1	S.88
2	Introduced by Senators Harrison, Brock, Clarkson, Major, Plunkett, Watson
3	and White
4	Referred to Committee on
5	Date:
6	Subject: Taxation and finance; Vermont Employment Growth Incentive
7	Program
8	Statement of purpose of bill as introduced: This bill proposes to create a new
9	enhanced incentive for locally owned and controlled employee-owned
10	businesses within the Vermont Employment Growth Incentive Program
11	(VEGI).
12 13	An act relating to creating an enhanced growth incentive for employee- owned businesses
14	It is hereby enacted by the General Assembly of the State of Vermont:
15	Sec. 1. 32 V.S.A. chapter 105, subchapter 2 is amended to read:
16	Subchapter 2. Vermont Employment Growth Incentive Program
17	§ 3330. PURPOSE; FORM OF INCENTIVES; ENHANCED INCENTIVES
18	ELIGIBLE APPLICANT
19	* * *
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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11	(C) [Repealed.]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

1	(ii) an employee of an employee-owned business, pursuant to
2	section 3335a of this title, who regularly works at least 35 hours each week.
3	* * *
4	§ 3333. CALCULATING THE VALUE OF AN INCENTIVE
5	Except as otherwise provided for an enhanced incentive for a business in a
6	qualifying labor market area under pursuant to section 3334 of this title or, an
7	enhanced incentive for an environmental technology business under pursuant
8	to section 3335 of this title, or an enhanced incentive for an employee-owned
9	business pursuant to section 3335a of this title, the Council shall calculate the
10	value of an incentive for an award year as follows:
11	(1) Calculate new revenue growth. To calculate new revenue growth,
12	the Council shall use the cost-benefit model created pursuant to section 3326
13	of this title to determine the amount by which the new revenue generated by
14	the proposed economic activity to the State exceeds the costs of the activity to
15	the State.
16	(2) Calculate the business's potential share of new revenue growth.
17	Except as otherwise provided for an environmental technology business in
18	pursuant to section 3335 of this title or an employee-owned business pursuant
19	to section 3335a of this title, to calculate the business's potential share of new
20	revenue growth, the Council shall multiply the new revenue growth determined

under subdivision (1) of this subsection by 80 percent.

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1	* * *
2	§ 3335. ENHANCED INCENTIVE FOR ENVIRONMENTAL
3	TECHNOLOGY BUSINESS
4	* * *
5	§ 3335a. ENHANCED INCENTIVE FOR EMPLOYEE-OWNED
6	BUSINESSES
7	(a) As used in this section, "employee-owned business" means the
8	following:
9	(1) an "employee stock ownership plan," which means an employee
10	stock ownership plan as defined in 26 U.S.C. § 4975(e)(7), as may be
11	amended; or
12	(2) a "worker cooperative," which means:
13	(A) an eligible worker-owned cooperative as defined in 26 U.S.C.
14	§ 1042(c), as may be amended;
15	(B) a worker cooperative organized under 11 V.S.A. chapter 8; or
16	(C) an organization that meets the following criteria:
17	(i) employees of the organization constitute a majority of
18	its membership;
19	(ii) members of the organization hold a majority of the
20	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	<u>that:</u>
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

1	(C) subtract the product from the payroll performance requirement
2	for the award year.
3	(c) The purpose of the enhanced incentive for employee-owned businesses
4	is to support the growth of these locally owned and controlled businesses,
5	which typically provide higher wages and benefits to their employees.
5	* * *
7	Sec. 2. EFFECTIVE DATE
3	This act shall take effect on July 1, 2025.