

1 TO THE HONORABLE SENATE:

2 The Committee on Agriculture to which was referred Senate Bill No. 276
3 entitled “An act relating to rural economic development” respectfully reports
4 that it has considered the same and recommends that the bill be amended by
5 striking out all after the enacting clause and inserting in lieu thereof the
6 following:

7 * * * Rural Economic Development Initiative * * *

8 Sec. 1. 10 V.S.A. § 325m is amended to read:

9 § 325m. RURAL ECONOMIC DEVELOPMENT INITIATIVE

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

11 (1) ~~“Industrial park” means an area of land permitted as an industrial~~
12 ~~park under chapter 151 of this title or under 24 V.S.A. chapter 117, or under~~
13 ~~both.~~

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

16 (3)(2) “Small town” means a town in the State with a population of less
17 than 5,000 at the date of the most recent U.S. Census Bureau decennial census.

18 (b) Establishment. There is created ~~within the Vermont Housing and~~
19 ~~Conservation Board~~ a Rural Economic Development Initiative ~~to promote and~~
20 ~~facilitate~~ to be administered by the Vermont Housing and Conservation Board
21 for the purpose of promoting and facilitating community economic

1 development in the small towns and rural areas of the State. The Rural
2 Economic Development Initiative shall collaborate with municipalities,
3 businesses, ~~industrial parks~~, regional development corporations, and other
4 appropriate entities to access funding and other assistance available to small
5 towns and businesses in rural areas of the State when existing State resources
6 or staffing assistance is not available.

7 (c) Services; access to funding.

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

10 ~~(A)(1)~~ identification of grant or other funding opportunities available
11 to small towns, businesses in rural areas, and industrial parks in small towns
12 and rural areas that facilitate business development, ~~siting of businesses,~~
13 ~~workforce development, broadband deployment,~~ infrastructure development,
14 or other economic development opportunities;

15 ~~(B)(2)~~ technical assistance to small towns, businesses in rural areas,
16 and industrial parks in small towns and rural areas in writing grants, accessing
17 and completing the application process for identified grants or other funding
18 opportunities, including writing applications for grants or other funding,
19 coordination with providers of grants or other funding, strategic planning for
20 the implementation or timing of activities funded by grants or other funding,

1 and compliance with the requirements of grant awards or awards of other
2 funding.

3 ~~(2)~~(d) In providing services under this subsection, the Rural Economic
4 Development Initiative shall give first priority to projects that have received
5 necessary State or municipal approval and that are ready for construction or
6 implementation.

7 ~~(d)~~(e) ~~Services; business development~~ Priority projects. The Rural
8 Economic Development Initiative shall ~~provide small towns and rural areas~~
9 ~~with services to facilitate business development in these areas. These services~~
10 ~~shall include:~~

11 ~~(1) Identifying businesses or business types suitable for a small town,~~
12 ~~rural areas, industrial parks in a small town or rural area, or coworker spaces or~~
13 ~~generator spaces in rural areas. In identifying businesses or business types, the~~
14 ~~Rural Economic Development Initiative shall seek to~~ assist the following
15 priority types of projects:

16 ~~(A) identify businesses or business types in the following priority~~
17 ~~areas:~~

18 ~~(i)~~(1) milk plants, milk handlers, or dairy products, as those terms
19 are defined in 6 V.S.A. § 2672;

20 ~~(ii)~~(2) the outdoor recreation and equipment ~~or recreation industry~~
21 enterprises;

1 ~~(iii)~~(3) ~~the value-added food and forest products industry~~
2 enterprises;

3 ~~(iv)~~(4) ~~the value-added food industry farm operations, including~~
4 phosphorus removal technology for farm operations;

5 ~~(v)~~(5) ~~phosphorus removal technology~~ coworking or business
6 generator and accelerator spaces; and

7 ~~(vi)~~(6) commercial composting facilities; and

8 (7) restoration and rehabilitation of historic buildings in
9 community centers.

10 ~~(B) explore with a small town or rural area whether underused or~~
11 ~~closed school buildings are appropriate sites for coworker or generator spaces.~~

12 ~~(2) Recommending available grants, tax credits, or other incentives that~~
13 ~~a small town or rural area can use to attract businesses.~~

14 ~~(3)~~(f) In providing services under this subsection, the Rural Economic
15 Development Initiative shall coordinate with the Secretary of Commerce and
16 Community Development ~~in order to avoid duplication by the Rural Economic~~
17 ~~Development Initiative of business recruitment and workforce development~~
18 ~~services provided by the Agency of Commerce and Community Development~~
19 and regional development corporations.

