Committee on Economic Development, Housing and General Affairs and to the House Committee on Commerce and Economic Development on the implementation of this section and any recommendations for legislative action.

Sec. E.2. 10 V.S.A. § 543 is amended to read:

§ 543. WORKFORCE EDUCATION AND TRAINING FUND; GRANT
PROGRAMS

(a) Creation. There is created a the Workforce Education and Training Fund in the Department of Labor to be managed in accordance with 32 V.S.A. chapter 7, subchapter 5.

(b) Purposes. The Department shall use the Fund for the following purposes:

(1) training for Vermont workers, including those who are unemployed, underemployed, or in transition from one job or career to another;

(2) internships to provide students with work-based learning opportunities with Vermont employers;

(3) apprenticeship, preapprenticeship, and industry-recognized credential training; and

(4) other workforce development initiatives related to current and future job opportunities in Vermont as determined by the Commissioner of Labor.

(c) Administrative and other support. The Department of Labor shall provide administrative support for the grant award process. When appropriate and reasonable, the State Workforce ~~Investment~~ Development Board and all other public entities involved in economic development and workforce education and training shall provide other support in the process.

(d) Eligible activities.

(1) The Department, in collaboration with the Agency of Education when applicable, shall grant awards from the Fund to employers and entities, including private, public, and nonprofit entities, institutions of higher education, high schools, K–12 school districts, supervisory unions, technical centers, and workforce education and training programs that:

(A) create jobs, offer education, training, apprenticeship, preapprenticeship and industry-recognized credentials, mentoring, career planning, or work-based learning activities, or any combination;

(B) employ student-oriented approaches to workforce education and training; and

(C) link workforce education and economic development strategies.

(2) The Department may fund programs or projects that demonstrate actual increased income and economic opportunity for employees and employers for more than one year.

(3) The Department may fund student internships and training programs that involve the same employer in multiple years, with approval of the Commissioner.

(e) [Repealed].

(f) Awards. The Commissioner of Labor, in consultation with the Chair of the State Workforce Development Board, shall develop award criteria and may grant awards to the following:

(1) Training Programs.

(A) Public, private, and nonprofit entities, including employers and education and training providers, for existing or new training programs that enhance the skills of Vermont workers and:

(i) train workers for trades or occupations that are expected to lead to jobs paying at least 200 percent of the current minimum wage or at least 150 percent if benefits are included; this requirement may be waived when warranted based on regional or occupational wages or economic reality;

(ii) do not duplicate, supplant, or replace other available training funded with public money;

(iii) provide a project timeline, including performance goals, and identify how the effectiveness and outcomes of the program will be measured, including for the individual participants, the employers, and the program as a whole; and

(iv) articulate the need for the training and the direct connection between the training and the job.

(B) The Department shall grant awards under this subdivision (1) to programs or projects that:

(i) offer innovative programs of intensive, student-centric, competency-based education, training, apprenticeship, preapprenticeship and industry-recognized credentials, mentoring, or any combination of these;

(ii) address the needs of workers who are unemployed, underemployed, or are at risk of becoming unemployed, and workers who are in transition from one job or career to another;

(iii) address the needs of employers to hire new employees; or retrain incumbent workers, when the employer has demonstrated a need not within the normal course of business, with priority to training that results in new or existing job openings for which the employer intends to hire; or

(iv) in the discretion of the Commissioner, otherwise serve the purposes of this chapter.

(2) Vermont Strong Internship Program. Funding for eligible internship programs and activities under the Vermont Strong Internship Program established in section 544 of this title.

(3) Apprenticeship Program. The Vermont Apprenticeship Program established under 21 V.S.A. chapter 13. Awards under this subdivision may be used to fund the cost of apprenticeship-related instruction provided by the Department of Labor.

(4) Career Focus and Planning programs. In collaboration with the Agency of Education, funding for one or more programs that institute career training and planning for young Vermonters, beginning in middle school.

Sec. E.3. CAREER PATHWAYS COORDINATOR

(a) Notwithstanding any provision of law to the contrary, the Secretary of Administration shall have the authority to create a two-year limited service position, subject to available funding, of Career Pathways Coordinator within the Agency of Education.

(b) The Career Pathways Coordinator shall work under the direction of the State Director for Career Technical Education, and his or her duties shall include the following:

(1) serve as the interagency point person for the development of a State-approved Career Pathways System;

(2) convene stakeholders across the Department of Labor, the Agency of Commerce and Community Development, Agency of Education, Agency of Human Services, the Statewide Workforce Development Board, Career Technical Education, employers, postsecondary partners and related entities in order to create a series Career Pathways;

(3) curriculum development, stakeholder engagement, process documentation, and identification of key performance indicators, outcomes collection and reporting;

(4) engage statewide education, employer, and workforce organizations to co-develop statewide career pathways models and exemplars;

(5) identify target populations and entry points;

(6) review and develop competency models, required skill sets, and appropriate credentials at each step of a career pathway, in partnership with business and industry representatives;

(7) coordinate employer validation of competencies and pathways;

(8) develop targeted career ladders and lattices, including stackable skills and industry-recognized credentials;

(9) work with CTE Directors to design and endorse elements of Career Pathways;

(10) use labor market information and other relevant data to identify critical Career Pathways for the State; and

(11) advise the Career Technical Education Director on the funding, governance, and access to career technical education in Vermont.

* * * Heating Fuel and Service Workforce Training Pilot Project * * *

Sec. E.4. HEATING FUEL AND SERVICE WORKFORCE TRAINING

PILOT PROJECT

(a) Findings and purpose.

(1) Vermont’s heating fuel and service companies provide high-skill, high-demand jobs, many of which do not require a college degree but pay over \$20.00 per hour and include benefits.

(2) Vermont’s heating fuel and service companies have a significant need for new employees. More than two-thirds of these companies report that there is a lack of qualified applicants for heating technician jobs, and more than half report a lack of qualified drivers.

