

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 An act relating to the Vermont Employment Growth Incentive Program and
8 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
12 PROGRAM

13 § 3330. PURPOSE; FORM OF INCENTIVES; ENHANCED INCENTIVES;
14 ELIGIBLE APPLICANT

15 (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.

1 (1) The Vermont Economic Progress Council may approve an incentive
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 § 3333. CALCULATING THE VALUE OF AN INCENTIVE

17 Except as otherwise provided for an enhanced incentive for a business in a
18 qualifying labor market area under section 3334 of this title, an enhanced
19 incentive for an environmental technology business under section 3335 of this
20 title, or an enhanced incentive for ~~workforce training~~ a small business, startup

1 business, or mission-based business under section 3336 of this title, the

2 Council shall calculate the value of an incentive for an award year as follows:

3 * * *

4 § 3335. ENHANCED INCENTIVE FOR ENVIRONMENTAL
5 TECHNOLOGY BUSINESS

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

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

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

13 (A) waste management, including waste collection, treatment,
14 disposal, reduction, recycling, and remediation;

15 (B) natural resource protection and management, including water and
16 wastewater purification and treatment, air pollution control and prevention or
17 remediation, soil and groundwater protection or remediation, and hazardous
18 waste control or remediation;

19 (C) energy efficiency or conservation;

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

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

5 (b) The Council shall consider and administer an application from an
6 environmental technology business pursuant to the provisions of this
7 subchapter, except that:

8 (1) the business’s potential share of new revenue growth shall be 90
9 percent; and

10 (2) to calculate qualifying payroll, the Council shall:

11 (A) determine the background growth rate in payroll for the
12 applicable business sector in the award year;

13 (B) multiply the business’s full-time payroll for the award year by 20
14 percent of the background growth rate; and

15 (C) subtract the product from the payroll performance requirement for
16 the award year.

17 (c) The purpose of the enhanced incentive for an environmental technology
18 business is to promote the growth of businesses in Vermont that both create
19 and sustain high quality jobs and improve the natural environment.

20 * * *

21

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

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

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

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

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

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

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

20 ~~(1) disburse to the business a payment in an amount equal to 25 percent~~
21 ~~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) 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:

5 (1) the business's potential share of new revenue growth shall be 90
6 percent; and

7 (2) to calculate qualifying payroll, the Council shall:

8 (A) determine the background growth rate in payroll for the
9 applicable business sector in the award year;

10 (B) multiply the business's full-time payroll for the award year by 20
11 percent of the background growth rate; and

12 (C) subtract the product from the payroll performance requirement
13 for the award year.

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

17 § 3337. EARNING AN INCENTIVE

18 (a) Earning an incentive; installment payments.

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

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

2 (B) meets or exceeds the payroll performance requirement specified

3 for the award year; and

4 (C) meets or exceeds the jobs performance requirement specified for

5 the award year, or the capital investment performance requirement specified

6 for the award year, or both.

7 (2) A Subjection to subdivision (3) of this subsection, a business that

8 earns an incentive specified for an award year is eligible to receive an

9 installment payment for the year in which it earns the incentive and for each of

10 the next four years in which the business:

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

12 (B) maintains or exceeds the payroll performance requirement

13 specified for the award year; and

14 (C) if the business earns an incentive by meeting or exceeding the

15 jobs performance target specified for the award year, maintains or exceeds the

16 jobs performance requirement specified for the award year.

17 (3) A business that earns an incentive specified for an award year may

18 elect to receive a lump-sum payment for the full value of the incentive by

19 submitting to the Council in writing:

20 (A) a request to elect a lump-sum payment; and

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.

16 * * *

17 VEGI LMA Cap Elimination- Proposed language

18
19
20 § 3334. Enhanced incentive for a business in a qualifying labor market area
21 (a) The Council may increase the value of an incentive for a business that is
22 located in a labor market area in which:
23 (1) the average annual unemployment rate is greater than the average annual
24 unemployment rate for the State; or
25 (2) the average annual wage is less than the average annual wage for the State.

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

3 ~~(1) \$1,500,000.00 \$2,500,000.00 for one or more initial approvals; and~~

4 ~~(2) \$1,000,000.00 for one or more final approvals.~~

5 ~~(c) The Council may increase the cap imposed in subdivision (b) (2) of this~~
6 ~~section by not more than \$500,000.00 \$1,500,000.00 upon application by the~~
7 ~~Governor to, and approval of, the Joint Fiscal Committee.~~

8 ~~(d) In evaluating the Governor's request, the Committee shall consider the~~
9 ~~economic and fiscal condition of the State, including recent revenue forecasts~~
10 ~~and budget projections.~~

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

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

19 Proposed Language change in Vermont Employment Growth Incentive
20 Program Definition of Wage Threshold

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22 32 V.S.A. §3335 is amended as follows:

23
24 *Subchapter 2: Vermont Employment Growth Incentive Program*

25
26 § 3331. Definitions

27 (12) "Wage threshold" means the minimum amount of annualized Vermont
28 gross wages and salaries a business must pay for a qualifying job, as required
29 by the Council in its discretion, but not less than

30
31 (A) \$17.25 hourly at the time of application. At which time as the
32 livable wage as defined in 2 V.S.A. § 505 meets or exceeds an hourly wage of
33 \$17.25 the wage threshold will not be less than that livable wage.

34 ~~(A) 60 percent above the State minimum wage at the time of~~
35 ~~application; or~~

36
37 (B) for a business located in a labor market area in which the average
38 annual unemployment rate is higher than the average annual unemployment
39 rate for the State, the Wage Threshold is at or above the livable wage as

1 defined in 2 V.S.A. § 505. ~~40 percent above the State minimum wage at the~~
2 ~~time of application. (Added 2015, No. 157 (Adj. Sess.), § H.1, eff. Jan. 1,~~
3 ~~2017.)~~
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