1	Subject: Commerce and trade; economic development; Vermont Employment
2	Growth Incentive
3	Statement of purpose of bill as introduced: This bill proposes to modify the
4	Vermont Employment Growth Incentive Program to encourage participation in
5	the Program by small businesses, startup businesses, mission-based businesses,
6	and clean water technology businesses.
7 8	An act relating to the Vermont Employment Growth Incentive Program and economic development
9	It is hereby enacted by the General Assembly of the State of Vermont:
10	Sec. 1. 32 V.S.A. chapter 105, subchapter 2 is amended to read:
11	SUBCHAPTER 2: VERMONT EMPLOYMENT GROWTH INCENTIVE

- PROGRAM
  \$ 3330. PURPOSE; FORM OF INCENTIVES; ENHANCED INCENTIVES;
  ELIGIBLE APPLICANT
  (a) Purpose. The purpose of the Vermont Employment Growth Incentive

  - 16 Program is to generate net new revenue to the State by encouraging a business
  - 17 to add new payroll, create new jobs, and make new capital investments and
  - 18 sharing a portion of the revenue with the business.
  - 19 (b) Form of incentives; enhanced incentives.

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2	under this subchapter in the form of a direct cash payment in annual
3	installments.
4	(2) The Council may approve the following enhanced incentives:
5	(A) an enhanced incentive for a business in a labor market area with
6	higher than average unemployment or lower than average wages pursuant to
7	section 3334 of this title;
8	(B) an enhanced incentive for an environmental technology business
9	pursuant to section 3335 of this title; and
10	(C) an enhanced incentive for a business that participates in a State
11	workforce training program a small business, startup business, or mission-
12	based business pursuant to section 3336 of this title.
13	(c) Eligible applicant. Only a business may apply for an incentive pursuant
14	to this subchapter.
15	* * *
16	§ 3331. Definitions
17	(12) "Wage threshold" means the minimum amount of annualized
18	Vermont gross wages and salaries a business must pay for a qualifying job, as
19	required by the Council in its discretion, but not less than:
20	(A) 60 percent above the State minimum wage at the time of
21	application \$17.25 hourly at the time of application. At which time as

1	the livable wage as defined in 2 V.S.A. § 505 meets or exceeds an
2	hourly wage of \$17.25 the wage threshold will not be less than that
3	livable wage; or
4	(B) 40 percent above the State minimum wage at the time of
5	application for a business located in a labor market area in which the
6	average annual unemployment rate is higher than the average annual
7	unemployment rate for the State, the Wage Threshold is at or above the
8	livable wage as defined in 2 V.S.A. § 505.
9	* * *
10	§ 3333. CALCULATING THE VALUE OF AN INCENTIVE
11	Except as otherwise provided for an enhanced incentive for a business in a
12	qualifying labor market area under section 3334 of this title, an enhanced
13	incentive for an environmental technology business under section 3335 of this
14	title, or an enhanced incentive for workforce training a small business, startup
15	business, or mission-based business under section 3336 of this title, the
16	Council shall calculate the value of an incentive for an award year as follows:
17	* * *
18	§ 3334. Enhanced incentive for a business in a qualifying labor market area
19	(a) The Council may increase the value of an incentive for a business that is
20	located in a labor market area in which:

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1	(1) the average annual unemployment rate is greater than the average
2	annual unemployment rate for the State; or
3	(2) the average annual wage is less than the average annual wage for
4	the State.
5	(b) In each calendar year, the amount by which the Council may increase the
6	value of all incentives pursuant to this section is:
7	(1) \$1,500,000.00 <u>\$2,500,000.00</u> for one or more initial approvals; and
8	(2) \$1,000,000.00 for one or more final approvals.
9	(c) The Council may increase the cap imposed in subdivision (b) (2) of this
10	section by not more than \$500,000.00 \$1,500,000.00 upon application by the
11	Governor to, and approval of, the Joint Fiscal Committee.
12	(d) In evaluating the Governor's request, the Committee shall consider the
13	economic and fiscal condition of the State, including recent revenue forecasts
14	and budget projections.
15	(e) The Council shall provide the Committee with testimony,
16	documentation, company-specific data, and any other information the
17	Committee requests to demonstrate that increasing the cap will create an
18	opportunity for return on investment to the State.
19	(f) The purpose of the enhanced incentive for a business in a qualifying
20	labor market area is to increase job growth in economically disadvantaged

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21 regions of the State, as provided in subsection (a) of this section.

