

1 TO THE HONORABLE SENATE:

2 The Committee on Economic Development, Housing and General Affairs to  
3 which was referred Senate Bill No. 256 entitled “An act relating to creating the  
4 New Vermont Employee Incentive Program” respectfully reports that it has  
5 considered the same and recommends that the bill be amended by striking out  
6 all after the enacting clause and inserting in lieu thereof the following:

7 \* \* \* New Worker Recruitment \* \* \*

8 Sec. 1. 10 V.S.A. chapter 1 is amended to read:

9 CHAPTER 1. ECONOMIC DEVELOPMENT

10 \* \* \*

11 § 4. NEW VERMONT EMPLOYEE INCENTIVE PROGRAM

12 (a) The Agency of Commerce and Community Development shall design  
13 and implement a New Vermont Employee Incentive Program to award  
14 incentive grants to qualifying new employees as provided in this section and  
15 subject to the policies and procedures the Agency adopts to implement the  
16 Program.

17 (b) Incentives. A qualifying new employee may be eligible for a grant  
18 under the Program for qualifying expenses, subject to the following:

19 (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 qualifying new employee who becomes a resident in a labor  
3           market 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 qualifying new employees and  
11                  qualifying 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 qualifying new employees on a first-come, first-  
16                  served basis beginning on January 1, 2021, subject to available funding; and

17                  (4) adopt measurable goals, performance measures, and an audit strategy  
18                  to assess the utilization and performance of the Program.

19           (d) Annually, on or before December 15, the Agency shall submit a report  
20           to the House Committee on Commerce and Economic Development and the

1 Senate Committee on Economic Development, Housing and General Affairs  
2 concerning the implementation of this section, including:

3 (1) a description of the policies and procedures adopted to implement  
4 the Program;

5 (2) the promotion and marketing of the Program; and

6 (3) an analysis of the utilization and performance of the Program.

7 (e) As used in this section:

8 (1) “New relocating worker” means an individual who on or after  
9 January 1, 2021:

10 (A) becomes a full-time resident of this State;

11 (B) becomes a full-time employee of a business domiciled or  
12 authorized to do business in this State;

13 (C)(i) is employed in an occupation identified by the Department of  
14 Labor in its 2016–2026 Long Term Occupational Projections as one of the top  
15 occupations at each level of educational attainment typical for entry; or

16 (ii) the Agency determines should otherwise receive an incentive  
17 grant under the Program because the worker possesses exceptional education,  
18 skills, or training or due to other extraordinary circumstances; and

19 (D) receives gross wages for the position that equal or exceed:

20 (i) 160 percent of the State minimum wage; or

1                   (ii) if the employer is located in a labor market area in which the  
2                   average annual unemployment rate is higher than the average annual  
3                   unemployment rate for the State, 140 percent of the State minimum wage.

4                   (2) “New remote worker” means an individual who:

5                   (A) is a full-time employee of a business with its domicile or primary  
6                   place of business within or outside Vermont;

7                   (B) becomes a full-time resident of this State on or after January 1,  
8                   2021; and

9                   (C) performs the majority of his or her employment duties remotely  
10                  from a home office or a co-working space located in this State.

11                  (3) “New returning worker” means a new relocating worker or new  
12                  remote worker who:

13                  (A) was a Vermont resident at the time he or she graduated from a  
14                  Vermont high school or was awarded a recognized high school equivalency;

15                  (B) was a resident of another jurisdiction outside of Vermont for five  
16                  or more years after graduating or receiving a high school equivalency award.

17                  (4) “Qualifying expenses” means:

18                  (A) for a new relocating worker, the actual costs the new relocating  
19                  worker incurs for one or more of the following:

1                   (i) relocation expenses, which may include closing costs for a  
2                   primary residence; rental security deposit; first month’s rent payment; and  
3                   other expenses established in Agency guidelines; and

4                   (ii) expenses necessary for a new worker to perform his or her  
5                   employment duties, including connectivity costs, specialized tools and  
6                   equipment, and other expenses established in Agency guidelines.

7                   (B) for a new remote worker, the actual costs the new remote worker  
8                   incurs for one or more of the following that are necessary to perform his or her  
9                   employment duties:

10                   (i) relocation to this State;

11                   (ii) computer software and hardware;

12                   (iii) broadband access or upgrade; and

13                   (iv) membership in a co-working or similar space; and

14                   (C) for a new returning worker:

15                   (i) the expenses identified in subdivisions (4)(A) or (B) of this  
16                   subsection (e); and

17                   (ii) student loan forgiveness.

