

From: MacLean, Alex
Sent: Tuesday, February 15, 2011 10:48 AM
To: Peterson, Mary; Mesner, Susan
CC: Spaulding, Jeb
Subject: Fwd: VDOL Language
Attachments: UPDATED draft bill for David Hall 2.14.11.docx; ATT00001..htm

Hi Mary & Susan,

Thanks for attending yesterday's meeting. It looks as if we have nailed down all of the costs of the jobs bill except for the vt business partners incentives piece. Please let us know as soon as you've had a chance to score that piece.

Thanks!

Best,

Alex

Sent from my iPad

Begin forwarded message:

From: "Powden, Pat Moulton" <Pat.Moulton.Powden@state.vt.us>
Date: February 14, 2011 9:22:22 PM EST
To: "Wolffing, Erika" <Erika.Wolffing@state.vt.us>, "Miller, Lawrence" <Lawrence.Miller@state.vt.us>, "MacLean, Alex" <Alex.MacLean@state.vt.us>, "Peterson, Mary" <Mary.Peterson@state.vt.us>, "Reardon, Jim" <Jim.Reardon@state.vt.us>, "Noonan, Annie" <Annie.Noonan@state.vt.us>, "Rickert, Valerie" <Valerie.Rickert@state.vt.us>, "dhall@leg.state.vt.us" <dhall@leg.state.vt.us>, "pgriffin@leg.state.vt.us" <pgriffin@leg.state.vt.us>, "Mesner, Susan" <Susan.Mesner@state.vt.us>
Cc: "Bothfeld, Diane" <Diane.Bothfeld@state.vt.us>, "Ross, Chuck" <Chuck.Ross@state.vt.us>
Subject: RE: VDOL Language

All,
Please let me know if I missed anything.

Attached is my feeble attempt at draft language based on changes we made today to the Jobs Bill. You will find strikethrough and highlighting as well as "ADD" language for the changes. We have changed the programs as follows:

Section 1: Vt. Business Partner Incentives remains a tax credit of up to a total of \$10,000 or \$5,000 per employer (existing Vermont biz and new biz). It sunsets 12/31/12, there will be an assessment of the success of the program by ACCD. See draft for other items, Tax Dept. working on a cost estimate.

Section 2: VEPC stays as is

Section 3: VEGI wage threshold, change as noted on the draft.

Section 4: STEM is now a "grant" not a tax credit. We are eliminating anything for the employer. We are providing a \$1,500 "grant" to a qualified "new employee." The draft is hopefully clear. The max amount of grants is \$75K per year for the entire program. The new employee can use it for current debt or future debt for continuing education. ACCD will develop the program, application, approval process, and reporting, etc. Sunsets 12/31/12.

Section 5: Is now JUST a Long Term Uemployed "grant" to qualifying employers. The Veteran's credit is in it's own bill as you know. This is "grant" of \$1,000 per job for employing qualified long term unemployed. Employer must be in good standing. The employee must be employed 12 or more months before the employer can get the grant. They apply to VDOL.

Section 6: Vt. Employment Training Program: See changes to the draft.

All remaining sections remain as is or changes are noted. We need to add amounts for the Farm to Plate initiatives. Diane Bothfeld has a list I will send over.

We need to ADD the internship language VDOL sent over.

So basically, the only "tax credits" that remain are the Vermont Business Partner Incentive and the Veteran's tax credit (to it's own bill). The other tax credits are now "incentive grants."

Feel free to call me with questions. 828-5200.

Again, I believe I have this right, but please let me know if I missed something.
Pat

From: Wolffing, Erika

Sent: Monday, February 14, 2011 3:55 PM

To: Miller, Lawrence; MacLean, Alex; Peterson, Mary; Reardon, Jim; Noonan, Annie; Rickert, Valerie; 'dhall@leg.state.vt.us'; 'pgriffin@leg.state.vt.us'; Mesner, Susan; Powden, Pat Moulton

Subject: VDOL Language

Please see attached language from Commissioner Noonan. Thank you!

