House Proposal of Amendment

S. 327

An act relating to economic development

The House proposes to the Senate to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. [Deleted.]

Sec. 2. [Deleted.]

Sec. 3. [Deleted.]

Sec. 4. [Deleted.]

Sec. 5. [Deleted.]

Sec. 6. [Deleted.]

* * * Business Resources and Growth Study * * *

Sec. 7. BUSINESS RESOURCES AND GROWTH; INVENTORY; STUDY; REPORT

(a) Business growth and development study. The Commissioner of Economic Development, in consultation with the stakeholders set forth in subsection (b) of this section, for the purpose of determining how the State can better enable and support the growth of Vermont businesses, shall:

(1) clearly define each stage of business development in order to provide business leaders, investors, and the General Assembly with an understanding of the resources businesses need at each stage of development;

(2) identify the public and private resources available to businesses and determine how the resources are currently communicated to businesses;

(3) create an inventory of resources, pursuant to subdivision (2) of this subsection, that are poised to serve businesses for each stage of development;

(4) determine how best to communicate the inventory of resources created pursuant to subdivision (3) of this subsection to Vermonters and the business community;

(5) determine how to better communicate succession planning options for businesses;

(6) identify what resources are available to businesses to access capital;

(7) determine the state of capital access opportunities, including the:

(A) investment environment in Vermont and the New England region;

(B) availability of tax credits to leverage private capital; and

(C) requirements to maintain Vermont's Tech Hub designation; and

(8) identify investor education opportunities for high net worth individuals interested in investing in Vermont businesses.

(b) Stakeholders. The Commissioner shall consult and convene with stakeholders to assist in the Commissioner's work pursuant to subsection (a) of this section that have relevant experience in business growth and access to capital, including representation from the U.S. Small Business Administration, the Vermont Small Business Development Center, the U.S. Department of Agriculture, regional development corporations, regional planning commissions, the Vermont Housing and Conservation Board, the Vermont Professionals of Color Network, the Vermont Small Business Law Center, the Vermont Sustainable Jobs Fund, the Vermont Employee Ownership Center, a regional community action agency, postsecondary institutions, and local and regional chambers of commerce.

(c) Report. On or before December 15, 2026, the Commissioner shall submit a written report to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs with the Commissioner's findings pursuant to the business resources and growth study set forth in this section along with any recommendations for legislative action and a list of the stakeholders consulted pursuant to subsection (b) of this section.

* * * Convention Center Task Force * * *

Sec. 8. 2025 Acts and Resolves No. 65, Sec. 3 is amended to read:

Sec. 3. TASK FORCE TO EXPLORE DEVELOPMENT OF CONVENTION CENTER AND PERFORMANCE VENUE

* * *

(b) Membership. The Task Force shall be composed of the following members:

(1) one current member of the House of Representatives, who shall be appointed by the Speaker of the House;

(2) one current member of the Senate, who shall be appointed by the Committee on Committees;

(3) the Commissioner of the Department of Economic Development or designee;

(4) the President of the Vermont Chamber of Commerce or designee;

(5) the Chief Executive Officer of the Lake Champlain Chamber of Commerce or designee;

(6) the President of the Vermont Regional Development Corporations or designee; ~~and~~

(7) the Chair of the Vermont Association of Planning and Development Agencies or designee; and

(8) the President of the University of Vermont or designee.

* * *

(e) Reports. On or before November 1, 2025, the Task Force shall submit an interim report to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs with an update on its work pursuant to subsection (c) of this section. On or before ~~November~~ December 1, 2026, the Task Force shall submit a final written report to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs with its findings and any recommendations for legislative action.

(f) Meetings.

* * *

(4) The Task Force shall cease to exist on ~~December 1, 2026~~ July 1, 2027.

~~(5) The Task Force shall meet not more than six times.~~

(g) Reimbursement.

(1) For attendance at meetings during adjournment of the General Assembly, a legislative member of the Task Force serving in the member's capacity as a legislator shall be entitled to per diem compensation and reimbursement of expenses pursuant to 2 V.S.A. § 23 for not more than ~~six~~ 14 meetings. These payments shall be made from monies appropriated to the General Assembly.

