

1 ***** Disclaimer ***** *This is a working draft of an omnibus economic*
2 *development bill that includes concepts and proposals from multiple sources.*
3 *Each version of the draft will most likely change significantly, and may add new*
4 *proposals, as well as modify or eliminate currently-included proposals ****

5
6 Yellow highlight reflects change to the previous version of the draft.

7 Pink highlight reflects a section that is unresolved.

8 Blue highlight reflects a section that is resolved.

9
10 TO THE HONORABLE SENATE:

11 The Committee on Economic Development, Housing and General Affairs to
12 which was referred Senate Bill No. 263 entitled “An act relating to supporting
13 economic development” respectfully reports that it has considered the same
14 and recommends that the bill be amended by striking out all after the enacting
15 clause and inserting in lieu thereof the following:

16 * * * Relocating Employee Incentives * * *

17 **Sec. 1.** 10 V.S.A. § 4 is amended to read:

18 § 4. NEW RELOCATING EMPLOYEE INCENTIVES

19 (a) The Agency of Commerce and Community Development shall design
20 and implement a program to award incentive grants to relocating employees as
21 provided in this section and subject to the policies and procedures the Agency
22 adopts to implement the program.

23 (b) A relocating employee may be eligible for a grant under the program
24 for qualifying expenses, subject to the following:

25 (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 relocating employee who becomes a resident in a labor market
3 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 relocating employees and qualifying
11 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 relocating employees on a first-come, first-served~~
16 ~~basis beginning on July 1, 2021, subject to available funding~~ adopt procedures
17 to initially approve an applicant for a grant after verifying a relocating
18 employee's eligibility and to make final payment of a grant after verifying that
19 the relocating employee has completed relocation to this State; and

20 (4) adopt measurable goals, performance measures, and an audit strategy
21 to assess the utilization and performance of the program.

1 (d) ~~On~~ **Annually, on or before January 15, 2022,** the Agency shall submit a
2 report to the House Committee on Commerce and Economic Development and
3 the Senate Committee on Economic Development, Housing and General
4 Affairs concerning the implementation of this section, including:

5 (1) a description of the policies and procedures adopted to implement
6 the program;

7 (2) the promotion and marketing of the program; and

8 (3) an analysis of the utilization and performance of the program,
9 including the projected revenue impacts and other qualitative and quantitative
10 returns on investment in the program based on available data and modeling.

11 (e) As used in this section:

12 (1) “Qualifying expenses” means the actual costs a relocating employee
13 incurs for relocation expenses, which may include moving costs, closing costs
14 for a primary residence, rental security deposit, one month’s rent payment, and
15 other relocation expenses established in Agency guidelines.

16 (2) “Relocating employee” means an individual who meets the
17 following criteria:

18 (A)(i) On or after July 1, 2021:

19 (I) the individual becomes a full-time resident of this State;

20 (II) the individual becomes a full-time employee at a Vermont
21 location of a for-profit or nonprofit business organization domiciled or

1 authorized to do business in this State, or of a State, municipal, or other public
2 sector employer; and

3 (III) ~~the individual becomes employed in one of the~~
4 ~~“Occupations with the Most Openings” identified by the Vermont Department~~
5 ~~of Labor in its “Short Term Employment Projections 2020-2022”;~~ and

6 (IV) the employer attests to the Agency that, after reasonable
7 time and effort, the employer was unable to fill the employee’s position from
8 among Vermont applicants; or

9 (ii) on or after February 1, 2022:

10 (I) the individual becomes a full-time resident of this State; and

11 (II) the individual is a full-time employee of an out-of-state
12 business and performs the majority of his or her employment duties remotely
13 from a home office or a co-working space located in this State.

14 (B) The individual receives gross salary or wages that equal or
15 exceed the Vermont livable wage rate calculated pursuant to 2 V.S.A. § 526.

16 (C) The individual is subject to Vermont income tax.

17 **Sec. 1a. APPROPRIATION** ~~[-> see new Sec. 20. Appropriations]~~

18 **Sec. 1b. THINK VERMONT REGIONAL RECRUITMENT AND**
19 **RELOCATION NETWORK**

20 (a) Regional Recruitment and Relocation Network. The Department of
21 Tourism and Marketing shall launch and lead a coordinated regional relocation

1 network to facilitate the successful recruitment and relocation of individuals to
2 Vermont. Capacity will be built into the Department of Tourism and Marketing
3 to facilitate lead generation and support a network of regional and local entities
4 embedded in their communities who will act as resource coordinators to
5 transform leads into permanent residents. These network partners will be
6 responsible for providing quick, customized information, resources, and
7 referrals. The network will be designed to:

8 (1) Leverage all available state and federal resources,

9 (2) Provide a regionally customized customer support pathway for
10 potential residents.

11 (3) Receive, respond and track leads generated by State marketing
12 efforts.

13 (4) Ensure that every inquiry is responded to in a timely, appropriate
14 way in support of future employment and successful relocation.

15 (5) Collaborate with regional employers on their recruitment efforts to
16 maximize the sharing of information about employment opportunities and
17 promote placements or “matching” of applicants.

18 (6) Track, share, and report information between other regional contacts,
19 state agencies and departments.

20 (7) Evolve and respond to new needs and resources.

21 (b) System Infrastructure.

1 (1) The Department will establish a competitive RFP process, with the
2 goal of contracting with an entity, based on responses received, in each of 12
3 designated regions. The competitive process will help the Department ensure
4 that there is capacity within responding entities to perform the scope of work
5 required.

6 (2) The Department will score the RFP responses and utilize a scoring
7 system to choose a partner entity in each region of the state.

8 (3) The Department will create one (1) full-time staff position in order
9 to maintain oversight and management of the regional network, and report on
10 outcomes and relocation services delivered.

11 (4) The regional network shall be integrated into current recruitment
12 efforts, to maximize existing tools such as ThinkVermont.com.

13 (5) The Department will leverage its existing programmatic footprint to
14 ensure that relocation assistance is available in every region of the state.

15 (6) To the extent possible, the regional relocation network will not
16 duplicate or replace existing public or private recruitment programs.

17 (7) The Department shall work to coordinate and enhance these efforts
18 to create a wrap-around system of support, information, and recordkeeping.

19 (c) Coordination. The Department shall coordinate with statewide and
20 community-based organizations, as well as Agencies and Departments in state
21 government, including, but not limited to: the Department of Labor; the

1 Agency of Human Services; Vocational Rehabilitation; Regional Development
2 Corporations and Regional Planning Commissions; and statewide and local
3 chambers of commerce.

4 (d) Promotion and Marketing.

5 (1) The Department shall promote Vermont as a relocation destination
6 to attract new residents to the State and generate leads for the regional
7 relocation network.

8 (2) The Department shall use a mix of marketing tactics, each with
9 specific benchmarks to define success, including:

10 (A) secure and maintain positive earned media coverage in national,
11 regional, and other news media.

12 (B) extend the reach of positive news coverage through owned media
13 channels.

14 (C) utilize paid media opportunities to advertise Vermont as a place
15 to live, work, visit and do business.

16 (D) utilize targeting techniques to reach key populations in high
17 demand occupations in sectors facing workforce shortages in Vermont, as well
18 as individuals of diverse backgrounds.

19 (e) Report. The Department shall include the following metrics in addition
20 to a progress update and any recommendations annually to the General
21 Assembly.

1 (1) Number of inquiries received, and individuals served in each region,
2 by region; and.

3 (2) Employment and relocation status data on all individuals served.

4 (f) Implementation. The Department of Tourism and Marketing shall
5 launch the RFP and select regional network partners based on the responses on
6 or before November 15, 2022.

7 Sec. 1c. TOURISM AND MARKETING: APPROPRIATION

8 * * * Capital Investment Grant Program * * *

9 Sec. 2. 2021 Acts and Resolves No. 74, Sec. H.18 is amended to read:

10 Sec. H.18 CAPITAL INVESTMENT GRANT PROGRAM

11 (a) Creation; purpose; regional outreach.

12 (1) The Agency of Commerce and Community Development shall use
13 the ~~\$10,580,000~~ \$50,000,000.00 appropriated to the Department of Economic
14 Development in Sec. G.300(a)(12) of this act to design and implement a capital
15 investment grant program consistent with this section.

16 (2) The purpose of the program is to make funding available for
17 transformational projects that will provide each region of the State with the
18 opportunity to attract businesses, retain existing businesses, create jobs, and
19 invest in their communities by encouraging capital investments and economic
20 growth.

1 (3) The Agency shall collaborate with other State agencies, regional
2 development corporations, regional planning commissions, and other
3 community partners to identify potential regional applicants and projects to
4 ensure the distribution of grants throughout the regions of the State.

5 (b) Eligible applicants.

6 (1) To be eligible for a grant, an applicant shall comply with the
7 Department of Treasury Final Rule implementing the Coronavirus State and
8 Local Fiscal Recovery Funds established under the American Rescue Plan Act
9 and meet the following criteria:

10 (A) The applicant is located within this State.

11 (B) The applicant is:

12 (i)(I) a for-profit entity with not less than a 10 percent equity
13 interest in the project; or

14 (II) a nonprofit entity; and

15 (ii) grant funding from the Program represents not more than 50
16 percent of the total project cost.

17 (C) The applicant demonstrates:

18 (i) community and regional support for the project;

19 (ii) that grant funding is needed to complete the project;

20 (iii) leveraging of additional sources of funding from local, State,
21 or federal economic development programs; and

1 (iv) an ability to manage the project, with requisite experience and
2 a plan for fiscal viability.

3 (2) The following are ineligible to apply for a grant:

4 (A) a State or local government-operated business;

5 (B) a municipality;

6 (C) a business that, together with any affiliated business, owns or
7 operates more than 20 locations, regardless of whether those locations do
8 business under the same name or within the same industry; and

9 (D) a publicly-traded company.

10 (c) Awards; amount; eligible uses.

11 (1) An award shall not exceed [~~\$999,999.99~~] [the lesser of
12 ~~\$1,500,000.00~~ \$3,000,000.00] or the estimated net State fiscal impact of the
13 project based on Agency modeling.

14 (2) A recipient may use grant funds for the acquisition of property and
15 equipment, construction, renovation, and related capital expenses.

