

1 Introduced by Committee on Economic Development, Housing and General
2 Affairs

3 Date:

4 Subject: Commerce and trade; economic development

5 Statement of purpose of bill as introduced: This bill proposes to adopt
6 miscellaneous proposals to promote economic development, including
7 proposals concerning workforce recruitment and the Vermont Employment
8 Growth Incentive Program.

9 An act relating to promoting economic development

10 It is hereby enacted by the General Assembly of the State of Vermont:

11 * * * Recruitment and Relocation * * *

12 Sec. 1. 3 V.S.A. § 2476 is amended to read:

13 § 2476. DEPARTMENT OF TOURISM AND MARKETING

14 * * *

15 (c) Economic development marketing. The Department shall be
16 responsible for the promotion of Vermont as great place to live, work, and do
17 business in order to increase the benefits of economic development marketing,
18 including:

19 (1) attracting additional private investment in Vermont businesses;

1 economic development marketing initiatives and also to provide ongoing
2 feedback to the Department on the effectiveness of its initiatives.

3 Sec. 2. NEW WORKER RELOCATION INCENTIVE PROGRAM

4 (a) The Agency of Commerce and Community Development shall design
5 and implement the New Worker Relocation Incentive Program, which shall
6 include a simple certification process to certify new workers and certify
7 qualifying expenses for a grant under this section.

8 (b) A new worker may be eligible for a grant under the Program for
9 qualifying expenses in the amount of not more than \$7,500.00, consistent with
10 the following limitations, and subject to available funding and procedures the
11 Agency adopts to implement the program:

12 (1) A base grant for relocation to any area in Vermont shall be
13 \$5,000.00.

14 (2) A grant for relocation to a designated labor market area may be
15 enhanced, not to exceed \$7,500.00.

16 (3) The Agency shall assess applications on a rolling basis and give first
17 priority, at any point in the application process, to workers in identified priority
18 sectors, which may include healthcare, early child care and learning, lodging
19 and restaurant industry, manufacturing, technology, and construction trades.

1 (4) A new worker may apply for a grant beginning January 1, 2020, and
2 shall be paid when proof of residency and income tax liability reaches the
3 equivalent of the amount claimed.

4 (5) A remote worker may apply for a grant under the Program when all
5 funds from the New Remote Worker Grant Program created in 2018 Acts and
6 Resolves No. 197, Sec. 1, are encumbered.

7 (c) The Agency shall:

8 (1) adopt procedures for implementing the Program;

9 (2) promote awareness of the Program, including through coordination
10 with relevant trade groups and by integration into the Agency’s economic
11 development marketing campaigns; and

12 (3) adopt measurable goals, performance measures, and an audit strategy
13 to assess the utilization and performance of the Program.

14 (d) As used in this section:

15 (1) “New worker” means an individual who:

16 (A)(i) is a full-time employee of a business with its domicile or
17 primary place of business outside Vermont and performs the majority of his or
18 her employment duties remotely from a home office or a co-working space
19 located in this State; or

20 (ii) is a full-time employee of a business located in Vermont, and

1 (B) becomes a full-time resident of this State on or after January 1,
2 2020.

3 (2) “Qualifying expenses” mean actual costs that a new worker incurs
4 for:

5 (A) moving expenses;

6 (B) repayment of student loan debt;

7 (C) down payment assistance; and

8 (D) initial rental deposits.

9 (e) On or before October 1, 2020, the Agency shall submit a report to the
10 House Committee on Commerce and Economic Development and the Senate
11 Committee on Economic Development, Housing and General Affairs
12 concerning the implementation of this section, including:

13 (1) a description of the procedures adopted to implement the Program;

14 (2) the promotion and marketing of the Program;

15 (3) any additional recommendations for qualifying new worker expenses

16 or qualifying workers that should be eligible under the Program, and

17 (4) any recommendations for the maximum amount of the grant.

18 Sec. 3. APPROPRIATIONS; WORKFORCE RECRUITMENT

19 In fiscal year 2020 the amount of \$2,000,000.00 is appropriated from the

20 General Fund to the Agency of Commerce and Community Development to

1 design and implement a New Worker Relocation Incentive Program as
2 follows:

3 (1) The Agency shall use not more than \$500,000.00 to identify, recruit,
4 and provide relocation assistance to workers, including:

5 (A) identifying target audiences;

6 (B) targeting through digital and social media;

7 (C) executing the State’s core Economic Development Marketing
8 Plan through paid, owned, and earned media, utilizing technology, data, and
9 analysis tools; and

10 (D) implementing strategies that convert visitors to residents and
11 awarding grants for regional partnerships to help recruitment efforts at the
12 local and regional levels.