(3) The purpose of this section is to create a partnership between the State and the industry to identify prospective employees, provide them with training and skills necessary for currently available jobs, and provide employers with a skilled workforce.

(b) The Department of Labor, in collaboration with the regional Career Technical Education and Training Centers and the Vermont Fuel Dealers Association, shall establish a Heating Fuel and Service Workforce Training Pilot Project, consistent with the following:

(1) The Department, CTE Centers, Adult Technical Education Providers, and the Association shall:

(A) advertise the availability of workforce training in the field of heating fuel and service;

(B) organize informational sessions, meetings, and other group and individual opportunities for prospective trainees and interested heating and fuel service companies to connect; and

(C) coordinate matches between trainees and employers.

(2) In the event of a successful match, the Department shall facilitate the negotiation and execution of training and employment agreements, pursuant to which:

(A) a prospective trainee agrees to pursue specified training, education, or certification necessary to meet the employer's workforce need;

(B) the Department agrees to provide educational and administrative support to the trainee and 50 percent of the cost of training; and

(C) the employer agrees to provide 50 percent of the cost of training and to employ the trainee upon the successful completion of training, passage of an examination, attainment of a required certification, or a combination of these.

(3) The Association, in collaboration with the CTE Centers and subject to approval by the Department, shall provide education and training that meet the needs of trainees and employers.

(c) The Department shall have the authority to use available private, State, and federal funding to implement the provisions of this section.

(d) On or before January 15, 2018, the Department shall submit a report to the Senate Committee on Economic Development, Housing and General Affairs and the House Committee on Commerce and Economic Development addressing the implementation of this section, the profile of trainees and employers that participated, and any recommendations for further action.

* * * CTE Dual Enrollment * * *

Sec. E.5. CTE DUAL ENROLLMENT MEMORANDA OF
UNDERSTANDING

(a) Pursuant to 16 V.S.A. § 944(e), the Agency of Education shall assist the University of Vermont and the Vermont State Colleges in developing memoranda of understanding with each regional CTE center and each comprehensive high school, as defined in 16 V.S.A. § 1522, to facilitate dual enrollment under section 944.

(b) The University of Vermont and the Vermont State Colleges shall enter into memoranda of understanding, as developed with the Agency, with each regional CTE center.

(c) On or before January 15, 2018, the Secretary of Education shall provide a progress report on the status of the memoranda of understanding to the House and Senate Committees on Education, the House Committee on Commerce and Economic Development, and the Senate Committee on Economic Development, Housing and General Affairs.

* * * Minimum Wage and Benefits Cliff * * *

Sec. F.1. MINIMUM WAGE AND BENEFITS CLIFF STUDY

(a) Creation. There is created a Minimum Wage Study Committee.

(b) Membership. The Committee shall be composed of the following members:

(1) three current members of the House of Representatives, not all from the same political party, who shall be appointed by the Speaker of the House; and

(2) three current members of the Senate, not all from the same political party, who shall be appointed by the Committee on Committees.

(c) Powers and duties. The Committee shall study the following issues:

(1) the minimum wage in Vermont and livable wage in Vermont in relation to real cost of living;

(2) the economic effects of small to large increases in the Vermont minimum wage, including in relation to the minimum wage in neighboring states;

(3) how the potential for improving economic prosperity for Vermonters with low and middle income through the Vermont Earned Income Tax Credit might interact with raising the minimum wage;

(4) working in direct collaboration with the Department for Children and Families and the Joint Fiscal Office, the State's public benefit structure and

recommended methods for mitigating or eliminating the benefit cliffs experienced by working Vermonters receiving public assistance or earning below the livable wage, or both, to enhance work incentives;

(5) the effects of potential reductions in federal transfer payments as the minimum wage increases, and impacts of possible reductions in federal benefits due to changes in federal law;

(6) ways to offset losses in State and federal benefits through State benefit programs or State tax policy; and

(7) further research to better understand the maximum beneficial minimum wage level in Vermont.

(d) Assistance. The Committee shall have the administrative, technical, and legal assistance of the Joint Fiscal Office, the Office of Legislative Council, the Department of Labor, the Department of Taxes, and the Agency of Human Services.

(e) Report. On or before December 1, 2017, the Committee shall submit a written report with its findings and any recommendations for legislative action to the Senate Committee on Economic Development, Housing and General Affairs, and the House Committee on General, Housing and Military Affairs.

(f) Meetings.

(1) The Joint Fiscal Office shall convene the first meeting of the Committee on or before July 15, 2017.

(2) A majority of the membership shall constitute a quorum.

(3) The members of the Committee shall select a chair at its first meeting.

(4) The Committee shall cease to exist on December 1, 2017.

(g) Reimbursement. For attendance at meetings during adjournment of the General Assembly, legislative members of the Committee shall be entitled to per diem compensation and reimbursement of expenses pursuant to 2 V.S.A. § 406 for no more than five meetings.

* * * Financial Technology * * *

Sec. G.1. FINANCIAL TECHNOLOGY

(a) The General Assembly finds:

(1) The field of financial technology is rapidly expanding in scope and application.

(2) These developments present both opportunities and challenges.

(3) On the opportunity side, Vermont has been a leader in previous innovations in finance in contexts such as captive insurance.

(4) The existing Vermont legislation on blockchain technology and other aspects of e-finance have given Vermont the potential for leadership in this new era of innovation as well, with the possibility of expanded economic activity in the financial technology sector that would provide opportunities for employment, tax revenues, and other benefits.

(5) Furthermore, it is important for Vermonters that these developments proceed in ways that do not create avoidable risks for individuals and enterprises in the new e-economy.

(6) The legislative and regulatory response in Vermont will be critical to our ability to embrace the benefits of financial technology and to avoid challenges it may create.