16 (3) A recipient may combine grant funds with funding from other
17 sources but shall not use grant funds from multiple sources for the same costs
18 within the same project.

19 (4) The Agency shall release grant funds upon determining that the
20 applicant has met all Program conditions and requirements.

1 (5) Nothing in this section is intended to prevent a grant recipient from
2 applying for additional grant funds if future amounts are appropriated for the
3 program.

4 ~~(d) Data model; approval.~~

5 ~~(1) The Agency shall collaborate with the Legislative Economist to~~
6 ~~design a data model and related methodology to assess the fiscal, economic,~~
7 ~~and societal impacts of proposals and prioritize them based on the results.~~

8 ~~(2) The Agency shall present the model and related methodology to the~~
9 ~~Joint Fiscal Committee for its approval not later than September 1, 2021.~~

10 (e) Application process; decisions; awards.

11 (1)(A) The Agency shall accept applications on a rolling basis for three-
12 month periods and shall review and consider for approval the group of
13 applications it has received as of the conclusion of each three-month period.

14 (B) The Agency shall make application information available to the
15 Legislative Economist and the Executive Economist in a timely manner.

16 ~~(2) Using the data model and methodology approved by the Joint Fiscal~~
17 ~~Committee, the Agency shall analyze the information provided in an~~
18 ~~application to estimate the net State fiscal impact of a project, including the~~
19 ~~following factors:~~

20 ~~(A) increase to grand list value;~~

21 ~~(B) improvements to supply chain;~~

1 ~~(C) jobs impact, including the number and quality of jobs; and~~

2 ~~(D) increase to State GDP.~~

3 (3) The Secretary of Commerce and Community Development shall
4 appoint an interagency team, which may include members from among the
5 Department of Economic Development, the Department of Housing and
6 Community Development, the Agency of Agriculture, Food and Markets, the
7 Department of Public Service, the Agency of Natural Resources, or other State
8 agencies and departments, which team shall review, analyze, and recommend
9 projects for funding based on ~~the estimated net State fiscal impact of a project~~
10 ~~and on other contributing factors, including the following:~~

11 (A) transformational nature of the project for the region;

12 (B) project readiness, quality, and demonstrated collaboration with
13 stakeholders and other funding sources;

14 (C) alignment and consistency with regional plans and priorities; and

15 (D) creation and retention of workforce opportunities.

16 [(E) any other contributing factor]

17 (4) The Secretary of Commerce and Community Development shall
18 consider the recommendations of the interagency team and shall give final
19 approval to projects.

20 (f) Grant agreements; post award monitoring. If selected by the Secretary,
21 the applicant and the Agency shall execute a grant agreement that includes

1 audit provisions and minimum requirements for the maintenance and
2 accessibility of records that ensures that the Agency and the Auditor of
3 Accounts have access and authority to monitor awards.

4 (g) Report. On or before ~~December 15, 2021~~ February 15, 2023 the
5 Agency shall submit a report to the House Committee on Commerce and
6 Economic Development and the Senate Committee on Economic
7 Development, Housing and General Affairs concerning the implementation of
8 this section, including:

9 (1) a description of the implementation of the program;

10 (2) the promotion and marketing of the program;

11 (3) an analysis of the utilization and performance of the program;

12 ~~including the projected revenue impacts and other qualitative and quantitative~~
13 ~~returns on investment in the program based on available data and modeling.~~

14 **Sec. 2a. CAPITAL INVESTMENT GRANT PROGRAM;**

15 **IMPLEMENTATION**

16 (a) The Agency of Commerce and Community Development shall consult
17 with the legislative Joint Fiscal Office to develop guidelines for the Capital
18 Investment Grant Program and shall submit the proposed guidelines to the
19 Joint Fiscal Committee prior to accepting applications or awarding grants
20 through the Program.

1 **(b) When considering whether and how to prioritize economic sectors that**
2 **have suffered economic harm due to the COVID-19 pandemic, the Agency**
3 **may designate one or more sectors for priority consideration through the**
4 **Program, provided that the Agency demonstrates that such sector has**
5 **experienced above average economic harm and therefore requires additional**
6 **assistance.**

7 ***Grand List Enhancement Grant Program***

8 **Sec. 3. GRAND LIST ENHANCEMENT PROGRAM; APPROPRIATION**

9 * * * Economic Recovery Grants * * *

10 **Sec. 4.** 2021 Acts and Resolves No. 74, Sec. H.19 is amended to read:

11 Sec. H.19 ECONOMIC RECOVERY GRANTS

12 (a) The Agency of Commerce and Community Development shall use ~~the~~
13 ~~\$20,000,000.00~~ \$15,000,000.00 appropriated to it in Sec. G.300(a)(13) of this
14 act for Economic Recovery grants and the amounts appropriated to it in 2021
15 Acts and Resolves No. 9, Sec. 3 to provide grants to businesses ~~consistent with~~
16 ~~the requirements of that Sec. 3 and further subject to the following: that have~~
17 suffered economic harm due to COVID-19.

18 (1) ~~The value of a grant shall not exceed the lesser of a business's net~~
19 ~~adjusted loss, three months of fixed expenses, or \$150,000.00.~~

1 ~~(2) The Agency shall defer final calculation and payment of grant~~
2 ~~awards for a reasonable period of time to determine the availability of COVID-~~
3 ~~19 related financial assistance from other State and federal sources.~~

4 ~~(3) The Agency may adjust the calculation of tax loss for non COVID-~~
5 ~~19 related items, including carryforward losses and depreciation.~~

6 (b) The Agency of Commerce and Community Development shall provide
7 grants to businesses subject to the provisions and guidance controlling
8 economic relief funds that are available through the American Rescue Plan Act
9 of 2021, as follows:

10 (1) Program to respond to economic harm.

11 (A) The Agency shall design and implement the economic recovery
12 grant program to ensure that grants provided to businesses respond to the
13 public health emergency with respect to the Coronavirus Disease 2019
14 (COVID-19) or its negative economic impacts.

15 (B) In assessing whether a program or service “responds to” the
16 COVID-19 public health emergency, the Agency shall, first, identify a need or
17 negative impact of the COVID-19 public health emergency and, second,
18 identify how the program addresses the identified need or impact.

19 (2) Program response is related and proportional to harm.

20 (A) The Agency shall ensure that its program response is related and
21 reasonably proportional to the extent and type of harm experienced.

1 (B) Uses that bear no relation or are grossly disproportionate to the
2 type or extent of harm experienced are not eligible uses.

3 (3) Economic harm resulting from or exacerbated by COVID-19.

4 (A) The Agency shall design and implement the economic recovery
5 grant program to address economic harms resulting from or exacerbated by the
6 public health emergency.

7 (B) The Agency shall assess the connection between the negative
8 economic harm and the COVID-19 public health emergency, the nature and
9 extent of that harm, and how the use of this funding would address such harm.

10 (C) While recognizing that economic impacts may either be
11 immediate or delayed, the Agency shall not provide assistance to a business
12 that did not experience a negative economic impact from the public health
13 emergency and that therefore would not be an eligible recipient of funds.

14 (4) Recognizing harm to certain industries.

15 (A) The Agency shall recognize that certain industries, such as
16 tourism, travel, and hospitality, were disproportionately and negatively
17 impacted by the COVID-19 public health emergency. Aid provided to
18 tourism, travel, and hospitality industries should respond to the negative
19 economic impacts of the pandemic on those and similarly impacted industries.

20 (B) Aid may be considered responsive to the negative economic
21 impacts of the pandemic if it supports businesses, attractions, business

1 districts, and Tribal development districts operating prior to the pandemic and
2 affected by required closures and other efforts to contain the pandemic.

3 (C) When considering providing aid to industries other than tourism,
4 travel, and hospitality, the Agency shall consider the extent of the economic
5 impact as compared to tourism, travel, and hospitality.

6 (D) The Agency shall also consider whether impacts were due to the
7 COVID-19 pandemic, as opposed to longer-term economic or industrial trends
8 unrelated to the pandemic.

9 (c) On or before December 15, 2021, the Agency shall submit a report to
10 the House Committee on Commerce and Economic Development and the
11 Senate Committee on Economic Development, Housing and General Affairs
12 concerning the implementation of this section, including detailed information
13 concerning business grant recipients and recommendations for any necessary
14 legislative action to adjust program criteria and benefits.

15 * * * Reallocation of COVID-19 Relief Funds * * *

16 **Sec. 4a.** ACCD; REALLOCATION OF FUNDS [S.263 proposal]

17 Of the \$20,000,000.00 appropriated to the Agency of Commerce and
18 Community Development in 2021 Acts and Resolves No. 74, Sec.
19 G.300(a)(13) for Economic Recovery grants, the Agency shall reallocate not
20 more than \$5,000,000.00 for brownfield revitalization or other eligible

1 programs that have demonstrated need, subject to and consistent with federal
2 law.

3 **Sec. 4b.** ACCD; REALLOCATION OF FUNDS [ACCD Proposal]

4 The Agency of Commerce and Community Development shall reallocate
5 any remaining funds appropriated to the Agency in 2021 Acts and Resolves
6 No. 9, Sec. 3 and 2021 Acts and Resolves No. 74, Sec. 11 G.300(a)(13) for
7 Economic Recovery grants, to the Capital Investment Grant Program as
8 enacted in 2021 Acts and Resolves No. 74, Sec. H.18. This re-allocation is to
9 provide grants to businesses that experienced negative economic impacts
10 subject to and consistent with the Department of Treasury final rule
11 implementing the Coronavirus State and Local Fiscal Recovery Funds
12 (SLFRF) established under the American Rescue Plan Act (ARPA).”

