

1 TO THE HONORABLE SENATE:

2 The Committee on Economic Development, Housing and General Affairs to
3 which was referred House Bill No. 34 entitled “An act relating to workforce
4 leadership in Vermont” respectfully reports that it has considered the same and
5 recommends that the Senate propose to the House that the bill be amended by
6 striking out all after the enacting clause and inserting in lieu thereof the
7 following:

8 Sec. 1. PURPOSE AND INTENT

9 (a) Vermont faces workforce shortages in construction, health care, and
10 manufacturing, fields where veterans’ skills are a strong match. Specifically,
11 the McClure Foundation, in partnership with the Department of Labor,
12 released Vermont’s Most Promising Jobs resource in November of 2024,
13 identifying jobs projected to pay a median wage above \$30.00 an hour and that
14 will have at least 300 openings in the State between 2022–2032. By
15 eliminating military retirement pension taxation and simultaneously
16 implementing strategic workforce training and incentives, Vermont can
17 capitalize on military retirees and their spouses to supply valuable labor for
18 various in-demand industries, addressing labor shortages and stimulating
19 economic development.

20 (b) In 2024, Vermont created the Office of Workforce Strategy and
21 Development to help coordinate and strengthen workforce development across

1 the State. The Commissioner of Labor and the Executive Director of
2 Workforce Strategy and Development will work together on workforce
3 development and, through this act, be provided specific duties and
4 responsibilities ensuring successful workforce leadership in the State.

5 Sec. 2. 32 V.S.A. § 5811 is amended to read:

6 § 5811. DEFINITIONS

7 As used in this chapter unless the context requires otherwise:

8 * * *

9 (21) “Taxable income” means, in the case of an individual, federal
10 adjusted gross income determined without regard to 26 U.S.C. § 168(k) and:

11 * * *

12 (B) decreased by the following items of income (to the extent such
13 income is included in federal adjusted gross income):

14 (i) income from U.S. government obligations;

15 (ii) with respect to adjusted net capital gain income as defined in
16 26 U.S.C. § 1(h) reduced by the total amount of any qualified dividend
17 income: either the first \$5,000.00 of such adjusted net capital gain income or
18 40 percent of adjusted net capital gain income from the sale of assets held by
19 the taxpayer for more than three years, except not adjusted net capital gain
20 income from:

1 (I) the sale of any real estate or portion of real estate used by
2 the taxpayer as a primary or nonprimary residence; or

3 (II) the sale of depreciable personal property other than farm
4 property and standing timber; or stocks or bonds publicly traded or traded on
5 an exchange, or any other financial instruments; regardless of whether sold by
6 an individual or business; and provided that the total amount of decrease under
7 this subdivision (21)(B)(ii) shall not exceed 40 percent of federal taxable
8 income or \$350,000.00, whichever is less;

9 (iii) recapture of State and local income tax deductions not taken
10 against Vermont income tax;

11 (iv) the portion of certain retirement income and federally taxable
12 benefits received under the federal Social Security Act that is required to be
13 excluded under section 5830e of this chapter;

14 (v) the amount of any federal deduction or credit that the taxpayer
15 would have been allowed for the cultivation, testing, processing, or sale of
16 cannabis or cannabis products as authorized under 7 V.S.A. chapter 33 or 37,
17 but for 26 U.S.C. § 280E; ~~and~~

18 (vi) the amount of interest paid by a qualified resident taxpayer
19 during the taxable year on a qualified education loan for the costs of attendance
20 at an eligible educational institution; and

(vii) U.S. military retirement income and U.S. military survivor benefit income received by the surviving spouse or dependent of the deceased service member; and

* * *

Sec. 3. 32 V.S.A. § 5830e is amended to read:

§ 5830e. RETIREMENT INCOME; SOCIAL SECURITY INCOME

* * *

(c) Other contributory retirement systems; earnings not covered by Social Security. Other retirement income, ~~except U.S. military retirement income pursuant to subsection (d) of this section,~~ received by a taxpayer of this State shall be excluded pursuant to subsection (b) of this section as though the income were received from the Civil Service Retirement System and shall be subject to the limitations under subsection (e) of this section, provided that:

(1) the income is received from a contributory annuity, pension, endowment, or retirement system of:

(A) the U.S. government or a political subdivision or instrumentality of the U.S. government;

(B) this State or a political subdivision or instrumentality of this State; or

(C) another state or a political subdivision or instrumentality of another state; and

1 (2) the contributory system from which the income is received was
2 based on earnings that were not covered by the Social Security Act.