(2) Other members of the Task Force shall be entitled to reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not more than ~~six~~ 14 meetings. These payments shall be made from monies appropriated to the Agency of Commerce and Community Development.

* * *

* * * Repeal of VEGI Prospective Repeal * * *

Sec. 9. 2016 Acts and Resolves No. 157, Sec. H.12, as amended by 2022 Acts and Resolves No. 164, Sec. 5, 2023 Acts and Resolves No. 72, Sec. 39, and 2024 Acts and Resolves No. 176, Sec. 1, is further amended to read:

Sec. H.12. ~~VEGI; REPEAL OF AUTHORITY TO AWARD INCENTIVES~~

~~Notwithstanding any provision of law to the contrary, the Vermont Economic Progress Council shall not accept or approve an application for a Vermont Employment Growth Incentive under 32 V.S.A. chapter 105, subchapter 2 on or after January 1, 2027.~~ [Repealed.]

* * * VEGI Annual Cap * * *

Sec. 9a. 32 V.S.A. § 3342 is amended to read:

§ 3342. ANNUAL PROGRAM CAP

(a) In each calendar year the Vermont Economic Progress Council may approve one or more incentives under this subchapter, the total value of which shall not exceed:

(1) ~~$15,000,000.00~~ $10,000,000.00 for one or more initial approvals; and

(2) ~~$10,000,000.00~~ $5,000,000.00 for one or more final approvals.

(b) The Council may increase the cap imposed in subdivision (a)(2) of this section by not more than $5,000,000.00 upon application by the Governor to, and approval of, the Joint Fiscal Committee.

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

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

Sec. 10. [Deleted.]

* * * Study of Culinary and Hospitality Education * * *

Sec. 10a. CULINARY AND HOSPITALITY EDUCATION; STUDY; REPORT

(a) Purpose and findings. The State of Vermont lost a significant contributor to its culinary and hospitality workforce pipeline when the New England Culinary Institute closed during the COVID-19 pandemic. The

General Assembly finds that the establishment of postsecondary educational programs in the fields of culinary arts and hospitality is critical for the long-term workforce needs in those sectors and for the economic health of the State.

(b) Task. The Department of Labor, in collaboration with the Vermont Chamber of Commerce, shall engage with the stakeholders set forth in subsection (c) of this section to determine how best to develop postsecondary educational programs in the fields of culinary arts and hospitality by:

(1) investigating suitable locations that could host the programs;

(2) researching and identifying possible educational and business models;

(3) identifying organizations that could stand up, administer, or operate the programs;

(4) gauging the interest from private investors to determine whether there is interest in private funding for the programs;

(5) establishing relationships with culinary and hospitality businesses in Vermont that have or will have workforce needs;

(6) cataloging opportunities currently available for culinary and hospitality training and certification;

(7) determining whether there are gaps in the availability of culinary and hospitality training and certification programs; and

(8) conducting any additional research or outreach that would promote the development of the programs.

(c) Stakeholders. The Department shall consult and convene with stakeholders to assist in its work pursuant to subsection (b) of this section that have relevant experience in the food and hospitality sectors, including representation from the State Workforce Development Board, Office of Workforce Strategy and Development, Vermont Association of Career and Technical Directors, Vermont Professionals of Color, Vermont Independent Restaurants, Vermont Specialty Foods Association, Vermont Lodging Association, University of Vermont, Vermont State Colleges System, Vermont Sustainable Jobs Fund, Vermont Employee Ownership Center, and an institutional food and beverage provider.

(d) Report. On or before December 1, 2026, the Department shall submit a written report to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs with its findings and information gathered pursuant to subsection (b) of this section along with any recommendations concerning the development of postsecondary educational programs for culinary arts and

hospitality. The report shall also list the stakeholders consulted pursuant to subsection (c) of this section.