13 (2) The Agency shall use not more than \$1,500,000.00 to provide
14 incentives that assist workers and families relocating to Vermont under the
15 New Worker Relocation Incentive Program created in Sec. 2 of this act.

16 * * * Vermont Employment Growth Incentive Program * * *

17 Sec. 4. 32 V.S.A. chapter 105, subchapter 2 is amended to read:

18 Subchapter 2: Vermont Employment Growth Incentive Program

19 § 3330. PURPOSE; FORM OF INCENTIVES; ENHANCED INCENTIVES;

20 ELIGIBLE APPLICANT

1 (a) Purpose. The purpose of the Vermont Employment Growth Incentive
2 Program is to generate net new revenue to the State by encouraging a business
3 to add new payroll, create new jobs, and make new capital investments and
4 sharing a portion of the revenue with the business.

5 (b) Form of incentives; enhanced incentives.

6 (1) The Vermont Economic Progress Council may approve an incentive
7 under this subchapter in the form of a direct cash payment, which may be paid
8 in annual installments or in a lump-sum payment as provided in section 3337
9 of this title.

10 (2) The Council may approve the following enhanced incentives:

11 (A) an enhanced incentive for a business in a labor market area with
12 higher than average unemployment or lower than average wages pursuant to
13 section 3334 of this title;

14 (B) an enhanced incentive for an environmental technology business
15 pursuant to section 3335 of this title; and

16 (C) an enhanced incentive for ~~a business that participates in a State~~
17 ~~workforce training program~~ a small business, startup business, or mission-
18 based business pursuant to section 3336 of this title.

19 (c) Eligible applicant. Only a business may apply for an incentive pursuant
20 to this subchapter.

21 * * *

1 § 3333. CALCULATING THE VALUE OF AN INCENTIVE

2 Except as otherwise provided for an enhanced incentive for a business in a
3 qualifying labor market area under section 3334 of this title, an enhanced
4 incentive for an environmental technology business under section 3335 of this
5 title, or an enhanced incentive for ~~workforce training~~ a small business, startup
6 business, or mission-based business under section 3336 of this title, the
7 Council shall calculate the value of an incentive for an award year as follows:

8 (1) Calculate new revenue growth. To calculate new revenue growth,
9 the Council shall use the cost-benefit model created pursuant to section 3326
10 of this title to determine the amount by which the new revenue generated by
11 the proposed economic activity to the State exceeds the costs of the activity to
12 the State.

13 (2) Calculate the business's potential share of new revenue growth.
14 Except as otherwise provided for an environmental technology business in
15 section 3335 of this title or an enhanced incentive for a small business, startup
16 business, or mission-based business under section 3336 of this title, to
17 calculate the business's potential share of new revenue growth, the Council
18 shall multiply the new revenue growth determined under subdivision (1) of this
19 subsection by 80 percent.

20 (3) Calculate the incentive percentage. To calculate the incentive
21 percentage, the Council shall divide the business's potential share of new

1 revenue growth by the sum of the business's annual payroll performance
2 requirements.

3 (4) Calculate qualifying payroll. To calculate qualifying payroll, the
4 Council shall subtract from the payroll performance requirement the projected
5 value of background growth in payroll for the proposed economic activity.

6 (5) Calculate the value of the incentive. To calculate the value of the
7 incentive, the Council shall multiply qualifying payroll by the incentive
8 percentage.

9 (6) Calculate the amount of the annual installment payments. To
10 calculate the amount of the annual installment payments, the Council shall:

11 (A) divide the value of the incentive by five; and

12 (B) adjust the value of the first installment payment so that it is
13 proportional to the actual number of days that new qualifying employees are
14 employed in the first year of hire.

15 * * *

16 § 3334. ENHANCED INCENTIVE FOR A BUSINESS IN A QUALIFYING
17 LABOR MARKET AREA

18 (a) The Council may increase the value of an incentive for a business that is
19 located in a labor market area in which:

20 (1) the average annual unemployment rate is greater than the average
21 annual unemployment rate for the State; or

1 (2) the average annual wage is less than the average annual wage for the
2 State.

3 (b) In each calendar year, the amount by which the Council may increase
4 the value of all incentives pursuant to this section is:

5 (1) ~~\$1,500,000.00~~ ~~\$2,000,000.00~~ for one or more initial approvals; and

6 (2) ~~\$1,000,000.00~~ ~~\$1,500,000.00~~ for one or more final approvals.

7 (c) The Council may increase the cap imposed in subdivision (b)(2) of this
8 section by not more than \$500,000.00 upon application by the Governor to,
9 and approval of, the Joint Fiscal Committee.