Sincerely,

Erika Wolffing

Jobs Bill

Vermont Business Partner Incentives

Sec. 1. Subchapter 11C. is created and 32 V.S.A. § 5929 is added to read:

Subchapter 11C. New Jobs Tax Credit

§ 5929. Vermont Business Partner Incentive

(a) A qualified taxpayer of this state shall be eligible for a refundable credit against the income tax liability imposed under this chapter upon receipt of a certification from the secretary of commerce and community development that the taxpayer had recruited an eligible new employer to relocate to Vermont employing five or more new full-time employees at a qualified wage or higher. The amount of credit shall be \$1,000.00 for each employee of the new employer, divided equally between the qualified taxpayer and the new employer. A qualified employer shall apply on a form created by the secretary who, upon certification, will provide written notice to the commissioner of the department of taxes.

(b) For the purposes of this section:

(1) “qualified taxpayer” means a business in Vermont subject to the income tax of this chapter that successfully recruited an employer from outside the state to locate in Vermont.

ADD LANGUAGE:

- Taxpayer must be in good standing with the state
- Enable the Secretary of Commerce to waive the 5 person minimum if the wages exceed median wages for that occupation in that sector, in that region *Suggestion of the committee.*
- Still need to define “recruitment.”
-

(2) “eligible new employer” means an employer that has been in business for three years or more outside of Vermont that is a vendor, or supplier, or customer of a

1 qualified taxpayer and has relocated to Vermont with five or more full-time employees
2 paid a qualified wage or higher. An eligible employer must not have any legal or
3 personal relationship with the qualified taxpayer involving ownership or control, other
4 than contractual or other transactional agreements in the ordinary course of conducting
5 business with each other.

6 (3) “full-time employee” means a permanent position filled by an employee who
7 works at least 35 hours each week.

8 (4) “qualified wage” means an amount of compensation that meets or exceeds the
9 prevailing compensation level, for the region and sector as defined by the Vermont
10 Department of Labor, including wages and benefits, for the particular employment sector and
11 region.

12 (5) “secretary” means the secretary of commerce and community development.

13 (c) The certification by the secretary shall require proof from the commissioner of the
14 department of labor that the eligible employer has employed five or more new employees at a
15 qualified wage.

16 (d) The credit available under this section shall be a one-time, non-recurring, refundable
17 credit available to the qualified taxpayer and eligible employer following certification by the
18 secretary and notification of the commissioner of taxes. The credit shall be divided equally
19 between the qualified taxpayer and eligible employer, making a credit of \$500.00 per employee
20 available against the liability imposed under this chapter. The credit must be used in the taxable
21 on or before December 31 of the year following the certification by the secretary or it expires
22 with no carry forward allowed for application of any unused credit against income tax liability in
23 a subsequent tax year.

ADD:

- Max credit is \$5,000 per employer or \$10,000 total for both employers.
- Assessment of the program after 24 months.
- Sunsets 12/31/12
- Tax to work up an estimated cost

(e) Qualified taxpayers and eligible employers awarded the credit under this section shall not be eligible for any of the economic benefits under the Vermont employment growth incentive established in section 5930b of this title.

Vermont Economic Progress Council

Sec. 2. Reauthorization of the Vermont employment growth incentive

(a) Section 3(c) of Act No. 184 of the Acts of the 2005 Adj. Sess. (2006) authorized the economic incentive review board to administer the payroll-based growth incentives pursuant to the Vermont employment growth incentive (VEGI) program established in 32 V.S.A. § 5930b, making no new VEGI awards on or after January 1, 2012, unless extended by act of the General Assembly. Section 65 of Act No. 54 of the 2009 Sess. renamed the economic incentive review board as the Vermont economic progress council and transferred to the council all the responsibilities and authority of the economic incentive review board with respect to administering and monitoring the VEGI program and the tax increment financing program and property tax allocations under Sec. 2a through 2h of Act No. 184.

