

1 TO THE HONORABLE SENATE:

2 The Committee on Economic Development, Housing and General Affairs to
3 which was referred Senate Bill No. 256 entitled “An act relating to creating the
4 New Vermont Employee Incentive Program” respectfully reports that it has
5 considered the same and recommends that the bill be amended by striking out
6 all after the enacting clause and inserting in lieu thereof the following:

7 * * * New Worker Recruitment * * *

8 Sec. 1. 10 V.S.A. chapter 1 is amended to read:

9 CHAPTER 1. ECONOMIC DEVELOPMENT

10 * * *

11 § 4. NEW VERMONT EMPLOYEE INCENTIVE PROGRAM

12 (a) The Agency of Commerce and Community Development shall design
13 and implement a New Vermont Employee Incentive Program to award
14 incentive grants to qualifying new employees as provided in this section and
15 subject to the policies and procedures the Agency adopts to implement the
16 Program.

17 (b) Incentives. A qualifying new employee may be eligible for a grant
18 under the Program for qualifying expenses, subject to the following:

19 (1) A base grant shall not exceed \$5,000.00.

1 (2) The Agency may award an enhanced grant, which shall not exceed
2 \$7,500.00, for a qualifying new employee who becomes a resident in a labor
3 market area in this State in which:

4 (A) the average annual unemployment rate in the labor market area
5 exceeds the average annual unemployment rate in the State; or

6 (B) the average annual wage in the State exceeds the annual average
7 wage in the labor market area.

8 (c) The Agency shall:

9 (1) adopt procedures for implementing the Program, which shall include
10 a simple certification process to certify qualifying new employees and
11 qualifying expenses;

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

15 (3) award grants to qualifying new employees on a first-come, first-
16 served basis beginning on January 1, 2021, subject to available funding; and

17 (4) adopt measurable goals, performance measures, and an audit strategy
18 to assess the utilization and performance of the Program.

19 (d) Annually, on or before December 15, the Agency shall submit a report
20 to the House Committee on Commerce and Economic Development and the

1 Senate Committee on Economic Development, Housing and General Affairs
2 concerning the implementation of this section, including:

3 (1) a description of the policies and procedures adopted to implement
4 the Program;

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

6 (3) an analysis of the utilization and performance of the Program.

7 (e) As used in this section:

8 (1) “New relocating worker” means an individual who on or after
9 January 1, 2021:

10 (A) becomes a full-time resident of this State;

11 (B) becomes a full-time employee of a business domiciled or
12 authorized to do business in this State;

13 (C)(i) is employed in an occupation identified by the Department of
14 Labor in its 2016–2026 Long Term Occupational Projections as one of the top
15 occupations at each level of educational attainment typical for entry; or

16 (ii) the Agency determines should otherwise receive an incentive
17 grant under the Program because the worker possesses exceptional education,
18 skills, or training or due to other extraordinary circumstances; and

19 (D) receives gross wages for the position that equal or exceed:

20 (i) 160 percent of the State minimum wage; or

1 (ii) if the employer is located in a labor market area in which the
2 average annual unemployment rate is higher than the average annual
3 unemployment rate for the State, 140 percent of the State minimum wage.

4 (2) “New remote worker” means an individual who:

5 (A) is a full-time employee of a business with its domicile or primary
6 place of business within or outside Vermont;

7 (B) becomes a full-time resident of this State on or after January 1,
8 2021; and

9 (C) performs the majority of his or her employment duties remotely
10 from a home office or a co-working space located in this State.

11 (3) “Qualifying expenses” means:

12 (A) for a new relocating worker, the actual costs the new relocating
13 worker incurs for one or more of the following:

14 (i) relocation expenses, which may include closing costs for a
15 primary residence; rental security deposit; first month’s rent payment; and
16 other expenses established in Agency guidelines; and

17 (ii) expenses necessary for a new worker to perform his or her
18 employment duties, including connectivity costs, specialized tools and
19 equipment, and other expenses established in Agency guidelines.

1 for the New Remote Worker Grant Program and the New Worker Relocation

2 Incentive Program to:

3 (1) award incentives to new remote workers and new workers who
4 qualify for an incentive under either of those programs until January 1, 2021;
5 and

6 (2) award incentives to qualifying employees under the New Vermont
7 Employee Incentive Program created by this act on or after January 1, 2021.