10 (d) In evaluating the Governor’s request, the Committee shall consider the
11 economic and fiscal condition of the State, including recent revenue forecasts
12 and budget projections.

13 (e) The Council shall provide the Committee with testimony,
14 documentation, company-specific data, and any other information the
15 Committee requests to demonstrate that increasing the cap will create an
16 opportunity for return on investment to the State.

17 (f) The purpose of the enhanced incentive for a business in a qualifying
18 labor market area is to increase job growth in economically disadvantaged
19 regions of the State, as provided in subsection (a) of this section.

20 § 3335. ENHANCED INCENTIVE FOR ENVIRONMENTAL
21 TECHNOLOGY BUSINESS

1 (a) As used in this section, an “environmental technology business” means
2 a business that:

3 (1) is subject to income taxation in Vermont; and

4 (2) seeks an incentive for economic activity in Vermont that the
5 Secretary of Commerce and Community Development certifies is primarily
6 research, design, engineering, development, or manufacturing related to one or
7 more of the following:

8 (A) waste management, including waste collection, treatment,
9 disposal, reduction, recycling, and remediation;

10 (B) natural resource protection and management, including water and
11 wastewater purification and treatment, air pollution control and prevention or
12 remediation, soil and groundwater protection or remediation, and hazardous
13 waste control or remediation;

14 (C) energy efficiency or conservation;

15 (D) clean energy, including solar, wind, wave, hydro, geothermal,
16 hydrogen, fuel cells, waste-to-energy, or biomass; and

17 (E) the reduction of water pollution, including the reduction of
18 sediment and harmful nutrient pollution such as phosphorus and nitrogen, and
19 other activities supporting the goals of the Vermont Clean Water Act, 2015
20 Acts and Resolves No. 64.

21 * * *

1 § 3336. ENHANCED INCENTIVE FOR ~~WORKFORCE TRAINING~~
2 SMALL BUSINESS, STARTUP BUSINESS, AND MISSION-
3 BASED BUSINESS

4 (a) ~~A business whose application is approved may elect to claim the~~
5 ~~incentive specified for an award year as an enhanced training incentive by:~~

6 (1) ~~notifying the Council of its intent to pursue an enhanced training~~
7 ~~incentive and dedicate its incentive funds to training through the Vermont~~
8 ~~Training Program; and~~

9 (2) ~~applying for a grant from the Vermont Training Program to perform~~
10 ~~training for one or more new employees who hold qualifying jobs.~~

11 (b) ~~If a business is awarded a grant for training under this section, the~~
12 ~~Agency of Commerce and Community Development shall disburse grant funds~~
13 ~~for on the job training of 75 percent of wages for each employee in training or~~
14 ~~75 percent of trainer expense, and the business shall be responsible for the~~
15 ~~remaining 25 percent of the applicable training costs.~~

16 (c) ~~A business that successfully completes its training shall submit a written~~
17 ~~certificate of completion to the Agency of Commerce and Community~~
18 ~~Development which shall notify the Department of Taxes.~~

19 (d) ~~Upon notification by the Agency, and if the Department determines that~~
20 ~~the business has earned the incentive for the award year, it shall:~~

1 ~~(1) disburse to the business a payment in an amount equal to 25 percent~~
2 ~~of the cost for training expenses pursuant to subsection (b) of this section;~~

3 ~~(2) disburse to the Agency of Commerce and Community Development a~~
4 ~~payment in an amount equal to 25 percent of the cost for training expenses~~
5 ~~pursuant to subsection (b) of this section; and~~

6 ~~(3) disburse the remaining value of the incentive in annual installments~~
7 ~~pursuant to section 3337 of this title.~~

8 (a) As used in this section:

9 (1) “Mission-based business” means a business that at the time of
10 application is one of the following:

11 (A) a domestic limited liability company that has elected to be a low-
12 profit limited liability company and meets the requirements specified in
13 11 V.S.A. § 4162;

14 (B) a domestic business corporation that has elected to be a benefit
15 corporation and meets the requirements of 11A V.S.A. chapter 21; or

16 (C) a foreign business organization that has elected a form, and meets
17 the applicable statutory requirements of the foreign jurisdiction, which the
18 Secretary determines are substantially similar to the form and requirements for
19 a domestic low-profit limited liability company or benefit corporation.

20 (2) “Small business” means a business that at the time of application has
21 nineteen or fewer full-time employees in Vermont.

1 (3) “Startup business” means a business:

2 (A) established within one year of the date of application; or

3 (B) that had no full-time employees at the time of application.

