

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 \* \* \* Vermont Employment Growth Incentive Program;

8 Confidential Business Information \* \* \*

9 Sec. 1. 32 V.S.A. § 3340 is amended to read:

10 § 3340. REPORTING

11 (a) On or before September 1 of each year, the Vermont Economic  
12 Progress Council and the Department of Taxes shall submit a joint report on  
13 the incentives authorized in this subchapter to the House Committees on Ways  
14 and Means, on Commerce and Economic Development, and on  
15 Appropriations, to the Senate Committees on Finance, on Economic  
16 Development, Housing and General Affairs, and on Appropriations, and to the  
17 Joint Fiscal Committee.

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

19 (1) the total amount of incentives authorized during the preceding year

20 and the amount per business;

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

1 (A) the date and amount of authorization;

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

4 (C) whether the authorization is active; ~~and~~

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

6 (E) the wage criteria for the year; and

7 (3) the following aggregate information by enhancement and by county:

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

10 (B) the payroll performance requirement, the jobs performance  
11 requirement, and the capital investment performance requirement for each  
12 award year;

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

15 (D) the number of jobs by wage range;

16 ~~(C)~~(E) the amount of new payroll and capital investment; and

17 (F) the type of job.

18 (c) The Council and the Department shall present data and information in  
19 the joint report in a searchable format, provided that the Council and  
20 Department may suppress individual charts or data that includes information  
21 about only one business.

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

4 Sec. 2. 32 V.S.A. § 3341 is amended to read:

5 § 3341. ~~CONFIDENTIALITY OF PROPRIETARY~~ CONFIDENTIAL  
6 BUSINESS INFORMATION

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

10 ~~(b) Information and materials submitted by a business concerning its~~  
11 ~~income taxes and other confidential financial information shall not be subject~~  
12 ~~to public disclosure under the State's public records law in 1 V.S.A. chapter 5,~~  
13 ~~but shall be available to the Joint Fiscal Office or its agent upon authorization~~  
14 ~~of the Joint Fiscal Committee or a standing committee of the General~~  
15 ~~Assembly, and shall also be available to the Auditor of Accounts in connection~~  
16 ~~with the performance of duties under section 163 of this title; provided,~~  
17 ~~however, that the Joint Fiscal Office or its agent and the Auditor of Accounts~~  
18 ~~shall not disclose, directly or indirectly, to any person any proprietary business~~  
19 ~~information or any information that would identify a business except in~~  
20 ~~accordance with a judicial order or as otherwise specifically provided by law.~~

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

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

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

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

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

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

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

20          (c) The Vermont Economic Progress Council and the Department of Taxes  
21          shall adopt measures to protect against the public disclosure of confidential

1 business information and shall not disclose confidential business information

2 except:

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

4 (A) the Joint Fiscal Committee;

5 (B) the Speaker of the House;

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

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

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

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

13 (3) pursuant to a judicial order; or

14 (4) as otherwise specifically provided by law.

15 (d) The Joint Fiscal Office, its agent, and the Auditor may disclose  
16 confidential business information only to the persons and committees specified  
17 in subdivision (c)(1) of this section, who shall review confidential business  
18 information in executive session and shall not further disclose the confidential  
19 business information.

20 \* \* \* Vermont Employment Growth Incentive Program; Pilot Programs \* \* \*

21 Sec. 3. 32 V.S.A. § 3343 is added to read:

1     § 3343. CAPITAL INVESTMENT CONVERTIBLE LOAN PROGRAM

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

7           (b) Requirements. Notwithstanding any provision of this chapter to the  
8     contrary:

9           (1) A business with 30 or fewer employees, which for purposes of this  
10     section includes the employees of any other business under common control,  
11     may apply for an incentive in the form of a convertible loan by submitting an  
12     application to the Council in the form and with the information the Council  
13     requires.

14           (2) For purposes of this section:

15           (A) An award period is three years.

16           (B) A qualifying job may include an existing position at the business  
17     that otherwise meets the definition in subdivision 3331(9) of this title.

18           (C) An application shall include a payroll performance requirement  
19     and a capital investment performance requirement.

20           (D) A business may participate in either the incentive program or the  
21     convertible loan program and shall not participate in both simultaneously,

1 provided that a business that otherwise qualifies for an enhanced incentive  
2 under sections 3334 or 3335 of this title may receive the benefits of the  
3 enhancement.