1	§ 3335. ENHANCED INCENTIVE FOR ENVIRONMENTAL
2	TECHNOLOGY BUSINESS
3	(a) As used in this section, an "environmental technology business" means a
4	business that:
5	(1) is subject to income taxation in Vermont; and
6	(2) seeks an incentive for economic activity in Vermont that the
7	Secretary of Commerce and Community Development certifies is primarily
8	research, design, engineering, development, or manufacturing related to one or
9	more of the following:
10	(A) waste management, including waste collection, treatment,
11	disposal, reduction, recycling, and remediation;
12	(B) natural resource protection and management, including water and
13	wastewater purification and treatment, air pollution control and prevention or
14	remediation, soil and groundwater protection or remediation, and hazardous
15	waste control or remediation;
16	(C) energy efficiency or conservation;
17	(D) clean energy, including solar, wind, wave, hydro, geothermal,
18	hydrogen, fuel cells, waste-to-energy, or biomass;
19	(E) the reduction of water pollution, including the reduction of
20	sediment and harmful nutrient pollution such as phosphorus and nitrogen, and

1	other activities supporting the goals of the Vermont Clean Water Act, 2015
2	Acts and Resolves No. 64.
3	(b) The Council shall consider and administer an application from an
4	environmental technology business pursuant to the provisions of this
5	subchapter, except that:
6	(1) the business's potential share of new revenue growth shall be 90
7	percent; and
8	(2) to calculate qualifying payroll, the Council shall:
9	(A) determine the background growth rate in payroll for the
10	applicable business sector in the award year;
11	(B) multiply the business's full-time payroll for the award year by 20
12	percent of the background growth rate; and
13	(C) subtract the product from the payroll performance requirement for
14	the award year.
15	(c) The purpose of the enhanced incentive for an environmental technology
16	business is to promote the growth of businesses in Vermont that both create
17	and sustain high quality jobs and improve the natural environment.
18	* * *
19	§ 3336. ENHANCED INCENTIVE FOR <del>WORKFORCE TRAINING SMALL</del>
20	BUSINESS, STARTUP BUSINESS, AND MISSION-BASED BUSINESS
21	(a) A business whose application is approved may elect to claim the
22	incentive specified for an award year as an enhanced training incentive by:

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(1) notifying the Council of its intent to pursue an enhanced training
incentive and dedicate its incentive funds to training through the Vermont
Training Program; and
(2) applying for a grant from the Vermont Training Program to perform
training for one or more new employees who hold qualifying jobs.
(b) If a business is awarded a grant for training under this section, the
Agency of Commerce and Community Development shall disburse grant funds
for on the job training of 75 percent of wages for each employee in training or
75 percent of trainer expense, and the business shall be responsible for the

10 remaining 25 percent of the applicable training costs.

- 11 (c) A business that successfully completes its training shall submit a written
- 12 certificate of completion to the Agency of Commerce and Community
- 13 Development which shall notify the Department of Taxes.
- 14 (d) Upon notification by the Agency, and if the Department determines that
- 15 the business has earned the incentive for the award year, it shall:
- 16 (1) disburse to the business a payment in an amount equal to 25 percent
- 17 of the cost for training expenses pursuant to subsection (b) of this section;
- 18 (2) disburse to the Agency of Commerce and Community Development a
- 19 payment in an amount equal to 25 percent of the cost for training expenses
- 20 pursuant to subsection (b) of this section; and

1	(3) disburse the remaining value of the incentive in annual installments
2	pursuant to section 3337 of this title.
3	(a) As used in this section:
4	(1) "Mission-based business" means a business that at the time of
5	application is one of the following:
6	(A) a domestic limited liability company that has elected to be a low-
7	profit limited liability company and meets the requirements specified in 11
8	<u>V.S.A. § 4162;</u>
9	(B) a domestic business corporation that has elected to be a benefit
10	corporation and meets the requirements of 11A V.S.A. chapter 21; or
11	(C) a foreign business organization that has elected a form, and meets
12	the applicable statutory requirements of the foreign jurisdiction, which the
13	Secretary determines are substantially similar to the form and requirements for
14	a domestic low-profit limited liability company or benefit corporation.
15	(2) "Small business" means a business that at the time of application has
16	nineteen or fewer full-time employees in Vermont.
17	(3) "Startup business" means a business:
18	(A) established within one year of the date of application; or
19	(B) had no full-time employees at the time of application.