13 * * * Community Development Tax Stabilization Pilot Fund * * *

14 **Sec. 5.** COMMUNITY DEVELOPMENT TAX STABILIZATION PILOT
15 PROGRAM; APPROPRIATION

16 * * * Project-Based Tax Increment Financing * * *

17 **Sec. 6.** 24 V.S.A. 1892(d) is amended to read:

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

- 20 (1) the City of Burlington, Downtown;
21 (2) the City of Burlington, Waterfront;

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

10 **Sec. 6a.** 32 V.S.A. § 5404a is amended to read:

11 § 5404a. TAX STABILIZATION AGREEMENTS; TAX INCREMENT
12 FINANCING DISTRICTS

13 (a) A tax agreement or exemption shall affect the education property tax
14 grand list of the municipality in which the property subject to the agreement is
15 located if the agreement or exemption is:

16 * * *

17 (b)(1) An agreement affecting the education property tax grand list defined
18 under subsection (a) of this section shall reduce the municipality’s education
19 property tax liability under this chapter for the duration of the agreement or
20 exemption without extension or renewal, and for a maximum of 10 years. A
21 municipality’s property tax liability under this chapter shall be reduced by any

1 difference between the amount of the education property taxes collected on the
2 subject property and the amount of education property taxes that would have
3 been collected on such property if its fair market value were taxed at the
4 equalized nonhomestead rate for the tax year.

5 (2) Notwithstanding any other provision of law, if a municipality has
6 entered into an agreement that reduces the municipality's education property
7 tax liability under this chapter and the municipality establishes a tax increment
8 financing district under 24 V.S.A. chapter 53, subchapter 5, the municipality's
9 municipal and education tax increment shall be calculated based on the
10 assessed value of the properties in the municipality's grand list and not on the
11 stabilized value.

12 * * *

13 (f) A municipality that establishes a tax increment financing district under
14 24 V.S.A. chapter 53, subchapter 5 shall collect all property taxes on properties
15 contained within the district and apply not more than 70 percent of the State
16 education property tax increment, and not less than 85 percent of the municipal
17 property tax increment, to repayment of financing of the improvements and
18 related costs for up to 20 years pursuant to 24 V.S.A. § 1894, if approved by
19 the Vermont Economic Progress Council pursuant to this section, subject to the
20 following:

1 (1) In a municipality with one or more approved districts, the Council
2 shall not approve an additional district until the municipality retires the debt
3 incurred for all of the districts in the municipality.

4 (2) The Council shall not approve more than ~~six~~ four districts in the
5 State, and not more than two per county, provided:

6 (A) The districts listed in 24 V.S.A. § 1892(d) shall not be counted
7 against the limits imposed in this subdivision (2).

8 (B) The Council shall consider complete applications in the order
9 they are submitted, except that if during any calendar month the Council
10 receives applications for more districts than are actually available in a county,
11 the Council shall evaluate each application and shall approve the application
12 that, in the Council's discretion, best meets the economic development needs
13 of the county.

14 (C) If, while the General Assembly is not in session, the Council
15 receives applications for districts that would otherwise qualify for approval
16 but, if approved, would exceed the ~~six-district~~ four-district limit in the State,
17 the Council shall make one or more presentations to the Emergency Board
18 concerning the applications, and the Emergency Board may, in its discretion,
19 increase the six-district limit.

20 (D) The Council shall not approve more than one district in
21 Bennington County and one district in Washington County.

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* * *

(4) In any year that the assessed valuation of real property in a district decreases in comparison to the original taxable value of the real property in a district, a municipality shall pay the amount equal to the tax calculated based on the original taxable value to the Education Fund.

* * *

(h) To approve utilization of incremental revenues pursuant to subsection (f) of this section:

* * *

(4) Project criteria. Determine that the proposed development within a tax increment financing district will accomplish at least three of the following five criteria:

* * *

(C) The project will affect the remediation and redevelopment of a brownfield located within the district. In the case of a brownfield, the Vermont Economic Progress Council is authorized to adopt rules pursuant to subsection (j) of this section to clarify what is a reasonable improvement, as defined in 24 V.S.A. § 1891, to remediate and stimulate the development or redevelopment in the district. As used in this section, “brownfield” means an area in which a hazardous substance, pollutant, or contaminant is or may be

1 present, and that situation is likely to complicate the expansion, development,
2 redevelopment, or reuse of the property.

3 * * *

4 **Sec. 6b.** TAX INCREMENT FINANCING PROJECT DEVELOPMENT;
5 PILOT PROGRAM

6 (a) Definitions. As used in this section:

7 (1) “Committed” means pledged and appropriated for the purpose of the
8 current and future payment of tax increment financing and related costs as
9 defined in this section.

10 (2) “Coordinating agency” means any public or private entity from
11 outside the municipality’s departments or offices and not employing the
12 municipality’s staff, which has been designated by a municipality to administer
13 and coordinate a project during creation, public hearing process, approval
14 process, or administration and operation during the life of the project,
15 including overseeing infrastructure development, real property development
16 and redevelopment, assisting with reporting, and ensuring compliance with
17 statute and rule.

18 (3) “Financing” means debt incurred, including principal, interest, and
19 any fees or charges directly related to that debt, or other instruments or
20 borrowing used by a municipality to pay for improvements and related costs
21 for the approved project, only if authorized by the legal voters of the

1 municipality in accordance with 24 V.S.A. § 1894. Payment for eligible
2 related costs may also include direct payment by the municipality using the
3 district increment. However, such anticipated payments shall be included
4 in the vote by the legal voters of the municipality in accordance with
5 subsection (f) of this section. If interfund loans within the municipality are
6 used as the method of financing, no interest shall be charged. Bond
7 anticipation notes may be used as a method of financing and may qualify as a
8 municipality’s first incurrence of debt. A municipality that uses a bond
9 anticipation note during the third or sixth year that a municipality may incur
10 debt pursuant to subsection (f) of this section shall incur all permanent
11 financing not more than one year after issuing the bond anticipation note.

12 (4) “Improvements” means the installation, new construction, or
13 reconstruction of infrastructure that will serve a public purpose, including
14 utilities, transportation, public facilities and amenities, land and property
15 acquisition and demolition, brownfield remediation, and site preparation.
16 “Improvements” also means the funding of debt service interest payments for a
17 period of up to five years, beginning on the date on which the first debt is
18 incurred.

19 (5) “Legislative body” means the mayor and alderboard, the city
20 council, the selectboard, and the president and trustees of an incorporated
21 village, as appropriate.

1 (6) “Municipality” means a city, town, or incorporated village.

2 (7) “Nexus” means the causal relationship that must exist between the
3 improvements and the expected development and redevelopment in the TIF
4 Project Zone or the expected outcomes in the TIF Project Zone.

5 (8) “Original taxable value” means the total valuation as determined in
6 accordance with 32 V.S.A. chapter 129 of all taxable real property located
7 within the project as of the creation date, provided that no parcel within the
8 project shall be divided or bisected.

9 (9) “Project” means a public improvement, as defined in subdivision (4)
10 of this subsection (a), with a total debt ceiling, including related costs, and
11 principal and interest payments, of not more than \$5,000,000.00. A project
12 must:

13 (A) clearly require substantial public investment over and above the
14 normal municipal operating or bonded debt expenditures;

15 (B) only include public improvements that are integral to the
16 expected private development; and

17 (C) meet one of the following four criteria:

18 (i) The development includes new or rehabilitated affordable
19 housing, as defined in 24 V.S.A. § 4303.

20 (ii) The project will affect the remediation and redevelopment of a
21 brownfield located within the district. As used in this section, “brownfield”

1 means an area in which a hazardous substance, pollutant, or contaminant is or
2 may be present, and that situation is likely to complicate the expansion,
3 development, redevelopment, or reuse of the property.

4 (iii) The development will include at least one entirely new
5 business or business operation or expansion of an existing business within the
6 project, and this business will provide new, quality, full-time jobs that meet or
7 exceed the prevailing wage for the region as reported by the Department of
8 Labor.

9 (iv) The development will enhance transportation by creating
10 improved traffic patterns and flow or creating or improving public
11 transportation systems.

12 (10) “Related costs” means expenses incurred and paid by the
13 municipality, exclusive of the actual cost of constructing and financing
14 improvements, that are directly related to the creation and implementation of
15 the project, including reimbursement of sums previously advanced by the
16 municipality for those purposes. Related costs may not include direct
17 municipal expenses such as departmental or personnel costs.

18 (11) “TIF project zone” means an area located within one or more active
19 designations approved by the Vermont Downtown Development Board under
20 24 V.S.A. chapter 76A, or located within an industrial park as defined in 10

1 V.S.A. § 212(7), for the parcels in a municipality that have nexus to the
2 project.

3 (b) Pilot program. Beginning on January 1, 2023 and ending on December
4 31, 2027, the Vermont Economic Progress Council is authorized to approve a
5 total of not more than four tax increment financing projects, with not more
6 than three projects per year; provided, however, that there shall not be more
7 than one project per municipality.

8 (c) General authority. Under the pilot program established in
9 subsection (b) of this section, a municipality, upon approval of its
10 legislative body, may apply to the Vermont Economic Progress Council
11 pursuant to the process set forth in subsection (e) of this section to use tax
12 increment financing for a project.

13 (d) Eligibility.

14 (1) A municipality is only authorized to apply for a project under this
15 section if:

16 (A) the project will serve one or more active designations approved
17 by the Vermont Downtown Development Board under 24 V.S.A. chapter 76A,
18 or is located within an industrial park as defined in 10 V.S.A. § 212(7); and

19 (B) the proposed infrastructure improvements and the projected
20 development or redevelopment are compatible with confirmed municipal and
21 regional development plans and the project has clear local and regional

1 significance for employment, housing, brownfield remediation, or
2 transportation improvements.

3 (2) A municipality with an approved tax increment financing district as
4 set forth in 24 V.S.A. 1892(d) is not authorized to apply for a project under this
5 section.

6 (e) Approval process. The Vermont Economic Progress Council shall do
7 all of the following to approve an application submitted pursuant to
8 subsection (c) of this section:

9 (1)(A) Review each application to determine that the infrastructure
10 improvements proposed to serve the project and the proposed development in
11 the project would not have occurred as proposed in the application, or would
12 have occurred in a significantly different and less desirable manner than as
13 proposed in the application, but for the proposed utilization of the incremental
14 tax revenues.

15 (B) The review shall take into account:

16 (i) the amount of additional time, if any, needed to complete the
17 proposed development for the project and the amount of additional cost that
18 might be incurred if the project were to proceed without education property tax
19 increment financing;

20 (ii) how the proposed project components and size would differ, if
21 at all, including, if applicable to the project, in the number of units of

1 affordable housing, as defined in 24 V.S.A. § 4303, without education property
2 tax increment financing; and

3 (iii)(I) the amount of additional revenue expected to be generated
4 as a result of the proposed project;

5 (II) the percentage of that revenue that shall be paid to the
6 Education Fund;

7 (III) the percentage that shall be paid to the municipality; and

8 (IV) the percentage of the revenue paid to the municipality that
9 shall be used to pay financing incurred for development of the project.