4 (3) If the Council approves the application for an award, the Council  
5 shall recommend the application to the Vermont Economic Development  
6 Authority and the business must submit a loan application to the Authority for  
7 its review and approval pursuant to underwriting standards it adopts for that  
8 purpose.

9 (4)(A) If the Authority approves the loan application, notwithstanding  
10 any provision of 10 V.S.A. chapter 12 to the contrary, it shall issue a loan up to  
11 the total value of the incentives approved for the award period.

12 (B) The business is required to make interest-only payments during  
13 the award period.

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

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

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

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

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

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

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

11                  (B) the Department shall pay to the Authority an amount equal to the  
12                  amount converted; and

13                  (C) the business shall pay the balance of the principal and interest on  
14                  terms specified in the loan agreement.

15           (9) If the business does not meet its payroll performance requirement the  
16           loan does not convert and the business shall pay the balance of the principal  
17           and interest on terms specified in the loan agreement.

18           (c) Limitations.

19                   (1) An incentive approved pursuant to this section shall not exceed  
20                   \$150,000.00.



1           (2) Within the annual program cap established in section 3342 of this  
2           title, the Council may approve not more than \$1.5 million in incentives  
3           pursuant to this section in each calendar year.

4           Sec. 4. IMPLEMENTATION OF VEGI PILOT PROGRAMS; REPORT;  
5           STUDY; SUNSET

6           (a) The Vermont Economic Progress Council, the Department of Taxes,  
7           and the Vermont Economic Development Authority shall collaborate to adopt  
8           written policies and procedures governing the implementation of 32 V.S.A.  
9           § 3343, which shall include policies and procedures for determining  
10          background growth rates in payroll.

11          (b) The Council shall not accept or approve an application pursuant to 32  
12          V.S.A. § 3343 after December 31, 2024.

13          (c) On or before January 15, 2021 and through the duration of the program,  
14          the Council shall report to the House Committees on Commerce and Economic  
15          Development and on Ways and Means and to the Senate Committees on  
16          Economic Development, Housing and General Affairs and on Finance, as  
17          follows:

18               (1) The Council shall provide the written policies and procedures  
19               adopted pursuant to subsection (a) of this section.

20               (2) The Council shall provide information concerning the  
21               implementation and effectiveness of 32 V.S.A. § 3343, including information

1 on the number and status of applications, projected fiscal benefit to the State,  
2 and actual fiscal benefit to the State realized.

3 (3) The Council, in coordination with the Agency of Commerce and  
4 Community Development, shall provide recommendations concerning the  
5 design and implementation of an additional incentive program within the  
6 VEGI program, the purpose of which is:

7 (A) to incentivize large, anchor businesses throughout Vermont to  
8 make significant capital investments in their Vermont facilities; and

9 (B) appropriately recognize and account for:

10 (i) the economic benefits that large employers currently provide,  
11 particularly in rural areas of the State;

12 (ii) the negative impacts that occur when such employers diminish  
13 their presence or withdraw from the State; and

14 (iii) the economic benefits to the State that arise from significant  
15 capital investments and accompanying growth in payroll and jobs at existing  
16 facilities.

17 \* \* \* Better Places Program \* \* \*

18 Sec. 5. 24 V.S.A. § 2799 is added to read:

19 § 2799. BETTER PLACES PROGRAM; CROWD GRANTING

20 (a)(1) There is created a Better Places Fund under 32 V.S.A. chapter 7,  
21 subchapter 5.

1           (2) The purpose of the Fund is to utilize crowdfunding to spark  
2           community revitalization through collaborative grantmaking for projects that  
3           create, activate, or revitalize public spaces.

4           (3) The Department of Housing and Community Development shall  
5           administer the Fund in coordination with and support from other State agencies  
6           and nonprofit and philanthropic partners.

7           (b) The Fund is composed of the following:

8                   (1) State or federal funds appropriated by the General Assembly;

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

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

11           (c) As used in this section, “public space” means an area or place that is  
12           open and accessible to all people, generally with no charge for admission, and  
13           includes village greens, squares, parks, community centers, town halls,  
14           libraries, and other public-accessible buildings and connecting spaces such as  
15           sidewalks, streets, alleys, and trails.

