

S.276. An Act Relating to Rural Economic Development
Section by Section Summary

Sec. 1. 10 V.S.A. § 325m. Rural Economic Development Initiative (REDI)

- Sec. 1 amends the REDI Program adopted last year to address the scope of the program.
- These changes focus the REDI Program on offering grant assistance to small towns and rural areas.
- The current authority of the program regarding business development or business recruitment would be struck as other state agencies are conducting those activities.

Sec. 2. Outdoor Recreation Friendly Community Program

- Sec. 2 establishes an Outdoor Recreation Friendly Community Program administered by the Department of Forests, Parks and Recreation and the Agency of Commerce (ACCD) to provide incentives for communities to leverage outdoor recreation assets to foster economic growth.
- The Commissioner of Forests, Parks and Recreation, ACCD, and the Vermont Outdoor Recreation Economic Collaborative shall select communities for the Program using specified factors, including
 - community economic need;
 - outdoor recreation as a priority in a town plan or other pertinent planning document; and
 - whether a foundation of outdoor recreation assets is already in place.
- Communities accepted into the Program shall be offered incentives, including.
 - preferential consideration to become part of the Vermont Trail System;
 - preferential consideration when applying for grant assistance through the Recreational Trails Program and the Land and Water Conservation Fund Program; and
 - recognition as part of a network of Outdoor Recreation Friendly Communities connected through a common branding and adherence to high standards of quality and service.
- The section also established a pilot project by allocating \$100,000.00 to ACCD to communities chosen to participate in the Program. The funding may be used for specific purposes, including.
 - communitywide outdoor recreation planning;
 - services of consultants and other technical assistance providers; and
 - public facing mapping and other informational materials.
- The Commissioner of Forests and Parks shall report over the next 2 years on progress of the pilot.

Sec. 3-4. Act 250 Treatment of Trails

- Secs. 3 and 4 are intended to provide consistency for Act 250 review of trail construction. These are not exemptions. Trails that would trigger the Act 250 threshold will still need an Act 250 permit.
- **Sec. 3. 10 V.S.A. § 6001(3):** provides that trails that are part of the Vermont Trails System are for a public purpose. Some district commissions have found trails in the system to be for a public purpose and some have not. This is simply to provide for consistent application in Act 250 review.
- **Sec. 4. 10 V.S.A. § 6001(3)(F):** provides how the area of a trail shall be calculated for Act 250 review, including that Act 250 jurisdiction extends only to the trail corridor and directly affected area.
- The language in this section is based on an existing Act 250 rule and is intended to set the standards for trail review in statute. It does change the current review process and it is not an exemption

Sec. 5. 10 V.S.A. § 6084. Act 250 and Sawmills

- Sec. 5 provides that sawmills undergoing Act 250 review will be processed as a minor application if the sawmill produces two million board feet or less annually.
- This is not an Act 250 exemption. It simply provides consistency in review for small sawmills. They still must obtain a permit. And an interested person can request a hearing for full application review.

Sec. 6. 16 V.S.A. § 837. Public Schools; Wood Heat

- Sec. 6 provides that public schools that use wood for heat shall give preference to Vermont suppliers when making fuel purchases.

Sec. 7. 30 V.S.A. § 8009(a)(2). Woody Biomass Plants; Wood Supply

- Sec. 7 provides that woody biomass plants in the state that were commissioned prior to 2009 use wood from Vermont dealers unless there is inadequate supply in the Vermont markets.

Sec. 8. BGS Public Buildings; Wood Energy; Vermont Suppliers; Report

- Sec. 8 requires BGS to report to the General Assembly on or before December 15, 2018, regarding the feasibility of requiring State or municipally-owned public buildings that use wood to produce heat or electricity, or both, to give preference to Vermont suppliers when making fuel supply purchases.

Sec. 9. 30 V.S.A. § 209(d). Self-Administered Energy Efficiency Charge; Energy Savings Accounts

- Sec. 9 amends the energy savings account program for self-administration of energy efficiency charges.
- The current program is available to customers who pay \$5,000 or more in energy efficiency charges.
- Sec. 9 would amend the program to allow customers located in industrial parks in rural areas to qualify to use energy savings accounts regardless of whether they pay \$5,000 or more in efficiency charges.

Sec. 10. 32 V.S.A. § 3756. Use Value Appraisal; Removal of Managed Forestland

- Sec. 10 amends the requirements for removal of managed forestland from Use Value Appraisal.
- Under the proposed change, PVR would remove an entire parcel of forestland from Use Value if no required management activity report has been issued or the parcel owner has received an adverse inspection report on greater than one percent of the enrolled forestland on a parcel,
- If PVR receives an adverse inspection report on less than or equal to one percent of forestland on a parcel, only the forestland enrolled in the municipality in which the violation occurred shall be removed.
- If a violation consists solely of failure to make a prescribed planned cutting, the Director may delay removal of a parcel of forestland from use value appraisal for a period of one year at a time to allow the owner of the parcel opportunity to bring the parcel into conformance with its forest management plan.

Sec. 11. 32 V.S.A. § 3755(d). Use Value Conforming Change

- Sec. 11 makes a change to a cross reference to conform with the changes made in Sec. 10.

