

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Commerce and Economic Development to which was
3 referred House Bill No. 641 entitled “An act relating to promoting technology-
4 based economic development” respectfully reports that it has considered the
5 same and recommends that the bill be amended by striking out all after the
6 enacting clause and inserting in lieu thereof the following:

7 * * * Project-based Tax Increment Financing Projects * * *

8 Sec. 1. 24 V.S.A. 1892(d) is amended to read:

9 (d) The following municipalities have been authorized to use education tax
10 increment financing for a tax increment financing district:

11 (1) the City of Burlington, Downtown;

12 (2) the City of Burlington, Waterfront;

13 (3) ~~the Town of Milton, North and South~~ Town of Bennington;

14 (4) ~~the City of Newport~~ City of Montpelier;

15 (5) the City of Winooski;

16 (6) ~~the Town of Colchester~~;

17 ~~(7) the~~ Town of Hartford;

18 ~~(8)(7)~~ the City of St. Albans;

19 ~~(9)(8)~~ the City of Barre;

20 ~~(10)(9)~~ the Town of Milton, Town Core; and

21 ~~(11)(10)~~ the City of South Burlington.

1 Sec. 2. TAX INCREMENT FINANCING PROJECT DEVELOPMENT;

2 PILOT PROGRAM

3 (a) Definitions. As used in this section:

4 (1) “Committed” means pledged and appropriated for the purpose of the
5 current and future payment of tax increment financing and related costs as
6 defined in this section.

7 (2) “Financing” means debt incurred, including principal, interest, and
8 any fees or charges directly related to that debt, or other instruments or
9 borrowing used by a municipality to pay for improvements for the approved
10 project, only if authorized by the legal voters of the municipality in accordance
11 with 24 V.S.A. § 1894. Payment for eligible related costs may also include
12 direct payment by the municipality using the district increment. However,
13 such anticipated payments shall be included in the vote by the legal voters of
14 the municipality in accordance with subsection (e) of this section. If interfund
15 loans within the municipality are used as the method of financing, no interest
16 shall be charged. Bond anticipation notes may be used as a method of
17 financing and may qualify as a municipality’s first incurrence of debt. A
18 municipality that uses a bond anticipation note during the third or sixth year
19 that a municipality may incur debt pursuant to subsection (e) of this section
20 shall incur all permanent financing not more than one year after issuing the
21 bond anticipation note.

1 (3) “Improvements” means the installation, new construction, or
2 reconstruction of infrastructure that will serve a public purpose, including
3 utilities, transportation, public facilities and amenities, land and property
4 acquisition and demolition, and site preparation. “Improvements” also means
5 the funding of debt service interest payments for a period of up to five years,
6 beginning on the date on which the first debt is incurred.

7 (4) “Legislative body” means the mayor and alderboard, the city
8 council, the selectboard, and the president and trustees of an incorporated
9 village, as appropriate.

10 (5) “Municipality” means a city, town, or incorporated village.

11 (6) “Original taxable value” means the total valuation as determined in
12 accordance with 32 V.S.A. chapter 129 of all taxable real property located
13 within the project as of the creation date, provided that no parcel within the
14 project shall be divided or bisected.

15 (7) “Project” means public improvements, as defined in subdivision (4)
16 of this subsection (a), to an area comprising not more than 10 parcels in a
17 municipality that meets the criteria set forth in subdivision (h)(2) of this
18 section.

19 (8) “Related costs” means expenses incurred and paid by the
20 municipality, exclusive of the actual cost of constructing and financing
21 improvements, that are directly related to the creation and implementation of

1 the project, including reimbursement of sums previously advanced by the
2 municipality for those purposes. Related costs may not include direct
3 municipal expenses such as departmental or personnel costs.

4 (b) Pilot Program. Beginning January 1, 2021 and ending December 31,
5 2026, the Vermont Economic Progress Council is authorized to approve not
6 more than 20 tax increment financing projects.

7 (c) General authority. Under the pilot program established in subsection
8 (b) of this section, a municipality, upon approval of its legislative body, may
9 apply to the Vermont Economic Progress Council pursuant to the approval
10 process set forth in subsection (h) of this section to use tax increment financing
11 for an individual project located within or serving one or more active
12 designations approved by the Vermont Downtown Board under 24 V.S.A.
13 chapter 76A or located within an industrial park as defined in 10 V.S.A.
14 § 212(7).