(b) The limitation in Sec. 3(c) of Act 184 terminating the authority of the council to make VEGI awards on January 1, 2012 shall be amended to July 1, 2012.

Sec. 3. 32 V.S.A. § 5930a(c)(1) is amended to read:

§ 5930a. Vermont economic progress council

[Text Omitted]

(c) The council shall first review each application under subsection (b) of this section and ascertain, to the best of its judgment, that but for the economic incentive to be offered, the proposed economic development would not occur or would occur in a significantly different and significantly less desirable manner. Applications that do not meet the "but for" test are not eligible for economic incentives, and shall not be considered further by the council. If the "but for" test is answered in the affirmative, then prior to approving any application for an economic incentive under subsection (b) of this section, the council shall evaluate the overall consistency of each application with the following guidelines:

[Text Omitted]

(1) The enterprise should create new, full-time jobs to be filled by individuals who are Vermont residents. The new jobs shall not include jobs or employees transferred from an existing business in the state, or replacements for vacant ~~or terminated~~ positions in the applicant's business. The new jobs include those that exceed the applicant's average annual employment level in Vermont during the two preceding ~~fiscal~~ years; unless the council determines the enterprise would establish a new line of business or create new jobs not part of the enterprise prior to making the application for incentives to the council. The enterprise should provide opportunities that increase income, reduce unemployment, and reduce facility vacancy rates. Preference should be given to projects that enhance economic activity in areas of the state with the highest levels of unemployment and the lowest levels of economic activity.

Sec. 3. 32 V.S.A. § 5930b(a)(24) is amended to read:

§ 5930b. Vermont employment growth incentive

(a) Definitions. For the purposes of this section:

[Text Omitted]

(24) “Wage threshold” means the minimum annualized Vermont gross wages and salaries paid, as determined by the council, but not less than 60 percent above the Vermont minimum wage at the time of application in order for a new job to be a qualifying job under this section-, unless the council determines based on a certification by the secretary of commerce and community development that the enterprise would create new jobs in an area of Vermont with an annual rate of unemployment of at least 20% greater than the prevailing wage, as defined by the Dept. of Lab or, for that sector. 150% greater than the state average or in an occupation for which there is inadequate supply to meet demand. Add that the Secretary must report when the waiver was granted in existing reports.

Science, Technology, Engineering and Math Tax Credit

Sec. 4. 32 V.S.A. § 5929a is added to read:

§ 5929a. Science, technology, engineering and math tax credit **REMOVE THE EMPLOYER
PIECE**

(a) **A new employee** ~~A qualified taxpayer of this state shall be eligible for a refundable credit against the income tax liability imposed under this chapter in an amount equal to fifty percent of expenditures not exceeding \$5,000.00 made by the taxpayer to the new employee for the repayment of student loans upon receipt by the commissioner of taxes of a certification from the secretary of commerce and community development that the new employee who is a recent college graduate from an accredited institution employed in the area of science, technology, engineering or math, as determined by the secretary of commerce and community development. The total annual amount of the credit for a qualified taxpayer shall not exceed \$2,500.00 for each new employee. The~~ **A new employee shall also be eligible for a “grant” to pay qualified current**

1 ~~or future college debt~~ refundable credit against his or her liability under this chapter in an amount
2 ~~equal to the total annual expenditures made by the qualified taxpayer to assist in student loan~~
3 ~~repayment not exceeding~~ of \$1,5000 \$5,000.00 per year for not more than five years.

4 (b) For the purposes of this section:

5 (1) ~~“qualified taxpayer” means an employer in Vermont subject to the income tax~~
6 ~~of this chapter.~~

7 (2) “new employee” means a person who graduated from an accredited college
8 with an associate’s degree or higher not more than 18-months before the first date of full-
9 time employment in the area of science, technology, engineering, or math, paid an annual
10 compensation of not less than \$40,000.00, adjusted annually based on the federal
11 consumer price index, plus benefits, and certified by the secretary as a new full-time
12 employee of a qualified taxpayer in good standing.