20 ~~(e)~~(g) Report. Beginning on January 15, 2018 31, 2019, and annually
21 thereafter, the Rural Economic Development Initiative shall submit to the

1 Senate Committees on Agriculture and on Economic Development, Housing
2 and General Affairs and the House Committees on Agriculture and Forestry
3 and on Commerce and Economic Development a report regarding the activities
4 and progress of the Initiative as part of the report of the Vermont Farm and
5 Forest Viability Program. The report shall include:

6 (1) ~~a summary of the Initiative's activities in the preceding calendar~~
7 ~~year;~~

8 (2) ~~an evaluation of the effectiveness of the services provided by the~~
9 ~~Initiative to small towns, rural areas, and industrial parks;~~

10 (3) ~~a summary of the Initiative's progress in attracting priority~~
11 ~~businesses to small towns and rural areas;~~

12 (4) ~~an accounting of the grants or other funding that the Initiative~~
13 ~~facilitated or provided assistance with;~~

14 (5) ~~an accounting of the funds acquired by the Rural Economic~~
15 ~~Development Initiative for administration of grants or other funding~~
16 ~~mechanisms and whether these funds are sufficient to offset the cost of the~~
17 ~~Rural Economic Development Initiative; and~~

18 (6) ~~recommended changes to the program, including proposed~~
19 ~~legislative amendments to further economic development in small towns and~~
20 ~~rural areas in the State summarize the Initiative's activities in the preceding~~
21 ~~year; evaluate the effectiveness of the services provided by the Initiative; and~~

1 provide an accounting of the grants or other funding that the Initiative
2 facilitated or helped secure.

3 * * * Outdoor Recreation Friendly Community Program * * *

4 Sec. 2. OUTDOOR RECREATION FRIENDLY COMMUNITY PROGRAM

5 (a) Establishment. The Outdoor Recreation Friendly Community Program
6 (Program) is created to provide incentives for communities to leverage outdoor
7 recreation assets to foster economic growth within a town, village, city, or
8 region of the State.

9 (b) Administration. The Program shall be administered by the Department
10 of Forests, Parks and Recreation in association with the Agency of Commerce
11 and Community Development.

12 (c) Selection. The Commissioner of Forests, Parks and Recreation in
13 consultation with the Agency of Commerce and Community Development and
14 the Vermont Outdoor Recreation Economic Collaborative steering committee
15 shall select communities for the Program using, at minimum, the following
16 factors.

17 (1) community economic need;

18 (2) identification of outdoor recreation as a priority in a town plan or
19 other pertinent planning document;

20 (3) community commitment to an outdoor recreation vision;
21 demonstrated support from community officials, the public, local business, and

1 local and statewide outdoor recreation nonprofit organizations; and
2 commitment to adhere to accepted standards and recreation ethos;

3 (4) a community with a good foundation of outdoor recreation assets
4 already in place with strong potential for growth on both private and public
5 lands;

6 (5) a community with good opportunities for connecting assets within
7 the community with assets of other nearby communities;

8 (6) a community with an existing solid network of local supporting
9 businesses; and

10 (7) community commitment to track and measure outcomes to
11 demonstrate economic and social success.

12 (d) Incentives. Communities accepted into the Program shall be offered, at
13 minimum, the following incentives.

14 (1) preferential consideration to become part of the Vermont Trail
15 System;

16 (2) preferential consideration when applying for grant assistance
17 through the Recreational Trails Program and the Land and Water Conservation
18 Fund Program;

19 (3) access to other economic development assistance if available and
20 appropriate; and

1 (4) recognition as part of a network of Outdoor Recreation Friendly
2 Communities connected through a common branding and adherence to high
3 standards of quality and service.

4 (e) Pilot project and appropriation. A sum of \$100,000.00 shall be
5 allocated to the Agency of Commerce and Community Development to be
6 administered in association with the Department of Forests, Parks and
7 Recreation and used in support of pilot communities chosen by the
8 Commissioner of Forests, Parks and Recreation to serve as a prototype for the
9 Program. The funding may be used for the following purposes.

10 (1) communitywide outdoor recreation planning, including assessment,
11 mapping, and identifying possibilities and priorities;

12 (2) services of consultants and other technical assistance providers;

13 (3) public facing mapping and other informational materials;

14 (4) securing access;

15 (5) implementation of public access improvements;

16 (6) stewardship;

17 (7) marketing; and

18 (8) program administration.

19 (f) Reports. On or before January 15, 2019, the Commissioner of Forests,
20 Parks and Recreation shall submit a report to the General Assembly detailing
21 the progress made with the pilot project authorized under subsection (e) of this

1 section. On or before January 15, 2020, the Commissioner of Forests, Parks
2 and Recreation shall submit a report to the General Assembly detailing any
3 measurable results of economic activity growth.