15 (d) Eligibility.

16 (1) A municipality is only authorized to apply for a project under this
17 section if the project will serve one or more active designations approved by
18 the Vermont Downtown Development Board under 24 V.S.A. chapter 76A.

19 (2) A municipality with an approved tax increment financing district as
20 set forth in 24 V.S.A. 1892(d) is not authorized to apply for a project under this
21 section.

1 (e) Incurring indebtedness.

2 (1) A municipality approved under the process set forth in subsection (h)
3 of this section may incur indebtedness against revenues to provide funding to
4 pay for improvements and related costs for tax increment financing project
5 development.

6 (2) Notwithstanding any provision of any municipal charter, the
7 municipality shall only have one authorizing vote to incur debt through one
8 instance of borrowing to finance or otherwise pay for the tax increment
9 financing project improvements and related costs. The municipality shall be
10 authorized to incur indebtedness only after the legal voters of the municipality,
11 by a majority vote of all voters present and voting on the question at a special
12 or annual municipal meeting duly warned for the purpose, authorize the
13 legislative body to pledge the credit of the municipality, borrow, or otherwise
14 secure the debt for the specific purposes so warned.

15 (3) Any indebtedness shall be incurred within three years from the date
16 of approval by the Vermont Economic Progress Council, unless the Vermont
17 Economic Progress Council grants an extension of an additional three years
18 provided, however, that an updated plan is submitted prior to the three-year
19 termination date of the project.

20 (f) Original Taxable Value. As of the date the project is approved by the
21 Vermont Economic Progress Council, the lister or assessor for the municipality

1 shall certify the original taxable value and shall certify to the legislative body
2 in each year thereafter during the life of the project the amount by which the
3 total valuation as determined in accordance with 32 V.S.A. chapter 129 of all
4 taxable real property located within the project has increased or decreased
5 relative to the original taxable value.

6 (g) Tax increments.

7 (1) In each year following the approval of the project, the listers or
8 assessor shall include no more than the original taxable value of the real
9 property in the assessed valuation upon which the treasurer computes the rates
10 of all taxes levied by the municipality and every other taxing district in which
11 the project is situated, but the treasurer shall extend all rates so determined
12 against the entire assessed valuation of real property for that year. In each year
13 for which the assessed valuation exceeds the original taxable value, the
14 municipality shall hold apart, rather than remit to the taxing districts, that
15 proportion of all taxes paid that year on the real property within the project
16 which the excess valuation bears to the total assessed valuation. The amount
17 held apart each year is the “tax increment” for that year. No more than the
18 percentages established pursuant to subsection (i) of this section of the
19 municipal and State education tax increments received with respect to the
20 project and committed for the payment for financing for improvements and
21 related costs shall be segregated by the municipality in a special tax increment

1 financing project account and in its official books and records until all capital
2 indebtedness of the project has been fully paid. The final payment shall be
3 reported to the treasurer, who shall thereafter include the entire assessed
4 valuation of the project in the assessed valuations upon which municipal and
5 other tax rates are computed and extended and thereafter no taxes from the
6 project shall be deposited in the project's tax increment financing account.

7 (2) Notwithstanding any charter provision or other provision, all
8 property taxes assessed within a project shall be subject to the provision of
9 subdivision (1) of this section. Special assessments levied under 24 V.S.A.
10 chapters 76A or 87 or under a municipal charter shall not be considered
11 property taxes for the purpose of this section if the proceeds are used
12 exclusively for operating expenses related to properties within the project and
13 not for improvements within the district, as defined in subdivision (a)(4) of this
14 section.

15 (3) Amounts held apart under subdivision (1) of this subsection (g) shall
16 only be used for financing and related costs as defined in subsection (a) of this
17 section.

18 (h) Approval process. The Vermont Economic Progress Council shall only
19 approve a municipality's application for a tax increment financing project
20 development if:

1 (1) the proposed infrastructure improvements and the projected
2 development or redevelopment are compatible with confirmed municipal and
3 regional development plans; the project has clear local and regional
4 significance for employment, housing, or transportation improvements; and

5 (2) the application meets one of the following five criteria:

6 (A) The development clearly requires substantial public investment
7 over and above the normal municipal operating or bonded debt expenditures.

