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S.88

Introduced by Senators Harrison, Brock, Clarkson, Major, Plunkett, Watson
and White

Referred to Committee on

Date:

Subject: Taxation and finance; Vermont Employment Growth Incentive
Program

Statement of purpose of bill as introduced: This bill proposes to create a new
enhanced incentive for locally owned and controlled employee-owned
businesses within the Vermont Employment Growth Incentive Program
(VEGI).

An act relating to creating an enhanced growth incentive for employee-
owned businesses

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

Sec. 1. 32 V.S.A. chapter 105, subchapter 2 is amended to read:

Subchapter 2. Vermont Employment Growth Incentive Program

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

ELIGIBLE APPLICANT

* * *

1 (b) Form of incentives; enhanced incentives.

2 (1) The Vermont Economic Progress Council may approve an incentive
3 under this subchapter in the form of a direct cash payment in annual
4 installments.

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

6 (A) an enhanced incentive for a business in a labor market area with
7 higher than average unemployment or lower than average wages pursuant to
8 section 3334 of this title; ~~and~~

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

11 (C) [Repealed.]

12 (D) an enhanced incentive for an employee-owned business pursuant
13 to section 3335a of this title.

14 * * *

15 § 3331. DEFINITIONS

16 * * *

17 (9) “Qualifying job” means a new, permanent position in Vermont that
18 meets each of the following criteria:

19 (A) The position is filled by:

20 (i) a non-owner employee who regularly works at least 35 hours
21 each week; or

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§ 3335. ENHANCED INCENTIVE FOR ENVIRONMENTAL
TECHNOLOGY BUSINESS

§ 3335a. ENHANCED INCENTIVE FOR EMPLOYEE-OWNED
BUSINESSES

(a) As used in this section, “employee-owned business” means the
following:

(1) an “employee stock ownership plan,” which means an employee
stock ownership plan as defined in 26 U.S.C. § 4975(e)(7), as may be
amended; or

(2) a “worker cooperative,” which means:

(A) an eligible worker-owned cooperative as defined in 26 U.S.C.
§ 1042(c), as may be amended;

(B) a worker cooperative organized under 11 V.S.A. chapter 8; or

(C) an organization that meets the following criteria:

(i) employees of the organization constitute a majority of
its membership;

(ii) members of the organization hold a majority of the
voting power;

1 (iii) members of the organization have the authority to elect a
2 majority of the board of directors on the basis of one person, one vote; and

3 (iv) the organization allocates a majority of its allocated earnings
4 and losses to members on the basis of:

5 (I) patronage;

6 (II) capital contributions; or

7 (III) a combination of subdivisions (I) and (II) of this
8 subdivision (2)(C)(iv); and

9 (3) seeks an incentive for economic activity in Vermont pursuant to this
10 subchapter.

11 (b) The Council shall consider and administer an application from an
12 employee-owned business pursuant to the provisions of this subchapter, except
13 that:

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

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

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

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