8 Sec. 3. REPEAL

9 The following are repealed:

10 (1) 2018 Acts and Resolves No. 197, Sec. 1, as amended by 2019 Acts
11 and Resolves No. 80, Sec. 15 (New Remote Worker Grant Program); and

12 (2) 2019 Acts and Resolves No. 80, Sec. 12 (New Worker Relocation
13 Incentive Program).

14 * * * Project-Based Tax Increment Financing Projects * * *

15 Sec. 4. 24 V.S.A. 1892(d) is amended to read:

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

18 (1) the City of Burlington, Downtown;

19 (2) the City of Burlington, Waterfront;

20 (3) the Town of Milton, North and South;

21 (4) the City of Newport;

- 1 (5) the City of Winooski;
- 2 (6) the Town of Colchester;
- 3 (7) the Town of Hartford;
- 4 (8) the City of St. Albans;
- 5 (9) the City of Barre;
- 6 (10) the Town of Milton, Town Core; ~~and~~
- 7 (11) the City of South Burlington;
- 8 (12) the Town of Bennington; and
- 9 (13) the City of Montpelier.

10 Sec. 5. 24 V.S.A. § 1905 is added to read:

11 § 1905. TAX INCREMENT FINANCING PROJECT DEVELOPMENT

12 (a) General authority. A municipality, upon approval of its legislative
13 body, may apply to the Vermont Economic Progress Council pursuant to the
14 approval process set forth in subsection (d) of this section to use tax increment
15 financing for an individual project located within or serving one or more active
16 designations approved by the Vermont Downtown Board under chapter 76A of
17 this title or located within an industrial park as defined in 10 V.S.A. § 212(7)
18 (tax increment financing project development).

19 (b) Eligibility.

20 (1) A municipality is only authorized to apply for tax increment
21 financing project development under this section if it has one or more active

1 designations approved by the Vermont Downtown Development Board under
2 chapter 76A of this title.

3 (2) A municipality with an approved tax increment financing district as
4 set forth in subsection 1892(d) of this title is not authorized to apply for tax
5 increment financing project development under this section.

6 (c) Incurring indebtedness.

7 (1) A municipality approved under the process set forth in subsection (d)
8 of this section may incur indebtedness against revenues to provide funding to
9 pay for improvements and related costs for tax increment financing project
10 development.

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

1 (3) Any indebtedness shall be incurred within three years from the date
2 of approval by the Vermont Economic Progress Council, unless the Vermont
3 Economic Progress Council grants an extension of an additional three years.

4 (d) Approval process. The Vermont Economic Progress Council shall only
5 approve a municipality’s application for tax increment financing project
6 development if:

7 (1) the proposed infrastructure improvements and the projected
8 development or redevelopment are compatible with approved municipal and
9 regional development plans; the project has clear local and regional
10 significance for employment, housing, and transportation improvements; and

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

12 (A) The development within the tax increment financing district
13 clearly requires substantial public investment over and above the normal
14 municipal operating or bonded debt expenditures.

15 (B) The development includes new or rehabilitated affordable
16 housing, as defined in section 4303 of this title.

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

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

5 (E) The development will enhance transportation by creating
6 improved traffic patterns and flow or creating or improving public
7 transportation systems.

8 (e) Use of tax increment.

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

18 (2) Use of the municipal property tax increment. For only debt incurred
19 within the period permitted under subdivision (c)(3) of this section after
20 approval of the project, not less than 85 percent of the municipal tax increment

1 shall be retained to service the debt, beginning the first year in which debt is
2 incurred, pursuant to subdivision (1) of this subsection.

3 (3) Proportionality. The Vermont Economic Progress Council shall
4 apply the proportionality test under subsection 1894(e) of this title to limit the
5 use of increment by the municipality to only those parcels directly benefiting
6 from the proposed project.

7 (f) Annual report. The Vermont Economic Progress Council and the
8 Department of Taxes shall submit an annual report to the Senate Committee on
9 Economic Development, Housing and General Affairs and the House
10 Committees on Commerce and Economic Development and on Ways and
11 Means on or before April 1 each year. The report shall include the date of
12 approval, a description of the project, the original taxable value of the property
13 subject to the project development, the scope and value of projected and actual
14 improvements and developments, projected and actual incremental revenue
15 amounts, and division of the increment revenue between district debt, the
16 Education Fund, the special account required by section 1896 of this title and
17 the municipal General Fund, projected and actual financing, and a set of
18 performance measures developed by the Vermont Economic Progress Council,
19 which may include the number of jobs created from the project development,
20 which sectors experienced job growth, and the amount of infrastructure work
21 performed by Vermont firms.

