

Section-by Section Summary: S.135
An act relating to promoting economic development

As Passed by the Senate

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Summary

Secs. A.1-A.2: Vermont Employment Growth Incentive Program (VEGI)

Sec. A.1 – multiple amendments to 32 VSA chapter 105, the chapter that governs the VEGI program:

1. § 3332(b)(3) – requires VEPC to find, to finally approve an application, that the business is not a party to, or complies with the terms of, an administrative order, consent decree, or judicial order; and that the business complies with Vermont laws and regulations.

2. § 3334(f) – adds a “purpose” statement for the enhanced incentive for a business in a qualifying labor market area

3. § 3335(c) – adds a “purpose” statement for the enhanced incentive for an environmental technology business (“Green VEGI”)

4. § 3339 – authorizes Department of Taxes to recapture incentives paid if a business falsely attests compliance with Vermont law during the application or claims process

5. § 3341 – clarifies the statute governing confidentiality of business information under the VEGI Program with respect to the Public Records Act and specifies that, except information that is reported pursuant to § 3340, other business information supplied to VEPC, and the business-specific data generated by VEPC, are exempt from public inspection under the PRA. Also clarifies that JFO shall not disclose information it receives pursuant to this section unless authorized by other law.

Sec. A.2. Moves language in statute that says the Department of Taxes can disclose to VEPC the tax information necessary for VEPC and Tax to perform their duties under VEGI statute.

Sec. B.1: Reserved.

Sec. C.1: Green Mountain Secure Retirement Plan

Directs Vermont to adopt and implement a multiple employer plan public retirement plan called the Green Mountain Secure Retirement Plan, available on a voluntary basis to employers with 50 or fewer employees who do not offer a retirement plan, and to self-employed persons, pursuant to a specific proposal to be developed by the Public Retirement Study Committee pursuant to **Sec. H.2.**

Secs. D.1-D.2: VOSHA and Workers’ Compensation

Sec. D.1 – raises civil penalties for VOSHA violations to match the amounts now required under federal law

Sec. D.2 – lowers the employers’ contribution to the workers compensation fund

Secs. E.1-E.2: Workforce Development

E.1 – directs Commissioner of Labor to coordinate a comprehensive workforce development strategy within and across State government

E.2 – authorizes funding from the Workforce Education and Training Fund for career training and planning for younger Vermonters, beginning in middle school.

Sec. F.1: Minimum Wage Study

F.1 – creates a minimum wage study committee composed of six legislators, and identifies specific subjects that the committee will research and submit a report

Sec. G.1: Financial Technology Study

Directs the Vermont Law Schools Center for Legal Innovation, in collaboration with the Commissioner of Financial Regulation, Secretary of ACCD, and Attorney General, to study and report on risks and rewards of development in financial technology, a policy direction, and goals and outcomes for success.

H.1–H.10: Housing Provisions

Sec. H.1: Outreach to Municipalities

Directs the Agency of Natural Resources to conduct an outreach campaign to municipalities to make them aware of the opportunity, under current law (10 V.S.A. § 1976), to be delegated the authority from ANR over permitting for water and sewer connections.

**Sec. H.2 – Definition of Affordable Housing for Local Land Use Law
(24 V.S.A. Chapter 117)**

Defines “affordable housing” for owner-occupied housing as affordable to a household (30% of income) that earns 120% of the area median income, as defined by HUD. Current law is 80% of area median income for owner-occupied housing.

Secs. H.3-H.6 – Act 250 - Priority Housing Projects

Sec. H.3 exempts from Act 250 jurisdiction priority housing projects in municipalities of 10,000 people or more; but those projects may be required to get a permit under certain circumstances, such as when the project involves the demolition of buildings listed on the State or National Register of Historic Places.

This section also amends the definition of “mixed income housing” by changing the duration of affordability for rental housing to not less than 15 years, and it amends the definition of “affordable housing” by changing the income requirements within the definition, including increasing the income ceiling for owner-occupied housing from 80 to 120 percent.

Sec. H.4 clarifies that if any designation (not just a downtown development district designation) is removed, Act 250 permitting requirements will apply to any subsequent substantial change to a priority housing project that originally was exempt because of the designation.