4 * * * Vermont Trail System; Act 250 * * *

5 Sec. 3. 10 V.S.A. § 6001(3) is amended to read:

6 (3)(A) “Development” means each of the following:

7 * * *

8 (v) The construction of improvements on a tract of land involving
9 more than 10 acres that is to be used for municipal, county, or State purposes.

10 In computing the amount of land involved, land shall be included that is
11 incident to the use such as lawns, parking areas, roadways, leaching fields and
12 accessory buildings. Trails designated as part of the Vermont Trails System
13 under chapter 20 of this title shall be deemed to be for the use of a State
14 purpose.

15 * * *

16 Sec. 4. 10 V.S.A. § 6001(3)(C) is amended to read

17 (C) For the purposes of determining jurisdiction under subdivision

18 (3)(A) of this section, the following shall apply:

19 * * *

20 (vi) Trail projects.

1 (I) When jurisdiction over a trail has been established pursuant
2 to 10 V.S.A. § 6001(3)(A), jurisdiction shall extend only to the trail corridor
3 and to any area directly or indirectly impacted by the construction, operation,
4 or maintenance of the trail corridor. The width of the corridor shall be ten feet
5 unless the Commission determines that circumstances warrant a wider or
6 narrower corridor width.

7 (II) Except in the case of construction on State lands, which are
8 subject to an independent review of environmental impacts by a State agency,
9 or the case of construction of a trail that is recognized as a trail within the
10 Vermont Trails System pursuant to chapter 20 of this title, when the
11 construction of improvements for a trail is proposed for a project on both
12 private and public land and for both a private and governmental purposes and
13 the portion of the project on private land reaches the threshold for jurisdiction
14 under subdivision 6001(3)(A)(i) or (ii) of this title, the portion of the project on
15 public land shall also be subject to jurisdiction under this chapter, even if
16 jurisdiction would not otherwise apply under the chapter.

17 * * * Forest Products Industry; Act 250 * * *

18 Sec. 5. 10 V.S.A. § 6084 is amended to read:

19 § 6084. NOTICE OF APPLICATION; HEARINGS; COMMENCEMENT OF
20 REVIEW

21 * * *

1 other than primary agricultural soils owned or controlled by the applicant
2 which are reasonably suited to the purpose of the development or subdivision;

3 (iii) except in the case of an application for a project located in a
4 designated area listed in subdivision 6093(a)(1) of this title, the subdivision or
5 development has been planned to minimize the reduction of agricultural
6 potential of the primary agricultural soils through innovative land use design
7 resulting in compact development patterns, so that the remaining primary
8 agricultural soils on the project tract are capable of supporting or contributing
9 to an economic or commercial agricultural operation; and

10 (iv) suitable mitigation will be provided for any reduction in the
11 agricultural potential of the primary agricultural soils caused by the
12 development or subdivision, in accordance with section 6093 of this title and
13 rules adopted by the Natural Resources Board.

14 (C) Productive forest soils. A permit will be granted for the
15 development or subdivision of productive forest soils only when it is
16 demonstrated by the applicant that, in addition to all other applicable criteria,
17 either, the subdivision or development will not result in any reduction in the
18 potential of those soils for commercial forestry; or:

19 (i) the development or subdivision will not significantly interfere
20 with or jeopardize the continuation of agriculture or forestry on adjoining lands
21 or reduce their agricultural or forestry potential; and

1 (2) For any forest processing facility already subject to a permit under
2 this section, a district commission will apply this provision in the consideration
3 of any future amendment application.

4 (3) As used in this subsection (g),

5 (A) “Forest processing facility” means a facility that purchases,
6 processes, dries, utilizes, or aggregates forest products.

7 (B) “Forest product” has the same meaning as in 10 V.S.A. § 2602.

8 *** Forest Products Industry; Wood Energy; Supply ***

9 Sec. 7. 16 V.S.A. § 837 is added to read:

10 § 837. PUBLIC SCHOOLS; WOOD HEAT; FUEL SUPPLIERS

11 Public schools and independent schools designated under section 827 of this
12 title that use wood to produce heat or electricity, or both, shall give preference
13 to Vermont suppliers when making fuel supply purchases.

