

1 TO THE HONORABLE SENATE:

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

7 \* \* \* Rural Economic Development Team \* \* \*

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

9 Subchapter 4. Rural Economic Development Team

10 § 325m. RURAL ECONOMIC DEVELOPMENT TEAM

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

12 (1) “Industrial park” means an area of land permitted as an industrial  
13 park under 10 V.S.A. chapter 151, under 24 V.S.A. chapter 117, or under 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) “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 Team to promote and  
20 facilitate community economic development in the small towns and rural areas  
21 of the State. The Rural Economic Development Team shall collaborate with

1 municipalities, businesses, industrial parks, regional development corporations,  
2 and other appropriate entities to access funding and other assistance available  
3 to small towns and rural areas of the State for development or recruitment of  
4 businesses and workforce development when existing State resources or  
5 staffing assistance is not available.

6 (c) Services; access to funding.

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

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

15 (B) technical assistance to small towns, rural areas, and industrial  
16 parks and businesses 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) In providing services under this subsection, the Rural Economic  
4 Development Team 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) Services; business development. The Rural Economic Development  
8 Team shall provide small towns and rural areas with services to facilitate the  
9 business development in these areas. These services shall include:

10 (1) Identifying businesses or business types suitable for a small town,  
11 rural area, or an industrial park in a small town or rural area. In identifying  
12 businesses or business types, the Rural Economic Development Team shall  
13 seek to identify businesses or business types in the following priority areas:

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

16 (B) the outdoor equipment or recreation industry;

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

18 (D) the value-added food industry;

19 (E) phosphorus removal technology; and

20 (F) composting facilities.

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

3           (3) Coordinating with small towns or rural areas on ways to establish or  
4           attract coworker spaces or generator spaces that facilitate the incubation and  
5           development of businesses. The Rural Economic Development Team shall  
6           explore with a small town or rural area whether underused or closed school  
7           buildings are appropriate sites for coworker or generator spaces.

8           (e) Report. Beginning on January 15, 2018, and annually thereafter, the  
9           Rural Economic Development Team shall submit to the Senate Committees on  
10           Agriculture and on Economic Development, Housing and General Affairs and  
11           the House Committees on Agriculture and Forestry and on Commerce and  
12           Economic Development a report regarding the activities and progress of the  
13           Team. The report shall include:

14           (1) a summary of the Team’s activities in the preceding calendar year;

15           (2) an evaluation of the effectiveness of the services provided by the  
16           Team to small towns, rural areas, and industrial parks;

17           (3) a summary of the Team’s progress in attracting priority businesses to  
18           small towns and rural areas;

19           (4) an accounting of the grants or other funding that the Team facilitated  
20           or provided assistance with;

1           (5) an accounting of the funds acquired by the Rural Economic  
2           Development Team for administration of grants or other funding mechanisms  
3           and whether these funds are sufficient to offset the cost of the Rural Economic  
4           Development Team; and

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

8           Sec. 2. APPROPRIATIONS; RURAL ECONOMIC DEVELOPMENT  
9           TEAM

10           Of the funds appropriated to the Vermont Housing and Conservation Board  
11           in fiscal year 2018 from the Vermont Housing and Conservation Trust Fund,  
12           \$200,000.00 shall be used to implement and administer the Rural Economic  
13           Development Team established under 10 V.S.A. § 325m.

14                           \* \* \* Vermont Milk Commission \* \* \*

15           Sec. 3. VERMONT MILK COMMISSION; EQUITABLE DAIRY PRICING

16           (a) The General Assembly finds that:

17           (1) The price that farmers from northeastern states, including Vermont,  
18           receive for milk is not set by supply and demand in the free market, but instead  
19           is set by the terms of a federal marketing order known as the Northeast  
20           Marketing Area Federal Order 1 (Milk Marketing Order).

1           (2) The Milk Marketing Order does not reflect the actual cost to farmers  
2 of milk production.

3           (3) The Milk Marketing Order is dependent on commodity prices and  
4 other market influences that lead to significant fluctuations in the price  
5 provided to farmers.

6           (4) Because of the Milk Market Order, farmers lose money on milk  
7 production, and because of the volatility of the market, farmers cannot  
8 predictably plan for investment to decrease production costs.

9           (5) The Vermont Milk Commission was established, in part, to ensure  
10 the continuing economic vitality of the dairy industry by stabilizing the price  
11 received by farmers for milk at a level allowing them an equitable rate of  
12 return.

13           (6) The Secretary of Agriculture, Food and Markets should reconvene  
14 the Vermont Milk Commission to work with interested parties, including other  
15 states, to recommend to the U.S. Congress through the Vermont congressional  
16 delegation a replacement to the Milk Marketing Order that ensures farmers are  
17 provided with an equitable price for milk.

