

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Ways and Means to which was referred Senate Bill
3 No. 138 entitled “An act relating to promoting economic development”
4 respectfully reports that it has considered the same and recommends that the
5 proposal of amendment of the Committee on Commerce and Economic
6 Development be amended as follows:

7 * * * Declared State Disasters * * *

8 First: In Sec. A.1, in 11 V.S.A. § 1702(a)(1)(B), by striking out “sales and
9 use tax,”

10 Second: In Sec. A.1, in 11 V.S.A. § 1702(b), after the final period, by
11 adding a new sentence to read: “An out-of-state business making retail sales of
12 tangible personal property during the disaster response period shall be subject
13 to all sales tax registration, collection, reporting, and other requirements set
14 forth in 32 V.S.A. chapter 233.”

15 * * * Tourism and Marketing * * *

16 Third: In Sec. D.2, by striking out 3 V.S.A. § 2477 (tourism and economic
17 development marketing funding formula) in its entirety

18 * * * Vermont Employment Growth Incentive;

19 Qualifying Jobs; Benefits * * *

20 Fourth: In Sec. G.2, in 32 V.S.A. § 5930b(a), by inserting the following
21 after the asterisks:

1 (A) 60 percent above the minimum wage at the time of application;
2 ~~in order for a new job to be a qualifying job under this section; or~~

3 (B) for a business located in a labor market area in which the
4 unemployment rate is at least 0.5 percent higher than the average
5 unemployment rate for the State, the greater of:

6 (i) 40 percent above the State minimum wage at the time of
7 application; or

8 (ii) \$13.00 per hour.

9 * * * Vermont Employment Growth Incentive; Grace Period Extension * * *

10 Sixth: In Sec. G.2, in 32 V.S.A. § 5930b(c)(6)(B), by striking out
11 subdivision (iii) in its entirety and inserting in lieu thereof a new subdivision
12 (iii) to read:

13 (iii) If the Council grants an extension pursuant to this subdivision
14 (B), the Council shall recalculate the value of the incentive using the
15 cost-benefit model and the wage threshold applicable at the time the extension
16 is granted and shall adjust the amount of the award as is necessary to account
17 for the extension of the award period and the updated wage threshold.

18 * * * Vermont Employment Growth Incentive; Value-Added VEGI * * *

19 Seventh: In Sec. G.2, in 32 V.S.A. § 5930b, by striking out subsection (i) in
20 its entirety and inserting in lieu thereof a new subsection (i) to read:

21 (i) Employment growth incentive for value-added business.

1 (1) In this subsection:

2 (A) “Advanced manufacturing” means:

3 (i) an activity that depends on the use and coordination of
4 information, automation, computation, software, sensing, and networking, or

5 (ii) an activity that uses cutting edge materials and emerging
6 capabilities enabled by the physical and biological sciences, including
7 nanotechnology, chemistry, and biology, that includes both new ways to
8 manufacture existing products and the manufacture of new products emerging
9 from new advanced technologies.

10 (B) “Value-added business” means a person that is subject to income
11 taxation in Vermont and whose current or prospective economic activity in
12 Vermont for which incentives are sought under this section is certified by the
13 Secretary of Commerce and Community Development to be primarily in one
14 or more of the following sectors:

15 (i) advanced manufacturing; or

16 (ii) information processing or information management services,
17 including:

18 (I) computer hardware or software, and information and
19 communication technologies, such as high-level software languages, graphics
20 hardware and software, speech and optical character recognition, high-volume
21 information storage and retrieval, and data compression;

1 (II) technological applications that use biological systems,
2 living organisms or derivatives thereof, to make or modify products or
3 processes for specific use;

4 (III) custom computer programming services, such as writing,
5 modifying, testing, and supporting software to meet the needs of a particular
6 customer;

7 (IV) computer systems design services such as planning and
8 designing computer systems that integrate computer hardware, software, and
9 communication technologies; and

10 (V) computer facilities management services, such as providing
11 on-site management and operation of clients' computer systems or data
12 processing facilities, or both.