4 (b) The Council shall consider and administer an application from a small
5 business, startup business, or mission-based business pursuant to the
6 provisions of this subchapter, except that the business’s potential share of new
7 revenue growth shall be 90 percent.

8 (c) The purpose of the enhanced incentive for a small business, startup
9 business, or mission-based business is to promote the growth of these
10 businesses in Vermont that create and sustain high quality jobs.

11 § 3337. EARNING AN INCENTIVE

12 (a) Earning an incentive; installment payments.

13 (1) A business with an approved application earns the incentive
14 specified for an award year if, within the applicable time period provided in
15 this section, the business:

16 (A) maintains or exceeds its base payroll and base employment;

17 (B) meets or exceeds the payroll performance requirement specified
18 for the award year; and

19 (C) meets or exceeds the jobs performance requirement specified for
20 the award year, or the capital investment performance requirement specified
21 for the award year, or both.

1 (2) A Subject to subdivision (3) of this subsection, a business that earns
2 an incentive specified for an award year is eligible to receive an installment
3 payment for the year in which it earns the incentive and for each of the next
4 four years in which the business:

5 (A) maintains or exceeds its base payroll and base employment;

6 (B) maintains or exceeds the payroll performance requirement
7 specified for the award year; and

8 (C) if the business earns an incentive by meeting or exceeding the
9 jobs performance target specified for the award year, maintains or exceeds the
10 jobs performance requirement specified for the award year.

11 (3)(A) A small business, startup business, or mission-based business that
12 earns an incentive specified for an award year may request to receive a lump-
13 sum payment for the 50 percent of the value of the incentive by submitting to
14 the Council in writing:

15 (i) a request to elect a lump-sum payment and evidence that the
16 business has a good faith need for a lump-sum payment and that providing a
17 lump-sum payment will not pose undue financial risk to the State; and

18 (ii) a certification that a lump-sum payment is subject to recapture
19 if, during the four years following the year in which it earns the incentive, the
20 business fails to:

21 (I) maintain its base payroll or base employment;

1 (II) maintain the payroll performance requirement specified for
2 the award year; or

3 (III) if the business earns an incentive by meeting or exceeding
4 the jobs performance target specified for the award year, maintain the jobs
5 performance requirement specified for the award year.

6 (B) The Council may approve a request for a lump-sum payment in
7 its discretion if it finds that the business has provided sufficient evidence that
8 the business has a good faith need for a lump-sum payment and that providing
9 a lump-sum payment will not pose undue financial risk to the State.

10 (C) A business that receives a lump sum payment pursuant to this
11 section may receive the remaining 50 percent of its award in installments over
12 the next four years as provided in this chapter.

13 * * *

14 § 3339. RECAPTURE; REDUCTION; REPAYMENT

15 (a) Recapture.

16 (1) The Department of Taxes may recapture the value of one or more
17 installment payments or lump-sum payments a business has claimed, with
18 interest, if:

19 (A) the business fails to file a claim as required in section 3338 of
20 this title;

21 (B) during the utilization period, the business experiences:

1 (i) a 90 percent or greater reduction from base employment; or

2 (ii) if it had no jobs at the time of application, a 90 percent or

3 greater reduction from the sum of its job performance requirements; ~~or~~

4 (C) the Department determines that during the application or claims

5 process the business knowingly made a false attestation that the business:

6 (i) was not a named party to, or was in compliance with, an

7 administrative order, consent decree, or judicial order issued by the State or a

8 subdivision of the State; or

9 (ii) was in compliance with State laws and regulations; or

10 (D) the business elects to take a lump-sum payment for an incentive

11 pursuant to subdivision 3337(a)(3) of this title and, during the four years

12 following the year in which it earned the incentive, the business fails to:

13 (i) maintain its base payroll or base employment;

14 (ii) maintain the payroll performance requirement specified for the

15 award year; or

16 (iii) if the business earns an incentive by meeting or exceeding the

17 jobs performance target specified for the award year, maintain the jobs

18 performance requirement specified for the award year.

19 * * *

20 Sec. 5. ENHANCED INCENTIVES; BACKGROUND GROWTH

1 On or before December 15, 2019, the Vermont Economic Progress Council
2 shall submit to the Senate Committee on Economic Development, Housing and
3 General Affairs and to the House Committee on Commerce and Economic
4 Development a report addressing the use of the enhanced incentives for
5 environmental technology businesses and for small, startup, and mission-based
6 businesses in the Vermont Employment Growth Incentive Program and shall
7 specifically address the effectiveness, costs, and benefits of modifying the
8 background growth rate when calculating the value of these enhanced
9 incentives.