

1 TO THE HOUSE OF REPRESENTATIVES:

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

8 * * * Rural Economic Development Initiative * * *

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

10 § 325m. RURAL ECONOMIC DEVELOPMENT INITIATIVE

11 Subchapter 4. Rural Economic Development Initiative

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

13 (1) “Rural area” means a county of the State designated as “rural” or
14 “mostly rural” by the U.S. Census Bureau in its most recent decennial census.

15 (2) “Small town” means a town in the State with a population of less
16 than 5,000 at the date of the most recent U.S. Census Bureau decennial census.

17 (b) Establishment. There is created within the Vermont Housing and
18 Conservation Board a Rural Economic Development Initiative to promote and
19 facilitate community economic development in the small towns and rural areas
20 of the State. The Rural Economic Development Initiative shall collaborate
21 with municipalities, businesses, regional development corporations, and other

1 appropriate entities to access funding and other assistance available to small
2 towns and businesses in rural areas of the State when existing State resources
3 or staffing assistance is not available.

4 (c) Services; access to funding.

5 (1) The Rural Economic Development Initiative shall provide the
6 following services to small towns and businesses in rural areas:

7 (A) identification of grant or other funding opportunities available to
8 small towns and businesses in rural areas that facilitate business development,
9 siting of businesses, infrastructure, or other economic development
10 opportunities;

11 (B) technical assistance to small towns and businesses in rural areas
12 in writing grants, accessing and completing the application process for
13 identified grants or other funding opportunities, including writing applications
14 for grants or other funding, coordination with providers of grants or other
15 funding, strategic planning for the implementation or timing of activities
16 funded by grants or other funding, and compliance with the requirements of
17 grant awards or awards of other funding; and

18 (C) recommending available grants, tax credits, or other incentives
19 that a small town or rural area can use to attract businesses.

20 (2) In providing services under this subsection, the Rural Economic
21 Development Initiative shall give first priority to projects that have received

1 necessary State or municipal approval and that are ready for construction or
2 implementation. Priority shall also be given to projects identified through
3 community visits hosted by the Vermont Council on Rural Development or
4 other public engagement planning processes.

5 (3) In identifying businesses, or business types, the Rural Economic
6 Development Initiative shall seek to identify businesses or business types in
7 the following priority areas:

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

10 (B) the outdoor equipment or recreation industry;

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

12 (D) the value-added food industry;

13 (E) phosphorus removal technology; and

14 (F) composting facilities.

15 (d) Report. Beginning on January 31, 2018, and annually thereafter, the
16 Rural Economic Development Initiative shall submit to the Senate Committees
17 on Agriculture and on Economic Development, Housing and General Affairs
18 and the House Committees on Agriculture and Forestry and on Commerce and
19 Economic Development a report regarding the activities and progress of the
20 Initiative. The report shall include:

21 (1) a summary of activities in the preceding calendar year;

1 (2) an evaluation of the effectiveness of the services provided to small
2 towns and businesses in rural areas;

3 (3) an accounting of the grants or other funding facilitated or provided
4 assistance with;

5 (4) an accounting of the funds acquired by the Rural Economic
6 Development Initiative for administration of grants or other funding
7 mechanisms and whether these funds are sufficient to offset the cost of the
8 Rural Economic Development Initiative; and

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

12 Sec. 2. RURAL ECONOMIC DEVELOPMENT INITIATIVE

13 In fiscal year 2018, it is the intent of the General Assembly to make funding
14 available to the Vermont Housing and Conservation Board for the purposes of
15 implementing and administering the Rural Economic Development Initiative
16 under 10 V.S.A. § 325m.

17 * * * Cross-promotion of Development Programs * * *

18 Sec. 3. EXECUTIVE BRANCH CROSS-PROMOTION OF LOAN, GRANT,
19 AND INCENTIVE PROGRAMS

20 The General Assembly finds that it is within the authority of the Executive
21 Branch to manage a process of continuous improvement for agency and

1 statewide programs and operations. While undertaking these efforts, the
2 Executive Branch shall ensure that State loan, grant, and other incentive
3 programs cross-promote:

4 (1) the availability of financial and technical assistance from the State in
5 education and outreach materials; and

6 (2) the State policies funded by State incentive programs, including the
7 adoption of renewable energy, rural economic development, public access to
8 conserved lands, and water quality improvements.

9 * * * Energy Efficiency * * *

10 Sec. 4. REPORT; ENERGY EFFICIENCY CHARGE; COMMERCIAL AND
11 INDUSTRIAL CUSTOMERS

12 (a) On or before January 15, 2018, the Commissioner of Public Service (the
13 Commissioner) shall submit a report with recommendations as described in
14 subsection (b) of this section.