3 (d) ~~U.S. military retirement income. U.S. military retirement income~~
4 ~~received by a taxpayer of this State shall be excluded pursuant to subsection~~
5 ~~(b) of this section as though the income were received from the Civil Service~~
6 ~~Retirement System and shall be subject to the limitations under subsection (e)~~
7 ~~of this section. [Repealed.]~~

8 (e) Requirement to elect one exclusion. A taxpayer of this State who is
9 eligible during the taxable year for the Social Security income exclusion under
10 subsection (a) of this section and ~~any~~ one or both of the exclusions under
11 subsections (b)–~~(d)~~ and (c) of this section shall elect either one of the
12 exclusions for which the taxpayer is eligible under subsections (b)–~~(d)~~ and (c)
13 of this section or the Social Security income exclusion under subsection (a) of
14 this section, but not both, for the taxable year. A taxpayer of this State who is
15 eligible during the taxable year for ~~more than one of the~~ both exclusions under
16 subsections (b)–~~(d)~~ and (c) of this section shall elect only one of the exclusions
17 for which the taxpayer is eligible for the taxable year.

18 Sec. 4. 10 V.S.A. § 540 is amended to read:

19 § 540. WORKFORCE EDUCATION AND EMPLOYMENT AND
20 TRAINING ~~LEADER~~ LEADERS

1 (a) The Commissioner of Labor and the Executive Director of the Office of
2 Workforce Strategy and Development shall be the leader leaders of workforce
3 education and employment and training in the State; and shall have the
4 authority and responsibility for the coordination of ~~workforce education and~~
5 ~~training within State government, including the following duties: the State's~~
6 ~~workforce system as provided in this section.~~

7 (b) The powers and duties provided in this section shall not limit, restrict,
8 or suspend any similar powers the Commissioner of Labor or the Executive
9 Director of the Office of Workforce Strategy and Development may have
10 under other provisions of law.

11 (c) For purposes of the federal Workforce Innovation and Opportunity Act
12 (WIOA), the Department of Labor shall be designated as the State Workforce
13 Agency and the Commissioner of Labor shall serve as the State Workforce
14 Administrator.

15 (d) As co-leader of workforce education and employment and training in
16 the State, the Commissioner of Labor, in consultation with the Executive
17 Director of the Office of Workforce Strategy and Development where
18 appropriate, shall:

19 (1) ~~Perform the following duties in consultation with the State~~
20 ~~Workforce Development Board: ensure the coordination and administration of~~

1 workforce education and employment and training programs operated by the
2 Department of Labor;

3 ~~(A) advise the Governor on the establishment of an integrated system~~
4 ~~of workforce education and training for Vermont;~~

5 ~~(B) create and maintain an inventory of all existing workforce~~
6 ~~education and training programs and activities in the State;~~

7 ~~(C) use data to ensure that State workforce education and training~~
8 ~~activities are aligned with the needs of the available workforce, the current and~~
9 ~~future job opportunities in the State, and the specific credentials needed to~~
10 ~~achieve employment in those jobs;~~

11 ~~(D) develop a State plan, as required by federal law, to ensure that~~
12 ~~workforce education and training programs and activities in the State serve~~
13 ~~Vermont citizens and businesses to the maximum extent possible;~~

14 ~~(E) ensure coordination and nonduplication of workforce education~~
15 ~~and training activities;~~

16 ~~(F) identify best practices and gaps in the delivery of workforce~~
17 ~~education and training programs;~~

18 ~~(G) design and implement criteria and performance measures for~~
19 ~~workforce education and training activities;~~

20 ~~(H) establish goals for the integrated workforce education and training~~
21 ~~system; and~~

1 ~~(I) with the assistance of the Secretaries of Commerce and~~
2 ~~Community Development, of Human Services, of Education, of Agriculture,~~
3 ~~Food and Markets, and of Transportation and of the Commissioner of Public~~
4 ~~Safety, develop and implement a coordinated system to recruit, relocate, and~~
5 ~~train workers to ensure the labor force needs of Vermont's businesses are met.~~