* * * Culinary Apprenticeship Pilot Program * * *

Sec. 10b. HOSPITALITY AND CULINARY APPRENTICESHIP PILOT; REPORT

(a) Creation and purpose; coordination.

(1) The Department of Labor, through the Vermont Registered Apprenticeship Program, shall establish and maintain a two-year hospitality and culinary apprenticeship pilot that develops and evaluates a new registered apprenticeship training program specific to accommodation and food services. The pilot shall be structured as a regional, multi-employer model, with the goal of the program being to strengthen workforce pathways and improve job quality in the hospitality and culinary services, which have been identified as priority sectors by the State Workforce Development Board.

(2) The Department shall coordinate its work on the pilot with the Department of Tourism and Marketing, Department of Economic Development, Office of Workforce Strategy and Development, and Vermont Chamber of Commerce.

(b) Pilot details.

(1) The Department shall:

(A) implement the pilot in a hospitality-based regional economy and include multiple employers, including at least one large employer, located within the same regional economy;

(B) incorporate an intermediary or coordinating entity;

(C) include structured work-based learning across more than one employer;

(D) align with education and training providers, including secondary and adult career technical education programs;

(E) be structured to rely on existing resources, including the physical assets of schools, technical centers, and restaurants;

(F) be built around not more than two apprenticeable occupations, as that term is defined in 21 V.S.A. § 1111(4); and

(G) establish specific numeric targets and track outcomes including completion, retention, and wage progression.

(2) The pilot shall be designed to achieve, at minimum:

(A) participation of multiple employers;

(B) enrollment of at least one apprentice cohort; and

(C) measurable completion outcomes.

(c) Funding. The Department shall implement the pilot using existing State and federal funds to the extent practicable and may seek additional grants or funding as such funds become available.

(d) Report. The Department shall, based on its work on the hospitality and culinary apprenticeship pilot set forth in this section, submit to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs:

(1) on or before December 15, 2026, an interim written report on the progress of the pilot program that includes the design, participation, and preliminary results of the pilot; and

(2) on or before December 15, 2028, a final written report on the pilot program, including outcomes, evaluation of effectiveness, and recommendations for future legislative action.

Sec. 11. [Deleted.]

Sec. 12. [Deleted.]

* * * Rural Industry Development Grant Program * * *

Sec. 12a. 2023 Acts and Resolves No. 78, Sec. F.8 is amended to read:

Sec. F.8 ~~RURAL INDUSTRY DEVELOPMENT GRANT PROGRAM~~

~~(a) Creation; purpose.~~

~~(1) A Rural Industry Development Grant Program is created within the Agency of Commerce and Community Development to provide grant funding through local development corporations for business relocation and expansion efforts, including the purchase, demolition, and renovation of property for industrial use.~~

~~(2)(A) To the extent funding is appropriated, the Agency shall make grants through the Program to assist local development corporations with business relocation and expansion efforts throughout Vermont.~~

~~(B) The Agency shall ensure an accounting of the respective State and Grantee shares of investment in any property be maintained to refund to the State an appropriate share of any net proceeds resulting from future sale or transfer of such property acquired or improved through a grant awarded under this program.~~

~~(b) Grant considerations. In making grant awards, the Agency shall consider:~~

~~(1) the real estate needs of growing and relocating businesses, including nonprofit organizations, in the applicant's region;~~

~~(2) the ability of the proposed project to meet the site-specific needs of businesses considering whether to expand or locate in this State;~~

~~(3) the funding that the applicant has identified, or secured, to leverage a grant award; and~~

~~(4) the readiness of an applicant to move a project forward.~~

~~(c) Eligible applicants; priority.~~

~~(1) To be eligible for a grant, an applicant must be a local development corporation, as defined in subdivision 212(10) of this title, located within this State.~~

~~(2) The Secretary of Commerce and Community Development may designate projects and agreements as first priority based on rural communities that continue to experience insufficient economic and grand list growth.~~

~~(d) Eligible activities. A grant recipient may use funding for the following:~~

~~(1) to purchase land for potential industrial use;~~

~~(2) for the costs of site development, permitting, or providing infrastructure for property the recipient owns;~~