(b)(1) In order to permit the legislature to respond to these developing opportunities and concerns on an informed basis, on or before November 30, 2017, the Center for Legal Innovation at Vermont Law School, in consultation with the Commissioner of Financial Regulation, the Secretary of Commerce and Community Development, and the Attorney General, shall submit a report to the General Assembly that includes:

(A) findings and recommendations on the potential opportunities and risks presented by developments in financial technology;

(B) suggestions for an overall policy direction and proposals for legislative and regulatory action that would effectively implement that policy direction; and

(C) measurable goals and outcomes that would indicate success in the implementation of such a policy.

(2) In developing the background for this report, the Center, Commissioner, Secretary, and Attorney General may consult such other

constituencies and stakeholders within and outside the State as they may determine will be helpful to their considerations.

* * * Municipal Outreach; Sewerage and Water Service Connections * * *

Sec. H.1. AGENCY OF NATURAL RESOURCES; EDUCATION AND
OUTREACH; DELEGATION; SEWERAGE AND WATER
SERVICE CONNECTIONS

(a) The Secretary of Natural Resources, after consultation with the Vermont League of Cities and Towns, shall conduct outreach and education for municipalities regarding the ability of a municipality under 10 V.S.A. § 1976 to be delegated the authority to permit the connection of a municipal sewer or water service line to subdivided land, a building, or a campground.

(b) The education and outreach shall specify the conditions or requirements for delegation, how a municipality can seek delegation, and contact information or other resource to provide additional information regarding delegation. The education and outreach may include educational materials, workshops, or classes regarding the ability of a municipality to be delegated under 10 V.S.A. § 1976 the permitting of sewer and water service connection.

(c) On or before January 15, 2018, the Secretary of Natural Resources shall submit a report to the Senate Committees on Natural Resources and Energy and on Economic Development, Housing and General Affairs and the House Committees on Natural Resources, Fish and Wildlife and on Commerce and

Economic Development summarizing the education and outreach conducted or planned by the Secretary under the requirements of this section and whether any municipality has sought delegation of sewer and water service connection permitting under 10 V.S.A. § 1976 since the effective date of this act.

* * * Municipal Land Use and Development; Affordable Housing * * *

Sec. H.2. 24 V.S.A. § 4303 is amended to read:

§ 4303. DEFINITIONS

The following definitions shall apply throughout this chapter unless the context otherwise requires:

(1) “Affordable housing” means either of the following:

(A) ~~Housing that is owned by its inhabitants whose gross annual household income does not exceed 80 percent of the county median income, or 80 percent of the standard metropolitan statistical area income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development, and the total annual cost of the housing, including principal, interest, taxes, insurance, and condominium association fees is not more than 30 percent of the household’s gross annual income.~~

Owner-occupied housing for which the total annual cost of ownership, including principal, interest, taxes, insurance, and condominium association fees, does not exceed 30 percent of the gross annual income of a household at 120 percent of the highest of the following:

(i) the county median income, as defined by the U.S. Department of Housing and Urban Development;

(ii) the standard metropolitan statistical area median income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development; or

(iii) the statewide median income, as defined by the U.S. Department of Housing and Urban Development.

~~(B) Housing that is rented by its inhabitants whose gross annual household income does not exceed 80 percent of the county median income, or 80 percent of the standard metropolitan statistical area income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development, and the total annual cost of the housing, including rent, utilities, and condominium association fees, is not more than 30 percent of the household's gross annual income. Rental housing for which the total annual cost of renting, including rent, utilities, and condominium association fees, does not exceed 30 percent of the gross annual income of a household at 80 percent of the highest of the following:~~

(i) the county median income, as defined by the U.S. Department of Housing and Urban Development;

(ii) the standard metropolitan statistical area median income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development; or

(iii) the statewide median income, as defined by the U.S. Department of Housing and Urban Development.

* * *

* * * Act 250; Priority Housing Projects * * *

Sec. H.3. 10 V.S.A. § 6001 is amended to read:

§ 6001. DEFINITIONS

In this chapter:

* * *

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

* * *

(iv) The construction of housing projects such as cooperatives, condominiums, or dwellings, or construction or maintenance of mobile homes or mobile home parks, with 10 or more units, constructed or maintained on a tract or tracts of land, owned or controlled by a person, within a radius of five miles of any point on any involved land, and within any continuous period of five years. However:

(I) A priority housing project shall constitute a development under this subdivision (iv) only if the number of housing units in the project is:

(aa) ~~275 or more, in a municipality with a population of 15,000 or more;~~ [Repealed.]

(bb) ~~150 or more, in a municipality with a population of 10,000 or more but less than 15,000;~~ [Repealed.]

(cc) 75 or more, in a municipality with a population of 6,000 or more but less than 10,000;

(dd) 50 or more, in a municipality with a population of 3,000 or more but less than 6,000;

(ee) 25 or more, in a municipality with a population of less than 3,000; ~~and.~~

(ff) ~~notwithstanding~~ Notwithstanding subdivisions ~~(aa)~~(cc) through (ee) of this subdivision (3)(A)(iv)(I), 10 or more if the construction involves the demolition of one or more buildings that are listed on or eligible to be listed on the State or National Register of Historic Places. However, demolition shall not be considered to create jurisdiction under this subdivision if the Division for Historic Preservation has determined that the proposed demolition will have no adverse effect, will have no adverse effect if specified conditions are met, or will have an adverse effect that will be adequately mitigated. Any imposed conditions shall be enforceable through a grant condition, deed covenant, or other legally binding document.

(II) The determination of jurisdiction over a priority housing project shall count only the housing units included in that discrete project.

(III) Housing units in a priority housing project shall not count toward determining jurisdiction over any other project.

* * *

(D) The word “development” does not include:

* * *

(viii)(I) The construction of a priority housing project in a municipality with a population of 10,000 or more.

(II) If the construction of a priority housing project in this subdivision (3)(D)(viii) involves demolition of one or more buildings that are listed or eligible to be listed on the State or National Register of Historic Places, this exemption shall not apply unless the Division for Historic Preservation has made the determination described in subdivision (A)(iv)(I)(ff) of this subdivision (3) and any imposed conditions are enforceable in the manner set forth in that subdivision.