10 (2) Process requirements. Determine that each application meets all of
11 the following requirements:

12 (A) The municipality held public hearings and established a project.

13 (B) The municipality has developed a tax increment financing project plan,
14 including a project description; a development financing plan; a pro forma
15 projection of expected costs; a projection of revenues; a statement and
16 demonstration that the project would not proceed without the allocation of a
17 tax increment; evidence that the municipality is actively seeking or has
18 obtained other sources of funding and investment; and a development schedule
19 that includes a list, a cost estimate, and a schedule for public improvements
20 and projected private development to occur as a result of the improvements.

21 The creation of the project shall occur at 12:01 a.m. on April 1 of the calendar

1 year the municipal legislative body votes to approve the tax increment
2 financing project plan.

3 (C) the municipality has approved or pledged the utilization of
4 incremental municipal tax revenues for the purposes of the project in the
5 proportion set for in subsection (i)(2) of this section.

6 (f) Incurring indebtedness.

7 (1) A municipality approved under the process set forth in subsection (e)
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 require one authorizing vote to incur debt through one
13 instance of borrowing to finance or otherwise pay for the tax increment
14 financing project improvements and related costs; provided, however, that a
15 municipality may present one or more subsequent authorization votes in the
16 event a vote fails. The municipality shall be authorized to incur indebtedness
17 only after the legal voters of the municipality, by a majority vote of all voters
18 present and voting on the question at a special or annual municipal meeting
19 duly warned for the purpose, authorize the legislative body to pledge the credit
20 of the municipality, borrow, or otherwise secure the debt for the specific
21 purposes so warned. The creation of the project shall occur at 12:01 a.m. on

1 April 1 of the calendar year the municipal legislative body votes to approve the
2 tax increment financing project plan.

3 (3) Any indebtedness shall be incurred within three years from the date
4 of approval by the Vermont Economic Progress Council, unless the Vermont
5 Economic Progress Council grants an extension of an additional three years
6 pursuant to the substantial change process set forth in the 2015 TIF Rule;
7 provided, however, that an updated plan is submitted prior to the three-year
8 termination date of the project.

9 (g) Original taxable value. As of the date the project is approved by the
10 legislative body of the municipality, the lister or assessor for the municipality
11 shall certify the original taxable value and shall certify to the legislative body
12 in each year thereafter during the life of the project the amount by which the
13 total valuation as determined in accordance with 32 V.S.A. chapter 129 of all
14 taxable real property located within the project has increased or decreased
15 relative to the original taxable value.

16 (h) Tax increments.

17 (1) In each year following the approval of the project, the lister or
18 assessor shall include not more than the original taxable value of the real
19 property in the assessed valuation upon which the treasurer computes the rates
20 of all taxes levied by the municipality and every other taxing district in which
21 the project is situated, but the treasurer shall extend all rates so determined

1 against the entire assessed valuation of real property for that year. In each year
2 for which the assessed valuation exceeds the original taxable value, the
3 municipality shall hold apart, rather than remit to the taxing districts, that
4 proportion of all taxes paid that year on the real property within the project that
5 the excess valuation bears to the total assessed valuation. The amount held
6 apart each year is the “tax increment” for that year. Not more than the
7 percentages established pursuant to subsection (i) of this section of the
8 municipal and State education tax increments received with respect to the
9 project and committed for the payment for financing for improvements and
10 related costs shall be segregated by the municipality in a special tax increment
11 financing project account and in its official books and records until all capital
12 indebtedness of the project has been fully paid. The final payment shall be
13 reported to the treasurer, who shall thereafter include the entire assessed
14 valuation of the project in the assessed valuations upon which municipal and
15 other tax rates are computed and extended and thereafter no taxes from the
16 project shall be deposited in the project’s tax increment financing account.

17 (2) In each year, a municipality shall remit not less than the aggregate
18 original taxable value to the Education Fund.

19 (3) Notwithstanding any charter provision or other provision, all
20 property taxes assessed within a project shall be subject to the provision of
21 subdivision (1) of this subsection. Special assessments levied under 24 V.S.A.

1 chapter 76A or 87 or under a municipal charter shall not be considered
2 property taxes for the purpose of this section if the proceeds are used
3 exclusively for operating expenses related to properties within the project and
4 not for improvements within the district as defined in subdivision (a)(3) of this
5 section.

6 (4) Amounts held apart under subdivision (1) of this subsection shall
7 only be used for financing and related costs as defined in subsection (a) of this
8 section.

9 (i) Use of tax increment.

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

19 (2) Use of the municipal property tax increment. For only debt incurred
20 within the period permitted under subdivision (e)(3) of this section after
21 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) The Vermont Economic Progress Council shall determine there is a
4 nexus between the improvement and the expected development and
5 redevelopment for the project and expected outcomes in the TIF Project Zone.

6 (j) Distribution. Of the municipal and education tax increments received in
7 any tax year that exceed the amounts committed for the payment of the
8 financing for improvements and related costs for the project, equal portions of
9 each increment may be retained for the following purposes: prepayment of
10 principal and interest on the financing, placed in a special account required by
11 subdivision (g)(1) of this section and used for future financing payments or
12 used for defeasance of the financing. Any remaining portion of the excess
13 municipal tax increment shall be distributed to the city, town, or village
14 budget, in the proportion that each budget bears to the combined total of the
15 budgets, unless otherwise negotiated by the city, town, or village, and any
16 remaining portion of the excess education tax increment shall be distributed to
17 the Education Fund.

18 (k) Information reporting. Every municipality with an approved project
19 pursuant to this section shall:

1 (1) Develop a system, segregated for the project, to identify, collect, and
2 maintain all data and information necessary to fulfill the reporting
3 requirements of this section, including performance measures.

4 (2) Provide, as required by events, notification to the Vermont
5 Economic Progress Council and the Department of Taxes regarding any tax
6 increment financing development project debt obligations, public votes, or
7 votes by the municipal legislative body immediately following such obligation
8 or vote on a form prescribed by the Council, including copies of public notices,
9 agendas, minutes, vote tally, and a copy of the information provided to the
10 public in accordance with 24 V.S.A. § 1894(i).

11 (3) Annually:

12 (A) Ensure that the tax increment financing project account required
13 by subdivision (h)(1) is subject to the annual audit prescribed in subsection (m)
14 of this section. Procedures must include verification of the original taxable
15 value and annual and total municipal and education tax increments generated,
16 expenditures for debt and related costs, and current balance.

17 (B) On or before February 15 of each year, on a form prescribed by
18 the Council, submit an annual report to the Vermont Economic Progress
19 Council and the Department of Taxes, including the information required by
20 subdivision (2) of this section if not already submitted during the year, all
21 information required by subdivision (A) of this subdivision (3), and the

1 information required by 32 V.S.A. § 5404a(i), including performance measures
2 and any other information required by the Council or the Department of Taxes.

3 (l) Annual report. The Vermont Economic Progress Council and the
4 Department of Taxes shall submit an annual report to the Senate Committees
5 on Economic Development, Housing and General Affairs and on Finance and
6 the House Committees on Commerce and Economic Development and on
7 Ways and Means on or before ~~April~~ January 1 each year. The report shall
8 include the date of approval, a description of the project, the original taxable
9 value of the property subject to the project development, the scope and value
10 of projected and actual improvements and developments in the TIF Project
11 Zone, projected and actual incremental revenue amounts, and division of the
12 increment revenue between project debt, the Education Fund, the special
13 account required by subdivision (h)(1) and the municipal General Fund,
14 projected and actual financing, and a set of performance measures developed
15 by the Vermont Economic Progress Council, which may include outcomes
16 related to the criteria for which the municipality applied and the amount of
17 infrastructure work performed by Vermont firms.

18 (m) Audit; financial reports. Annually, until the year following the end of
19 the period for retention of education tax increment, a municipality with an
20 approved project under this section shall:

1 (1) On or before ~~January~~ October 1, submit an annual report to the
2 Vermont Economic Progress Council, which shall provide sufficient
3 information for the Vermont Economic Progress Council to prepare its report
4 required by subsection (i) of this section.

5 (2) On or before April 1, ensure that the project is subject to the annual
6 audit prescribed in 24 V.S.A. § 1681 or 1690 and submit a copy to the
7 Vermont Economic Progress Council. In the event that the audit is only
8 subject to the audit under 24 V.S.A. § 1681, the Vermont Economic Progress
9 Council shall ensure a process is in place to subject the project to an
10 independent audit. Procedures for the audit must include verification of the
11 original taxable value and annual and total municipal and education tax
12 increments generated, expenditures for debt and related costs, and current
13 balance.

14 (n) Authority to issue decisions.

15 (1) The Secretary of Commerce and Community Development, after
16 reasonable notice to a municipality and an opportunity for a hearing, is
17 authorized to issue decisions to a municipality on questions and inquiries
18 concerning the administration of projects, statutes, rules, noncompliance with
19 this section, and any instances of noncompliance identified in audit reports
20 conducted pursuant to subsection (m) of this section.

1 (2) The Vermont Economic Progress Council shall prepare
2 recommendations for the Secretary prior to the issuance of a decision. As
3 appropriate, the Council may prepare such recommendations in consultation
4 with the Commissioner of Taxes, the Attorney General, and the State
5 Treasurer. In preparing recommendations, the Council shall provide a
6 municipality with a reasonable opportunity to submit written information in
7 support of its position. The Secretary shall review the recommendations of the
8 Council and issue a final written decision on each matter within 60 days
9 following the receipt of the recommendations. The Secretary may permit an
10 appeal to be taken by any party to a Superior Court for determination of
11 questions of law in the same manner as the Supreme Court may by rule
12 provide for appeals before final judgment from a Superior Court before issuing
13 a final decision.

14 (o) The Vermont Economic Progress Council is authorized to adopt
15 policies that are consistent with the 2015 TIF Rule, as may be modified by
16 subsequent rule, to implement this section.