8 (B) The development includes new or rehabilitated affordable
9 housing, as defined in 24 V.S.A. § 4303.

10 (C) The project will affect the remediation and redevelopment of a
11 brownfield located within the district. As used in this section, “brownfield”
12 means an area in which a hazardous substance, pollutant, or contaminant is or
13 may be present, and that situation is likely to complicate the expansion,
14 development, redevelopment, or reuse of the property.

15 (D) The development will include at least one entirely new business
16 or business operation or expansion of an existing business within the district,
17 and this business will provide new, quality, full-time jobs that meet or exceed
18 the prevailing wage for the region as reported by the Department of Labor.

19 (E) The development will enhance transportation by creating
20 improved traffic patterns and flow or creating or improving public
21 transportation systems.

1 (i) Use of tax increment.

2 (1) Education property tax increment. For only debt incurred within the
3 period permitted under subdivision (e)(3) of this section after approval of the
4 project, up to 70 percent of the education tax increment may be retained for up
5 to 20 years, beginning with the education tax increment generated the year in
6 which the first debt incurred for the project financed in whole or in part with
7 incremental education property tax revenue. Upon incurring the first debt, a
8 municipality shall notify the Department of Taxes and the Vermont Economic
9 Progress Council of the beginning of the 20-year retention period of the
10 education tax increment.

11 (2) Use of the municipal property tax increment. For only debt incurred
12 within the period permitted under subdivision (e)(3) of this section after
13 approval of the project, not less than 85 percent of the municipal tax increment
14 shall be retained to service the debt, beginning the first year in which debt is
15 incurred, pursuant to subdivision (1) of this subsection.

16 (3) The Vermont Economic Progress Council shall determine there is a
17 nexus between the improvement and the expected development and
18 redevelopment for the project and expected outcomes.

19 (j) Distribution. Of the municipal and education tax increments received in
20 any tax year that exceed the amounts committed for the payment of the
21 financing for improvements and related costs for the project, equal portions of

1 each increment may be retained for the following purposes: prepayment of
2 principal and interest on the financing, placed in a special account required by
3 subdivision (g)(1) of this section and used for future financing payments, or
4 used for defeasance of the financing. Any remaining portion of the excess
5 municipal tax increment shall be distributed to the city, town, or village
6 budget, in the proportion that each budget bears to the combined total of the
7 budgets, unless otherwise negotiated by the city, town, or village, and any
8 remaining portion of the excess education tax increment shall be distributed to
9 the Education Fund.

10 (k) Information Reporting. Every municipality with an approved project
11 pursuant to this section shall:

12 (1) Develop a system, segregated for the project, to identify, collect, and
13 maintain all data and information necessary to fulfill the reporting
14 requirements of this section, including performance measures.

15 (2) Throughout the year, as required by events, provide notification to
16 the Vermont Economic Progress Council and the Department of Taxes
17 regarding any tax increment financing development project debt obligations,
18 public votes, or votes by the municipal legislative body immediately following
19 such obligation or vote on a form prescribed by the Council, including copies
20 of public notices, agendas, minutes, vote tally, and a copy of the information
21 provided to the public in accordance with 24 V.S.A. § 1894(i);

1 (3) Annually:

2 (A) Ensure that the tax increment financing project account required
3 by subdivision (g)(1) is subject to the annual audit prescribed in subsection (l)
4 of this section. Procedures must include verification of the original taxable
5 value and annual and total municipal and education tax increments generated,
6 expenditures for debt and related costs, and current balance.

7 (B) On or before February 15 of each year, on a form prescribed by
8 the Council, submit an annual report to the Vermont Economic Progress
9 Council and the Department of Taxes, including the information required by
10 subdivision (2) of this section if not already submitted during the year, all
11 information required by subdivision (A) of this subdivision (3), and the
12 information required by 32 V.S.A. § 5404a(i), including performance measures
13 and any other information required by the Council or the Department of Taxes.