* * *

(27) “Mixed income housing” means a housing project in which the following apply:

(A) Owner-occupied housing. At the option of the applicant, owner-occupied housing may be characterized by either of the following:

(i) at least 15 percent of the housing units have a purchase price ~~which~~ that at the time of first sale does not exceed 85 percent of the new construction, targeted area purchase price limits established and published annually by the Vermont Housing Finance Agency; or

(ii) at least 20 percent of the housing units have a purchase price ~~which~~ that at the time of first sale does not exceed 90 percent of the new construction, targeted area purchase price limits established and published annually by the Vermont Housing Finance Agency;

(B) Rental ~~Housing~~ housing. At least 20 percent of the housing units that are rented constitute affordable housing and have a duration of affordability of ~~no~~ not less than ~~20~~ 15 years.

(28) “Mixed use” means construction of both mixed income housing and construction of space for any combination of retail, office, services, artisan, and recreational and community facilities, provided at least 40 percent of the gross floor area of the buildings involved is mixed income housing.

“Mixed use” does not include industrial use.

(29) “Affordable housing” means either of the following:

(A) ~~Housing that is owned by its inhabitants whose gross annual household income does not exceed 80 percent of the county median income, or 80 percent of the standard metropolitan statistical area income if the municipality is located in such an area, as defined by the U.S. Department of~~

~~Housing and Urban Development, and the total annual cost of the housing, including principal, interest, taxes, insurance, and condominium association fees is not more than 30 percent of the household's gross annual income.~~

Owner-occupied housing for which the total annual cost of ownership, including principal, interest, taxes, insurance, and condominium association fees, does not exceed 30 percent of the gross annual income of a household at 120 percent of the highest of the following:

(i) the county median income, as defined by the U.S. Department of Housing and Urban Development;

(ii) the standard metropolitan statistical area median income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development; or

(iii) the statewide median income, as defined by the U.S. Department of Housing and Urban Development.

~~(B) Housing that is rented by its inhabitants whose gross annual household income does not exceed 80 percent of the county median income, or 80 percent of the standard metropolitan statistical area income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development, and the total annual cost of the housing, including rent, utilities, and condominium association fees, is not more than 30 percent of the household's gross annual income. Rental housing for which~~

the total annual cost of renting, including rent, utilities, and condominium association fees, does not exceed 30 percent of the gross annual income of a household at 80 percent of the highest of the following:

(i) the county median income, as defined by the U.S. Department of Housing and Urban Development;

(ii) the standard metropolitan statistical area median income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development; or

(iii) the statewide median income, as defined by the U.S. Department of Housing and Urban Development.

* * *

(35) “Priority housing project” means a discrete project located on a single tract or multiple contiguous tracts of land that consists exclusively of:

(A) mixed income housing or mixed use, or any combination thereof, and is located entirely within a designated downtown development district, designated new town center, designated growth center, or designated village center that is also a designated neighborhood development area under 24 V.S.A. chapter 76A; or

(B) mixed income housing and is located entirely within a designated Vermont neighborhood or designated neighborhood development area under 24 V.S.A. chapter 76A.

* * *

Sec. H.4. 10 V.S.A. § 6081 is amended to read:

§ 6081. PERMITS REQUIRED; EXEMPTIONS

(a) No person shall sell or offer for sale any interest in any subdivision located in this State, or commence construction on a subdivision or development, or commence development without a permit. This section shall not prohibit the sale, mortgage, or transfer of all, or an undivided interest in all, of a subdivision unless the sale, mortgage, or transfer is accomplished to circumvent the purposes of this chapter.

* * *

(o) If a ~~downtown development district~~ designation pursuant to 24 V.S.A. § ~~2793~~ chapter 76A is removed, subsection (a) of this section shall apply to any subsequent substantial change to a priority housing project that was originally exempt pursuant to subdivision 6001(3)(A)(iv)(I) of this title on the basis of that designation.

(p)(1) No permit or permit amendment is required for any change to a project that is located entirely within a downtown development district designated pursuant to 24 V.S.A. § 2793, if the change consists exclusively of any combination of mixed use and mixed income housing, and the cumulative changes within any continuous period of five years, commencing on or after

the effective date of this subsection, remain below ~~the~~ any applicable jurisdictional threshold specified in subdivision 6001(3)(A)(iv)(I) of this title.

(2) No permit or permit amendment is required for a priority housing project in a designated center other than a downtown development district if the project remains below any applicable jurisdictional threshold specified in subdivision 6001(3)(A)(iv)(I) of this title and will comply with all conditions of any existing permit or permit amendment issued under this chapter that applies to the tract or tracts on which the project will be located. If such a priority housing project will not comply with one or more of these conditions, an application may be filed pursuant to section 6084 of this title.

* * *

Sec. H.5. 10 V.S.A. § 6084 is amended to read:

§ 6084. NOTICE OF APPLICATION; HEARINGS, COMMENCEMENT OF
REVIEW

* * *

(f) This subsection concerns an application for a new permit amendment to change the conditions of an existing permit or existing permit amendment in order to authorize the construction of a priority housing project described in subdivision 6081(p)(2) of this title.

(1) The District Commission may authorize a district coordinator to issue such an amendment, without notice and a hearing, if the applicant

demonstrates that all parties to the existing permit or existing permit amendment, which contains the condition or conditions proposed to be changed, or their successors in interest have consented to the proposed changes to conditions relative to the criteria for which the party obtained party status.

(2) If the applicant is not able to obtain the consent of a party or parties or their successors in interest with respect to one or more of the conditions in the existing permit or permit amendment proposed to be changed, the applicant shall file a permit application pursuant to this section. However, review by the District Commission shall be limited to whether the changes to conditions not consented to by the party or parties or their successors in interest enable positive findings to be made under subsection 6086(a) and are authorized under subsection 6086(c) of this title.

Sec. H.6. 30 V.S.A. § 55 is added to read:

§ 55. PRIORITY HOUSING PROJECTS; STRETCH CODE

A priority housing project as defined in 10 V.S.A. § 6001 shall meet or exceed the stretch codes established under this subchapter by the Department of Public Service.

