

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

**House Commerce - Strike-all proposal of amendment draft 9.1**  
**(highlights reflect changes to As Passed 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: Rural Economic Development Infrastructure Districts**

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

### **Secs. C.1-C.2: Green Mountain Secure Retirement Plan**

**Sec. C.1** - Directs Vermont to adopt and implement a multiple employer plan public retirement plan called the Green Mountain Secure Retirement Plan, a Multiple Employer Plan (MEP) 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 development by the Public Retirement Study Committee pursuant to Sec. C.2. **Adds to the provisions concerning the board that oversees the MEP: the requirement**

that the employer member be an employer with 50 or fewer employees who does not offer a retirement plan; the duty to annually report to the House and Senate Government Operations Committees concerning the Plan; and that members may receive per diem compensation if not otherwise compensated by another source.

**Sec. C.2** - Amends 2016 Acts and Resolves No. 157, Sec. F.1, establishing the interim study on the feasibility of establishing a public retirement plan and creating the Public Retirement Study Committee. This section charges the Committee with developing specific recommendations concerning the design, creation, and implementation of the Plan, as well as studying and making specific recommendations concerning: access to a marketplace for private sector retirement plans and options available to individuals ineligible to participate in the Plan; options for paying the costs of the Plan if operational costs exceed revenues; and methods to increase participation in the MEP if participation is low after three years.

### **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, in collaboration with the Agency of Education, for career training and planning for younger Vermonters, beginning in middle school. Specifies that K-12 school districts and supervisory unions are among eligible recipients of WETF funds.

**E.3** – Authorizes the Secretary of Administration to create within the Agency of Education the position of Career Pathways Coordinator, who will serve directly under the State Director for Career Technical Education, and whose duties include: serving as the interagency point person for the development of a State-approved Career Pathways System; addressing funding, governance, and access to career technical education in Vermont; and developing necessary data, indicators, and outcomes to evaluate success of the system.

**E.4** – Heating Fuel and Service Workforce Training Pilot Project. Directs Department of Labor, in collaboration with regional CTE Centers and the Vermont Fuel Dealers Association, to establish the Pilot Project using available private, State, and federal

funding. Under the Project, the partners, with Adult Tech Ed providers, will organize informational meetings and identify training candidates; train selected candidates; and increase workforce needed in this sector. DOL and employers each agree to pay 50% of training provided by VFDA in partnership with CTE Centers.

**E.5 – CTE Dual Enrollment Memoranda of Understanding.** Directs Agency of Education to assist UVM and State Colleges in developing MOU with regional CTE Centers to expand the recognition of academic and technical course work completed by students in CTE programs by UVM and the Vermont State Colleges.

### **Sec. F.1: ~~Minimum Wage Study Benefit Cliff Report~~**

~~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~~

Directs Commissioner of Children and Families, in consultation with JFO, to evaluate the State’s public benefit structure and recommend methods for mitigating or eliminating the benefit cliffs experienced by working Vermonters receiving public assistance.

### **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. **House makes technical drafting change.**

**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. **House makes technical drafting change.**

**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–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 – Finding** 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.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.

(5) Prior to January 1, 2019, the Council shall not accept or approve an application for a district within a county that has five or more approved districts.

(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.

#### **Secs. K.1-K.2: Climate Economy Business Accelerator Program**

##### **Sec. K.1 - Findings and purpose**

**Sec. K.2** – Adds 10 V.S.A. § 331, which authorizes the Vermont Sustainable Jobs Fund to design and implement the Program, the purpose of which is to assemble program partners and participants of at least 10 start-up and early stage businesses in the climate economy sector to participate in an intensive three- to four-month program of training, mentoring, and investment opportunities.

#### **Secs. L.1-L.2: Opportunity Economy Investments**

**Sec. L.1** – Microbusiness Development Programs. Includes findings concerning the programs and a statement of intent to provide funding, subject to available resources.

**Sec. L.2** – Financial Education; Coaching; Credit-Building Services. Includes findings concerning financial capability programs at the Community Action Agencies and a statement of intent to provide funding, subject to available resources.

#### **Secs. M.1-M.2: Economic Development Funding Priorities**

**Sec. M.1** – Small Business Development Center. Includes statement of intent to provide funding, subject to available resources, for the purpose of increasing the number of SBDC business advisors, with priority to underserved regions of the State.

**Sec. M.2** – Economic Development Marketing. Authorizes Agency of Commerce and Community Development to use available funds to implement the Department of Economic Development’s economic development marketing plan.

**N.1. Effective Dates** – all effective July 1, 2017, except TIF sections (on passage).