14 (l) Annual report. The Vermont Economic Progress Council and the
15 Department of Taxes shall submit an annual report to the Senate Committees
16 on Economic Development, Housing and General Affairs and on Finance and
17 the House Committees on Commerce and Economic Development and on
18 Ways and Means on or before April 1 each year. The report shall include the
19 date of approval, a description of the project, the original taxable value of the
20 property subject to the project development, the scope and value of projected
21 and actual improvements and developments, projected and actual incremental

1 revenue amounts, and division of the increment revenue between project debt,
2 the Education Fund, the special account required by subdivision (g)(1) and the
3 municipal General Fund, projected and actual financing, and a set of
4 performance measures developed by the Vermont Economic Progress Council,
5 which may include outcomes related to the criteria for which the municipality
6 applied and the amount of infrastructure work performed by Vermont firms.

7 (m) Audit; financial reports. Annually, until the year following the end of
8 the period for retention of education tax increment, a municipality with an
9 approved project under this section shall:

10 (1) by January 1, submit an annual report to the Vermont Economic
11 Progress Council, which shall provide sufficient information for the Vermont
12 Economic Progress Council to prepare its report required by subsection (i) of
13 this section; and

14 (2) by April 1, ensure that the project is subject to the annual audit
15 prescribed in 24 V.S.A. §§ 1681 and 1690. Procedures must include
16 verification of the original taxable value and annual and total municipal and
17 education tax increments generated, expenditures for debt and related costs,
18 and current balance.

19 (n) Authority to issue decisions.

20 (1) The Secretary of Commerce and Community Development, after
21 reasonable notice to a municipality and an opportunity for a hearing, is

1 authorized to issue decisions to a municipality on questions and inquiries
2 concerning the administration of projects, statutes, rules, noncompliance with
3 this section, and any instances of noncompliance identified in audit reports
4 conducted pursuant to subsection (1) of this section.

5 (2) The Vermont Economic Progress Council shall prepare
6 recommendations for the Secretary prior to the issuance of a decision. As
7 appropriate, the Council may prepare such recommendations in consultation
8 with the Commissioner of Taxes, the Attorney General, and the State
9 Treasurer. In preparing recommendations, the Council shall provide a
10 municipality with a reasonable opportunity to submit written information in
11 support of its position. The Secretary shall review the recommendations of the
12 Council and issue a final written decision on each matter within 60 days of the
13 receipt of the recommendations. The Secretary may permit an appeal to be
14 taken by any party to a Superior Court for determination of questions of law in
15 the same manner as the Supreme Court may by rule provide for appeals before
16 final judgment from a Superior Court before issuing a final decision.

17 * * * Vermont Employment Growth Incentive Program;

18 Confidential Business Information * * *

19 Sec. 3. 32 V.S.A. § 3102 is amended to read:

20 § 3102. CONFIDENTIALITY OF TAX RECORDS

1 source, furnished to or prepared or collected by the Department of Taxes with
2 respect to any person.

3 * * *

4 (d) The Commissioner shall disclose a return or return information:

5 * * *

6 (4) to any other person specifically authorized by law to receive such
7 information;

8 * * *

9 (6) to the Vermont Economic Progress Council, provided that the
10 disclosure relates to a successful business applicant under chapter 105,
11 subchapter 2 of this title and the incentive it has claimed is reasonably
12 necessary for the Council to perform its duties under that subchapter;

13 * * *

14 (e) The Commissioner may, in his or her discretion and subject to such
15 conditions and requirements as he or she may provide, including any
16 confidentiality requirements of the Internal Revenue Service, disclose a return
17 or return information:

18 (1) To any person, provided that the information appears in records that
19 are otherwise available to the general public; it shall not be an abuse of
20 discretion to deny disclosure on the grounds that the information is of the type
21 available at a town clerk's office.

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(11) To the Joint Fiscal Office or its agent, provided that the disclosure relates to a successful business applicant under chapter 105, subchapter 2 of this title and the incentive it has claimed and is reasonably necessary for the Joint Fiscal Office or its agent to perform the duties authorized by the Joint Fiscal Committee or a standing committee of the General Assembly under that subchapter; to the Auditor of Accounts for the performance of duties under section 163 of this title; and to the Department of Economic Development for the purposes of subsection 5922(f) of this title.

* * *

(g) Nothing in this section shall be construed to prohibit the publication of statistical information, rulings, determinations, reports, opinions, policies, or other information so long as the data is disclosed in a form that cannot identify or be associated with a particular person.