~~(3) for the equity investment required for a loan transaction through the Vermont Economic Development Authority under 10 V.S.A. chapter 12, subchapter 3; or~~

~~(4) for the matching requirement of another State or federal grant consistent with this section.~~

~~(e) Application; market assessment.~~

~~(1) An applicant shall include in its application a local and regional market assessment that demonstrates reasonable need for the proposed development and identifies imminent, potential, or existing business growth opportunities.~~

~~(2) An applicant shall submit the following to demonstrate a readiness to begin and complete the proposed project:~~

~~(A) community and regional support for the project;~~

~~(B) that grant funding is needed to complete the proposed project;~~

~~(C) an ability to manage the project, with requisite experience and a plan for fiscal viability; and~~

~~(D) a description of the permitting required to proceed with the project and a plan for obtaining the permits.~~

~~(f) Awards; amount.~~

~~(1) An award shall not exceed the lesser of $1,000,000 or 20 percent of the total project cost.~~

~~(2) A recipient may combine grant funds with funding from other sources.~~

~~(3) The Agency shall release grant funds upon determining that the applicant has met all application conditions and requirements.~~

~~(4) A grant recipient may apply for additional grant funds if future amounts are appropriated for the Program and the funds are for a separate but eligible use.~~

~~(g) Deed restrictions; property sales. The Agency shall include deed restrictions that require the return of the principal amount to the state and may require the payment of a percentage of the sales profit.~~ [Repealed.]

Sec. 12b. 10 V.S.A. § 6 is added to read:

§ 6. RURAL INDUSTRY DEVELOPMENT GRANT PROGRAM

(a) Creation; purpose.

(1) The Rural Industry Development Grant Program is created within the Agency of Commerce and Community Development to provide grant funding through local development corporations for the purpose of business relocation and expansion activities set forth in subsection (d) of this section.

(2) To the extent funding is appropriated, the Agency shall make grants through the Program fund to assist local development corporations with business relocation and expansion efforts throughout Vermont.

(3) As used in this section, "federally impacted property" means real property that is:

(A) owned by the United States or by any federal agency or an instrumentality thereof; or

(B) under the custody or control of a federally appointed receiver, trustee, or conservator, and includes property subject to federal court jurisdiction.

(b) Grant considerations. In making grant awards, the Agency shall consider:

(1) the real estate needs of growing and relocating businesses, including nonprofit organizations, in the applicant's region;

(2) the ability of the proposed project to meet the site-specific needs of businesses considering whether to expand or locate in this State;

(3) the funding that the applicant has identified, or secured, to leverage a grant award; and

(4) the readiness of an applicant to move a project forward.

(c) Eligible applicants; priority.

(1) To be eligible for a grant, an applicant must be a local development corporation, as defined in subdivision 212(10) of this title, located within this State.

(2) The Secretary of Commerce and Community Development may designate projects and agreements as first priority based on rural communities that continue to experience insufficient economic and grand list growth.

(d) Eligible activities. A grant recipient shall use any funding provided through this section only for the following:

(1) to purchase real property for potential industrial, commercial, or, in the case of a federally impacted property, residential use;

(2) for the costs of site development, permitting, or providing infrastructure for property the recipient owns;

(3) for a project that supports future commercial or industrial development as outlined in a development agreement;

(4) for the equity investment required for a loan transaction through the Vermont Economic Development Authority under 10 V.S.A. chapter 12, subchapter 3;

(5) for the matching requirement of another State or federal grant consistent with this section; or

(6) for the purchasing, holding, and renovation of property for the repurposing or redevelopment of a federally impacted property.

(e) Application; market assessment.

(1) An applicant shall include in its application a local and regional market assessment that demonstrates reasonable need for the proposed development and identifies imminent, potential, or existing business growth opportunities.

(2) An applicant shall submit the following to demonstrate a readiness to begin and complete the proposed project:

(A) community and regional support for the project;

(B) that grant funding is needed to complete the proposed project;

(C) an ability to manage the project, with requisite experience and a plan for fiscal viability; and

(D) a description of the permitting required to proceed with the project and a plan for obtaining the permits.