14 Sec. 8. 30 V.S.A. § 8009(a)(2) is amended to read:

15 (2) “Baseload renewable power portfolio requirement” means an annual
16 average of 175,000 MWh of baseload renewable power from an in-state woody
17 biomass plant that was commissioned prior to September 30, 2009, has a
18 nominal capacity of 20.5 MW, uses woody biomass from Vermont or from
19 Vermont suppliers for the majority of its fuel supply, and was in service as of
20 January 1, 2011, provided that the woody biomass plant during times of
21 inadequate supply of woody biomass may use a majority of wood from non-

1 Vermont suppliers. Under this subdivision, woody biomass may be supplied
2 by an out-of-state supplier who harvests woody biomass in Vermont. A
3 Vermont supplier under this subdivision includes a business located in the
4 State that harvests wood in other states for sale in Vermont.

5 Sec. 9. PUBLIC BUILDINGS; WOOD ENERGY; VERMONT
6 SUPPLIERS; REPORT

7 (a) On or before December 15, 2018, the Commissioner of Buildings and
8 General Services (Commissioner), in consultation with the Commissioner of
9 Public Service, shall submit a written report and recommendation on the
10 feasibility and impacts of requiring State or municipally-owned public
11 buildings that use wood to produce heat or electricity, or both, to give
12 preference to Vermont suppliers when making fuel supply purchases.

13 (b) As used in this section, “public building” has the same meaning as in
14 20 V.S.A. § 2730.

15 (c) The submission shall include the Commissioner’s specific
16 recommendations as to each of the following categories:

17 (1) public buildings owned or occupied by the State of Vermont,
18 counties, municipalities, or other public entities; and

19 (2) public buildings in Vermont that receive incentives or financing, or
20 both, from the State of Vermont and are not within the category described in
21 subdivision (1) of this subsection.

1 (d) The Commissioner shall submit the report and recommendation to the
2 Senate Committees on Agriculture and on Natural Resources and Energy and
3 the House Committees on Agriculture and Forestry and on Energy and
4 Technology.

5 ***Self-administered Efficiency Charge ***

6 Sec. 10. 30 V.S.A. § 209(d)(3)(B) is amended to read:

7 (B) The charge established by the Commission pursuant to this
8 subdivision (3) shall be in an amount determined by the Commission by rule or
9 order that is consistent with the principles of least-cost integrated planning as
10 defined in section 218c of this title.

11 (i) As circumstances and programs evolve, the amount of the
12 charge shall be reviewed for unrealized energy efficiency potential and shall be
13 adjusted as necessary in order to realize all reasonably available, cost-effective
14 energy efficiency savings.

15 (ii) In setting the amount of the charge and its allocation, the
16 Commission shall determine an appropriate balance among the following
17 objectives; provided, however, that particular emphasis shall be accorded to
18 the first four of these objectives: reducing the size of future power purchases;
19 reducing the generation of greenhouse gases; limiting the need to upgrade the
20 State's transmission and distribution infrastructure; minimizing the costs of
21 electricity; reducing Vermont's total energy demand, consumption, and

1 expenditures; providing efficiency and conservation as a part of a
2 comprehensive resource supply strategy; providing the opportunity for all
3 Vermonters to participate in efficiency and conservation programs; and
4 targeting efficiency and conservation efforts to locations, markets, or
5 customers where they may provide the greatest value.

6 (iii) The Commission, by rule or order, shall establish a process
7 by which a customer ~~who pays an average annual energy efficiency charge~~
8 ~~under this subdivision (3) of at least \$5,000.00~~ may apply to the Commission
9 to self-administer energy efficiency through the use of an energy savings
10 account which shall contain a percentage of the customer's energy efficiency
11 charge payments as determined by the Commission. The remaining portion of
12 the charge shall be used for systemwide energy benefits. The Commission in
13 its rules or order shall establish criteria for approval of these applications. A
14 customer shall be eligible for an energy savings account if one of the following
15 applies:

16 (I) The customer pays an average annual energy efficiency
17 charge under this subdivision (3) of at least \$5,000.00.

18 (II) The served premises of the customer are located in an
19 industrial park in a rural area. As used in this subdivision (II):

1 (i)(1) ~~After providing 30 days' notice to the owner, the Director shall~~
2 ~~remove from use value appraisal an entire parcel of managed forestland and~~
3 ~~notify the owner when the Commissioner of Forests, Parks and Recreation has~~
4 ~~not received a required management activity report or has received an adverse~~
5 ~~inspection report, unless the lack of conformance consists solely of the failure~~
6 ~~to make prescribed planned cutting. In that case, the Director may delay~~
7 ~~removal from use value appraisal for a period of one year at a time to allow~~
8 ~~time to bring the parcel into conformance with the plan.~~

9 ~~(2)(A)~~ The Director shall remove from use value appraisal an entire
10 parcel or parcels of agricultural land and farm buildings identified by the
11 Secretary of Agriculture, Food and Markets as being used by a person:

12 ~~(i)(A)~~ found, after administrative hearing, or contested judicial
13 hearing or motion, to be in violation of water quality requirements established
14 under 6 V.S.A. chapter 215, or any rules adopted or any permit or certification
15 issued under 6 V.S.A. chapter 215; or

16 ~~(ii)(B)~~ who is not in compliance with the terms of an
17 administrative or court order issued under 6 V.S.A. chapter 215, subchapter 10
18 to remedy a violation of the requirements of 6 V.S.A. chapter 215 or any rules
19 adopted or any permit or certification issued under 6 V.S.A. chapter 215.