(h) If any provision of Vermont law authorizes or requires the Commissioner to divulge or make known in any manner any return or return information, the person or persons receiving such return or return information (other than information disclosed under subsection (i) of this section) shall be subject to the provisions of subsection (a) of this section as if such person were the agent of the Commissioner. Nothing in this subsection shall be construed to

1 restrict the disclosure of a return or return information by the person to whom
2 it relates.

3 * * *

4 (1)(1) The Commissioner of Taxes and the Chief Fiscal Officer of the Joint
5 Fiscal Office shall enter into a memorandum of understanding in order to
6 provide the Joint Fiscal Office with State returns and return information
7 necessary for the Joint Fiscal Office or its agents to perform its duties,
8 including conducting its own statistical studies, forecasts, and fiscal analysis.

9 (2) The memorandum of understanding shall provide for:

10 (A) mechanisms to prevent the identification of individual taxpayers,
11 including the redaction of any information that identifies a particular taxpayer;

12 (B) protocols for handling and transmitting returns and return
13 information;

14 (C) the designation of specific employees of the Joint Fiscal Office
15 with access to the information provided by the Department of Taxes;

16 (D) the incorporation of penalties for unauthorized disclosures under
17 subsections (a) and (h) of this section.

18 * * *

19 Sec. 4. 32 V.S.A. § 3340 is amended to read:

20 § 3340. REPORTING

1 (a) On or before September 1 of each year, the Vermont Economic
2 Progress Council and the Department of Taxes shall submit a joint report on
3 the incentives authorized in this subchapter to the House Committees on Ways
4 and Means, on Commerce and Economic Development, and on
5 Appropriations, to the Senate Committees on Finance, on Economic
6 Development, Housing and General Affairs, and on Appropriations, and to the
7 Joint Fiscal Committee.

8 (b) The Council and the Department shall include in the joint report:

9 (1) the total amount of incentives authorized during the preceding year
10 and the amount per business;

11 (2) with respect to each business with an approved application:

12 (A) the date and amount of authorization;

13 (B) the calendar year or years in which the authorization is expected
14 to be exercised;

15 (C) whether the authorization is active; and

16 (D) the date the authorization will expire; and

17 (3) the following ~~aggregate~~ information specific to each business that
18 earns an incentive:

19 (A) the number of claims and incentive payments made in the current
20 and prior claim years;

1 (B) the payroll performance requirement, the jobs performance
2 requirement, and the capital investment performance requirement for each
3 award year;

4 ~~(B)~~(C) the number, NAICS code, median wage, and average wage of
5 qualifying jobs; and

6 (D) the number of jobs by wage range; and

7 ~~(C)~~(E) the amount of new payroll and capital investment.

8 (c) The Council and the Department shall present data and information in
9 the joint report in a searchable format.

10 (d) Notwithstanding any provision of law to the contrary, an incentive
11 awarded pursuant to this subchapter shall be treated as a tax expenditure for
12 purposes of chapter 5 of this title.

13 Sec. 5. 32 V.S.A. § 3341 is amended to read:

14 § 3341. ~~CONFIDENTIALITY OF PROPRIETARY~~ CONFIDENTIAL
15 BUSINESS INFORMATION

16 ~~(a) The Vermont Economic Progress Council and the Department of Taxes~~
17 ~~shall use measures to protect proprietary financial information, including~~
18 ~~reporting information in an aggregate form.~~

19 ~~(b) Information and materials submitted by a business concerning its~~
20 ~~income taxes and other confidential financial information shall not be subject~~
21 ~~to public disclosure under the State's public records law in 1 V.S.A. chapter 5,~~

1 ~~but shall be available to the Joint Fiscal Office or its agent upon authorization~~
2 ~~of the Joint Fiscal Committee or a standing committee of the General~~
3 ~~Assembly, and shall also be available to the Auditor of Accounts in connection~~
4 ~~with the performance of duties under section 163 of this title; provided,~~
5 ~~however, that the Joint Fiscal Office or its agent and the Auditor of Accounts~~
6 ~~shall not disclose, directly or indirectly, to any person any proprietary business~~
7 ~~information or any information that would identify a business except in~~
8 ~~accordance with a judicial order or as otherwise specifically provided by law.~~

9 (c) ~~Nothing in this section shall be construed to prohibit the publication of~~
10 ~~statistical information, rulings, determinations, reports, opinions, policies, or~~
11 ~~other information so long as the data are disclosed in a form that cannot~~
12 ~~identify or be associated with a particular business.~~

13 (a) As used in this section, “confidential business information” means the
14 following information that is not otherwise publicly disclosed pursuant to
15 section 3340 of this title or other provision of law:

16 (1) return information, as defined in section 3102 of this title, except
17 that for purposes of this section the term “person” as used in the definition of
18 “return information” means only a natural person;

19 (2) trade secrets, as defined in 1 V.S.A. § 317(c)(9); and

20 (3) records related to incentive claims under this chapter that are
21 produced or acquired by the Department of Taxes.