13 (3) “science, technology, engineering and math” mean areas of employment
14 determined by the secretary of commerce and community development to require a
15 high level of knowledge and skills, excluding similar employment in Vermont colleges or
16 universities.

17 (4) “student loan” means debt incurred from a financial institution for the
18 purpose of paying college tuition and expenses, excluding any debt or other financial
19 assistance provided by a family member, relative or other private person.

20 (5) “accredited institution” means an educational institution that is accredited by
21 a regional accrediting association or by one of the specialized accrediting agencies
22 recognized by the United States Secretary of Education.

(c) The secretary of commerce and community development **will be responsible for developing a Vermont STEM grant program including** the ~~for shall developing~~ and maintaining a published list of occupations he or she has determined to be in the areas of science, technology, engineering and math eligible for the **credit grant** authorized under this section. ~~Upon certification by the secretary that the new employee has been employed by a qualified taxpayer, the secretary shall certify to the commissioner of taxes that the qualified taxpayer and new employee are eligible for the credit.~~

~~(d) A qualified taxpayer and new employee must use the credit authorized under this section for the tax year within which the qualified taxpayer made expenditures for the purpose of assisting the new employee in repaying student loans. The credit is not subject to carry forward for use against liability under this chapter in a succeeding tax year.~~

~~(e) The credit authorized under this section shall not reduce the tax otherwise due under this chapter to less than zero.~~

ADD:

- Max grants for entire program not to exceed \$75,000 per year.
- Grant may be used toward current student loan or loans for continued education.
- The employee must be employed 12 months or more
- Sunsets 12/31/12

Long-Term Unemployed and Recently-Deployed Veteran Income Tax Credit

Sec. 5. 32 V.S.A. § 5929b is added to read:

§ 5929b. Long-term unemployed incentive: and recently deployed veteran income tax credit

(a) A qualified employer **a** refundable credit against the income tax liability imposed under this chapter for providing new full-time employment to a qualifying long-term unemployed Vermonter or a recently deployed veteran and at a compensation of no less than the

1 prevailing wage for the corresponding economic sector or region of the state as determined by
2 the Vermont department of labor. The amount of ~~credit~~ **grant** shall be in the amount of \$500.00
3 ~~for each new employee and \$1,000.00 for each new employee~~ **not to exceed \$5,000 per year.**
4 compensated in an amount at least twenty percent greater than the prevailing compensation level,
5 including wages and benefits, for the particular employment sector and region of the state.

6 (b) For the purposes of this section:

7 (1) “qualified employer” means a business in Vermont **that is in good standing**
8 **with the State of Vermont** ~~subject to the income tax~~ ~~of this chapter~~ that provides full-time
9 employment to a ~~qualifying long-term unemployed Vermonter or a recently deployed veteran.~~

10 (2) “qualifying long-term unemployed Vermonter” means a legal resident of
11 Vermont who collected unemployment insurance benefits for 5 months or more within 30
12 days of the date of new employment with a qualified employer, **hired through the**
13 **resources of the Vermont Department of Labor.**

14 (3) “recently deployed veteran” means a person who served outside the United
15 ~~States in our nation’s active military, naval, or air service in the 24 months prior to~~
16 ~~commencing new full-time employment as defined in this subsection, and who was~~
17 ~~discharged or released therefrom under conditions other than dishonorable.~~

18 (4) “new full-time employment” means employment by a qualified employer in a
19 permanent position at least 35 hours each week and for 180 days or more in the calendar
20 year for which the credit is claimed.