17 **Sec. 6c.** 24 V.S.A. § 1891 is amended to read:

18 § 1891. DEFINITIONS

19 ~~When~~ As used in this subchapter:

20 * * *

1 (4) “Improvements” means the installation, new construction, or
2 reconstruction of infrastructure that will serve a public purpose and fulfill the
3 purpose of tax increment financing districts as stated in section 1893 of this
4 subchapter, including utilities, transportation, public facilities and amenities,
5 land and property acquisition and demolition, and site preparation.
6 “Improvements” also means the funding of debt service interest payments for a
7 period of up to five years, beginning on the date in which the first debt is
8 incurred.

9 * * *

10 (7) “Financing” means debt incurred, including principal, interest, and
11 any fees or charges directly related to that debt, or other instruments or
12 borrowing used by a municipality to pay for improvements in a tax increment
13 financing district, only if authorized by the legal voters of the municipality in
14 accordance with section 1894 of this subchapter. Payment for the cost of
15 district improvements and related costs may also include direct payment by the
16 municipality using the district increment. However, such payment is also
17 subject to a vote by the legal voters of the municipality in accordance with
18 section 1894 of this subchapter and, if not included in the tax increment
19 financing plan approved under subsection 1894(d) of this subchapter, is also
20 considered a substantial change and subject to the review process provided by
21 subdivision 1901(2)(B) of this subchapter. If interfund loans within the

1 municipality are used as the method of financing, no interest shall be charged.
2 Bond anticipation notes may be used as a method of financing and may qualify
3 as a district’s first incurrence of debt. A municipality that uses a bond
4 anticipation note during the fifth year or tenth year that a district may incur
5 debt pursuant to section 1894 of this title shall incur all permanent financing
6 not more than one year after issuing the bond anticipation note.

7 * * *

8 **Sec. 6d.** 24 V.S.A. § 1895 is amended to read:

9 § 1895. ORIGINAL TAXABLE VALUE

10 (a) Certification. As of the date the district is created, the lister or assessor
11 for the municipality shall certify the original taxable value and shall certify to
12 the legislative body in each year thereafter during the life of the district the
13 amount by which the total valuation as determined in accordance with
14 32 V.S.A. chapter 129 of all taxable real property located within the tax
15 increment financing district has increased or decreased relative to the original
16 taxable value.

17 (b) Boundary of the district. Any parcel within a district shall be located
18 wholly within the boundaries of a district. No adjustments to the boundary of a
19 district are permitted after the approval of a tax increment financing district
20 plan as described in section 1894 of this title.

21 **Sec. 6e.** 32 VSA 5404a(h) is amended to read:

1 (h) To approve utilization of incremental revenues pursuant to subsection
2 (f) of this section, the Vermont Economic Progress Council shall do all the
3 following:

4 * * *

5 (3) Location criteria. Determine that each application meets at least ~~two~~
6 one of the following three criteria:

7 * * *

8 * * * Municipal Planning Grants * * *

9 ~~Sec. 7. 24 V.S.A. § 4306 is amended to read:~~

10 ~~Sec. 7a. 24 V.S.A. § 4307 is added to read:~~

11 ~~Sec 7b. 24 V.S.A § 4306(c)(4) is added to read:~~

12 ~~Sec. 7c. APPROPRIATION~~

13 * * * Tax Credits * * *

14 ~~Sec. 8. 32 V.S.A. § 5930aa is amended to read:~~

15 ~~Sec. 8a. 24 V.S.A. § 2793a is amended to read:~~

16 ~~Sec. 8b. 24 V.S.A. § 2793e is amended to read:~~

17 ~~Sec. 8c. 24 V.S.A. § 2794 is amended to read:~~

18 * * * Affordable Housing Tax Credit; Manufactured Homes * * *

19 ~~Sec. 9. 32 V.S.A. § 5930u(g) is amended to read:~~

20 ~~(g)(1) In any fiscal year, the allocating agency may award up to:~~

1 ~~(A) \$400,000.00 in total first-year credit allocations to all applicants~~
2 ~~for rental housing projects, for an aggregate limit of \$2,000,000.00 over any~~
3 ~~given five-year period that credits are available under this subdivision (A);~~

4 ~~(B) \$425,000.00 \$675,000.00 in total first-year credit allocations for~~
5 ~~loans or grants for owner-occupied unit financing or down payment loans as~~
6 ~~provided in subdivision (b)(2) of this section consistent with the allocation~~
7 ~~plan, including for new construction and manufactured housing, for an~~
8 ~~aggregate limit of \$2,125,000.00 \$3,375,000.00 over any given five-year~~
9 ~~period that credits are available under this subdivision (B). Of the total first-~~
10 ~~year credit allocations made under this subdivision (B), \$250,000.00 shall be~~
11 ~~used each fiscal year for manufactured home purchase and replacement.~~

12 ~~(B). 1,000,000 of the above 575,000.00 shall be used solely for~~
13 ~~Manufactured Home Purchase and Replacement.~~

14 ~~Sec. XX. Appropriations. \$1,000,000 a year of additional foregone~~
15 ~~revenue, for a minimum of five years, is appropriated to the Affordable~~
16 ~~Housing Tax Credit established in 32 V.S.A.~~

17
18 ~~(2) If the full amount of first-year credits authorized by an award are not~~
19 ~~allocated to a taxpayer, the Agency may reclaim the amount not allocated and~~
20 ~~re-award such allocations to other applicants, and such re-awards shall not be~~
21 ~~subject to the limits set forth in subdivision (1) of this subsection.~~

* * * Down Payment Assistance Program * * *

Sec. 10. ~~32 V.S.A. § 5930u~~ is amended to read:

~~§ 5930u. TAX CREDIT FOR AFFORDABLE HOUSING~~

* * *

~~(h)(1) In fiscal year 2016 through fiscal year 2019, the allocating agency may award up to \$125,000.00 in total first year credit allocations for loans through the Down Payment Assistance Program created in subdivision (b)(2) of this section.~~

~~(2) In fiscal year 2020 through fiscal year 2026 2022, the allocating agency may award up to \$250,000.00 in total first year credit allocations for loans through the Down Payment Assistance Program created in subdivision (b)(3) of this section.~~

~~(3) In fiscal year 2023 and subsequent years, the allocating agency may award up to \$500,000.00 in total first year credit allocations for loans through the Down Payment Assistance Program created in subdivision (b)(3) of this section.~~

* * *

* * * Downtown Tax Credit * * *

Sec. 11. ~~32 V.S.A. § 5930ee~~ is amended to read:

* * *

* * * Neighborhood Development Area Tax Credit; Pilot Program * * *

1 **Sec. 12. NEIGHBORHOOD DEVELOPMENT AREA TAX CREDIT; FIVE**
2 **YEAR PILOT PROGRAM**

3 *** Flood mitigation; downtown tax credit program***

4 **Sec. 13. 32 V.S.A. § 5930aa(6) is added to read:**

5 **Sec. 13a. 32 V.S.A. § 5930cc is amended to read:**

6 * * * VEDA Forgivable Loan * * *

7 **Sec. 14. VEDA FORGIVABLE LOANS**

8 (a) The Vermont Economic Development Authority shall create a
9 Forgivable Loan Program to support Vermont businesses experiencing
10 continued working capital shortfalls as a result of the COVID 19 public health
11 emergency.

12 (b) Eligible borrowers are for-profit and not-for-profit businesses with less
13 than 500 employees located in Vermont and in operation on January, 27, 2020
14 that can identify economic harm caused by or exacerbated by the pandemic.

15 (1) An applicant may demonstrate economic harm from lost revenue,
16 increased costs, challenges covering payroll, rent or mortgage interest, or other
17 operating costs which threaten the capacity of the small business to weather
18 financial hardships and result in general financial insecurity due t the COVID
19 19 public health emergency.

20 (2) The Authority shall measure economic harm by a material decline in
21 the applicant's annual adjusted net operating income before the COVID 19

1 public health emergency (2019) relative to its annual adjusted net operating
2 income for its most recent fiscal year.

3 (3) When assessing an applicant’s adjusted net operating income, the
4 Authority shall consider previous COVID-19 State and federal subsidies,
5 reasonable owner’s compensation, non-cash expenses, and other adjustments
6 deemed appropriate.

7 (c) A loan recipient may use loan proceeds to pay for eligible operating
8 expenses but shall not use the proceeds for capital expenditures.

9 (d) A loan shall not exceed the lesser of \$500,000.00 or the actual decline
10 in adjusted net operating income before the COVID 19 public health
11 emergency and its most recent fiscal year adjusted net operating income.

12 (e) The Authority shall approve loan forgiveness based on documentation
13 evidencing loan proceeds were used to pay for eligible operating expenses.

14 **Sec. 14a. VEDA FORGIVABLE LOAN PROGRAM;**

15 **IMPLEMENTATION**

16 (a) The Vermont Economic Development Authority shall consult with the
17 legislative Joint Fiscal Office to develop guidelines for the Forgivable Loan
18 Program and shall submit the proposed guidelines to the Joint Fiscal
19 Committee prior to accepting applications or awarding grants through the
20 Program.

1 **(b) When considering whether and how to prioritize economic sectors that**
2 **have suffered economic harm due to the COVID-19 pandemic, the Agency**
3 **may designate one or more sectors for priority funding through the Program,**
4 **provided that the Agency demonstrates that such sector has experience above**
5 **average economic harm and therefore requires additional assistance.**

6 *** Build to Scale Program ***

7 **Sec. 15.**

8 *** Minimum Wage ***

9 **Sec. 16. 21 V.S.A. § 384 is amended to read:**

10 **§ 384. EMPLOYMENT; WAGES**

11 **(a)(1) An employer shall not employ any employee at a rate of less than**
12 **\$10.96. Beginning on January 1, 2021, an employer shall not employ any**
13 **employee at a rate of less than \$11.75. Beginning on January 1, 2022, an**
14 **employer shall not employ any employee at a rate of less than \$12.55.**
15 **Beginning on January 1, 2023, an employer shall not employ any employee at**
16 **a rate of less than \$13.75. Beginning on January 1, 2024, an employer shall**
17 **not employ any employee at a rate of less than \$15.00, and on each subsequent**
18 **January 1, the minimum wage rate shall be increased by five percent or the**
19 **percentage increase of the Consumer Price Index, CPI-U, U.S. city average,**
20 **not seasonally adjusted, or successor index, as calculated by the U.S.**
21 **Department of Labor or successor agency for the 12 months preceding the**

1 previous September 1, whichever is smaller, but in no event shall the minimum
2 wage be decreased. The minimum wage shall be rounded off to the nearest
3 \$0.01.