18           (b) As soon as practical and no later than September 1, 2017, the Secretary  
19 of Agriculture, Food and Markets shall convene the Vermont Milk  
20 Commission under 6 V.S.A. chapter 162 to propose changes to the federal  
21 Northeast Marketing Area Federal Order 1 that provide farmers in Vermont

1 with an equitable price for milk that reflects better the actual cost of dairy  
2 production. The Vermont Milk Commission shall:

3 (1) Analyze the current status of the milk market to identify areas or  
4 issues that could be addressed in an amendment to the Milk Marketing Order.

5 (2) Collaborate with interested parties, including other Northeastern  
6 states, to develop a proposed amendment to or replacement of the current Milk  
7 Marketing Order for the northeast. The proposed amendment or replacement  
8 shall be designed to:

9 (A) provide farmers with an equitable price for milk that is based on  
10 the costs of production; and

11 (B) eliminate or reduce provisions in the Milk Marketing Order that  
12 facilitate price volatility in the milk market.

13 (3) Submit a proposed amendment to or replacement of the Milk  
14 Marketing Order to the Senate Committee on Agriculture and the House  
15 Committee on Agriculture and Forestry on or before January 15, 2018.

16 (4) After review by the General Assembly, submit to the congressional  
17 delegation of Vermont the proposed amendment to or replacement of the Milk  
18 Marketing Order so that the U.S. Congress may amend the Milk Marketing  
19 Order.

20 (c) Except for the two legislative members of the Commission, the per  
21 diem compensation and reimbursement to which a member of the Commission

1 is entitled shall be paid from the budget of the Agency of Agriculture, Food  
2 and Markets.

3 \* \* \* Development Cabinet \* \* \*

4 Sec. 4. 3 V.S.A. § 2293(b) is amended to read:

5 (b) Development Cabinet.

6 (1)(A) ~~A~~ The Development Cabinet is created, to consist of the  
7 Secretaries of ~~the Agencies of~~ Administration, of Agriculture, Food and  
8 Markets, of Commerce and Community Development, of Education, of  
9 Natural Resources, and of Transportation.

10 (B) The Governor or ~~the Governor's~~ designee shall chair the  
11 Development Cabinet.

12 (2) The Development Cabinet shall advise the Governor on how best to  
13 implement the purposes of this section, and shall recommend changes as  
14 appropriate to improve implementation of those purposes.

15 (3)(A) The Development Cabinet may establish interagency work  
16 groups to support its mission, drawing membership from any agency or  
17 department of State government.

18 (B) Any interagency work groups established under this subsection  
19 (b) shall evaluate, test the feasibility of, and suggest alternatives to economic  
20 development proposals, including proposals for public-private partnerships,  
21 submitted to them for consideration.

1           (C) The Development Cabinet shall refer to appropriate interagency  
2 workgroups any economic development proposal that has a significant impact  
3 on the inventory or use of State land or buildings.

4           (4) The Development Cabinet shall:

5           (A) Review State loan, grant, and other incentive programs to explore  
6 whether and how the expenditure of State funds can cross-promote relevant  
7 State policies, including the adoption of renewable energy, rural economic  
8 development, public access to conserved lands, and water quality  
9 improvements.

10           (B) Recommend to the Governor and the General Assembly areas for  
11 improvement, program changes, conditions on incentives, and other strategies  
12 to ensure cross-promotion of relevant State policies. The Cabinet’s  
13 recommendations shall prioritize economic development opportunities in rural  
14 areas, small towns, and industrial parks in small towns and rural areas. As  
15 used in this subdivision, “rural area,” “small town,” and “industrial park” shall  
16 have the same meaning as set forth in 10 V.S.A. § 325m.

17           (C) On or before December 15, 2018 and biennially thereafter,  
18 submit a report to the Governor and the General Assembly on the  
19 implementation of its recommendations and the effectiveness of efforts to  
20 cross-promote incentive programs and State policies.



1 adjusted as necessary in order to realize all reasonably available, cost-effective,  
2 energy efficiency savings.

3           (ii) In setting the amount of the charge and its allocation, the  
4 Board shall determine an appropriate balance among the following objectives;  
5 provided, however, that particular emphasis shall be accorded to the first four  
6 of these objectives: reducing the size of future power purchases; reducing the  
7 generation of greenhouse gases; limiting the need to upgrade the State's  
8 transmission and distribution infrastructure; minimizing the costs of electricity;  
9 reducing Vermont's total energy demand, consumption, and expenditures;  
10 providing efficiency and conservation as a part of a comprehensive resource  
11 supply strategy; providing the opportunity for all Vermonters to participate in  
12 efficiency and conservation programs; and targeting efficiency and  
13 conservation efforts to locations, markets, or customers where they may  
14 provide the greatest value.