6 ~~(2) Require from each business, training provider, or program that~~
7 ~~receives State funding to conduct workforce education and training a report~~
8 ~~that evaluates the results of the training. Each recipient shall submit its report~~
9 ~~on a schedule determined by the Commissioner and shall include at least the~~
10 ~~following information: enter into agreements, to the extent necessary, with~~
11 ~~other State agencies and departments for services to improve the employment~~
12 ~~and economic outcomes for individuals receiving public assistance, including~~
13 ~~agreements to provide customized or specialized services that are beyond the~~
14 ~~basic services required by federal law;~~

15 ~~(A) name of the person who receives funding;~~

16 ~~(B) amount of funding;~~

17 ~~(C) activities and training provided;~~

18 ~~(D) number of trainees and their general description;~~

19 ~~(E) employment status of trainees; and~~

20 ~~(F) future needs for resources.~~

1 (3) ~~Review reports submitted by each recipient of workforce education~~
2 ~~and training funding.~~ develop strategies and provide support to entities
3 responsible for federal investments in the State’s workforce system;

4 (4)(A) ~~Issue an annual report to the Governor, the House Committees on~~
5 ~~Appropriations and on Commerce and Economic Development, and the Senate~~
6 ~~Committees on Appropriations and on Economic Development, Housing and~~
7 ~~General Affairs on or before December 1 that includes a systematic evaluation~~
8 ~~of the accomplishments of the State workforce investment system and the~~
9 ~~performance of participating agencies and institutions. The provisions of 2~~
10 ~~V.S.A. § 20(d) (expiration of required reports) shall not apply to the report to~~
11 ~~be made under this subdivision.~~ develop strategies designed to reduce
12 employee layoffs and business closures; and

13 (B) provide reemployment services to employees affected by layoffs
14 and closures;

15 (5) ~~Coordinate public and private workforce programs to ensure that~~
16 ~~information is easily accessible to students, employees, and employers, and~~
17 ~~that all information and necessary counseling is available through one contact.~~
18 administer a system where employment and training resources are provided to
19 individuals and businesses through both physical and virtual service delivery
20 methods;

1 ~~(6) Facilitate effective communication between the business community~~
2 ~~and public and private educational institutions.~~ establish job centers in such
3 parts of the State as the Commissioner deems necessary and evaluate such
4 centers on an as-needed basis;

5 (7) maintain a free and secure electronic job board that, to the extent
6 practicable, compiles all available job, registered apprenticeship, education and
7 training, and credentialing opportunities that support job seekers and career
8 advancers;

9 ~~(7)(8) Notwithstanding any provision of State law to the contrary, and to~~
10 ~~the fullest extent allowed under federal law, ensure that in each State and~~
11 ~~State-funded workforce education and training program, the program~~
12 ~~administrator collects and reports data and results at the individual level by~~
13 ~~Social Security number or an equivalent.~~ use data to ensure that State
14 workforce education and employment and training activities are aligned with
15 the needs of the:

16 (A) available workforce;

17 (B) employers to fill their current and future job openings; and

18 (C) specific credentials required by employers;

19 ~~(8)(9) Coordinate intentional outreach and connections between students~~
20 ~~graduating from Vermont's colleges and universities and employment~~
21 ~~opportunities in Vermont.~~ require that each business, training provider, or other

1 entity receiving State funding to conduct workforce training submit a report
2 that evaluates the results of the training; and

3 (10) notwithstanding any provision of State law to the contrary, and to
4 the fullest extent allowed under federal law, ensure that the program
5 administrator in each State and State-funded workforce education and
6 employment and training program collects and reports data and results at the
7 individual level by Social Security number or equivalent.