4 * * *

5 * * * Creative Economy * * *

6 Sec. 17. FINDINGS; PURPOSE

7 Sec. 17a. CREATIVE ECONOMY RECOVERY PROGRAM

8 * * * Vermont Film Commission * * *

9 Sec. 18. 10 V.S.A. chapter 26 is added to read:

10 CHAPTER 26. VERMONT FILM COMMISSION

11 § 644. VERMONT FILM COMMISSION; PURPOSE; CREATION

12 (a) The Vermont Film Commission is created within the Agency of
13 Commerce and Community Development.

14 (b) The purpose of the Commission is to promote the State of Vermont as a
15 location for commercial film and television production and to facilitate the
16 participation of local individuals and companies in such productions.

17 § 645. POWERS AND DUTIES OF THE COMMISSION

18 The Vermont Film Commission has the following powers and duties:

19 (1) to receive funds for the promotion of the State of Vermont as the site
20 for commercial film and television production and to promote the participation
21 of local individuals and companies in the productions;

1 (2) to solicit, accept, and expend funds from private sources;

2 (3) to develop and implement both long-range and annual marketing
3 plans to promote Vermont as the location for commercial film and television
4 productions;

5 (4) to publicize, through trade publications, other printed, electronic and
6 computerized media, and by participation in professional conferences, the
7 advantages of locating commercial film and television productions in Vermont;

8 (5) to actively recruit production companies to make feature films and
9 television programs in Vermont; and

10 (6) to work with Vermont-based businesses and professionals to develop
11 and support a thriving Vermont film sector.

12 § 646. BOARD OF DIRECTORS

13 (a)(1) The Vermont Film Commission shall be governed and all of its
14 powers exercised by a board of directors consisting of at least seven members.

15 (2) The Governor shall appoint two members, the Vermont Council on
16 the Arts shall appoint two members, and the appointees of the Governor and
17 the Council shall jointly appoint at least three additional members, at least one
18 of whom is a member of the Vermont business community.

19 (3) The Governor and the Council shall ensure that the membership of
20 the Board includes geographic representation of all regions of the State.

1 (4) Vacancies on the Board shall be filled in the same manner as the
2 original appointment.

3 (b) The Board shall:

4 (1) adopt bylaws for the Commission, including provisions relating to
5 the terms of Board members;

6 (2) appoint an executive director and such clerical assistance as it deems
7 advisable and fix their compensation and prescribe their duties;

8 (3) serve without compensation except for expenses actually and
9 necessarily incurred by them in the performance of their duties;

10 (4) hold regular meetings, and hold special meetings that it deems
11 necessary, at which a majority of the directors constitutes a quorum for the
12 transaction of any business unless the bylaws of the Commission require a
13 larger number; and

14 (5) adopt rules, not inconsistent with law, to carry out the purposes of
15 this chapter.

16 § 647. ANNUAL REPORT

17 (a) Annually, on or before March 1, the Board of Directors of the Vermont
18 Film Commission shall submit a report to the Agency of Commerce and
19 Community Development and to the General Assembly for the prior 12-month
20 period.

1 (b) The report shall describe activities of the Board during the preceding
2 year and shall also include an accounting of revenues received by and
3 expenditures of the Board and plans to minimize future State funding of the
4 Commission’s activities.

5 **Sec. 18a.** STUDY; REPORT

6 On or before January 15, 2023, the Vermont Film Commission shall study
7 and submit a report to the House Committee on Commerce and Economic
8 Development and to the Senate Committee on Economic Development,
9 Housing and General Affairs that includes the Commission’s findings and
10 recommendations on how to nurture a successful film industry in this State and
11 what incentives, programs, and infrastructure are necessary to entice film
12 production in Vermont.

13 * * * Paid Sick Leave * * *

14 **Sec. 19.** 21 V.S.A. § 482 is amended to read:

15 § 482. EARNED SICK TIME

16 (a) An employee shall accrue not less than one hour of earned sick time for
17 every ~~52~~ 26 hours worked.

18 * * *

19 (c) An employer may:

20 ~~(1)~~ limit the amount of earned sick time accrued pursuant to this section

21 ~~to:~~

1 ~~(A) from January 1, 2017 until December 31, 2018, a maximum of~~
2 ~~24 hours in a 12-month period; and~~

3 ~~(B) after December 31, 2018, a maximum of 40 80 hours in a 12-~~
4 ~~month period; or~~

5 * * *

6 Sec. 19a. 21 V.S.A. § 483 is amended to read:

7 § 483. USE OF EARNED SICK TIME

8 (a) An employee may use earned sick time accrued pursuant to section 482
9 of this subchapter for any of the following reasons:

10 (1) The employee is ill or injured.

11 (2) The employee obtains professional diagnostic, preventive, routine, or
12 therapeutic health care.

13 (3) The employee cares for a sick or injured parent, grandparent, spouse,
14 child, brother, sister, parent-in-law, grandchild, or foster child, including
15 helping that individual obtain diagnostic, preventive, routine, or therapeutic
16 health treatment, or accompanying the employee's parent, grandparent, spouse,
17 or parent-in-law to an appointment related to ~~his or her~~ the employee's long-
18 term care.

19 * * *

20 (5) The employee cares for a parent, grandparent, spouse, child, brother,
21 sister, parent-in-law, grandchild, or foster child, because:

1 (A) the school or business place of care where that individual is
2 normally located during the employee's workday is closed for public health or
3 safety reasons; or

4 (B) that individual has been requested not to attend the school or
5 place of care where that individual is normally located during the employee's
6 workday for public health or safety reasons.

7 (6) The employee is self-isolating pursuant to the recommendation of a
8 health care provider or a State or federal public health official because the
9 employee has been exposed to or diagnosed with a communicable illness or the
10 employee is experiencing symptoms of a communicable illness.

11 (7) The employee is caring for a parent, grandparent, spouse, child,
12 brother, sister, parent-in-law, grandchild, or foster child who is self-isolating
13 pursuant to the recommendation of a health care provider or a State or federal
14 public health official because that individual has been exposed to or diagnosed
15 with a communicable illness or that individual is experiencing symptoms of a
16 communicable illness.

17 * * *

18 (c) An employer may limit the amount of earned sick time accrued
19 pursuant to section 482 of this subchapter that an employee may use to:

20 (1) ~~from January 1, 2017 until December 31, 2018, no more than 24~~
21 hours in a 12-month period; and

1 (2) after December 31, 2018, no not more than 40 80 hours in a 12-
2 month period.

3 * * *

4 **Sec. 19b. COVID-19-RELATED PAID SICK LEAVE GRANT PROGRAM**

5 (a)(1) There is established in the _____ the COVID-19-Related Paid Sick
6 Leave Grant Program to administer and award grants to employers to
7 reimburse the cost of providing COVID-19-related paid sick leave provided to
8 employees.

9 (2) The sum of \$ _____ is appropriated from the American Rescue
10 Plan Act (ARPA) – Coronavirus State Fiscal Recovery Funds to the _____
11 in fiscal year 2023 for the provision of grants to reimburse employers for the
12 cost of providing COVID-19-related sick leave.

13 (b)(1) An employer may apply to _____ for one or more grants
14 to reimburse the employer for the cost of earned sick time utilized by its
15 employees for COVID-19-related reasons during the period beginning on
16 [DATE] and ending on [DATE].

17 (2) [RETROACTIVE EFFECT FOR COVID-19-RELATED LEAVE
18 NOT COVERED BY PRIOR LAW?]

19 (3) Employers may submit applications for grants not more than once
20 each calendar month for earned sick time provided during the period between
21 the date of the beginning of the Program or the employer’s previous

1 application, whichever is later, and the date of the employer’s current
2 application.

3 (4) For the sole purpose of administering grants related to earned sick
4 time provided to independent direct support providers, ARIS Solutions, as the
5 fiscal agent for the employers of the independent direct support providers, shall
6 have the authority to apply for a grant in the same manner as any employer.

7 (c) The _____ shall:

8 (1) adopt procedures for implementing the Program, which shall include
9 a simple grant application process and a process to allow employers to certify
10 the amount of earned sick time provided for COVID-19-related reasons;

11 (2) promote awareness of the Program to employers; and

12 (3) award grants to employers on a first-come, first-served basis, subject
13 to available funding.

14 (d) As used in this section, the terms “earned sick time,” “employer,” and
15 “employee” have the same meaning as in 21 V.S.A. § 481.

16 * * * Study of Paid Family and Medical Leave Insurance * * *

17 **Sec. 19c.** PAID FAMILY AND MEDICAL LEAVE; STUDY COMMITTEE;

18 REPORT

19 (a) Creation. There is created the Paid Family and Medical Leave Study
20 Committee to examine the potential for enacting a paid family and medical
21 leave program in Vermont.

1 **(b) Membership. The Committee shall be composed of the following**
2 **members:**

3 **(1) two current members of the House of Representatives, not from the**
4 **same political party, who shall be appointed by the Speaker of the House; and**

5 **(2) two current members of the Senate, not from the same political**
6 **party, who shall be appointed by the Committee on Committees.**

7 **(c) Powers and duties. The Committee shall study the creation of a paid**
8 **family and medical leave program in Vermont, including the following:**

9 **(1) the proposals for creating a paid family and medical leave insurance**
10 **program that have been previously considered by the General Assembly,**
11 **including from the 2019–2020 biennium H.107, as passed the General**
12 **Assembly, and S.151, as introduced;**

13 **(2) alternative models for paid family and medical leave insurance that**
14 **have been considered or enacted by other states;**

15 **(3) potential start-up costs and administrative requirements of each**
16 **model of paid family and medical leave insurance considered by the**
17 **Committee;**

18 **(4) the types of leave that should be covered by paid family and medical**
19 **leave insurance, including whether a paid family and medical leave insurance**
20 **program should provide coverage for bonding leave, caring for an ill or injured**

1 family member, the employee's own illness or injury, and for exigencies
2 related to a family member serving in the U.S. Armed Forces;

3 (5) the potential advantages and disadvantages of permitting employees
4 to voluntarily elect to enroll in coverage for one or more leave reasons;

5 (6) the potential advantages and disadvantages of creating a paid family
6 and medical leave insurance program in which enrollment is entirely
7 voluntary; and

8 (7) ways in which the State could utilize public-private partnerships to
9 implement and administer a paid family and medical leave insurance program
10 and the associated advantages and disadvantages of such partnerships.