* * * ACCD; Publication of Median Household Income and Qualifying Costs
for Affordable Housing * * *

Sec. H.7. 3 V.S.A. § 2472 is amended to read:

§ 2472. DEPARTMENT OF HOUSING AND COMMUNITY
DEVELOPMENT

(a) The Department of Housing and Community Development is created within the Agency of Commerce and Community Development. The Department shall:

* * *

(5) In conjunction with the Vermont Housing Finance Agency, annually publish data and information to enable the public to determine income levels and costs for owner-occupied and rental housing to qualify as affordable housing, as defined in 24 V.S.A. § 4303 and 10 V.S.A. § 6001(29), including:

(A) the median income for each Vermont county, as defined by the U.S. Department of Housing and Urban Development;

(B) the standard metropolitan statistical area median income for each municipality located in such an area, as defined by the U.S. Department of Housing and Urban Development; and

(C) the statewide median income, as defined by the U.S. Department of Housing and Urban Development.

* * *

* * * Downtown Tax Credits * * *

Sec. H.8. 32 V.S.A. § 5930ee is amended to read:

§ 5930ee. LIMITATIONS

Beginning in fiscal year 2010 and thereafter, the State Board may award tax credits to all qualified applicants under this subchapter, provided that:

(1) the total amount of tax credits awarded annually, together with sales tax reallocated under section 9819 of this title, does not exceed ~~\$2,200,000.00~~ \$2,400,000.00;

* * *

Sec. H.9. 32 V.S.A. § 5930bb(a) is amended to read:

(a) Qualified applicants may apply to the State Board to obtain the tax credits provided by this subchapter for a qualified project at any time before ~~one year after~~ the completion of the qualified project.

* * * Tax Credit for Affordable Housing; Captive Insurance Companies * * *

Sec. H.10. 32 V.S.A. § 5930u is amended to read:

§ 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

(a) As used in this section:

* * *

(5) “Credit certificate” means a certificate issued by the allocating agency to a taxpayer that specifies the amount of affordable housing tax credits that can be applied against the taxpayer’s individual or corporate income tax,

or franchise, captive insurance premium, or insurance premium tax liability as provided in this subchapter.

* * *

(c) Amount of credit. A taxpayer who makes an eligible cash contribution shall be entitled to claim against the taxpayer's individual income, corporate, franchise, captive insurance premium, or insurance premium tax liability a credit in an amount specified on the taxpayer's credit certificate. The first-year allocation of a credit amount to a taxpayer shall also be deemed an allocation of the same amount in each of the following four years.

* * *

* * * Vermont State Housing Authority; Powers * * *

Sec. H.11. 24 V.S.A. § 4005 is amended to read:

§ 4005. VERMONT STATE HOUSING AUTHORITY; ESTABLISHMENT,
MEMBERS, POWERS

* * *

(e) Notwithstanding any provision of law, no person, ~~domestic or foreign~~, shall be authorized to administer allocations of money under 42 U.S.C.A. § 1437a or 1437f or other federal statute authorizing rental subsidies for the benefit of persons of low or moderate income, except:

- (1) ~~a subcontractor of the State Authority; or~~
- (2) a State public body authorized by law to administer such allocations;

(3) a person authorized to administer such allocations pursuant to an agreement with the State Authority; or

(4) an organization, of which the State Authority is a promoter, member, associate, owner, or manager, that is authorized by a federal agency to administer such allocations in this State.

(f) In addition to the powers granted by this chapter, the State Authority shall have all the powers necessary or convenient for the administration of federal monies pursuant to subsection (e) of this section, including the power:

(1) to enter into one or more agreements for the administration of federal monies;

(2) to be a promoter, partner, member, associate, owner, or manager of any partnership, limited liability company, joint venture, association, trust, or other organization;

(3) to conduct its activities, locate offices, and exercise the powers granted by this title within or outside this State;

(4) to carry on a business in the furtherance of its purposes; and

(5) to do all things necessary or convenient, consistent with law, to further the activities and affairs of the Authority.

* * * Repeal of Sunset on Sales and Use Tax Exemption;

Airplanes and Airplane Parts * * *

Sec. I.1. REPEALS

The following are repealed:

(1) 2007 Acts and Resolve No. 81, Secs. 7a (amendment to sales tax exemption for aircraft parts) and 7b (effective date).

(2) 2008 Acts and Resolve No. 190, Sec. 43 (effective date).

* * * Tax Increment Financing Districts * * *

Sec. J.1. TAX INCREMENT FINANCING; FINDINGS

The General Assembly finds that the State of Vermont has an important role to play in creating the infrastructure necessary to support downtown development and revitalization, particularly in distressed communities.

Sec. J.2. 24 V.S.A. § 1892 is amended to read:

§ 1892. CREATION OF DISTRICT

(a) Upon a finding that such action will serve the public purposes of this subchapter and subject to subsection (d) of this section, the legislative body of any municipality may create within its jurisdiction a special district to be known as a tax increment financing district. The district shall be described by its boundaries and the properties therein and the district boundary shall be shown on a plan entitled “Proposed Tax Increment Financing District

(municipal name), Vermont.” The legislative body shall hold one or more public hearings, after public notice, on the proposed plan.

* * *

(d) The following municipalities have been authorized to use education tax increment financing for a tax increment financing district, ~~and the Vermont Economic Progress Council is not authorized to approve any additional tax increment financing districts even if one of the districts named in this subsection is terminated pursuant to subsection 1894(a) of this subchapter:~~

- (1) the City of Burlington, Downtown;
- (2) the City of Burlington, Waterfront;
- (3) the Town of Milton, North and South;
- (4) the City of Newport;
- (5) the City of Winooski;
- (6) the Town of Colchester;
- (7) the Town of Hartford;
- (8) the City of St. Albans;
- (9) the City of Barre; ~~and~~
- (10) the Town of Milton, Town Core; and
- (11) the City of South Burlington.