(f) Awards; amount.

(1)(A) An award shall not exceed the lesser of $1,000,000.00 or 50 percent of the total project cost, subject to the exception in subdivision (B) of this subdivision (1).

(B) An award may exceed $1,000,000.00 but shall not exceed $2,000,000.00 if the property is classified as a federally impacted property and the Secretary certifies that the project is located in:

(i) a designated downtown development district; and

(ii) a rural economic area partnership program (REAP Zone); or

(iii) a federally declared natural disaster area, provided the declaration was made not more than five years from the application date.

(2) A recipient may combine grant funds with funding from other sources.

(3) The Agency shall release grant funds upon determining that the applicant has met all application conditions and requirements.

(4) A grant recipient may apply for additional grant funds if future amounts are appropriated for the Program and the funds are for a separate but eligible use.

(g) Deed restrictions. Any deed restriction requiring a Rural Industry Development Grant Program award recipient to return to the State the principal amount of the grant or a percentage of the sales profit is void and shall not be enforced.

Sec. 12c. INTENT AND RETROACTIVITY

The intent of Secs. 12a and 12b of this act is to move the Rural Industry Development Grant Program from its original placement in 2023 Acts and Resolves No. 78, Sec. F.8 to Title 10 of the Vermont Statutes Annotated. The move is intended to increase the visibility of the Program. Any person that was awarded a grant through the Program before the effective date of this act shall:

(1) not have its award rescinded solely due to the Program language being moved to Title 10;

(2) if the award has not been fully paid out, be eligible to have the applicant's invoices that are submitted on or after the effective date of this act to the Agency reimbursed at a rate of 50 percent; and

(3) not be eligible for an increased total award amount.

Sec. 13. [Deleted.]

* * * Nickel Rounding * * *

Sec. 13a. PURPOSE

The purpose of Sec. 13b of this act is to authorize the rounding of cash transactions to the nearest five cents where one-cent coins are unavailable or impractical, while ensuring legal clarity and consumer fairness.

Sec. 13b. 9 V.S.A. chapter 1 is amended to read:

CHAPTER 1. MONEY OF ACCOUNT

§ 1. DOLLAR, CENT, AND MILL

The money of account in the State shall be the dollar, cent, and mill; and accounts in public offices and proceedings in court shall be in conformity herewith; but this section shall not affect an account, charge, or entry originally made or a contract expressed in other money of account, but the same shall be reduced to dollars and parts of a dollar in an action thereon.

§ 2. NICKEL ROUNDING; AUTHORIZED

(a) Definitions. As used in this section:

(1) "Cash" means coins or paper currency of the United States offered in physical form.

(2) "Cash transaction" means a sale of goods or services where payment is made entirely or partially in cash.

(3) "Rounding" means adjusting the final total amount due, after taxes and fees, to the nearest five-cent increment.

(b) Rounding authorization.

(1) A person engaged in a cash transaction may round the final amount due to the nearest $0.05 as follows:

(A) If the final digit of the amount due is $0.01, $0.02, $0.06, or $0.07, rounded down to the nearest amount divisible by five.

(B) If the final digit of the amount due is $0.03, $0.04, $0.08, or $0.09, rounded up to the nearest amount divisible by five.

(2) If a person rounds a cash transaction under this section, any cash refund of the amount paid shall be issued to the purchaser in the exact amount initially paid for the goods or service.

(c) Exclusions. This section shall not apply to:

(1) electronic and other noncash payments;

(2) payment of wages as that term is defined in 21 V.S.A. § 341;

(3) rebates or cash disbursements; and

(4) transactions governed by federal law that prohibits rounding.

(d) Application. Notwithstanding any law to the contrary, rounding under this section shall not constitute an unlawful price increase, surcharge, unfair or deceptive act or practice in commerce, or discrimination.

(e) Notice requirements.