13 (2) A value-added business located in a labor market area in which the
14 unemployment rate is at least 0.5 percent higher than the average
15 unemployment rate for the State may submit an application for an enhanced
16 incentive pursuant to this subsection.

17 (3) The Council shall consider and administer an application and award
18 for an enhanced incentive under this subsection pursuant to the provisions of
19 this section, except that:

20 (A) the “incentive ratio” pursuant to subdivision (a)(11) of this
21 section shall be set at 90 percent; and

1 (B) the “payroll threshold” pursuant to subdivision (a)(17) of this
2 section shall be deemed to be 20 percent of the expected average industry
3 payroll growth as determined by the cost-benefit model.

4 * * * Down Payment Assistance Program * * *

5 Eighth: In Sec. G.7, in 32 V.S.A. § 5930u(b)(2)(B), by striking out the
6 word “sale” and inserting in lieu thereof “transfer”

7 * * * Cloud Tax * * *

8 Ninth: By striking out Sec. G.8 in its entirety (prewritten software accessed
9 remotely) and inserting in lieu thereof

10 Sec. G.8. “[Reserved.]”

11 * * * R & D Tax Credit * * *

12 Tenth: By striking out Sec. G.10 in its entirety (R & D tax credit) and
13 inserting in lieu thereof

14 Sec. G.10. “[Reserved.]”

15 * * * Tax Amnesty * * *

16 Eleventh: By adding Secs. G.11–G.12 and a reader assistance heading to
17 read:

18 * * * Tax Amnesty * * *

19 Sec. G.11. TAX AMNESTY

20 (a) Notwithstanding any law to the contrary, the Commissioner of Taxes
21 shall establish a tax amnesty program during which all penalties that could be

1 assessed by the Commissioner shall be waived without the need for any
2 showing by the taxpayer of reasonable cause or the absence of willful neglect
3 if the taxpayer, prior to the expiration of the amnesty period, files proper
4 returns for any tax types and any period for which the taxpayer has or had a
5 filing obligation and pays the full amount of tax shown on such return together
6 with all interest due thereon. The amnesty program shall be established for a
7 period of six consecutive weeks to be determined by the Commissioner, to
8 expire not later than October 2, 2015.

9 (b) The amnesty program shall apply to a tax liability of any tax type for
10 any periods for which the due date of the return was before January 26, 2015,
11 but shall not apply to those penalties which the Commissioner would not have
12 the sole authority to waive, including fuel taxes administered under the
13 International Fuel Tax Agreement or under the local option portions of taxes.

14 (c)(1) The Commissioner shall maintain records of the amnesty provided
15 under this section, including:

16 (A) the number of taxpayers provided with amnesty;

17 (B) the types of tax liability for which amnesty was provided and, for
18 each type of liability:

19 (i) the amount of tax liability collected by the Commissioner;

20 (ii) the amount of penalties forgone by virtue of the amnesty; and

1 (iii) the total outstanding tax liability due to the State, for the
2 period through June 30, 2015, after the collection of all funds under this
3 section.

4 (2) The Commissioner shall file a report detailing the information
5 required by subdivision (1) of this subsection with the Clerk of the House of
6 Representatives and the Secretary of the Senate, the Joint Fiscal Committee,
7 the House Committee on Ways and Means, and the Senate Committee on
8 Finance not later than December 15, 2015; provided, however, that the report
9 shall not contain information sufficient to identify an individual taxpayer or the
10 amnesty an individual taxpayer was provided under this section.

11 Sec. G.12. TAX AMNESTY PROGRAM ADMINISTRATION FUNDING

12 (a) The Commissioner of Taxes shall supervise and direct the execution of
13 all laws vested in the Department of Taxes by, and shall formulate and carry
14 out all policies relating to, section G.11 of this act.

15 (b) The Commissioner may:

16 (1) adopt rules necessary to implement the provisions of this
17 chapter; and

18 (3) enter into contracts and perform such acts as are necessary to
19 accomplish the purposes of this chapter.

20 (c) There is hereby created a fund to be known as the Tax Amnesty
21 Administration Fund for the purpose of providing the financial means for the

1 Commissioner to administer under section G.11 of this act. All fees and
2 assessments received by the Department pursuant to such administration shall
3 be credited to this Fund.