18                   (5) “Qualifying new employee” means:

19                   (A) a new relocating worker;

20                   (B) a new remote worker; or

21                   (C) a new returning worker.

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Sec. 2. IMPLEMENTATION; FUNDING; TRANSITION

(a) It is the intent of the General Assembly to consolidate into a single program:

(1) a new mechanism for providing student loan debt forgiveness to Vermonters returning to the State;

(2) the funding and activities of the New Remote Worker Grant Program created in 2018 Acts and Resolves No. 197, Sec. 1, as amended by 2019 Acts and Resolves No. 80, Sec. 15; and

(3) the funding and activities of the New Worker Relocation Incentive Program created by 2019 Acts and Resolves No. 80, Sec. 12.

(b) Consistent with subsection (a) of this section, the Agency of Commerce and Community Development may use any remaining funds appropriated to it for the New Remote Worker Grant Program and the New Worker Relocation Incentive Program to:

(1) award incentives to new remote workers and new workers who qualify for an incentive under either of those programs until January 1, 2021; and

(2) award incentives to qualifying employees under the New Vermont Employee Incentive Program created by this act on or after January 1, 2021.

Sec. 3. REPEAL

1        The following are repealed:

2            (1) 2018 Acts and Resolves No. 197, Sec. 1, as amended by 2019 Acts  
3        and Resolves No. 80, Sec. 15 (New Remote Worker Grant Program); and

4            (2) 2019 Acts and Resolves No. 80, Sec. 12 (New Worker Relocation  
5        Incentive Program).

6            \* \* \* Project-Based Tax Increment Financing Projects \* \* \*

7        Sec. 4. 24 V.S.A. 1892(d) is amended to read:

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

10           (1) the City of Burlington, Downtown;

11           (2) the City of Burlington, Waterfront;

12           (3) the Town of Milton, North and South;

13           (4) the City of Newport;

14           (5) the City of Winooski;

15           (6) the Town of Colchester;

16           (7) the Town of Hartford;

17           (8) the City of St. Albans;

18           (9) the City of Barre;

19           (10) the Town of Milton, Town Core; ~~and~~

20           (11) the City of South Burlington;

21           (12) the Town of Bennington; and

1           (13) the City of Montpelier.

2           Sec. 5. 24 V.S.A. § 1905 is added to read:

3           § 1905. TAX INCREMENT FINANCING PROJECT DEVELOPMENT

4           (a) General authority. A municipality, upon approval of its legislative  
5           body, may apply to the Vermont Economic Progress Council pursuant to the  
6           approval process set forth in subsection (d) of this section to use tax increment  
7           financing for an individual project located within or serving one or more active  
8           designations approved by the Vermont Downtown Board under chapter 76A of  
9           this title or located within an industrial park as defined in 10 V.S.A. § 212(7)  
10          (tax increment financing project development).

11          (b) Eligibility.

12           (1) A municipality is only authorized to apply for tax increment  
13           financing project development under this section if it has one or more active  
14           designations approved by the Vermont Downtown Development Board under  
15           chapter 76A of this title.

16           (2) A municipality with an approved tax increment financing district as  
17           set forth in subsection 1892(d) of this title is not authorized to apply for tax  
18           increment financing project development under this section.

19          (c) Incurring indebtedness.

20           (1) A municipality approved under the process set forth in subsection (d)  
21           of this section may incur indebtedness against revenues to provide funding to

1 pay for improvements and related costs for tax increment financing project  
2 development.

3 (2) Notwithstanding any provision of any municipal charter, the  
4 municipality shall only have one authorizing vote to incur debt through one  
5 instance of borrowing to finance or otherwise pay for the tax increment  
6 financing project development. The municipality shall be authorized to incur  
7 indebtedness only after the legal voters of the municipality, by a majority vote  
8 of all voters present and voting on the question at a special or annual municipal  
9 meeting duly warned for the purpose, authorize the legislative body to pledge  
10 the credit of the municipality, borrow, or otherwise secure the debt for the  
11 specific purposes so warned.