(1) On or before July 1, 2026, the Commissioner of Liquor and Lottery shall prepare and provide individuals and businesses with a model notice pursuant to this section that shall also include a reference to the Vermont Consumer Assistance Program.

(2) A person rounding transactions under this section shall post the model notice developed pursuant to subdivision (1) of this subsection in a clear and conspicuous manner at the point of sale or at the entrance to the business.

(3) The Secretary of Agriculture, Food and Markets may issue a penalty for the failure to provide the notice required under this subsection in accordance with 6 V.S.A. § 687.

(f) Taxes and fees. All taxes and fees shall be calculated and remitted based on the prerounding amount.

Sec. 14. [Deleted.]

* * * C-PACE Program * * *

Sec. 14a. 24 V.S.A. chapter 87, subchapter 3 is added to read:

Subchapter 3. Commercial Property-Assessed Clean Energy

§ 3275. COMMERCIAL PROPERTY-ASSESSED CLEAN ENERGY DISTRICTS; APPROVAL OF LEGISLATIVE BODY

(a) The legislative body of a town, city, or incorporated village may vote to designate the municipality as a commercial property-assessed clean energy district or C-PACE district. In a district, only those property owners who have entered into written agreements with the municipality under section 3276 of this title would be subject to a special assessment, as set forth in section 3255 of this title.

(b) Upon a vote of approval by a majority of the legislative body of the municipality voting at a duly warned meeting, the municipality shall allow for the imposition of a special assessment to secure private financing for property owners of commercial or industrial buildings within the boundaries of the municipality for renewable energy projects as defined in 30 V.S.A. § 8002(17), energy efficiency projects as defined by section 3267 of this title, water conservation projects, and resiliency improvement projects.

(c) As used in this subchapter:

(1) "Commercial or industrial building" means any building other than a residential dwelling with fewer than five units.

(2) "District" means a commercial property-assessed clean energy district which includes the entire municipality.

(3) "Resilience" means the ability of interconnected ecological, social, physical, and economic systems to anticipate, adapt, withstand, respond, and thrive in the face of current and future conditions and disasters.

(4) "Resiliency improvement" means improvements that increase the resilience of a property, including air quality and stormwater infrastructure improvements, snow and flood mitigation, energy storage and microgrids, alternative vehicle charging infrastructure, and fire and wind resistance.

(5) "Water conservation improvement" means measures, equipment, or devices that decrease the consumption of or demand for water, address safe drinking water, or eliminate lead from water used for drinking or cooking.

§ 3276. WRITTEN AGREEMENTS; CONSENT OF PROPERTY OWNERS; ENERGY SAVINGS ANALYSIS; LENDER CONSENT

(a) Upon an affirmative vote made pursuant to section 3275 of this title and the performance of an analysis pursuant to subsection (b) of this section, an owner of a commercial or industrial building, within the boundaries of a district, may enter into a written agreement with the municipality that shall constitute the owner's consent to be subject to a special assessment, as set forth in section 3255 of this title.

(b) Prior to entering into a written agreement, a property owner shall have an analysis performed that includes the following components:

(1) where energy or water usage improvements are proposed, an energy analysis by a licensed professional engineer or engineering firm stating that the proposed qualified improvements will result in either more efficient use or conservation of energy or water, the reduction of greenhouse gas emissions, or the addition of renewable sources of energy or water;

(2) where renewable energy is proposed, an engineering study showing that the improvements are feasible;

(3) where resiliency improvements are proposed, certification by a licensed professional engineer stating that the qualified improvements will result in improved resilience; or

(4) for new construction, certification by a licensed professional engineer or engineering firm stating that the proposed qualified improvements will enable the project to meet or exceed the energy efficiency or water

efficiency or renewable energy or water usage requirements of the current building code and the Commercial Building Energy Standards established under 30 V.S.A. § 53.

(c) A written agreement shall provide that:

(1) The length of time allowed for the property owner to repay the assessment shall not exceed the life expectancy of the improvement. In instances where multiple improvements have been installed, the length of time shall not exceed the average lifetime of all improvements, weighted by cost.