Sec. 12. 30 V.S.A. § 209. Energy Efficiency Funds; Low-Income Households

- Sec. 12 directs the Public Utility Commission to require that a percentage of energy efficiency funds be used to deliver energy efficiency programs to customers with household incomes below 80 percent of the statewide median income.

Sec. 13. Department of Public Service; Demand Charge Report

- Sec. 13 requires the Department of Public Service to report to the General Assembly on electric utility demand charges in Vermont and the effect of these charges on the ability of industrial enterprises to locate in rural towns of the State.

Sec. 14. 3 V.S.A. § 2822(j). Wetlands Permit Fees

- Sec. 14 provides that a farmer installing a pipeline in a wetland for the purpose of transporting manure for farming shall pay a \$200 permit fee instead of \$0.75 per foot.
- The farmer would still need to get a permit. ANR has approved this change.

Sec. 15. 32 V.S.A. § 8911. Purchase and Use Tax

- Sec. 15 provides that motor vehicles used for forestry or harvesting shall not be subject to the purchase and use tax for motor vehicles.
- Last year, the General Assembly exempted these vehicles and equipment from the sales tax. This change is to ensure consistency of exemption.

Secs. 16-17. 32 V.S.A. § 9701; 32 V.S.A. § 9741. Advanced Wood Boilers; Sales Tax

- Sec. 16 would exempt advanced wood boilers from the sales and use tax.
- “Advanced wood boilers” are a boilers or furnaces:
 - rated as high-efficiency, meaning a higher heating value or gross calorific value of 80% or more;
 - containing at least one week fuel-storage, automated startup and shutdown, and fuel feed; and
 - meeting other efficiency and total particulate matter standards.

Sec. 18. 32 V.S.A. § 5930I. Tax Credit for Advanced Wood Boilers

- Sec. 18 provides an income tax credit of 50% of the amount of the cost of an advanced wood boiler.
- Any unused credit may be carried forward for up to 10 years.

Sec. 19-20. Statutory Purposes of Sales Tax Exemption and Tax Credit for Advanced Wood Boilers

- Secs. 19 and 20 provide the statutory purposes for the sales tax exemption and income tax credit for advanced wood boilers.
- The purposes for both the exemption and the credit is to promote the forest products industry in Vermont by encouraging the purchase of modern wood heating systems.

Secs. 21-23. 6 V.S.A. chapter 34. Industrial Hemp Program Compliance with Federal Law

- In 2014, the federal Farm Bill authorized States to conduct industrial hemp cultivation programs.
- Hemp cultivated under the federal program is not considered a controlled substance under federal drug laws.
- Vermont has a hemp program, but it requires some minor amendments to conform with the federal farm bill.
- Secs 21 to 23 make these minor amendments by clarifying the program is for research purposes and by providing the Agency must register hemp growers and certify the land where hemp is grown.
- The Committee asked the Attorney General Office to review the language and the AG thinks it is consistent with the federal Farm Bill authority from 2014.

Sec. 24. 6 V.S.A. § 567. Hemp Testing

- Sec. 24 provides that when the Agency of Agriculture or a medical marijuana dispensary tests a hemp crop and the hemp has a THC content of more than 0.3 percent, the hemp grower can:
 - enter an agreement with a dispensary for the separation of THC from the hemp crop, return the hemp crop to the grower, and retention of the THC by the dispensary; or
 - sell the hemp crop to a dispensary registered under 18 V.S.A. chapter 86; or
 - arrange for the Secretary to destroy or order the destruction of the hemp crop.
- Sec. 9 also provides that a person registered with the Secretary as growing the hemp crop shall not be subject to civil, criminal, or administrative liability if the tested hemp has a THC concentration of one percent or less.

Sec. 25. 18 V.S.A. § 4474e. Medical Marijuana Dispensaries

- Sec. 25 authorizes medical marijuana dispensaries to acquire possess, process, manufacture, transfer, transport and test industrial hemp.

Sec. 26. 18 V.S.A. § 4474n. Agency of Agriculture Cannabis Control Program

- Sec. 26 requires the Agency of Agriculture to establish a cannabis control program for testing and verification of marijuana, industrial hemp, and hemp-infused products, and marijuana infused products.

Sec. 27. 20 V.S.A. § 2731(c). Fire Safety Fees

- Sec. 27 lowers the maximum fee that the Division of Fire Safety may assess for review of fire safety or building code applications. The current maximum fee is \$185,000. Sec. 27 would lower it to \$130,000.
- Sec. 27 also gives the Commissioner of Public Safety authority to waive all or part of the fee if the Commissioner determines that prior review or ongoing review of the construction plan or building was suitable or completed in a manner that justifies reduction of the fee.
- The Division of Fire Safety supported the changes.

Sec. 28. ACCD; Industrial Park Designation

- Sec. 28 requires the Agency of Commerce and Community Development to report to the General Assembly with recommendations for establishing an economic development program under which defined parcels in rural areas of the State are designated as industrial parks for the purposes of providing regulatory and permitting incentives to businesses sited within the industrial park.

Sec. 29. Effective Dates

- Secs. 3 and 4 (Act 250 trails designation) and 5 (Act 250 minor application; small sawmills) and 14 (wetland permit fees) shall take effect on passage.
- All other sections shall take effect on July 1, 2018.