11 (d) Assistance.

12 (1) The Committee shall have the administrative assistance of the Office
13 of Legislative Operations, the technical assistance of the Joint Fiscal Office,
14 and the legal assistance of the Office of Legislative Counsel.

15 (2) The Committee may contract with one or more entities or individuals
16 for purposes of modeling and actuarial projections.

17 (e) Report. On or before January 15, 2023, the Committee shall submit a
18 written report to the House Committee on General, Housing, and Military
19 Affairs and the Senate Committee on Economic Development, Housing and
20 General Affairs with its findings and any recommendations for legislative
21 action. The Committee's report may take the form of draft legislation.

1 (f) Meetings.

2 (1) The Office of Legislative Operations shall call the first meeting of
3 the Committee to occur on or before September 15, 2022.

4 (2) The Committee shall select a chair from among its members at the
5 first meeting.

6 (3) A majority of the membership shall constitute a quorum.

7 (4) The Committee shall cease to exist on January 30, 2023.

8 (g) Compensation and reimbursement.

9 (1) For attendance at meetings during adjournment of the General
10 Assembly, a legislative member of the Committee shall be entitled to per diem
11 compensation and reimbursement of expenses pursuant to 2 V.S.A. § 23 for
12 not more than 6 meetings.

13 (h) Appropriation. The sum of [\$???00] is appropriated to General
14 Assembly from the American Rescue Plan Act (ARPA) – Coronavirus State
15 Fiscal Recovery Funds in fiscal year 2023 for per diem compensation and
16 reimbursement of expenses for members of the Committee and for expenses
17 related to modeling and actuarial projections.

18 * * * Voluntary Family and Medical Leave Insurance Program * * *

19 Sec. 19d. 3 V.S.A. § 638 is added to read:

20 § 638. FAMILY AND MEDICAL LEAVE INSURANCE

1 (a) All State employees shall be provided with family and medical leave
2 insurance coverage under the Vermont Family and Medical Leave Insurance
3 Program established pursuant to section 639 of this chapter.

4 (b) Coverage under the Program shall be provided at no cost to the
5 employee.

6 (c) A State employee shall be eligible to receive family and medical leave
7 insurance benefits pursuant to the Program after the employee has been
8 employed by the State for 12 months.

9 Sec. 19e. 3 V.S.A. § 639 is added to read:

10 § 639. VERMONT FAMILY AND MEDICAL LEAVE INSURANCE

11 PROGRAM

12 (a) The Commissioner of Human Resources shall enter into a contract with
13 an insurance carrier to provide family and medical leave insurance benefits to
14 all permanent State employees. The contract shall have a term of two years
15 with the possibility of up to two one-year renewals at the State's option. The
16 contract shall be awarded pursuant to a competitive bid process.

17 (b) The family and medical leave insurance provided pursuant to the
18 contract shall be known as the Vermont Family and Medical Leave Insurance
19 Program.

20 (c) On or before September 30, 2022, the Commissioners of Human
21 Resources and of Financial Regulation shall develop and issue a request for

1 proposals from insurance carriers to provide family and medical leave

2 insurance that meets the following requirements:

3 (1) wage replacement equal to 60 percent of an employee's average

4 weekly wage, with the wages eligible for coverage equal to the maximum

5 Social Security Taxable Wage;

6 (2) six weeks of paid family and medical leave per calendar year;

7 (3) no minimum duration for a leave under the Program;

8 (4) coverage for leaves taken by an employee for any of the following

9 reasons:

10 (A) the birth of a child of the employee;

11 (B) the placement of a child with the employee for adoption or foster

12 care;

13 (C) the serious health condition of the employee's spouse, child, or

14 parent;

15 (D) the employee's own serious health condition; or

16 (E) a qualifying exigency, as defined pursuant to 29 C.F.R.

17 § 825.126, arising out of the fact that the employee's spouse, child, or parent is

18 on covered active duty in the U.S. Armed Forces or has been notified of an

19 impending call or order to covered active duty in the U.S. Armed Forces;

20 (5) to the extent possible, premiums shall be income sensitized;

1 (6) employees shall become eligible for benefits after 12 months of
2 work;

3 (7) an employee who is enrolled in the Program shall continue to be
4 eligible for benefits upon changing jobs, provided that the employee remains
5 enrolled in the Program at the employee's new job;

6 (8) during a leave, an employee may choose to use either accrued paid
7 leave or family and medical leave insurance benefits but may not use both
8 accrued paid leave and family and medical leave insurance benefits at the same
9 time;

10 (9) provides coverage for all eligible State employees and all full-time
11 employees of other Vermont employers;

12 (10) employers other than the State may elect to provide insurance
13 coverage under the Program to their part-time employees or to permit their
14 part-time employees to elect to enroll in the Program during a specified annual
15 enrollment period;

16 (11) employers that elect to provide coverage for their part-time
17 employees through the Program may determine the portion of the premiums
18 that their employees shall be responsible for;

19 (12) the premiums for coverage provided to employers other than the
20 State shall, at a minimum, satisfy the following guidelines;

1 (A) employers with 20 or more employees who have 100 percent of
2 their employees enrolled shall pay the same premium per employee as the
3 State;

4 (B) employers with fewer than 20 employees who have 100 percent
5 of their employees enrolled shall pay a premium per employee that shall not
6 exceed the premium for a State employee by more than five percent; and

7 (C) employers who have less than 100 percent of their employees
8 enrolled shall pay a premium that is set on a sliding scale based on the
9 percentage of employees enrolled and whether the employer employs 20 or
10 more employees;

11 (13) individuals who are self-employed or who are part-time employees
12 of an employer that chooses not to enroll in the Vermont Family and Medical
13 Leave Insurance Program shall be permitted to enroll individually in the
14 Program and shall pay a premium that shall not exceed the premium for a State
15 employee by more than 15 percent; and

16 (14) coverage for State employees and full-time employees of other
17 employers shall begin on or before July 1, 2023, and coverage for enrolled
18 part-time employees of other employees shall become available beginning on
19 July 1, 2023.

1 (d) The Commissioners of Human Resources and of Financial Regulation
2 shall jointly evaluate the proposals received in response to the request for
3 proposals and shall select a proposal that:

4 (1) satisfies the requirements set forth in subsection (b) of this section;

5 and

6 (2) delivers the greatest value to the State and Vermont’s employees and
7 employers.

8 (e) As used in this section:

9 (1) “Employer” means an individual, organization, or governmental
10 body, partnership, association, corporation, legal representative, trustee,
11 receiver, trustee in bankruptcy, and any common carrier by rail, motor, water,
12 air, or express company doing business in or operating within this State that
13 has one or more employees.

14 (2) “Full-time employee” means an individual who, in consideration of
15 direct or indirect gain or profit, has been continuously employed by the same
16 employer for a period of one year for an average of at least 30 hours per week.

17 (3) “Part-time employee” means an individual who, in consideration of
18 direct or indirect gain or profit, has been continuously employed by the same
19 employer for a period of one year for an average of less than 30 hours per
20 week.

21 Sec. 19f. 21 V.S.A. § 472 is amended to read:

1 § 472. LEAVE

2 * * *

3 (b) During the leave, at the employee's option, the employee may use
4 accrued sick leave or vacation leave or any other accrued paid leave, Vermont
5 Family and Medical Leave Insurance Program benefits provided pursuant to
6 section 475 of this subchapter, or short-term disability insurance or other
7 insurance benefits, not to exceed six weeks. Utilization of accrued paid leave
8 shall not extend the leave provided herein pursuant to this section.

9 * * *

10 **Sec. 19g.** 21 V.S.A. § 475 is added to read:

11 § 475. VERMONT FAMILY AND MEDICAL LEAVE INSURANCE
12 PROGRAM; ENROLLMENT

13 (a)(1) All full-time employees shall be enrolled in the Vermont Family and
14 Medical Leave Insurance Program, created pursuant to 3 V.S.A. § 639,
15 following 12 months of work for an employer.

16 (2) An employer may enroll the employer's part-time employees in the
17 Vermont Family and Medical Leave Insurance Program.

18 (b) An employer may elect to provide coverage under the Program to
19 either:

20 (1) all of its part-time employees; or

1 (2) only those part-time employees who elect to enroll in the Program
2 during a specified annual enrollment period.

3 (c) An employer that has enrolled in the Program may elect to pay the full
4 amount of the premium for each of its employees who are enrolled in the
5 Program or to require each enrolled employee to pay a percentage of the
6 applicable premium up to 100 percent with the employer responsible for the
7 remainder of the premium.

8 (d) A self-employed individual or an individual whose employer elects not
9 to enroll in the Vermont Family and Medical Leave Insurance Program may
10 elect to enroll in the Program as an individual. An individual who enrolls in
11 the Program pursuant to this subsection shall be responsible for the full amount
12 of the premium.

13 (e) Premiums for coverage shall be established by the insurance carrier
14 based on the guidelines set forth in 3 V.S.A. § 639 and any applicable
15 provisions of the contract between the State and the insurance carrier.

16 (f) As used in this section:

17 (1) “Employer” means an individual, organization, or governmental
18 body, partnership, association, corporation, legal representative, trustee,
19 receiver, trustee in bankruptcy, and any common carrier by rail, motor, water,
20 air, or express company doing business in or operating within this State that
21 has one or more employees.

1 (2) “Full-time employee” means an individual who, in consideration of
2 direct or indirect gain or profit, has been continuously employed by the same
3 employer for a period of one year for an average of at least 30 hours per week.

4 (3) “Part-time employee” means an individual who, in consideration of
5 direct or indirect gain or profit, has been continuously employed by the same
6 employer for a period of one year for an average of less than 30 hours per
7 week.