12 (3) Any indebtedness shall be incurred within three years from the date  
13 of approval by the Vermont Economic Progress Council, unless the Vermont  
14 Economic Progress Council grants an extension of an additional three years.

15 (d) Approval process. The Vermont Economic Progress Council shall only  
16 approve a municipality's application for tax increment financing project  
17 development if:

18 (1) the proposed infrastructure improvements and the projected  
19 development or redevelopment are compatible with approved municipal and  
20 regional development plans; the project has clear local and regional  
21 significance for employment, housing, and transportation improvements; and

1           (2) the application meets one of the following five criteria:

2           (A) The development within the tax increment financing district  
3           clearly requires substantial public investment over and above the normal  
4           municipal operating or bonded debt expenditures.

5           (B) The development includes new or rehabilitated affordable  
6           housing, as defined in section 4303 of this title.

7           (C) The project will affect the remediation and redevelopment of a  
8           brownfield located within the district. As used in this section, “brownfield”  
9           means an area in which a hazardous substance, pollutant, or contaminant is or  
10          may be present, and that situation is likely to complicate the expansion,  
11          development, redevelopment, or reuse of the property.

12          (D) The development will include at least one entirely new business  
13          or business operation or expansion of an existing business within the district,  
14          and this business will provide new, quality, full-time jobs that meet or exceed  
15          the prevailing wage for the region as reported by the Department of Labor.

16          (E) The development will enhance transportation by creating  
17          improved traffic patterns and flow or creating or improving public  
18          transportation systems.

19          (e) Use of tax increment.

20                 (1) Education property tax increment. For only debt incurred within the  
21                 period permitted under subdivision (c)(3) of this section after approval of the

1 project, up to 70 percent of the education tax increment may be retained for up  
2 to 20 years, beginning with the education tax increment generated the year in  
3 which the first debt incurred for the project financed in whole or in part with  
4 incremental education property tax revenue. Upon incurring the first debt, a  
5 municipality shall notify the Department of Taxes and the Vermont Economic  
6 Progress Council of the beginning of the 20-year retention period of education  
7 tax increment.

8 (2) Use of the municipal property tax increment. For only debt incurred  
9 within the period permitted under subdivision (c)(3) of this section after  
10 approval of the project, not less than 85 percent of the municipal tax increment  
11 shall be retained to service the debt, beginning the first year in which debt is  
12 incurred, pursuant to subdivision (1) of this subsection.

13 (3) Proportionality. The Vermont Economic Progress Council shall  
14 apply the proportionality test under subsection 1894(e) of this title to limit the  
15 use of increment by the municipality to only those parcels directly benefiting  
16 from the proposed project.

17 (f) Annual report. The Vermont Economic Progress Council and the  
18 Department of Taxes shall submit an annual report to the Senate Committee on  
19 Economic Development, Housing and General Affairs and the House  
20 Committees on Commerce and Economic Development and on Ways and  
21 Means on or before April 1 each year. The report shall include the date of

1 approval, a description of the project, the original taxable value of the property  
2 subject to the project development, the scope and value of projected and actual  
3 improvements and developments, projected and actual incremental revenue  
4 amounts, and division of the increment revenue between district debt, the  
5 Education Fund, the special account required by section 1896 of this title and  
6 the municipal General Fund, projected and actual financing, and a set of  
7 performance measures developed by the Vermont Economic Progress Council,  
8 which may include the number of jobs created from the project development,  
9 which sectors experienced job growth, and the amount of infrastructure work  
10 performed by Vermont firms.

11 (g) Audit; financial reports. On or before January 1 of each year, and until  
12 January 1 of the year following the end of the period for retention of education  
13 tax increment, a municipality with an approved tax increment financing project  
14 development under this section shall submit an annual report to the Vermont  
15 Economic Progress Council. The report shall provide sufficient information  
16 for the Vermont Economic Progress Council to prepare its report required by  
17 subsection (f) of this section.

18 \* \* \* Vermont Employment Growth Incentive Pilot Programs \* \* \*

19 Sec. 6. 32 V.S.A. chapter 105, subchapter 2 is amended to read:

20 Subchapter 2: Vermont Employment Growth Incentive Program

21 \* \* \*

1     § 3343. VERMONT INVESTMENT INCENTIVE PROGRAM

2           (a) Creation. Within the Vermont Employment Growth Incentive Program  
3     there is created a Vermont Investment Incentive Program, the purpose of  
4     which is to incentivize large, regionally significant employers to make  
5     additional capital investments in their Vermont facilities.