1 (b)(1) Confidential business information is exempt from public inspection
2 and copying under the Public Records Act.

3 (2) Any other information or data that is not confidential business
4 information, including business-specific data generated by the Vermont
5 Economic Progress Council as part of its consideration of an application under
6 this subchapter, is not exempt from public inspection and copying.

7 (c) The Vermont Economic Progress Council and the Department of Taxes
8 shall adopt measures to protect against the public disclosure of confidential
9 business information and shall not disclose confidential business information
10 except:

11 (1) to the Joint Fiscal Office or its agent upon request by:

12 (A) the Joint Fiscal Committee;

13 (B) the Speaker of the House;

14 (C) the President Pro Tempore of the Senate;

15 (D) the Chair of the House Committee on Appropriations, on
16 Commerce and Economic Development, or on Ways and Means; or

17 (E) the Chair of the Senate Committee on Appropriations, on
18 Economic Development, Housing and General Affairs, or on Finance;

19 (2) to the Auditor of Accounts in connection with the performance of
20 duties under section 163 of this title;

21 (3) pursuant to a judicial order; or

1 (4) as otherwise specifically provided by law.

2 (d) The Joint Fiscal Office, its agent, and the Auditor may disclose
3 confidential business information only to the persons and committees specified
4 in subdivision (c)(1) of this section, who shall review confidential business
5 information in executive session and shall not further disclose the confidential
6 business information.

7 * * * Vermont Employment Growth Incentive Program; Pilot Programs * * *

8 Sec. 6. 32 V.S.A. chapter 105, subchapter 2 is amended to read:

9 Subchapter 2: Vermont Employment Growth Incentive Program

10 * * *

11 § 3343. VERMONT INVESTMENT INCENTIVE PROGRAM

12 (a) Creation. Within the Vermont Employment Growth Incentive Program
13 there is created a Vermont Investment Incentive Program, the purpose of
14 which is to incentivize large, regionally significant employers to make
15 additional capital investments in their Vermont facilities.

16 (b) Requirements. Notwithstanding any provision of this chapter to the
17 contrary:

18 (1) A business with 100 or more employees may apply for an incentive
19 pursuant to this section by filing an application with the Council that specifies
20 a capital investment performance requirement of \$20,000,000 over five years.

21 (2) To calculate the value of an incentive, the Council shall:

1 (A) modify the cost-benefit model maintained pursuant to section
2 3336 of this title as necessary to calculate new revenue growth; and

3 (B) multiply new revenue growth by 20 percent.

4 (3) A business with an approved application earns an incentive if during
5 the award period the business:

6 (A) maintains or exceeds base employment and base payroll; and

7 (B) meets or exceeds the capital investment performance
8 requirement.

9 § 3344. CAPITAL INVESTMENT CONVERTIBLE LOAN PROGRAM

10 (a) Creation. Within the Vermont Employment Growth Incentive Program
11 there is created a Capital Investment Convertible Loan Program, the purpose of
12 which is to offer an incentive to smaller businesses in the form of a convertible
13 loan in order to upgrade facilities, machinery, and equipment and to increase
14 total payroll.

15 (b) Requirements. Notwithstanding any provision of this chapter to the
16 contrary:

17 (1) A business with 100 or fewer employees may apply for an incentive
18 in the form of a convertible loan by submitting an application to the Council in
19 the form and with the information the Council requires, which shall include a
20 payroll performance requirement and a capital investment performance
21 requirement.

1 (2) For purposes of this section:

2 (A) An award period is three years.

3 (B) A qualifying job may include an existing position at the business
4 that otherwise meets the definition in subdivision 3331(9) of this title and has a
5 median wage equal to or less than 2.5 times the median wage published for the
6 year of application by the Department of Labor.