8 (e) As co-leader of workforce education and employment and training in
9 the State, the Executive Director of the Office of Workforce Strategy and
10 Development, in consultation with the Commissioner of Labor and the State
11 Workforce Development Board where appropriate, shall:

12 (1) advise the Governor and members of the Governor's cabinet on the
13 establishment and management of an integrated system of workforce education
14 and training in Vermont;

15 (2) coordinate across public and private sectors to identify and address
16 labor force needs and ensure that workforce development program information
17 is easily accessible to students, employees, and businesses;

18 (3) develop a comprehensive workforce strategy that contains
19 measurable statewide workforce goals along with a biennial operational plan to
20 achieve those goals that shall:

1 (A) be developed in collaboration with, and representative of,
2 workforce system partners, including public, private, nonprofit, and
3 educational sectors and the State Workforce Development Board;

4 (B) include a set of metrics, designed in consultation with the Agency
5 of Administration’s Chief Performance Office, used to evaluate the
6 effectiveness of, to the extent practicable, all workforce development
7 programs;

8 (C) align with and build upon other required strategic planning
9 efforts, including the WIOA State Plan;

10 (D) be informed by the inventory system as set forth in subdivision
11 (4) of this subsection (e); and

12 (E) be reviewed and updated as necessary, but at least once every two
13 years;

14 (4) create, maintain, and update a publicly accessible inventory of all
15 known workforce education and employment and training programs and
16 activities in the State in order to:

17 (A) annually assess the investments and effectiveness of the
18 workforce development system;

19 (B) ensure coordination and nonduplication of workforce education
20 and employment and training activities; and

1 (C) identify best practices and gaps in the delivery of workforce
2 education and employment and training programs;

3 (5) identify and manage priority projects specific to regional workforce
4 needs;

5 (6) facilitate effective communication between the business community,
6 State and local government, and public and private educational institutions, for
7 the purpose of workforce pipeline development and job placement;

8 (7) coordinate intentional outreach and connections between students
9 and employment opportunities in the State; and

10 (8) ensure the State Workforce Development Board is carrying out its
11 duties and responsibilities as set forth in section 541a of this chapter.

12 (f)(1) The Executive Director of the Office of Workforce Strategy and
13 Development shall, once every two years, issue a comprehensive biennial
14 workforce report to the Governor, the House Committees on Appropriations
15 and on Commerce and Economic Development, and the Senate Committees on
16 Appropriations and on Economic Development, Housing and General Affairs,
17 on or before December 1, that includes an evaluation of the accomplishments
18 of the State workforce investment system and the performance of participating
19 agencies and institutions covering the previous two calendar years. The report
20 shall include identification of system priorities, need for future funding
21 requests, identification of proposed legislative and administrative changes, and

1 any other information relevant to the performance and future needs of the
2 workforce investment system. The report shall summarize performance and
3 outcome information submitted by federally and State-funded workforce
4 development and investment programs for all public and nonpublic programs.

5 (2) To the extent practicable, workforce reports required of the
6 Department of Labor, including the apprenticeship report required by 21
7 V.S.A. § 1113(e)(2), shall be incorporated into the comprehensive report
8 required by subdivision (1) of this subsection.

9 (3) The Executive Director of the Office of Workforce Strategy and
10 Development shall have the support and coordination of the Department of
11 Labor in developing and submitting the biennial report required by subdivision
12 (1) of this subsection.

13 (4) The provisions of 2 V.S.A. § 20(d) (expiration of required reports)
14 shall not apply to the report to be made under subdivision (1) of this
15 subsection.

16 Sec. 5. ACCD REPORTING ON MILITARY WORKFORCE

17 RECRUITMENT

18 The Agency of Commerce and Community Development, in consultation
19 with the Office of Workforce Strategy and Development, shall, on or before
20 December 1 of each year and ending on January 1, 2029, issue a report to the
21 House Committee on Commerce and Economic Development and the Senate

1 Committee on Economic Development, Housing and General Affairs that
2 provides a summary of the marketing efforts being utilized by the Agency and
3 if applicable, other State agencies or departments, to recruit military personnel
4 to fill workforce needs of the State. The report shall include data indicating the
5 results of these efforts.

6 Sec. 6. EFFECTIVE DATES

7 (a) This section shall take effect on passage.

8 (b) Notwithstanding 1 V.S.A. § 214, Secs. 2 and 3 shall take effect
9 retroactively on January 1, 2025 and apply to taxable years on and after
10 January 1, 2025.

11 (c) Secs. 1, 4, and 5 shall take effect on July 1, 2025.

12 and that after passage the title of the bill be amended to read: “An act relating
13 to workforce development”

14
15
16 (Committee vote: _____)

17 _____

18 Senator _____

19 FOR THE COMMITTEE