(e) On or before January 15, 2018, the Joint Fiscal Office, with the assistance of the consulting Legislative Economist, the Department of Taxes,

the State Auditor, and the Agency of Commerce and Community Development in consultation with the Vermont Economic Progress Council, shall examine and report to the General Assembly on the use of both tax increment financing districts and other policy options for State assistance to municipalities for funding infrastructure in support of economic development and the capacity of Vermont to utilize TIF districts moving forward.

(f) The report shall include:

(1) a recommendation for a sustainable statewide capacity level for TIFs or comparable economic development tools and relevant permitting criteria;

(2) the positive and negative impacts on the State's fiscal health of TIFs and other tools, including the General Fund and Education Fund;

(3) the economic development impacts on the State of TIFs and other tools, both positive and negative;

(4) the mechanics for ensuring geographic diversity of TIFs or other tools throughout the State; and

(5) the parameters of TIFs and other tools in other states.

(g) Beginning in 2019 and annually thereafter, on or before January 15 of each year, the Joint Fiscal Office, with the assistance of the consulting Legislative Economist, the Department of Taxes, and the Agency of Commerce and Community Development in consultation with the Vermont Economic Progress Council, shall examine the recommendations and

conclusions of the tax increment financing capacity study and report created pursuant to subsection (e) of this section, and shall submit to the Emergency Board and to the House Committees on Commerce and Economic Development and on Ways and Means and the Senate Committees on Economic Development, Housing and General Affairs and on Finance an updated summary report that includes:

(1) an assessment of any material changes from the initial report concerning TIFs and other tools and an assessment of the health and sustainability of the tax increment financing system in Vermont;

(2) short-term and long-term projections on the positive and negative fiscal impacts of the TIF districts or other tools, as applicable, that are currently active or authorized in the State;

(3) a review of the size and affordability of the net indebtedness for TIF districts and an estimate of the maximum amount of new long-term net debt that prudently may be authorized for TIF districts or other tools in the next fiscal year.

(h) Annually, based on the analysis and recommendations included in the reports required in this section, the General Assembly shall consider the amount of new long-term net debt that prudently may be authorized for TIF districts in the next fiscal year and determine whether to expand the number of TIF districts or similar economic development tools in addition to the

previously approved districts referenced in subsection (d) of this section and the six additional districts authorized by 32 V.S.A. § 5404a(f).

Sec. J.3. 24 V.S.A. § 1894 is amended to read:

§ 1894. POWER AND LIFE OF DISTRICT

* * *

(b) Use of the education property tax increment. For only debt incurred within the period permitted under subdivision (a)(1) of this section after creation of the district, and related costs, up to ~~75~~ 70 percent of the education tax increment may be retained for up to 20 years, beginning with the education tax increment generated the year in which the first debt incurred for improvements financed in whole or in part with incremental education property tax revenue. Upon incurring the first debt, a municipality shall notify the Department of Taxes and the Vermont Economic Progress Council of the beginning of the 20-year retention period of education tax increment.

(c) Use of the municipal property tax increment. For only debt incurred within the period permitted under subdivision (a)(1) of this section after creation of the district, and related costs, not less than ~~an equal share~~ 85 percent of the municipal tax increment ~~pursuant to subsection (f) of this section~~ shall be retained to service the debt, beginning the first year in which debt is incurred, pursuant to subsection (b) of this section.

* * *

(f) ~~Equal share required~~ Required share of increment. If any tax increment utilization is approved pursuant to 32 V.S.A. § 5404a(h), ~~no not~~ more than ~~75~~ 70 percent of the State property tax increment and ~~no not~~ less than ~~an equal percent~~ 85 percent of the municipal tax increment may be approved by the Council or used by the municipality to service this debt.

* * *

Sec. J.4. 32 V.S.A. § 5404a is amended to read:

§ 5404a. TAX STABILIZATION AGREEMENTS; TAX INCREMENT
FINANCING DISTRICTS

* * *

(f) A municipality that establishes a tax increment financing district under 24 V.S.A. chapter 53, subchapter 5 shall collect all property taxes on properties contained within the district and apply ~~up to 75~~ not more than 70 percent of the State education property tax increment, and not less than 85 percent of the municipal property tax increment, as defined in 24 V.S.A. § 1896 to repayment of financing of the improvements and related costs for up to 20 years pursuant to 24 V.S.A. § 1894, if approved by the Vermont Economic Progress Council pursuant to this section, subject to the following:

(1) In a municipality with one or more approved districts, the Council shall not approve an additional district until the municipality retires the debt incurred for all of the districts in the municipality.

(2) The Council shall not approve more than six districts in the State, and not more than two per county, provided:

(A) The districts listed in 24 V.S.A. § 1892(d) shall not be counted against the limits imposed in this subdivision (2).

(B) The Council shall consider complete applications in the order they are submitted, except that if during any calendar month the Council receives applications for more districts than are actually available in a county, the Council shall evaluate each application and shall approve the application that, in the Council's discretion, best meets the economic development needs of the county.

(C) If, while the General Assembly is not in session, the Council receives applications for districts that would otherwise qualify for approval but, if approved, would exceed the six-district limit in the State, the Council shall make one or more presentations to the Emergency Board concerning the applications, and the Emergency Board may, in its discretion, increase the six-district limit.

(3)(A) A municipality shall immediately notify the Council if it resolves not to incur debt for an approved district within five years of approval or a five-year extension period as required in 24 V.S.A. § 1894.

(B) Upon receiving notification pursuant to subdivision (3)(A) of this subsection, the Council shall terminate the district and may approve a new

district, subject to the provisions of this section and 24 V.S.A. chapter 53, subchapter 5.