7 (C) The payroll performance requirement shall equal or exceed an
8 increase in base payroll of 1.5 times the most recent non-seasonally-adjusted
9 Employment Cost Index.

10 (D) A business may participate in either the incentive program or the
11 convertible loan program and shall not participate in both simultaneously,
12 provided that a business that otherwise qualifies for an enhanced incentive
13 under sections 3334 or 3335 of this title may receive the benefits of the
14 enhancement.

15 (3) If the Council approves the application for an award, the Council
16 shall recommend the application to the Vermont Economic Development
17 Authority and the business must submit a loan application to the Authority for
18 its review and approval pursuant to underwriting standards it adopts for that
19 purpose.

20 (4) If the Authority approves the loan application, notwithstanding any
21 provision of 10 V.S.A. chapter 12 to the contrary, it shall issue a loan up to the

1 total value of the incentives approved for the award period on terms provided
2 in the loan agreement.

3 (5) If the Authority does not approve the loan application or approves a
4 loan for less than the total value of the incentives, the business may withdraw
5 its loan application and return to the Council to amend or withdraw its
6 application.

7 (6) A loan shall convert to a grant at the end of the award period if the
8 business remains in good standing on the loan and:

9 (A) the Authority verifies that the business meets or exceeds its
10 capital investment requirement; and

11 (B) the Department of Taxes verifies to the Authority that the
12 business meets or exceeds its payroll performance requirement.

13 (7) If the business satisfies the criteria in subdivision (5) of this
14 subsection, the Department shall pay to the Authority the balance of the loan
15 principal.

16 (8) If the business meets its payroll performance requirement, but does
17 not meet its capital investment requirement:

18 (A) a percentage of the loan shall convert to a grant equal to the
19 percentage of the capital investment the business made during the award period
20 relative to the capital investment performance requirement;

1 (1) the total amount of tax credits awarded annually, together with sales
2 tax reallocated under section 9819 of this title, does not exceed ~~\$2,600,000.00~~
3 \$4,000,000.00;

4 * * *

5 * * * Better Places Program * * *

6 Sec. 9. 24 V.S.A. § 2799 is added to read:

7 § 2799. BETTER PLACES PROGRAM; CROWD GRANTING

8 (a) There is created a Better Places Fund, which shall be a special fund
9 created under 32 V.S.A. chapter 7, subchapter 5. The purpose of the Fund is to
10 utilize crowdfunding to spark community revitalization through collaborative
11 grantmaking for projects that create, activate, or revitalize public spaces. The
12 fund shall be administered by the Department of Housing and Community
13 Development, in coordination with and support from other State agencies and
14 nonprofit and philanthropic partners.

15 (b) The Fund shall be composed of the following:

16 (1) such State or federal funds as may be appropriated by the General
17 Assembly;

18 (2) any gifts, grants, or other contributions to the Fund; and

19 (3) proceeds from the issuance of general obligation bonds.

20 (c) As used in this section, “public space” means as an area or place that is
21 open and accessible to all people, generally with no charge for admission.

1 Public spaces include village greens, squares, parks, community centers, town
2 halls, libraries, and other public-accessible buildings and connecting spaces
3 such as sidewalks, streets, alleys, and trails.

4 (d) The Department of Housing and Community Development shall
5 establish an application process, eligibility criteria, and criteria for prioritizing
6 assistance for awarding grants from the Fund. Grants may be awarded to a
7 municipality or nonprofit organization for a project using matching funds
8 located in a designated downtown, village center, new town center, or
9 neighborhood development area that will create a new public space or
10 revitalize or activate an existing public space. Matching funds shall be raised
11 through a crowdfunding approach that includes multiple donors and other
12 appropriate requirements to ensure a broad base of community and financial
13 support for the project.

14 (e) The Department of Housing and Community Development shall
15 distribute funds under this section in a manner that provides funding for
16 projects of various sizes in as many geographical areas of the State as possible.

17 (f) The Department of Housing and Community Development is authorized
18 to use up to 15 percent of any appropriation to the Fund from the General Fund
19 to assist with crowdfunding, administration, and technological needs of the
20 Better Places Program.