H.4 also clarifies that no permit or permit amendment is required for a priority housing project, in a designated center other than a downtown development district, that (1) stays below any applicable thresholds set forth in 10 V.S.A. § 6001(3)(A)(iv)(I), and (2) complies with the conditions of any existing permit or permit amendment for the tract(s) on which the project will be located.

Sec. H.5 allows the District Commission to authorize an amendment to the conditions of a permit or permit amendment for the projects mentioned in Sec. H.4, without notice and a hearing, if all parties or their successors in interest consent to the proposed changes.

If any of the parties does not consent to the changes, the applicant for the amendment must submit a permit application, and review of the application is limited to the changes that did not receive the consent of the parties.

Sec. H.6 establishes a new section within Title 30 that requires priority housing projects as defined under Act 250 (10 V.S.A. § 6001) to meet or exceed the stretch codes established by the Department of Public Service.

Sec. H.7: Publication of Median Household Data

Directs the Department of Housing and Community Development, with VHFA, to publish data and eligibility incomes and costs for affordable housing.

Sec. H.8: Downtown Tax Credits

Increases the annual amount of tax credits available from \$2,200,000.00 to \$2,400,000.00.

Sec. H.9: Tax Credit for Affordable Housing – Captive Insurance Participation

Allows captive insurance companies to apply tax certificates purchased under this VHFA program against their captive insurance premium tax liability.

Sec. H.10: Vermont State Housing Authority; Powers

Expands governing statute to allow VSHA to work with regional or other partners to apply to HUD for approval to administer housing subsidies as a group, new entity or association, or as a contractor of one of those.

Sec. I.1: Sales and Use Tax; Repeal of Sunset; Airplanes and Parts

Repeals the sunset for a sales and use tax exemption for: (1) aircraft sold to businesses engaged in air commerce; and (2) parts, equipment, and machinery to be installed in any aircraft.

Secs. J.1–J.3: Tax Increment Financing Districts

These sections propose amendments to statutory provisions governing the creation and approval of tax increment financing districts by:

- (1) lifting the statutory “cap” on TIF districts and allowing two additional districts per county, and fourteen in the State, over the next seven years;
- (2) requiring a municipality with an approved district to commit an equal share of the municipal increment, relative to the State increment, plus 5%, to service debt incurred for the district;
- (3) modifying the criteria on which the Vermont Economic Progress Council approves new districts

Sec. J.1 – 24 V.S.A. chapter 53, subchapter 5

§ 1892 – strikes the prohibition on approving new TIF districts and adds the South Burlington TIF to the list of historical districts approved to date

§ 1894 – requires that a municipality with an approved district must retain a portion of its municipal tax increment that is equal to the State share it retains, plus 5%, to service indebtedness it incurs to finance the district

Sec. J.2 – 32 V.S.A. § 5404a

(f) – adds language to mirror the “plus 5 %” rule created above;

(f) – Also creates the parameters for approval of new TIF districts:

(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 two districts in a single county, and not more than an additional 14 districts in the State, 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 14-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 14-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.

(4) The Council shall not approve any additional districts on or after July 1, 2024.

(h)(1) – first change is a technical correction to reflect that “but for” analysis is for both proposed infrastructure and proposed development

- second change provides that the “but for” analysis should include number of units of affordable housing, if applicable to a project

(h)(3) – first change is a technical correction to add neighborhood development area (to list of other designated districts available under 24 VSA chapter 76A)

- second - clarifying changes to more clearly define an area that is “economic distressed”

(h)(4) - All projects must meet the “but for” test now (historically did not apply to all projects); therefore, meeting the test is no longer a necessary “project criteria” to qualify under subdivision (4) because “but for” analysis set forth above in (h)(1)

- also adds potential for “rehabilitated affordable” housing as an option under project criteria, and incorporates by reference definition of “affordable housing” under 24 V.S.A. § 4303 (120% of median for owner-occupied; 80% of media for rental)

Sec. J.3 – Implementation

Changes to TIF statutes in this act applicable only to applications filed, and districts approved on or after passage