6           (b) Requirements. Notwithstanding any provision of this chapter to the  
7     contrary:

8           (1) A business with 100 or more employees may apply for an incentive  
9     pursuant to this section by filing an application with the Council that specifies  
10    a capital investment performance requirement of \$20,000,000 over five years.

11          (2) To calculate the value of an incentive, the Council shall:

12            (A) modify the cost-benefit model maintained pursuant to section  
13    3336 of this title as necessary to calculate new revenue growth; and

14            (B) multiply new revenue growth by 80 percent.

15          (3) A business with an approved application earns an incentive if during  
16    the award period the business:

17            (A) maintains or exceeds base employment and base payroll; and

18            (B) meets or exceeds the capital investment performance  
19    requirement.

20    Sec. 7. 32 V.S.A. § 3344 is added to read:

21    § 3344. CAPITAL INVESTMENT CONVERTIBLE LOAN PROGRAM

1           (a) Creation. Within the Vermont Employment Growth Incentive Program  
2           there is created a Capital Investment Convertible Loan Program, the purpose of  
3           which is to offer an incentive to smaller businesses in the form of a convertible  
4           loan in order to upgrade facilities, machinery, and equipment and to increase  
5           total payroll.

6           (b) Requirements. Notwithstanding any provision of this chapter to the  
7           contrary:

8           (1) A business with 100 or fewer employees may apply for an incentive  
9           in the form of a convertible loan by submitting an application to the Council in  
10          the form and with the information the Council requires, which shall include a  
11          payroll performance requirement and a capital investment performance  
12          requirement.

13          (2) For purposes of this section:

14           (A) An award period is three years.

15           (B) A qualifying job may include an existing position at the business  
16          that otherwise meets the definition in subdivision 3331(9) of this title.

17           (C) The payroll performance requirement shall equal or exceed an  
18          increase in base payroll of 1.5 times the most recent non-seasonally-adjusted  
19          Employment Cost Index.

1           (D) A business must elect to participate in either the incentive  
2 program or the convertible loan program and may not participate in both  
3 simultaneously.

4           (3) If the Council approves the application for an award, the Council  
5 shall recommend the application to the Vermont Economic Development  
6 Authority and the business must submit a loan application to the Authority for  
7 its review and approval pursuant to underwriting standards it adopts for that  
8 purpose.

9           (4)(A) If the Authority approves the loan application it shall issue a loan  
10 in an amount equal to the total value of the incentives approved for the award  
11 period.

12           (B) The business is required to make monthly, interest-only payments  
13 during the award period.

14           (C) The interest rate shall not exceed one percent.

15           (5) The loan shall convert to a grant at the end of the award period if the  
16 business remains in good standing on the loan and:

17           (A) the Authority verifies that the business meets or exceeds its  
18 capital investment requirement; and

19           (B) the Department of Taxes verifies to the Authority that the  
20 business meets or exceeds its payroll performance requirement.

1           (6) If the business satisfies the criteria in subdivision (5) of this  
2           subsection, the Department shall pay to the Authority the balance of the loan  
3           principal.

4           (7) If the business meets its payroll performance requirement, but does  
5           not meet its capital investment requirement:

6                   (A) a percentage of the loan shall convert to a grant equal to the  
7                   percentage of the capital investment the business made during the award period  
8                   relative to the capital investment performance requirement;

9                   (B) the Department shall pay to the Authority an amount equal to the  
10                  amount converted; and

11                  (C) the business shall pay the balance of the principal and interest on  
12                  terms specified in the loan agreement.

13           (8) If the business does not meet its payroll performance requirement the  
14           loan does not convert and the business shall pay the balance of the principal  
15           and interest on terms specified in the loan agreement.

16           Sec. 8. IMPLEMENTATION OF VEGI PILOT PROGRAMS; REPORT;  
17           SUNSET

18           (a) The Vermont Economic Progress Council, the Department of Taxes,  
19           and the Vermont Economic Development Authority shall collaborate to adopt  
20           policies and procedures governing the implementation of Sec. 7 of this act.





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FOR THE COMMITTEE