21 * * * Technology-Based Economic Development * * *

1 Sec. 10. TECHNOLOGY-BASED ECONOMIC DEVELOPMENT

2 (a) Purpose. The U.S. economy is undergoing a fundamental shift toward a
3 technology and innovation-driven economy, with new technological
4 applications changing how existing industries operate as well as spawning new
5 industries of their own. Amid these rapid and transformative changes,
6 Vermont increasingly competes nationally and globally for market share. To
7 ensure Vermont remains relevant and competitive in the global economy over
8 the next 20 years, the ThinkVermont Innovation Initiative is designed to
9 strengthen our State’s economic base by providing the essential tools and
10 resources necessary to foster a climate where technology-based businesses can
11 be created and thrive. The Initiative shall enable the State to contract with
12 technical service providers and provide grants that can be accessed more
13 quickly and with fewer restrictions than traditional federal initiatives.

14 (b) Technical Support. The Department of Economic Development shall
15 contract with a technical service provider to assist Vermont-based technology
16 companies in applying for federal small business innovation research and small
17 business technology transfer grants.

18 (c) Matching Grants. Eligible Vermont companies who receive a federal
19 SBIR/STTR Phase I or II grant will be eligible to apply for a matching grant
20 from the Department of Economic Development. Grantees would be eligible
21 for up to 50 percent of the federal award up to \$50,000.00.

1 (d) Industry Research Partnership Program. Eligible Vermont companies
2 can apply for grants to purchase services from universities and research
3 institutions to stimulate innovation. Eligible uses include research and
4 development assistance, technology assessments, product prototyping, lab
5 validation, and overcoming product development hurdles. Grantees must
6 provide a dollar-for-dollar match to State funding.

7 (e) EPSCOR pass-through grant. The Department of Economic
8 Development shall administer a pass-through grant to the Vermont Established
9 Program to Stimulate Competitive Research (EPSCOR). Vermont EPSCOR
10 shall administer grants to support the research and development of
11 technologies with commercial potential and help them prepare to advance from
12 the university toward eligibility for federal small business innovation research
13 funding.

14 (f) Outcomes; measures. The Secretary shall adopt measures to evaluate
15 the effectiveness of the funding, including federal dollars leveraged, amount of
16 private capital raised by participating companies, and the number of new jobs
17 created.

18 Sec. 11. DEPARTMENT OF TOURISM AND MARKETING

19 Notwithstanding any provision of law to the contrary, in fiscal year 2021
20 the Department of Tourism and Marketing shall have the authority to reallocate

1 funds available to it for the purpose of providing funding to one or more
2 private projects that promote the State of Vermont.

3 * * * Appropriations * * *

4 Sec. 12. APPROPRIATIONS

5 In fiscal year 2021 the following amounts are appropriated from the General
6 Fund as follows:

7 (1) \$1,000,000 to the Secretary of State to complete the work of the
8 steering committee created in 2018 Acts and Resolves No. 196, Sec. 1, as
9 amended by 2019 Acts and Resolves No. 80, Sec. 13 to design and implement
10 a one-stop business portal for businesses, entrepreneurs, and citizens to provide
11 information about starting and operating a business in Vermont.

12 (2) \$1,000,000 to the Agency of Commerce and Community
13 Development to support technology-based businesses and Vermont businesses
14 seeking to participate in the federal Small Business Innovation Research
15 program pursuant to Sec. 21 of this act.

16 (3) \$500,000 to the Department of Tourism and Marketing for tourism
17 marketing, economic development marketing, and to promote outdoor
18 recreation, including sales of hunting and fishing licenses and visitation to
19 Vermont State Parks, with priority given to economic development marketing.

20 (4) \$150,000.00 to the Municipal and Regional Planning Fund from the
21 General Fund in fiscal year 2021 to be used by regional planning commissions

1 to assist municipalities in updating their bylaws to include inclusionary
2 housing bylaws.

3 (5) \$50,000.00 to Agency of Commerce and Community Development
4 from the General Fund in fiscal year 2021 to provide training to builders and
5 landlords on providing more middle-income housing.

6 (6) \$250,000 to the Agency of Commerce and Community Development
7 for the Better Places Program.

8 * * * Effective Dates * * *

9 Sec. 23. EFFECTIVE DATE

10 This act shall take effect on July 1, 2020.

11

12

13 (Committee vote: _____)

14

15

Representative _____

16

FOR THE COMMITTEE