4 (1) All payments from the Tax Amnesty Administration Fund for the
5 advertising of the Tax Amnesty Program and associated expenses, including
6 contractual services as necessary, shall be disbursed from the State Treasury
7 only upon warrants issued by the Commissioner, after receipt of proper
8 documentation regarding services rendered and expenses incurred.

9 (2) The Commissioner may anticipate receipts to the Tax Amnesty
10 Administration Fund and issue warrants based thereon.

11 * * * Effective Dates * * *

12 Twelfth: By striking out Sec. H.1 in its entirety (effective dates) and
13 inserting in lieu thereof a new Sec. H.1 to read:

14 Sec. H.1. EFFECTIVE DATES

15 (a) This section and the following sections shall take effect on passage:

16 (1) Sec. A.3 (blockchain technology study);

17 (2) Sec. B.1 (Uniform Commercial Code, Article 4A);

18 (3) Secs. C.1–C.2 (Vermont Strong Scholars and Internship Initiative);

19 (4) Sec. C.4 (youth employment working group);

20 (5) Sec. C.5 (Vermont Governor’s Committee on Employment of People
21 with Disabilities);

- 1 (6) Secs. C.6–C.8 (Vermont ABLE Savings Program);
- 2 (7) Sec. C.9 (Medicaid for working people with disabilities);
- 3 (8) Sec. C.10 (Vermont career technical education report);
- 4 (9) Secs. D.5–D.6 (Domestic Export Program);
- 5 (10) Secs. E.1–E.2 (Vermont Economic Development Authority; green
- 6 manufacture of microbeads);
- 7 (11) Sec. E.3 (extending sunset of Treasurer’s credit facility for local
- 8 investments and Treasurer’s local investment advisory committee);
- 9 (12) Sec. F.1 (deference to regional planning);
- 10 (13) Secs. F.2–F.4 (Southern Vermont Economic Development Zone);
- 11 (14) Sec. F.5 (Act 250; implementation of settlement patterns criteria;
- 12 criterion 9(L));
- 13 (15) Sec. F.9 (certificate of public good; methane digesters); and
- 14 (16) Secs. G.11–G.12 (tax amnesty).
- 15 (b) The following sections shall take effect on July 1, 2015:
- 16 (1) Sec. A.1 (business rapid response to declared State disasters);
- 17 (2) Sec. A.2 (manufacture of gun suppressors);
- 18 (3) Sec. C.3 (Workforce Education and Training Fund revisions);
- 19 (4) Secs. D.1–D.4 (Tourism and marketing initiative; appropriation);
- 20 (5) Sec. E.4 (increase in license exemption for commercial lending);
- 21 (6) Sec. F.6 (municipal land use; neighborhood development area);

1 (7) Sec. F.7 (Act 250; primary agricultural soils);

2 (8) Sec. F.8 (conservation easements);

3 (9) Sec. G.5 (employee relocation tax credit study);

4 (10) Secs. G.6–G.7 (downpayment assistance program); and

5 (11) Sec. G.9 (wood products manufacturer incentive).

6 (c) In Sec. A.4, in 7 V.S.A. § 2, subdivisions (27) (definition; “special
7 events permit”) and (28) (definition; “fourth-class license”) shall take effect on
8 July 1, 2015. The remaining provisions of Sec. A.4 (alcoholic beverages;
9 definitions) shall take effect on January 1, 2016.

10 (d) Secs. A.5–A.15 (fortified wines) shall take effect on January 1, 2016.

11 (e) Secs. B.2–B.9 (Uniform Commercial Code; Article 7) shall take effect
12 on passage and shall apply as follows:

13 (1) This act shall apply to a document of title that is issued or a bailment
14 that arises on or after the effective date of this act.

15 (2) This act does not apply to a document of title that is issued or a
16 bailment that arises before the effective date of this act even if the document of
17 title or bailment would be subject to this act if the document of title had been
18 issued or bailment had arisen on or after the effective date of this act.

19 (3) This act does not apply to a right of action that has accrued before
20 the effective date of this act.