20 ~~(B)(2)~~ The Director shall notify the owner that agricultural land or a
21 farm building has been removed from use value appraisal by mailing

1 notification of removal to the owner or operator’s last and usual place of
2 abode. After removal of agricultural land or a farm building from use value
3 appraisal under this section, the Director shall not consider a new application
4 for use value appraisal for the agricultural land or farm building until the
5 Secretary of Agriculture, Food and Markets submits to the Director a
6 certification that the owner or operator of the agricultural land or farm building
7 is complying with the water quality requirements of 6 V.S.A. chapter 215 or an
8 order issued under 6 V.S.A. chapter 215. After submission of a certification by
9 the Secretary of Agriculture, Food and Markets, an owner or operator shall be
10 eligible to apply for enrollment of the agricultural land or farm building
11 according to the requirements of this section.

12 * * *

13 (k)(1) As used in this subsection:

14 (A) “Contiguous” means touching, bordering, or adjoining along the
15 boundary of a property. Properties that would be contiguous if except for
16 separation by a roadway, railroad, or other public easement shall be considered
17 contiguous.

18 (B) “Parcel” shall have the same meaning as in 32 V.S.A. § 4152.

19 (2) After providing 30 days’ notice to the owner, the Director shall
20 remove from use value appraisal an entire parcel of contiguous managed
21 forestland and notify the owner when the Commissioner of Forests, Parks and

1 Recreation has not received a required management activity report or has
2 received an adverse inspection report on greater than one percent of enrolled
3 forestland on a parcel, unless the lack of conformance consists solely of the
4 failure to make prescribed planned cutting. In that case, the Director may
5 delay removal from use value appraisal for a period of one year at a time to
6 allow time to bring the parcel into conformance with the plan. When the
7 Director receives an adverse inspection report documenting violations on less
8 than or equal to one percent of forestland on a parcel, the forestland enrolled in
9 the municipality in which the violation occurred shall be removed from use
10 value appraisal, unless the lack of conformance consists solely of the failure to
11 make a prescribed planned cutting under a forest management plan. If a
12 violation consists solely of failure to make a prescribed planned cutting, the
13 Director may delay removal of a parcel of forestland from use value appraisal
14 for a period of one year at a time to allow the owner of the parcel opportunity
15 to bring the parcel into conformance with its forest management plan.

16 Sec. 12. 32 V.S.A. § 3755(d) is amended to read:

17 (d) After managed forestland has been removed from use value appraisal
18 due to an adverse inspection report under ~~subdivision 3756(i)(1)~~ subsection
19 3756(k) of this title, a new application for use value appraisal shall not be
20 considered for a period of five years, and then shall be approved by the
21 Department of Forests, Parks and Recreation only if a compliance report has

1 been filed with the new application, certifying that appropriate measures have
2 been taken to bring the parcel into compliance with minimum acceptable
3 standards for forest or conservation management.

4 * * * Energy Efficiency; Households with Low Income * * *

5 Sec. 13. 30 V.S.A. § 209 is amended to read:

6 § 209. JURISDICTION; GENERAL SCOPE

7 * * *

8 (e) Thermal energy and process fuel efficiency funding.

9 * * *

10 (2) If a program combines regulated fuel efficiency services with
11 unregulated fuel efficiency services supported by funds under this section, the
12 Commission shall allocate the costs of the program among the funding sources
13 for the regulated and unregulated fuel sectors in proportion to the benefits
14 provided to each sector.

15 * * *

16 (f) Goals and criteria; all energy efficiency programs. With respect to all
17 energy efficiency programs approved under this section, the Commission shall:

18 (1) Ensure that all retail consumers, regardless of retail electricity, gas,
19 or heating or process fuel provider or of household income, will have an
20 opportunity to participate in and benefit from a comprehensive set of cost-
21 effective energy efficiency programs and initiatives designed to overcome

1 barriers to participation. To further this goal, the Commission shall require
2 that a percentage of energy efficiency funds be used to deliver energy
3 efficiency programs to customers with household incomes below 80 percent of
4 the statewide median income, as defined by the U.S. Department of Housing
5 and Urban Development, and the requirements of subdivision (e)(2) of this
6 section shall not apply to such delivery.

