

S.276. An Act Relating to Rural Economic Development
Senate Natural Resources and Energy 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 potential for growth;
- 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. Department of Public Service; Demand Charge Report

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

Sec. 4. 32 V.S.A. § 8911. Purchase and Use Tax

- Sec. 4 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. 5-6. 32 V.S.A. § 9701; 32 V.S.A. § 9741. Advanced Wood Boilers; Sales Tax

- Sec. 6 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. 7. 32 V.S.A. § 5930l. 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.

Secs. 8-9. Statutory Purposes of Sales Tax Exemption and Tax Credit for Advanced Wood Boilers

- Secs. 8 and 9 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. 10-12. 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 10 to 12 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. 13. 6 V.S.A. § 567. Hemp Testing

- Sec. 13 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. 13 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. 14. 18 V.S.A. § 4474e. Medical Marijuana Dispensaries

- Sec. 14 authorizes medical marijuana dispensaries to acquire possess, process, manufacture, transfer, transport and test industrial hemp.

Sec. 15. 18 V.S.A. § 4474n. Agency of Agriculture Cannabis Control Program

- Sec. 15 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. 16. 20 V.S.A. § 2731(c). Fire Safety Fees

- Sec. 16 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. 16 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. 17. 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. 18. Effective Date

- The act shall take effect on July 1, 2018.