1 (g) Audit; financial reports. On or before January 1 of each year, and until
2 January 1 of the year following the end of the period for retention of education
3 tax increment, a municipality with an approved tax increment financing project
4 development under this section shall submit an annual report to the Vermont
5 Economic Progress Council. The report shall provide sufficient information
6 for the Vermont Economic Progress Council to prepare its report required by
7 subsection (f) of this section.

8 * * * Vermont Employment Growth Incentive Pilot Program * * *

9 Sec. 6. 32 V.S.A. § 3343 is added to read:

10 § 3343. CAPITAL INVESTMENT CONVERTIBLE LOAN PROGRAM

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

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

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

1 payroll performance requirement and a capital investment performance
2 requirement.

3 (2) For purposes of this section:

4 (A) An award period is three years.

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

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

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

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

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

4 (B) The business is required to make monthly, interest-only payments
5 during the award period.

6 (C) The interest rate shall not exceed one percent.

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

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

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

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

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

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

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

4 (B) the Department shall pay to the Authority an amount equal to the
5 amount converted; and

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

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

11 * * *

12 Sec. 7. IMPLEMENTATION OF VEGI PILOT PROGRAMS; REPORT;
13 STUDY; SUNSET

14 (a) The Vermont Economic Progress Council, the Department of Taxes,
15 and the Vermont Economic Development Authority shall collaborate to adopt
16 policies and procedures governing the implementation of 32 V.S.A. § 3343.

17 (b) The Council shall not accept or approve an application pursuant to 32
18 V.S.A. § 3343 after December 31, 2025.

19 (c) On or before January 15, 2021 the Council shall report to the General
20 Assembly concerning:

21 (1) implementation of 32 V.S.A. § 3343; and

1 (2) recommendations concerning the design and implementation of the
2 Vermont Investment Incentive Program.

3 * * * Downtown and Village Center Tax Credit * * *

4 Sec. 8. 32 V.S.A. § 5930ee is amended to read:

5 § 5930ee. LIMITATIONS

6 Beginning in fiscal year 2010 and thereafter, the State Board may award tax
7 credits to all qualified applicants under this subchapter, provided that:

8 (1) the total amount of tax credits awarded annually, together with sales
9 tax reallocated under section 9819 of this title, does not exceed ~~\$2,600,000.00~~
10 \$4,000,000.00;

11 * * * Appropriations * * *

12 Sec. 9. APPROPRIATIONS

13 In fiscal year 2021 the following amounts are appropriated from the General
14 Fund as follows:

15 (1) \$1,000,000 to the Secretary of State to complete the work of the
16 steering committee created in 2018 Acts and Resolves No. 196, Sec. 1, as
17 amended by 2019 Acts and Resolves No. 80, Sec. 13 to design and implement
18 a one-stop business portal for businesses, entrepreneurs, and citizens to provide
19 information about starting and operating a business in Vermont.

1 (2) \$600,000 to the Agency of Commerce and Community Development
2 to support Vermont businesses seeking to participate in the federal Small
3 Business Innovation Research program:

4 (A) \$200,000 to contract with one or more technical service
5 providers to assist businesses in applying for grants; and

6 (B) \$400,000 to provide State-funded matching grants of not more
7 than 50 percent of a federal SBIR Phase I or II grant, not to exceed \$50,000.00.

8 (3) \$250,000 to the Department of Tourism and Marketing for tourism
9 marketing, economic development marketing, and to promote outdoor
10 recreation, including sales of hunting and fishing licenses and visitation to
11 Vermont State Parks, with priority given to economic development marketing.

12 (4) \$500,000 to the Vermont Economic Development Authority for the
13 costs of administration of the Capital Investment Convertible Loan Program in
14 32 V.S.A. § 3343 in fiscal years 2021–2023.

15 * * * Effective Dates * * *

16 Sec. 9. EFFECTIVE DATES

17 This act shall take effect on July 1, 2020, except that Sec. 3 (repeal of
18 incentive programs) shall take effect on January 1, 2021.

19 and that after passage the title of the bill be amended to read: “An act
20 relating to workforce and economic development”

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(Committee vote: _____)

Senator _____

FOR THE COMMITTEE