(2) Notwithstanding any other provision of law:

(A) A lien under this section:

(i) is a first and prior lien on the property, subordinate only to a lien for property taxes, from the date on which the notice of special assessment is recorded until the assessment, interest, or penalty is paid; and

(ii) runs with the land, and that portion of the assessment under the assessment contract that is not yet due shall not be accelerated or extinguished by foreclosure of a property tax lien or any other foreclosure.

(B) In the event of a foreclosure action, all payments on an assessment under this subchapter that are due and unpaid as of the date the action is filed, and all payments on the assessment that become due after that date and that accrue up to and including the date title to the property is transferred to the mortgage holder, the lienholder, or a third party in the foreclosure action shall be paid in order for title to transfer.

(3) A capital provider shall disclose to participating property owners each of the following:

(A) the risks associated with participating in the program, including risks related to the failure of participating property owners to make payments and the risk of foreclosure; and

(B) the provisions of subsection (h) of this section that pertain to prepayment of the assessment.

(d) The notice of an agreement shall include at least each of the following:

(1) the name of the property owner as grantor;

(2) the name of the municipality as grantee;

(3) the date of the agreement;

(4) a legal description of the real property against which the assessment is made pursuant to the agreement;

(5) the amount of the assessment and the period during which the assessment will be made on the property;

(6) a statement that the assessment will remain a lien on the property until paid in full or released; and

(7) the location at which the original agreement may be examined.

(e) Prior to entering into the written assessment contract, the property owner shall obtain and furnish to the municipality a written statement, executed by each holder of a mortgage or deed of trust on the property securing indebtedness, in their sole and absolute discretion, that consents to the assessment and indicates that the assessment does not constitute an event of default under the mortgage or deed of trust.

(f) The combined amount of the assessment plus any outstanding mortgage obligations for the property shall not exceed 90 percent of the appraised real property value of that property, as stabilized or as complete.

(g) With respect to an agreement under this section:

(1) the assessments to be repaid under the agreement, when calculated as if they were the repayment of a loan, shall not violate 9 V.S.A. §§ 41a, 43, 44, and 46–50; and

(2) the maximum length of time for the owner to repay the assessment shall not exceed 30 years.

(h) For projects under subchapter 2 of this chapter, there shall be no penalty or premium for prepayment of the outstanding balance of an assessment under this subchapter if the balance is prepaid in full. Projects under this subchapter 3 are not subject to these provisions, but shall be subject to the private agreement for the financing of improvements.

(i) Property may be eligible for financing if otherwise qualified improvements were completed and operational not more than 36 months prior to submission of the application to the Program. Waivers to the 36-month requirement may be granted in the sole discretion of the program administrator.

(j) This section shall not be construed to affect a taxpayer's liability, or municipality's responsibility for payment, under 32 V.S.A. § 5402.

§ 3277. PROGRAM ADMINISTRATORS

(a) An entity that administers the commercial property-assessed clean energy program or C-PACE Program under this subchapter shall be referred to as a program administrator. A municipality, a public agency, or a private entity may serve as a program administrator.

(b) A municipality that has adopted a C-PACE district may:

(1) enter into a contract with an entity to serve as the program administrator and to administer the functions of the C-PACE Program for the municipality; or

(2) serve as the program administrator itself, to administer the functions of a C-PACE Program, including entering into C-PACE agreements with commercial property owners in its jurisdiction and collecting C-PACE assessments.

(c) An entity may:

(1) enter into a contract with a C-PACE municipality where the entity shall serve as the program administrator in the municipality; and

(2) collect fees necessary to administer the C-PACE Program.

(d) Other than the fulfillment of its obligations specified in a C-PACE agreement, neither the program administrator nor a municipality has any liability to a commercial property owner for or related to energy savings or resiliency improvements financed under a C-PACE Program.