15 (1) In preparing the report, the Commissioner shall consult with the
16 Secretary of Commerce and Community Development, the energy efficiency
17 utilities (EEU) appointed under 30 V.S.A. § 209(d)(2), the regional
18 development corporations, the Public Service Board, and other affected
19 persons.

20 (2) The Commissioner shall submit the report to the Senate Committees
21 on Finance, on Natural Resources and Energy, and on Agriculture and the

1 House Committees on Ways and Means, on Energy and Technology, on
2 Commerce and Economic Development, and on Agriculture and Forestry.

3 (b) The report shall provide the Commissioner’s recommendations on:

4 (1) Whether and how to increase the use by commercial and industrial
5 customers of self-administered efficiency programs under 30 V.S.A. § 209(d)
6 and (j), including:

7 (A) Potential methods and incentives to increase participation in self-
8 administration of energy efficiency, including:

9 (i) Potential changes to the eligibility criteria for existing
10 programs.

11 (ii) Use of performance-based structures.

12 (iii) Self-administration of energy efficiency by a commercial and
13 industrial customer, with payment of an energy efficiency charge (EEC)
14 amount only for technical assistance by an EEU, if the customer demonstrates
15 that it possesses in-house expertise that supports such self-administration and
16 implements energy efficiency measures that the customer demonstrates are
17 cost-effective and save energy at a benefit-cost ratio similar to the EEU.

18 (B) The potential inclusion of such methods and incentives in EEU
19 demand resource plans.

20 (C) Periodic reporting by the EEUs of participation rates in self-
21 administration of energy efficiency by commercial and industrial customers

1 located in the small towns in the State’s rural areas. As used in this
2 subdivision (C):

3 (i) “Rural area” means a county of the State designated as “rural”
4 or “mostly rural” by the U.S. Census Bureau in its most recent decennial
5 census.

6 (ii) “Small town” means a town in a rural area of the State with a
7 population of less than 5,000 at the date of the most recent U.S. Census Bureau
8 decennial census.

9 (2) The potential establishment of a multi-year pilot program that allows
10 a category of commercial and industrial customers to apply the total amount of
11 their Energy Efficiency Charge (EEC), for the period of the pilot, to
12 investments that reduce the customer’s total energy consumption.

13 (A) The goal of such a program would be to reduce significantly all
14 energy costs for the customer, and to transform the energy profile of the
15 customer such that significant savings would be generated and endure over the
16 long term. Customers in the program would receive the full amount of their
17 EEC contributions, for the period of the pilot, in the form of direct services and
18 incentives provided by an EEU, which would consider how to lower
19 customers’ bills cost-effectively across electric, heating, transportation, and
20 process fuels using energy efficiency, demand management, energy storage,
21 fuel switching, and on-site renewable energy.

- 1 (B) In the report, the Commissioner shall consider:
- 2 (i) the definition of eligible commercial and industrial customers;
- 3 (ii) the potential establishment and implementation of such a
4 program in a manner similar to an economic development rate for the EEU;
- 5 (iii) the interaction of such a program with the existing programs
6 for self-managed energy efficiency under 30 V.S.A. § 209(d), including the
7 Energy Savings Account, Self-Managed Energy Efficiency, and Customer
8 Credit Programs;
- 9 (iv) the benefits and costs of such a program, including:
- 10 (I) a reduction in the operating costs of participating customers;
- 11 (II) the effect on job retention and creation and on economic
12 development;
- 13 (III) the effect on greenhouse gas emissions;
- 14 (IV) the effect on systemwide efficiency benefits that would
15 otherwise be obtained with the EEC funds, such as avoided supply costs,
16 avoided transmission and distribution costs, avoided regional network service
17 charges, and lost revenues from the regional forward-capacity market;
- 18 (V) the potential impact on commercial and industrial
19 customers that may not be eligible to participate in such a program;

1 (VI) the extent to which such a program may result in cost
2 shifts or subsidization among rate classes, and methods for avoiding or
3 mitigating these effects;

4 (VII) the effect on the budgets developed through the demand
5 resource planning process;

6 (VIII) the costs of administration;

7 (IX) any other benefits and costs of the potential program; and

8 (v) The consistency of such a program with least-cost planning as
9 defined in 30 V.S.A. § 218c; with State energy goals and policy set forth in
10 10 V.S.A. §§ 578, 580, and 581 and 30 V.S.A. §§ 202a and 218e; and with the
11 State energy plans adopted pursuant to 30 V.S.A. §§ 202 and 202b.

12 (c) The report submitted under this section shall include a proposed
13 timeline to phase in the recommendations contained in the report. In
14 developing this timeline, the Commissioner shall consider the impact to the
15 established budgets of the EEU's, the regulatory requirements applicable to the
16 EEU's, and the value of rapid implementation of the recommendations.