7 * * *

8 * * * Electric Utility Demand Charges; Rural Towns * * *

9 Sec. 14. DEMAND CHARGES; REPORT

10 (a) On or before January 31, 2019, the Commissioner of Public Service
11 (Commissioner), in consultation with the Secretary of Commerce and
12 Community Development, shall submit a written report on electric utility
13 demand charges in Vermont and their effect on the ability of industrial
14 enterprises to locate in rural towns of the State.

15 (b) The Commissioner shall submit the report to the House Committees on
16 Agriculture and Forestry, on Commerce and Community Development, and on
17 Energy and Technology and the Senate Committees on Agriculture, on
18 Economic Development, Housing and General Affairs, and on Finance.

19 (c) The report under this section shall include:

20 (1) a narrative summary of the terms, conditions, and rates for each
21 demand charge tariff of each Vermont electric utility;

1 (2) a table that shows the rates and applicability of each such tariff, with
2 such other information as the Commissioner may consider relevant, organized
3 by electric utility;

4 (3) an analysis of the alternatives to these tariffs that will improve the
5 ability of industrial enterprises to locate in rural towns of the State;

6 (4) the Commissioner’s recommendations on changes to demand charge
7 tariffs that would encourage locating industrial enterprises in rural towns of the
8 State or that would reduce or remove disincentives posed by demand charge
9 tariffs to such locations.

10 (d) In this section, “rural town” shall have the same meaning as in
11 24 V.S.A. § 4303.

12 * * * Environmental Permitting Fees * * *

13 Sec. 15. 3 V.S.A. § 2822(j) is amended to read:

14 (j) In accordance with subsection (i) of this section, the following fees are
15 established for permits, licenses, certifications, approvals, registrations, orders,
16 and other actions taken by the Agency of Natural Resources.

17 * * *

18 (26) For individual conditional use determinations, for individual
19 wetland permits, for general conditional use determinations issued under
20 10 V.S.A. § 1272, or for wetland authorizations issued under a general permit,

1 an administrative processing fee assessed under subdivision (2) of this
2 subsection (j) and an application fee of:

3 (A) \$0.75 per square foot of proposed impact to Class I or II
4 wetlands.

5 (B) \$0.25 per square foot of proposed impact to Class I or II wetland
6 buffers.

7 (C) Maximum fee, for the conversion of Class II wetlands or wetland
8 buffers to cropland use or for installation of a pipeline in a wetland for the
9 transport of manure for the purposes of farming, as that term is defined in 10
10 V.S.A. § 6001(22), \$200.00 per application. As used in this subdivision,
11 “cropland” means land that is used for the production of agricultural crops,
12 including row crops, fibrous plants, pasture, fruit-bearing bushes, trees, or
13 vines, and the production of Christmas trees.

14 * * *

15 * * * Purchase and Use Tax; Forestry Equipment * * *

16 Sec. 16. 32 V.S.A. § 8911 is amended to read:

17 § 8911. EXCEPTIONS

18 The tax imposed by this chapter shall not apply to:

19 (1) Motor vehicles owned or registered, or motor vehicles rented, by any
20 state or province or any political subdivision thereof.

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(23) The following motor vehicles used for timber cutting, timber removal, and processing of timber or other solid wood forest products intended to be sold ultimately at retail: skidders with grapple and cable, feller bunchers, cut-to-length processors, forwarders, delimiters, loader slashers, log loaders, whole-tree chippers, stationary screening systems, portable sawmills, and firewood processors, elevators, and screens.

* * * Sales and Use Tax; Tax Credit; Advanced Wood Boilers * * *

Sec. 17. 32 V.S.A. § 9701 is amended to read:

§ 9701. DEFINITIONS

Unless the context in which they occur requires otherwise, the following terms when used in this chapter mean:

* * *

(54) “Noncollecting vendor” means a vendor that sells tangible personal property or services to purchasers who are not exempt from the sales tax under this chapter, but that does not collect the Vermont sales tax.

(55) “Advanced wood boiler” means a boiler or furnace:

(A) installed as a primary central heating system;

(B) rated as high-efficiency, meaning a higher heating value or gross calorific value of 80 percent or more;

1 federal Agricultural Act of 2014, Public Law No. 113-79, codified at 7 U.S.C.
2 § 5940.

3 Sec. 23. 6 V.S.A. chapter 34 is amended to read:

4 CHAPTER 34. HEMP

5 § 561. FINDINGS; INTENT

6 (a) Findings.