8 **Sec. 19h. TEMPORARY FUNDING FOR PAID FAMILY LEAVE**

9 (a) The sum of \$ is appropriated from the American Rescue Plan
10 Act (ARPA) – Coronavirus State Fiscal Recovery Funds to the Departments of
11 Human Resources and of Financial Regulation for fiscal years 2023 through
12 2026 for costs related to establishing and administering the Vermont Family
13 and Medical Leave Insurance Program and the cost of premiums for Vermont
14 Family and Medical Leave Insurance Program coverage for full-time
15 employees of employers other than the State during calendar years 2023–2026.

16 (b) Notwithstanding any provision of 21 V.S.A. § 475 to the contrary, the
17 Commissioner of Human Resources shall pay all premiums for full-time
18 employees of employers other than the State during calendar years 2023–2026
19 from funds appropriated pursuant to subsection (a) of this section.

20 (c) As used in this section, “employer” and “full-time employee” have the
21 same meaning as in 21 V.S.A. § 475.

1 * * * Unemployment Insurance Benefits * * *

2 **Sec. 19i.** 2021 Acts and Resolves No. 51, Sec. 17(a)(4) is amended to read:

3 (4) Sec. 12 (repeal of supplemental weekly benefit) shall take effect
4 upon the payment of a cumulative total of \$100,000,000.00 in supplemental
5 benefits pursuant to 21 V.S.A. § 1338(e)(2) on October 7, 2021 and shall apply
6 prospectively to all benefit payments in the next week and each subsequent
7 week.

8 **Sec. 19j.** 21 V.S.A. § 1341 is added to read:

9 § 1341. UNEMPLOYMENT INSURANCE COVID-19 SUPPLEMENTAL

10 BENEFIT

11 (a) Beginning on July 1, 2022, in addition to the amount of regular
12 unemployment insurance benefits provided pursuant to section 1338 of this
13 title, each individual who qualifies for benefits pursuant to the provisions of
14 this chapter shall receive a separate supplemental benefit of \$25.00 each week.

15 (b) Benefits provided pursuant to this section shall be paid from the
16 Unemployment Insurance COVID-19 Supplemental Benefit Special Fund
17 established pursuant to section 1342 of this chapter.

18 **Sec. 19k.** 21 V.S.A. § 1342 is added to read:

19 § 1342. UNEMPLOYMENT INSURANCE COVID-19 SUPPLEMENTAL

20 BENEFIT SPECIAL FUND

1 There is established the Unemployment Insurance COVID-19 Supplemental
2 Benefit Special Fund, which shall be managed in accordance with 32 V.S.A.
3 chapter 7, subchapter 5. The Fund shall consist of any amounts appropriated to
4 the Fund. The Commissioner may seek and accept grants from any source,
5 public or private, to be dedicated for deposit into the Special Fund. The
6 Commissioner shall use the Fund to provide the Supplemental Benefit
7 established pursuant to section 1341 of this chapter and to pay all necessary
8 costs associated with the administration of the Supplemental Benefit and of the
9 Fund.

10 **Sec. 19l. APPROPRIATION**

11 \$8,000,000.00 is appropriated from the American Rescue Plan Act (ARPA)
12 – Coronavirus State Fiscal Recovery Funds to the Unemployment Insurance
13 COVID-19 Supplemental Benefit Special Fund established pursuant to
14 21 V.S.A. § 1342. Not more than five percent of the amount appropriated may
15 be used for administrative costs related to the implementation and payment of
16 the Unemployment Insurance COVID-19 Supplemental Benefit established
17 pursuant to 21 V.S.A. § 1341.

18 **Sec. 19m. REPEALS**

19 21 V.S.A. § 1341 (Unemployment Insurance COVID-19 Supplemental
20 Benefit) and 21 V.S.A. § 1342 (Unemployment Insurance COVID-19
21 Supplemental Benefit Special Fund) are repealed on July 1, 2024.

1 **Sec. 19n.** 21 V.S.A. § 1338 is amended to read:

2 **§ 1338. WEEKLY BENEFITS**

3 * * *

4 (e) An individual's weekly benefit amount shall be determined by dividing
5 the individual's two high quarter total subject wages required under
6 subdivision (d)(1) of this section by 45 and adding \$25.00 to the resulting
7 quotient, provided that the weekly benefit amount so determined shall not
8 exceed the maximum weekly benefit amount computed pursuant to subsection
9 (f) of this section.

10 (f)(1) The maximum weekly benefit amount shall be annually adjusted on
11 the first day of the first calendar week in July to an amount equal to the sum of
12 \$25.00 plus 57 percent of the State annual average weekly wage as determined
13 by subsection (g) of this section.

14 * * *

15 **Sec. 19o.** **MODIFICATION OF UNEMPLOYMENT INSURANCE**

16 **MAINFRAME CODE; ANNUAL REPORT; INDEPENDENT**

17 **VERIFICATION**

18 (a)(1) The Commissioner of Labor shall develop and implement changes to
19 the unemployment insurance mainframe software or develop a modernized
20 information technology system necessary to implement on January 1, 2025 the
21 changes to the unemployment insurance weekly benefit amount enacted

1 pursuant to Sec. 20e of this act. The changes to the mainframe or the
2 modernized information technology system, as applicable, shall be developed
3 and implemented in a manner that minimizes risk to the operation of the
4 mainframe and the functions of the unemployment insurance program.

5 (2) The Commissioner of Labor and the Secretary of Digital Services
6 shall, to the greatest extent possible, plan and carry out the development and
7 implementation of a modernized information technology system for the
8 unemployment insurance program so that the modernized system is available
9 in time to implement on July 1, 2024 the changes to the unemployment
10 insurance weekly benefit amount enacted pursuant to Sec. 20e of this act.

11 (b) The Commissioner of Labor shall, on or before January 15, 2023 and
12 January 15, 2024, submit a written report to the House Committee on
13 Commerce and Economic Development, the Senate Committee on Economic
14 Development, Housing and General Affairs, and the Legislative Information
15 Technology Consultant retained by the Joint Fiscal Office detailing the actions
16 taken and progress made in carrying out the requirements of subsection (a) of
17 this section, the anticipated timeline for being able to implement the changes to
18 the unemployment insurance weekly benefit amount enacted pursuant to Sec.
19 20e of this act, and potential implementation risks identified during the
20 development process.

1 (c) The Legislative Information Technology Consultant shall, on or before
2 February 15, 2023 and February 15, 2024, submit to the House Committee on
3 Commerce and Economic Development and the Senate Committee on
4 Economic Development, Housing and General Affairs a review of the report
5 submitted pursuant to subsection (b) of this section. The review shall include
6 an assessment of whether the Department of Labor will be able to implement
7 the changes to the unemployment insurance weekly benefit amount enacted
8 pursuant to Sec. 20e of this act by July 1, 2024 and shall identify any potential
9 risks or concerns related to implementation that are not addressed in the
10 Commissioner's report.

11 Sec. 19p. 21 V.S.A. § 1338 is amended to read:

12 § 1338. WEEKLY BENEFITS

13 * * *

14 (e) An individual's weekly benefit amount shall be determined by dividing
15 the individual's two high quarter total subject wages required under
16 subdivision (d)(1) of this section by 45 and adding \$25.00 to the resulting
17 quotient, provided that the weekly benefit amount so determined shall not
18 exceed the maximum weekly benefit amount computed pursuant to subsection
19 (f) of this section.

20 (f)(1) The maximum weekly benefit amount shall be annually adjusted on
21 the first day of the first calendar week in July to an amount equal to the sum of

1 \$25.00 plus 57 percent of the State annual average weekly wage as determined
2 by subsection (g) of this section.

3 * * *

4 * * * Appropriations * * *

5 **Sec. 20. APPROPRIATIONS**

6 In fiscal year 2023 the following amounts are appropriated from the
7 sources, to the recipients, and for the purposes specified:

8 (1) Worker recruitment. The amount of \$6,000,000.00 is appropriated
9 from the General Fund to the Agency of Commerce and Community
10 Development for activities pursuant to Sec. X of this act as follows:

11 (A) \$1,000,000 to the Agency's base budget for the relocated and
12 remote worker program; and

13 (B) \$5,000,000 in one-time funding for the program in fiscal year
14 2023.

15 (2) Tourism and marketing; relocation. The amount of \$8,460,000 is
16 appropriated from the General Fund to the Department of Tourism and
17 Marketing for activities pursuant to Sec. X of this act as follows:

18 (A) \$3,960,000 to support the regional relocation network; and

19 (B) \$4,500,000 for marketing and promotion.

1 (3) Capital Investment Program. The amount of \$XXX from the ARPA
2 Fund to the Agency of Commerce and Community Development for grants
3 through the Capital Investment Program pursuant to Sec. X of this act.

4 (4) VEDA Forgivable Loan Program. The amount of \$XXX from the
5 ARPA Fund to the Vermont Economic Development Authority to issue
6 forgivable loans pursuant to Sec. X of this act.

7 * * * Effective Dates * * *

8 Sec. X. EFFECTIVE DATES

9 (a) This act shall take effect

10 (b) Notwithstanding 1 V.S.A. § 214, Sec. 19i (repeal of prior
11 unemployment insurance supplemental benefit) shall take effect retroactively
12 on October 7, 2021.

13 (c)(1) Sec. 19j (temporary unemployment insurance supplemental benefit)
14 shall take effect on July 1, 2022 and apply to benefit weeks beginning after that
15 date.

16 (2) Secs. 19k (special fund), 19l (appropriation for temporary
17 unemployment insurance supplemental benefit), and 19m (sunset of
18 unemployment insurance supplemental benefit) shall take effect on July 1,
19 2022.

1 (d) Sec. 19n (increase in unemployment insurance weekly benefit amount)
2 shall take effect on July 1, 2024 and shall apply to benefit weeks beginning
3 after that date.

4 (e) Sec. 19p (prospective repeal of unemployment insurance benefit
5 increase) shall take effect upon the payment of a cumulative total of
6 \$92,000,000.00 in additional benefits pursuant to 21 V.S.A. § 1338(e) when
7 compared to the rate at which benefits would have been paid under the formula
8 set forth in 21 V.S.A. § 1338(e) on June 30, 2024 and shall apply to benefit
9 weeks beginning after that date.

10 (f) Sec. 19o (report on implementation of change to unemployment
11 insurance weekly benefit) shall take effect on passage.

12
13
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20 (Committee vote: _____)

1
2
3

Senator _____

FOR THE COMMITTEE

DRAFT