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

18 (3) Energy efficiency charge; regulated fuels. In addition to its existing
19 authority, the Board may establish by order or rule a volumetric charge to
20 customers for the support of energy efficiency programs that meet the
21 requirements of section 218c of this title, with due consideration to the State's

1 energy policy under section 202a of this title and to its energy and economic
2 policy interests under section 218e of this title to maintain and enhance the
3 State's economic vitality. The charge shall be known as the energy efficiency
4 charge, shall be shown separately on each customer's bill, and shall be paid to
5 a fund administrator appointed by the Board and deposited into ~~an~~ the Electric
6 Efficiency Fund. When such a charge is shown, notice as to how to obtain
7 information about energy efficiency programs approved under this section
8 shall be provided in a manner directed by the Board. This notice shall include,
9 at a minimum, a toll-free telephone number, and to the extent feasible shall be
10 on the customer's bill and near the energy efficiency charge.

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12 * * * Environmental Permitting * * *

13 Sec. 6. ENVIRONMENTAL PERMITTING; AIR CONTAMINANT FEES;
14 ANAEROBIC DIGESTION

15 On or before January 15, 2018, the Secretary of Natural Resources shall
16 report to House Committees on Agriculture and Forestry and on Natural
17 Resources, Fish and Wildlife and the Senate Committees on Agriculture and
18 on Natural Resources and Energy with a recommendation for reducing or
19 eliminating the air contaminant fee paid by farmers for the emissions from the
20 anaerobic digestion of agricultural products, agricultural by-products,
21 agricultural waste, or food waste. The report shall include a summary of what

1 services the Agency of Natural Resources provides or provided to owners of
2 anaerobic digestors in relation to fees paid.

3 * * * Phosphorus Removal Technology; Grants * * *

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

5 § 4828. CAPITAL EQUIPMENT ASSISTANCE PROGRAM

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

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

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

19 (1) First priority shall be given to capital equipment to be used on farm
20 sites that are serviced by custom applicators, phosphorus separation equipment

1 providers, and nonprofit organizations and that are located in descending order
2 within the boundaries of:

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

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

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

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

1 * * * Forestry Equipment; Sales Tax Exemption * * *

2 Sec. 8. FORESTRY EQUIPMENT; SALES TAX EXEMPTION

3 On or before January 15, 2018, the Commissioner of Taxes shall submit to
4 the House Committees on Agriculture and Forestry and on Ways and Means
5 and the Senate Committees on Agriculture and on Finance recommended draft
6 legislation for exempting from forestry harvesting and processing equipment
7 from the sales and use tax imposed under 32 V.S.A. §§ 9741 and 9773.

8 * * * Workers' Compensation; High-Risk Occupations
9 and Industries * * *

10 Sec. 9. WORKERS' COMPENSATION; INDUSTRIES AND

11 OCCUPATIONS WITH HIGH RISK, HIGH PREMIUMS, AND
12 FEW POLICYHOLDERS; STUDY; REPORT

13 (a) The Commissioner of Financial Regulation, in consultation with the
14 Commissioner of Labor, the National Council on Compensation Insurance, and
15 other interested stakeholders, shall identify and study industries and
16 occupations in Vermont that experience a high risk of workplace and on-the-
17 job injuries and whose workers' compensation insurance is characterized by
18 high premiums and few policyholders in the insurance pool. The industries
19 and occupations addressed in the study shall include, among others, logging
20 and log hauling, as well as arborists, roofers, and occupations in saw mills and
21 wood manufacturing operations. In particular, the Commissioner shall:

1 (1) examine differences in the potential for loss, premium rates, and
2 experience and participation in the workers' compensation marketplace
3 between the industries and occupations identified, and the average for all
4 industries and occupations in Vermont;

5 (2) study potential methods for reducing workers' compensation
6 premium rates and costs for high-risk industries and occupations, including
7 risk pooling between multiple high-risk industries or occupations, creating
8 self-insured trusts; creating voluntary safety certification programs, and
9 programs or best practices employed by other states; and

10 (3) model the potential impact on workers' compensation premiums and
11 costs from each of the methods identified pursuant to subdivision (2) of this
12 subsection.

13 (b) On or before January 15, 2018, the Commissioner of Financial
14 Regulation shall submit a written report to the House Committee on Commerce
15 and Economic Development and the Senate Committee on Finance regarding
16 his or her findings and any recommendations for legislative action to reduce
17 the workers' compensation premium rates and costs for the industries
18 identified in the study.

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* * * Repeals * * *

Sec. 10. REPEALS

The following are repealed on July 1, 2023:

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

Initiative); and

(2) 6 V.S.A. § 4828(d) (phosphorus removal grant criteria).

* * * Effective Date * * *

Sec. 11. EFFECTIVE DATE

This act shall take effect on July 1, 2017.

(Committee vote: _____)

Representative _____

FOR THE COMMITTEE