7 (1) Hemp has been continuously cultivated for millennia, is accepted
8 and available in the global marketplace, and has numerous beneficial, practical,
9 and economic uses, including: high-strength fiber, textiles, clothing, ~~bio-fuel~~
10 biofuel, paper products, protein-rich food containing essential fatty acids and
11 amino acids, biodegradable plastics, resins, nontoxic medicinal and cosmetic
12 products, construction materials, rope, and value-added crafts.

13 (2) The many agricultural and environmental beneficial uses of hemp
14 include: livestock feed and bedding, stream buffering, erosion control, water
15 and soil purification, and weed control.

16 (3) The hemp plant, an annual herbaceous plant with a long slender stem
17 ranging in height from four to 15 feet and a stem diameter of one-quarter to
18 three-quarters of an inch is morphologically distinctive and readily identifiable
19 as an agricultural crop grown for the cultivation and harvesting of its fiber
20 and seed.

1 (4) Hemp cultivation will enable the State of Vermont to accelerate
2 economic growth and job creation, promote environmental stewardship, and
3 expand export market opportunities.

4 (5) The federal Agricultural Act of 2014, Public Law No. 113-79
5 authorized the growing, cultivation, and marketing of industrial hemp,
6 notwithstanding restrictions under the federal Controlled Substances Act, if
7 certain criteria are satisfied.

8 (b) Purpose. The intent of this chapter is to establish policy and procedures
9 for growing hemp in Vermont that comply with federal law so that farmers and
10 other businesses in the Vermont agricultural industry can take advantage of
11 this market opportunity.

12 § 562. DEFINITIONS

13 As used in this chapter:

14 (1) [Repealed.]

15 (2) “Hemp products” means all products made from hemp, including
16 cloth, cordage, fiber, food, fuel, paint, paper, construction materials, plastics,
17 seed, seed meal, seed oil, and certified seed for cultivation.

18 (3) “Hemp” or “industrial hemp” means the plant *Cannabis sativa* L. and
19 any part of the plant, whether growing or not, with a delta-9
20 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry
21 weight basis.

1 (4) “Secretary” means the Secretary of Agriculture, Food and Markets.

2 § 563. HEMP; AN AGRICULTURAL PRODUCT

3 ~~Hemp~~ Industrial hemp is an agricultural product ~~which~~ that may be grown
4 as a crop; produced, possessed, marketed, and commercially traded in Vermont
5 pursuant to the provisions of this chapter. The cultivation of industrial hemp
6 shall be subject to and comply with ~~the requirements of~~ the required
7 agricultural practices adopted under section 4810 of this title.

8 § 564. REGISTRATION; ADMINISTRATION; PILOT PROJECT

9 (a) The Secretary shall establish a pilot program to research the growth,
10 cultivation, and marketing of industrial hemp. Under the pilot program, the
11 Secretary shall register persons who will participate in the pilot program
12 through growing or cultivating industrial hemp. The Secretary shall certify the
13 site where industrial hemp will be cultivated by each person registered under
14 this chapter. A person who intends to participate in the pilot program and
15 grow industrial hemp shall register with the Secretary and submit on a form
16 provided by the Secretary the following:

17 (1) the name and address of the person;

18 (2) a statement that the seeds obtained for planting are of a type and
19 variety that do not exceed the maximum concentration of tetrahydrocannabinol
20 set forth in subdivision 562(3) of this title; and

1 (3) the location and acreage of all parcels sown and other field reference
2 information as may be required by the Secretary.

3 (b) The form provided by the Secretary pursuant to subsection (a) of this
4 section shall include a notice statement that, ~~until current federal law is~~
5 ~~amended to provide otherwise:~~

6 (1) cultivation and possession of industrial hemp in Vermont is a
7 violation of the federal Controlled Substances Act unless the industrial hemp is
8 grown, cultivated, or marketed under a pilot program authorized by section
9 7606 of the federal Agricultural Act of 2014, Public Law No. 113-79; and

10 (2) federal prosecution for growing hemp in violation of federal law
11 may include criminal penalties, forfeiture of property, and loss of access to
12 federal agricultural benefits, including agricultural loans, conservation
13 programs, and insurance programs.

14 (c) A person registered with the Secretary pursuant to this section shall
15 allow industrial hemp crops, throughout sowing, growing season, harvest,
16 storage, and processing, to be inspected and tested by and at the discretion of
17 the Secretary or ~~his or her~~ designee. The Secretary shall retain tests and
18 inspection information collected under this section for the purposes of research
19 of the growth and cultivation of industrial hemp.

20 (d) The Secretary may assess an annual registration fee of \$25.00 for the
21 performance of his or her duties under this chapter.

