

1 Introduced by Committee on Economic Development, Housing and General

2 Affairs

3 Referred to Committee on

4 Date:

5 Subject: Commerce and trade; economic development

6 Statement of purpose of bill as introduced: This bill proposes to adopt

7 miscellaneous proposals to promote economic development, including

8 proposals concerning workforce recruitment and the Vermont Employment

9 Growth Incentive Program.

10 An act relating to promoting economic development

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

12 \* \* \* Recruitment and Relocation \* \* \*

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

14 § 2476. DEPARTMENT OF TOURISM AND MARKETING

15 \* \* \*

16 (c) Economic development marketing. The Department shall be responsible

17 for the promotion of Vermont as great place to live, work, and do business in

18 order to increase the benefits of economic development marketing, including:

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

1 (2) recruiting new businesses;

2 (3) attracting more innovators and entrepreneurs to locate in Vermont;

3 (4) attracting, recruiting, and growing the workforce to fill existing

4 vacancies in growing businesses and to retain workers and their families; and

5 (5) promoting and supporting Vermont businesses, goods, and services.

6 \* \* \*

7 (e) The Department may conduct direct marketing activities pursuant to this  
8 chapter or 10 V.S.A. chapter 27, and shall work to increase marketing  
9 activities conducted in partnership with one or more private sector partners to  
10 maximize State marketing resources and to enable Vermont businesses to align  
11 their own brand identities with the Vermont brand, enhancing the reputations  
12 of both the business and the State.

13 (f) Building on established, successful collaboration with private partners in  
14 travel and tourism, agriculture, and other industry sectors, the Department shall  
15 have the authority to extend its marketing and promotional resources to include  
16 partners in the arts and humanities, as well as other partners that depend on  
17 tourism for a significant part of their annual revenue.

18 (g) The Department shall expand its outreach and information-gathering  
19 procedures to allow Vermont businesses and other interested stakeholders to  
20 comment on the design and implementation of its tourism marketing and

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;

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, the  
9 Council shall use the cost-benefit model created pursuant to section 3326 of  
10 this title to determine the amount by which the new revenue generated by the  
11 proposed economic activity to the State exceeds the costs of the activity to the  
12 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 § 3335. ENHANCED INCENTIVE FOR ENVIRONMENTAL  
17 TECHNOLOGY BUSINESS

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

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



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

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

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

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

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

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

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

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

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

6           (a) As used in this section:

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

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

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

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

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

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

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

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

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

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

9           § 3337. EARNING AN INCENTIVE

10          (a) Earning an incentive; installment payments.

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

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

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

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

20           (2) A Subject to subdivision (3) of this subsection, a business that earns  
21           an incentive specified for an award year is eligible to receive an installment

1 payment for the year in which it earns the incentive and for each of the next  
2 four years in which the business:

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

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

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

9 (3(A) A business that earns an incentive specified for an award year  
10 may request to receive a lump-sum payment for the full value of the incentive  
11 by submitting to the Council in writing:

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

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

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

19 (II) maintain the payroll performance requirement specified for  
20 the award year; or

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

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

8                    \* \* \*

9                    § 3339. RECAPTURE; REDUCTION; REPAYMENT

10                  (a) Recapture.

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

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

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

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

18                          (ii) if it had no jobs at the time of application, a 90 percent or  
19                  greater reduction from the sum of its job performance requirements; ~~or~~

20                  (C) the Department determines that during the application or claims  
21                  process the business knowingly made a false attestation that the business:

1 (i) was not a named party to, or was in compliance with, an  
2 administrative order, consent decree, or judicial order issued by the State or a  
3 subdivision of the State; or

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

5 (D) the business elects to take a lump-sum payment for an incentive  
6 pursuant to subdivision 3337(a)(3) of this title and, during the four years  
7 following the year in which it earned the incentive, the business fails to:

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

9 (ii) maintain the payroll performance requirement specified for the  
10 award year; or

11 (iii) if the business earns an incentive by meeting or exceeding the  
12 jobs performance target specified for the award year, maintain the jobs  
13 performance requirement specified for the award year.

14 \* \* \*

15 **Sec. 5. ENHANCED INCENTIVES; BACKGROUND GROWTH**

16 On or before December 15, 2019, the Vermont Economic Progress Council  
17 shall submit to the Senate Committee on Economic Development, Housing and  
18 General Affairs and to the House Committee on Commerce and Economic  
19 Development a report addressing the use of the enhanced incentives for  
20 environmental technology businesses and for small, startup, and mission-based  
21 businesses in the Vermont Employment Growth Incentive Program and shall

- 1 specifically address the effectiveness, costs, and benefits of modifying the
- 2 background growth rate when calculating the value of these enhanced
- 3 incentives.