Sec. 14b. 24 V.S.A. § 3263 is amended to read:

§ 3263. COSTS OF OPERATION OF DISTRICT

The owners of real property who have entered into written agreements with the municipality under section 3262 of this title shall be obligated to cover the costs of operating the district. A municipality may use other available funds to operate the district. A municipality may charge fees to cover the operation of the C-PACE Program under subchapter 3 of this chapter.

Sec. 14c. 24 V.S.A. § 3264 is amended to read:

§ 3264. RIGHTS OF PROPERTY OWNERS

A property owner who has entered into a written agreement with the municipality under section 3262 or section 3276 of this title may enter into a private agreement for the installation or construction of a project relating to renewable energy, as defined in 30 V.S.A. § 8002(17), relating to resiliency improvements as defined in section 3275 of this title, or relating to energy efficiency as defined in section 3267 of this title.

Sec. 14d. 24 V.S.A. § 3265 is amended to read:

§ 3265. LIABILITY OF MUNICIPALITY

(a) A municipality that incurs indebtedness for or otherwise finances projects under this subchapter shall not be liable for the failure of performance of a project.

(b) A municipality that incurs indebtedness for bonding under this subchapter shall pledge the full faith and credit of the municipality.

(c) A municipality that enters into a written agreement with a property owner under subchapter 3 of this chapter shall not incur any indebtedness or otherwise finance projects under this chapter, nor shall be liable for the failure of the performance of a project, nor shall pledge the full faith and credit of the municipality.

Sec. 14e. 24 V.S.A. § 3268 is amended to read:

§ 3268. RELEASE OF LIEN

(a) A municipality shall release a participating property owner of the lien on the property against which the assessment under this subchapter or subchapter 3 of this chapter is made upon full payment of the value of the assessment.

(b) Notice of a release of a lien for an assessment under this subchapter or subchapter 3 of this chapter shall be filed with the clerk of the applicable municipality for recording in the land records of that municipality.

Sec. 14f. 24 V.S.A. § 3255 is amended to read:

§ 3255. COLLECTION OF ASSESSMENTS; LIENS

(a) Special assessments under this chapter shall constitute a lien on the property against which the assessment is made in the same manner and to the same extent as taxes assessed on the grand list of a municipality, and all procedures and remedies for the collection of taxes shall apply to special assessments.

(b) Notwithstanding subsection (a) of this section, a lien for an assessment under subchapter 2 of this chapter shall be subordinate to all liens on the property in existence at the time the lien for the assessment is filed ~~on~~ in the land records, shall be subordinate to a first mortgage on the property recorded after such filing, and shall be superior to any other lien on the property recorded after such filing. In no way shall this subsection affect the status or priority of any municipal lien other than a lien for an assessment under subchapter 2 of this chapter. A lien for an assessment under subchapter 3 of this chapter shall be exempt from the provisions of this section and, upon receipt of consent from lenders, pursuant to subsection 3276(e) of this title, shall not be subordinate to all liens on the property in existence at the time the lien for the assessment is filed in the land records.

Sec. 14g. 9 V.S.A. § 46 is amended to read:

§ 46. EXCEPTIONS

Section 43 of this title, relating to deposit requirements, and section 45 of this title, relating to prepayment penalties, shall not apply and the parties may contract for a rate of interest in excess of the rate provided in section 41a of this title in the case of:

(1) obligations of corporations, including municipal and nonprofit corporations; ~~or~~

(2) obligations incurred by any person, partnership, association, or other entity to finance in whole or in part income-producing business or activity, but not including obligations incurred to finance family dwellings of four units or fewer when used as a residence by the borrower or to finance real estate that is devoted to agricultural purposes as part of an operating farming unit when used as a residence by the borrower; ~~or~~

(3) obligations to finance the purchase, construction, or improvement of property for seasonal or part-time occupancy and not as a place of legal residence; ~~or~~

(4) obligations guaranteed or insured by the United States of America or any agency thereof; or

(5) obligations incurred for commercial property-assessed clean energy projects pursuant to 24 V.S.A. chapter 87, subchapter 3.

* * * Effective Date * * *

Sec. 15. EFFECTIVE DATE

This act shall take effect on passage.