* * *

(h) Criteria for approval. To approve utilization of incremental revenues pursuant to subsection (f) of this section, the Vermont Economic Progress Council shall do all the following:

(1)~~(A)~~ Review each application to determine that the ~~new real property~~ infrastructure improvements proposed to serve the tax increment financing district and the proposed development in the district would not have occurred as proposed in the application, or would have occurred in a significantly different and less desirable manner than as proposed in the application, but for the proposed utilization of the incremental tax revenues.

~~(B)~~ The review shall take into account:

~~(A)~~~~(i)~~ the amount of additional time, if any, needed to complete the proposed development within the tax increment district and the amount of additional cost that might be incurred if the project were to proceed without education property tax increment financing;

~~(B)~~~~(ii)~~ how the proposed development components and size would differ, if at all, including, if applicable to the development, in the number of units of affordable housing, as defined in 24 V.S.A. § 4303, without education property tax increment financing; and

~~(C)(iii)~~(I) the amount of additional revenue expected to be generated as a result of the proposed development;

(II) the percentage of that revenue that shall be paid to the ~~education fund~~ Education Fund;

(III) the percentage that shall be paid to the municipality; and

(IV) the percentage of the revenue paid to the municipality that shall be used to pay financing incurred for development of the tax increment financing district.

* * *

(3) Location criteria. Determine that each application meets ~~one~~ at least two of the following three criteria:

(A) The development ~~or redevelopment~~ is:

(i) compact;

(ii) high density; ~~and~~ or

(iii) located in or near existing industrial areas.

(B) The proposed district is within an approved growth center, designated downtown, designated village center, ~~or~~ new town center, or neighborhood development area.

(C) The development will occur in an area that is economically distressed, which for the purposes of this subdivision means that the ~~area has experienced patterns of increasing unemployment, a drop in average wages, or~~

~~a decline in real property values~~ municipality in which the area is located has at least one of the following:

(i) a median family income that is not more than 80 percent of the statewide median family income as reported by the Vermont Department of Taxes for the most recent year for which data are available;

(ii) an annual average unemployment rate that is at least one percent greater than the latest annual average statewide unemployment rate as reported by the Vermont Department of Labor; or

(iii) a median sales price for residential properties under six acres that is not more than 80 percent of the statewide median sales price for residential properties under six acres as reported by the Vermont Department of Taxes.

(4) Project criteria. Determine that the proposed development within a tax increment financing district will accomplish at least three of the following five criteria:

(A) The development within the tax increment financing district clearly requires substantial public investment over and above the normal municipal operating or bonded debt expenditures.

(B) The development includes new or rehabilitated affordable housing ~~that is affordable to the majority of the residents living within the municipality and is developed at a higher density than at the time of~~

application. ~~“Affordable” has the same meaning as in 10 V.S.A. § 6001(29),~~
as defined in 24 V.S.A. § 4303.

(C) The project will affect the remediation and redevelopment of a brownfield located within the district. As used in this section, “brownfield” means an area in which a hazardous substance, pollutant, or contaminant is or may be present, and that situation is likely to complicate the expansion, development, redevelopment, or reuse of the property.

(D) The development will include at least one entirely new business or business operation or expansion of an existing business within the district, and this business will provide new, quality, full-time jobs that meet or exceed the prevailing wage for the region as reported by the ~~department of labor~~ Department of Labor.

(E) The development will enhance transportation by creating improved traffic patterns and flow or creating or improving public transportation systems.

Sec. J.5. IMPLEMENTATION

Secs. J.1– J.4 of this act shall apply only to tax increment financing district applications filed, and districts approved, on or after the date of passage of this act.

Sec. J.6. 24 V.S.A. chapter 53, subchapter 5 is redesignated to read:

Subchapter 5. Statewide Tax Increment Financing

Sec. J.7. 24 V.S.A. chapter 53, subchapter 6 is added to read:

Subchapter 6. Municipal Tax Increment Financing

§ 1903. DEFINITIONS

As used in this subchapter:

(1) “District” or “TIF” means a tax increment financing district.

(2) “Improvements” means the installation, new construction, or reconstruction of infrastructure to benefit a municipal tax increment financing district, including utilities, transportation, public facilities and amenities, land and property acquisition and demolition, and site preparation.

(3) “Legislative body” means the mayor and alderboard, the city council, the selectboard, or the president and trustees of an incorporated village, as appropriate.

(4) “Municipality” means a city, town, or incorporated village.

(5) “Original taxable value” means the total valuation as determined in accordance with 32 V.S.A. chapter 129 of all taxable real property located within the tax increment financing district as of the creation date as set forth in section 1904 of this subchapter, provided that no parcel within the district shall be divided or bisected by the district boundary.

(6) “Related costs” means expenses incurred and paid by the municipality, exclusive of the actual cost of constructing and financing improvements, that are directly related to the creation and implementation of a

municipal tax increment financing district, including reimbursement of sums previously advanced by the municipality for those purposes, direct municipal expenses such as departmental or personnel costs related to creating or administering the project, and audit costs allocable to the district.

§ 1904. MUNICIPAL TAX INCREMENT FINANCING DISTRICT

(a) General authority. Notwithstanding any provision of subchapter 5 of this chapter or 32 V.S.A. § 5404a to the contrary, upon approval of the legislative body of any municipality, a municipality may create a municipal tax increment financing district, and may incur debt to provide funding for improvements and related costs for the district.

(b) Municipal approval; voter approval.

(1) The legislative body of the municipality shall hold one or more public hearings to consider a municipal tax increment financing plan. Following public notice, hearing, and opportunity to comment, the legislative body of the municipality may grant approval of the plan.

(2) When adopted by the act of the legislative body of that municipality, the plan shall be recorded with the municipal clerk and lister or assessor, and the creation of the district shall occur at 12:01 a.m. on April 1 of the calendar year so voted by the municipal legislative body.

(3) The municipality may only incur debt for the project if the voters of the municipality approve the debt obligation by a majority vote at a regular or

special meeting for which voting upon the debt obligation was properly warned.

(4) Following final voter approval, the municipality has up to five years to incur debt pursuant to the financing plan.

(c) Life of district.