16           (d)(1) The Department of Housing and Community Development shall  
17           establish an application process, eligibility criteria, and criteria for prioritizing  
18           assistance for awarding grants from the Fund.

19           (2) The Department may award a grant to a municipality or nonprofit  
20           organization for a project that is located in a designated downtown, village

1 center, new town center, or neighborhood development area that will create a  
2 new public space or revitalize or activate an existing public space.

3 (3) To be eligible for a grant a project shall use matching funds raised  
4 through a crowdfunding approach that includes multiple donors and other  
5 appropriate requirements to ensure a broad base of community and financial  
6 support for the project.

7 (e) The Department of Housing and Community Development, with the  
8 assistance of a fiscal agent, shall distribute funds under this section in a manner  
9 that provides funding for projects of various sizes in as many geographical  
10 areas of the State as possible.

11 (f) The Department of Housing and Community Development may use up  
12 to 15 percent of any appropriation to the Fund from the General Fund to assist  
13 with crowdfunding, administration, and technological needs of the Better  
14 Places Program.

15 \* \* \* Clean Grid \* \* \*

16 Sec. 6. 32 V.S.A. § 5811(29) is added to read:

17 (29) “Clean grid optimization company” means a Vermont business  
18 entity that sells a product or service to a utility or a customer that allows the  
19 utility or customer to change the use of electricity, including the storage and  
20 discharge of electricity, based on a signal from the grid representing the  
21 occurrence of low-cost and high-cost conditions. The Secretary of Commerce

1 shall certify whether a business qualifies as a clean grid optimization company  
2 as defined under this subdivision.

3 Sec. 7. CLEAN GRID OPTIMIZATION INNOVATION FUND

4 (a) There is established the Clean Grid Optimization Fund consisting of  
5 receipts as authorized by the General Assembly. The Fund shall be managed  
6 by the Agency of Commerce and Community Development in accordance with  
7 32 V.S.A. chapter 7, subchapter 5. The Secretary shall make grants that  
8 support businesses as defined in 32 V.S.A. § 5811(29).

9 (b) The Secretary shall grant funding from the special fund that prioritizes  
10 growing employment, developing innovative Vermont-based, value-added  
11 clean grid optimization technology, and implementing Vermont’s energy and  
12 emissions goals. Eligible uses shall include:

13 (1) grants to businesses;

14 (2) sub-grants or equity investments in businesses by intermediaries;

15 (3) loans to businesses; and

16 (4) demonstration projects of clean grid optimization technologies  
17 developed by Vermont clean grid optimization businesses.

18 (c) The Secretary of Commerce and Community Development shall report  
19 the activity within the Fund to the House Commerce Committee, the House  
20 Energy and Technology Committee, the Senate Economic Development,  
21 Housing and General Affairs Committee and the Senate Finance Committee on

1 or before January 15 of each year. The activity shall include the balance in the  
2 Fund, any grant activity from the Fund, all outstanding loans from the Fund,  
3 and any equity positions held in any company as of December 31 of the  
4 preceding year.

5 Sec. 8. CLEAN GRID OPTIMIZATION PILOT PROGRAM

6 (a) The Agency of Commerce and Community Development, in  
7 cooperation with the Department of Public Service, may provide grant funding  
8 to one or more clean grid optimization companies as defined in 32 V.S.A.  
9 § 5811(29) for the purpose of establishing a pilot program that controls  
10 electricity using appliances. These controls shall allow an electric distribution  
11 utility, either directly or through a clean grid optimization company as a  
12 customer intermediary, to control the use of electricity in a way that provides a  
13 customer the valued use of the electricity-using appliances and that provides  
14 the electric distribution utility to have optimal impact on the electric grid.

15 (b) The goals of the pilot program are to establish the economic viability of  
16 controls to electricity-using appliances that maximize the utility of Vermont's  
17 electricity grid and result in a decrease in the use of fossil fuels that might  
18 otherwise be used to provide the service of the electricity-using appliances.

19 \* \* \* Effective Dates \* \* \*

20 Sec. 9. EFFECTIVE DATE

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

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2

3 (Committee vote: \_\_\_\_\_)

4

\_\_\_\_\_

5

Representative \_\_\_\_\_

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FOR THE COMMITTEE