15           (iii) The Board, by rule or order, shall establish a process by  
16 which a customer who pays an average annual energy efficiency charge under  
17 this subdivision (3) of at least \$5,000.00 may apply to the Board to self-  
18 administer energy efficiency through the use of an energy savings account,  
19 which shall contain a percentage of the customer's energy efficiency charge  
20 payments as determined by the Board. The remaining portion of the charge

1 shall be used for systemwide energy benefits. The Board in its rules or order  
2 shall establish criteria for approval of these applications.

3 (iv) For one three-year period, the customer for the account of a  
4 manufacturing facility located in an industrial park in a small town or rural  
5 area may apply to self-administer energy efficiency programs and measures in  
6 lieu of paying the energy efficiency charge on the account.

7 (I) As used in this subdivision (I), “rural area,” “small town,”  
8 and “industrial park” shall have the same meaning as set forth in 10 V.S.A.  
9 § 325m.

10 (II) A customer seeking approval under this subdivision (iv)  
11 shall agree to invest, over a three-year period, an average annual dollar amount  
12 on cost-effective energy programs and measures equivalent to:

13 (aa) 75 percent of its most recent annual energy efficiency  
14 charge amount; or

15 (bb) if the customer has not previously paid an annual  
16 energy efficiency charge, 75 percent of the customer’s estimated net annual  
17 kilowatt hours to be consumed multiplied by the applicable energy efficiency  
18 charge, provided that the customer shall submit to the Board the actual amount  
19 of kilowatt hours consumed in the first calendar year of self-administration so  
20 that the Board can determine if the customer shall be responsible for additional  
21 investment in energy programs and measures.



1           (2) If a fee for a stormwater permit or permit renewal is assessed on a  
2           per acre basis under subdivision (j)(2)(A) or (B) of this section, the maximum  
3           total fee for the permit shall be \$7,500.00 if the permitted activity is located in  
4           an industrial park in a small town or rural area.

5           (3) As used in this subdivision (I), “rural area,” “small town,” and  
6           “industrial park” shall have the same meaning as set forth in 10 V.S.A.  
7           § 325m.

8           (i)(1) The Secretary shall not process an application for which the  
9           applicable fee has not been paid unless the Secretary specifies that the fee may  
10          be paid at a different time or unless the person applying for the permit is  
11          exempt from the permit fee requirements pursuant to 32 V.S.A. § 710.  
12          Municipalities shall be exempt from the payment of fees under this section  
13          except for those fees prescribed in subdivisions (j)(1), (7), (8), (14), and (15) of  
14          this section for which a municipality may recover its costs by charging a user  
15          fee to those who use the permitted services. Municipalities shall pay fees  
16          prescribed in subdivisions (j)(2), (10), (11), (12), and (26), except that a  
17          municipality shall also be exempt from those fees for stormwater systems  
18          prescribed in subdivision (j)(2)(A)(iii)(I, (II), or (IV) and (j)(2)(B)(iv)(I, (II),  
19          or (V) of this section for which a municipality has assumed full legal  
20          responsibility under 10 V.S.A. § 1264.



1 (1) First priority shall be given to capital equipment to be used on farm  
2 sites that are serviced by custom applicators, phosphorus separation equipment  
3 providers, and nonprofit organizations and that are located in descending order  
4 within the boundaries of:

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

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

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

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



1 Sec. 9. 32 V.S.A. § 9706(kk) is added to read:

2 (kk) The statutory purpose of the exemption for timber cutting, removal,  
3 and processing machinery in subdivision 9741(51) of this title is to promote  
4 Vermont’s commercial timber and forest products economy.

5 \* \* \* Repeals \* \* \*

6 Sec. 10. REPEALS

7 The following are repealed on July 1, 2023:

8 (1) 10 V.S.A. chapter 15, subchapter 4 (Rural Economic Development  
9 Team);

10 (2) 30 V.S.A. § 209(d)(3)(B)(iv) (self administration of electric  
11 efficiency charge; industrial parks);

12 (3) 3 V.S.A. § 2822(h) (ANR fees in industrial parks) and (i)(2)  
13 (anaerobic digesters; air contaminant fee); and

14 (4) 6 V.S.A. § 4828(d) (phosphorus removal grant criteria).

15 \* \* \* Effective Dates \* \* \*

16 Sec. 11. EFFECTIVE DATES

17 This section and Sec. 3 (Vermont Milk Commission) shall take effect on  
18 passage. All other sections shall take effect on July 1, 2017.

19

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21

1 (Committee vote: \_\_\_\_\_)

2

\_\_\_\_\_

3

Representative \_\_\_\_\_

4

FOR THE COMMITTEE