(1) A municipality may incur indebtedness against revenues of the municipal tax increment financing district over any period authorized by the legislative body of the municipality.

(2) Any indebtedness incurred under subdivision (1) of this subsection may be retired over any period authorized by the legislative body of the municipality.

(3) The district shall continue until the date and hour the indebtedness is retired or, if no debt is incurred, after the period authorized by the legislative body of the municipality to incur indebtedness.

(d) Financing. During the life of an active district, the following apply, notwithstanding any provision of law to the contrary:

(1) Valuation.

(A) Within 30 days of voter approval pursuant to subsection (b) of this section, the lister or assessor for a municipality shall certify to the legislative body of the municipality the original taxable value of a tax

increment financing district as of the date the voters approved the debt obligation.

(B) On or before June 30 following voter approval and annually thereafter, the lister or assessor shall assess and certify to the legislative body the current value of a project parcel.

(2) Tax rate.

(A) The lister or assessor shall use the original taxable value of a project parcel when computing the municipal tax rate.

(B) When calculating the amount of tax due on a project parcel, the treasurer shall apply the municipal tax rate to the current assessed value, rather than the original taxable value.

(3) Tax increment.

(A) The “tax increment” is the amount of tax paid on a project parcel, as calculated pursuant to subdivision (2)(B) of this subsection (d) using the current assessed value, that exceeds the amount of tax that would have been due if the tax rate were applied to the original taxable value.

(B) The municipality may retain any share of the municipal tax increment to service the debt, beginning the first year in which debt is incurred.

(C) A municipal tax increment financing district created pursuant to this subchapter is not authorized to retain any education property tax increment.

(D) A municipality shall segregate the tax increment in a special account and in its official books and records.

(4) Use of tax increment.

(A) As of each date the municipality receives a tax payment and retains a portion of the tax increment pursuant to this section, the municipality shall use the portion of the municipal tax increment that is necessary to pay costs actually incurred as of that date for debt service and related costs.

(B) If, after paying for improvements and related costs, there remains any excess portion of the tax increment, the municipality may retain the increment to prepay principal and interest on the financing, use for future financing payments, or use for defeasance of the financing.

(e) Annual audit.

(1) The municipality shall ensure that the segregated account for the tax increment financing district required by this section is subject to the annual audit requirements prescribed in sections 1681 and 1690 of this title.

(2) Any audit procedures shall include verification of the original taxable value and current assessed value, expenditures for project debt service and related costs, annual and total tax increment funds generated, and allocation of tax increment funds.

Secs. K.1–K.3. [Deleted.]

* * * Opportunity Economy * * *

Sec. L.1. MICROBUSINESS DEVELOPMENT PROGRAM; FINDINGS;
APPROPRIATION

(a) Findings. The General Assembly finds:

(1) Since 1989, the Microbusiness Development Program has provided free business technical assistance, including training and counseling, as well as access to capital to Vermonters with low income.

(2) The Vermont Community Action Agencies work in conjunction with many partners, including other service providers, State agencies, business technical assistance providers, and both traditional and alternative lenders.

(3) Each year the Program:

(A) enables the creation or expansion of an average of 145 businesses across Vermont;

(B) supports the creation of 84 new jobs; and

(C) provides access to more than \$1,100,000.00 in capital.

(4) The average cost per job created through the Program is less than \$3,600.00.

(b) Intent. It is the intent of the General Assembly to provide additional funding, subject to available resources, for the regional Microbusiness Development Programs pursuant to 3 V.S.A. § 3722.

* * * Funding Priorities * * *

Sec. M.1. SMALL BUSINESS DEVELOPMENT CENTER

In fiscal year 2018, it is the intent of the General Assembly to provide funding, subject to available resources, to the Vermont Small Business Development Center for the purpose of increasing the number of business advisors, with priority to underserved regions of the State.

Sec. M.2. ECONOMIC DEVELOPMENT MARKETING

(a) The Agency of Commerce and Community Development shall have the authority, and may use available funds, to:

(1) implement the Department of Economic Development's economic development marketing plan to attract and retain residents and businesses to Vermont, highlighting the many positive features that make Vermont a great place to live, work, and do business; and

(2) prioritize marketing tactics with the potential to shift most efficiently and effectively perceptions about Vermont as a place to live and work, and that will form a set of marketing assets and strategic framework to sustain Department of Economic Development activities beyond initial implementation.

(b) Funds available to implement this section may be matched with federal funds, special funds, grants, donations, and private funds. To increase the amount and effectiveness of marketing activities conducted, the Agency shall

collaborate with private sector partners to maximize State marketing resources and to enable Vermont businesses to align their own brand identities with the Vermont brand, enhancing the reputations of both the business and the State.

(c) Prior to taking any action pursuant to subsection (a) of this section, including issuing any requests for proposals for contracts or grants to partner with the Department in implementing this section, the Secretary of Commerce and Community Development shall adopt relevant outcomes, performance measures, and indicators in order to:

(1) clearly articulate the goals and expectations for the State’s economic development marketing plan and its implementation, for any contracts or grants with the Department, and for the activities of the Department and its partners; and

(2) enable the General Assembly to evaluate the performance and effectiveness of the plan and its implementation and of the activities of the Department and its partners undertaken pursuant to this section.

* * * Effective Dates * * *

Sec. N.1. EFFECTIVE DATES

(a) This section, Sec. B.1 (rural economic development infrastructure districts), Sec. E.1 (workforce development study), Sec. H.11 (Vermont State Housing Authority) and Secs. J.1–J.5 (tax increment financing districts) shall take effect on passage.

(b) The remaining sections shall take effect on July 1, 2017.

COMMITTEE ON THE PART OF
THE SENATE

SEN. KEVIN J. MULLIN

SEN. REBECCA A. BALINT

SEN. MICHAEL D. SIROTKIN

COMMITTEE ON THE PART OF
THE HOUSE

REP. WILLIAM G. BOTZOW

REP. MICHAEL J. MARCOTTE

REP. JAMES O. CONDON