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1	(b) The Council shall consider and administer an application from a small
2	business, startup business, or mission-based business pursuant to the
3	provisions of this subchapter, except that:
4	(1) the business's potential share of new revenue growth shall be 90
5	percent; and
6	(2) to calculate qualifying payroll, the Council shall:
7	(A) determine the background growth rate in payroll for the
8	applicable business sector in the award year;
9	(B) multiply the business's full-time payroll for the award year by 20
10	percent of the background growth rate; and
11	(C) subtract the product from the payroll performance requirement
12	for the award year.
13	(c) The purpose of the enhanced incentive for a small business, startup
14	business, or mission-based business is to promote the growth of these
15	businesses in Vermont that create and sustain high quality jobs.
16	§ 3337. EARNING AN INCENTIVE
17	(a) Earning an incentive; installment payments.
18	(1) A business with an approved application earns the incentive specified
19	for an award year if, within the applicable time period provided in this section,
20	the business:
21	(A) maintains or exceeds its base payroll and base employment;

1	(B) meets or exceeds the payroll performance requirement specified
2	for the award year; and
3	(C) meets or exceeds the jobs performance requirement specified for
4	the award year, or the capital investment performance requirement specified
5	for the award year, or both.
6	(2) A Subjection to subdivision (3) of this subsection, $a$ business that
7	earns an incentive specified for an award year is eligible to receive an
8	installment payment for the year in which it earns the incentive and for each of
9	the next four years in which the business:
10	(A) maintains or exceeds its base payroll and base employment;
11	(B) maintains or exceeds the payroll performance requirement
12	specified for the award year; and
13	(C) if the business earns an incentive by meeting or exceeding the
14	jobs performance target specified for the award year, maintains or exceeds the
15	jobs performance requirement specified for the award year.
16	(3) A business that earns an incentive specified for an award year may
17	elect to receive a lump-sum payment for the full value of the incentive by
18	submitting to the Council in writing:
19	(A) a request to elect a lump-sum payment; and

1	(B) a certification that a lump-sum payment is subject to recapture if,
2	during the four years following the year in which it earns the incentive, the
3	business fails to:
4	(A) maintain its base payroll or base employment;
5	(B) maintain the payroll performance requirement specified for the
6	award year; or
7	(C) if the business earns an incentive by meeting or exceeding the
8	jobs performance target specified for the award year, maintain the jobs
9	performance requirement specified for the award year.
10	* * *
11	§ 3339. RECAPTURE; REDUCTION; REPAYMENT
12	(a) Recapture.
13	(1) The Department of Taxes may recapture the value of one or more
14	installment payments or lump-sum payments a business has claimed, with
15	interest, if:
16	(A) the business fails to file a claim as required in section 3338 of this
17	title;
18	(B) during the utilization period, the business experiences:
19	(i) a 90 percent or greater reduction from base employment; or
20	(ii) if it had no jobs at the time of application, a 90 percent or
21	greater reduction from the sum of its job performance requirements; or

1	(C) the Department determines that during the application or claims
2	process the business knowingly made a false attestation that the business:
3	(i) was not a named party to, or was in compliance with, an
4	administrative order, consent decree, or judicial order issued by the State or a
5	subdivision of the State; or
6	(ii) was in compliance with State laws and regulations; or
7	(D) the business elects to take a lump-sum payment for an incentive
8	pursuant to subdivision 3337(a)(3) of this title and, during the four years
9	following the year in which it earned the incentive, the business fails to:
10	(A) maintain its base payroll or base employment;
11	(B) maintain the payroll performance requirement specified for the
12	award year; or
13	(C) if the business earns an incentive by meeting or exceeding the
14	jobs performance target specified for the award year, maintain the jobs
15	performance requirement specified for the award year.
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