1 § 566. RULEMAKING AUTHORITY

2 (a) The Secretary may adopt rules to provide for the implementation of this
3 chapter and the pilot project authorized under this chapter, which may include
4 rules to require hemp to be tested during growth for tetrahydrocannabinol
5 levels and to require inspection and supervision of hemp during sowing,
6 growing season, harvest, storage, and processing. The Secretary shall not
7 adopt under this or any other section a rule that would prohibit a person to
8 grow hemp based on the legal status of hemp under federal law.

9 (b) The Secretary shall adopt rules establishing how the Agency of
10 Agriculture, Food and Markets will conduct research within the pilot program
11 for industrial hemp.

12 Sec. 24. TRANSITION; IMPLEMENTATION

13 All persons registered prior to July 1, 2018 with the Secretary of
14 Agriculture, Food and Markets under 6 V.S.A. chapter 34 to grow or cultivate
15 hemp shall be deemed to be registered with the Secretary of Agriculture, Food
16 and Markets as participants in the industrial hemp pilot project established by
17 this act under 6 V.S.A. § 564, and those previously registered persons shall not
18 be required to reregister with the Secretary of Agriculture, Food and Markets.

19 Sec. 25. 6 V.S.A. § 567 is added to read:

20 § 567. TEST RESULTS; ENFORCEMENT

1 (a) If the Secretary or a dispensary registered under 18 V.S.A. chapter 86
2 tests a hemp crop and the hemp has a delta-9 tetrahydrocannabinol
3 concentration of more than 0.3 percent on a dry weight basis, the person
4 registered with the Secretary as growing the hemp crop shall:

5 (1) enter into an agreement with a dispensary registered under 18 V.S.A.
6 chapter 86 for the separation of the delta-9 tetrahydrocannabinol from the
7 hemp crop, return of the hemp crop to the person registered with the Secretary,
8 and retention of the separated delta-9 tetrahydrocannabinol by the dispensary.

9 (2) sell the hemp crop to a dispensary registered under 18 V.S.A.
10 chapter 86; or

11 (3) arrange for the Secretary to destroy or order the destruction of the
12 hemp crop.

13 (b) A person registered with the Secretary as growing the hemp crop shall
14 not be subject to civil, criminal, or administrative liability or penalty under 18
15 V.S.A. chapter 84 if the tested industrial hemp has a delta-9
16 tetrahydrocannabinol concentration of one percent or less on a dry weight
17 basis.

18 Sec. 26. 18 V.S.A. § 4474e is amended to read:

19 § 4474e. DISPENSARIES; CONDITIONS OF OPERATION

20 (a) A dispensary registered under this section may:

21 * * *

1 (4) to certify testing laboratories that can offer the services in
2 subdivisions (2) and (3) of this section.

3 * * * Fire Prevention and Building Code Fees * * *

4 Sec. 28. 20 V.S.A. § 2731(c) is amended to read:

5 (c) The following fire prevention and building code fees are established:

6 (1) The permit application fee for a construction plan approval shall be
7 based on \$8.00 per each \$1,000.00 of the total valuation of the construction
8 work proposed to be done for all buildings, but in no event shall the permit
9 application fee exceed ~~\$185,000.00~~ \$130,000.00 nor be less than \$50.00.

10 (2) When an inspection is required due to the change in use or
11 ownership of a public building, the fee shall be \$125.00.

12 (3) The proof of inspection fee for fire suppression, alarm, detection,
13 and any other fire protection systems shall be \$30.00.

14 (4) Three-year initial certificate of fitness and renewal fees for
15 individuals performing activities related to fire or life safety established under
16 subsection (a) of this section shall be:

17 * * *

18 (5) The Commissioner may waive all or part of a fee under this
19 subsection if the Commissioner determines that prior review or ongoing review
20 of the construction plan or building was suitable or completed in a manner that
21 justifies reduction of the fee.

*** Industrial Park Designation ***

Sec. 29. AGENCY OF COMMERCE AND COMMUNITY

DEVELOPMENT; INDUSTRIAL PARK DESIGNATION

(a) On or before December 15, 2018, the Secretary of Commerce and Community Development, after consultation with the Secretary of Natural Resources, the Chair of the Natural Resources Board, Regional Development Corporations, and Regional Planning Commissions, shall submit to the to the Senate Committees on Agriculture and on Economic Development, Housing and General Affairs and to the House Committee on Commerce and Economic Development, 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. The report shall include:

(1) recommended criteria for establishing an industrial park in a rural

area;

(2) eligibility criteria, if any, for a business to site within a designated industrial park in a rural area;

(3) recommended incentives for businesses sited within a designated industrial park in a rural, including permitting incentives, permit fee reductions, and other regulatory incentives;