21 (c) The **grant** ~~credit~~ authorized under this section shall ~~be a refundable credit~~ not
22 exceeding \$5,000.00 in a calendar year ~~and not valid as a carry forward credit against liability~~
23 ~~under this chapter in calendar years succeeding the year in which the qualified taxpayer was first~~

~~eligible to claim the credit irrespective of the amount of credit used in the first year. The credit is~~
~~not available until 12 months after the first date of new full-time employment.~~

~~(d) The credit authorized under this section shall not reduce the tax otherwise due under~~
~~this chapter to less than zero.~~

ADD:

- Sunsets 12/31/12
- Assessment of the success of the program.
- Grants cannot exceed a total of \$25K through 12/31/12
- Apply to the Vermont Department of Labor
- VDOL shall develop the program

Vermont Employment Training Program

Sec. 6. 10 V.S.A. § 531 is amended to read:

§ 531. Employment training

(a) The secretary of commerce and community development may issue performance-
based grants to any employer or, consortium of employers. The secretary of commerce and
community development may also issue performance-based grants to or contract with providers
of training, either individuals or organizations, as necessary, to conduct training under the
following circumstances:

[Text Omitted]

(b) The secretary of commerce and community development shall find in the grant ~~or~~
~~contract~~ that:

- (1) the employer's new or expanded facility will enhance employment opportunities for Vermont residents;

(2) the existing labor force within the state will probably be unable to provide the employer with sufficient numbers of employees with suitable training and experience;

and

(3) the employer provides its employees with at least three of the following:

(A) health care benefits with 50 percent or more of the premium paid by the employer;

(B) dental assistance;

(C) paid vacation and holidays;

(D) child care;

(E) other extraordinary employee benefits; and

(F) retirement benefits; And

(4) the training is directly related to the employment responsibilities of the trainee.

(c) The employer promises as a condition of the grant to:

(1) employ new persons at a wage which, at the completion of the training program, is two times the prevailing state or federal minimum wage, whichever is greater, reduced by the value of any existing health benefit package up to a limit of 35 ~~30~~ percent of the gross program wage, or for existing employees, to increase the wage to two times the prevailing state and federal minimum wage, whichever is greater, reduced by the value of any existing health benefit package up to a limit of 25 ~~20~~ percent of the gross program wage, upon completion of training; provided, however, that in areas defined by the secretary of commerce and community development in which the secretary finds that the rate of unemployment is 50 percent greater than the average for the state, the wage

rate under this subsection may be set by the secretary at a rate no less than one and one-half times the federal or state minimum wage, whichever is greater;

(2) employ persons who have completed the training provided for them and nominated as qualified for a reasonable period at the wages and occupations described in the contract, unless the employer reasonably finds the nominee is not qualified;

(3) provide its employees with at least three of the following:

(A) health care benefits with 50 percent or more of the premium paid by the employer;

(B) dental assistance;

(C) paid vacation and holidays;

(D) child care;

(E) other extraordinary employee benefits; and

(F) retirement benefits.

(4) Survey all employers and employees as appropriate, upon completion of training in a manner described in the grant agreement and submit a customer satisfaction report to the secretary of commerce and community development no more than 30 days from the last day of the training program as an evaluation of the program.

(d) In issuing a grant ~~or entering a contract~~ for the conduct of training under this section, the secretary of commerce and community development shall:

(1) first consult with the commissioner of education regarding vocational-technical education; the commissioner of labor regarding apprenticeship programs, on-the-job training programs, and recruiting through Vermont Job Service and available

federal training funds; the commissioner for children and families regarding welfare to work priorities; and the University of Vermont and the Vermont state colleges;-

(2) disburse grant funds only for training hours that have been successfully completed by employees; and

(3) use funds under this section only to supplement existing training efforts of employers and not to replace or supplant existing efforts of employers or any other public funds otherwise available, excluding the workforce education and training fund established in section 543 of this title.

(e) The secretary of commerce and community development shall administer all training programs under this section, may select and use providers of training as appropriate, and shall adopt rules and may accept services, money or property donated for the purposes of this section.

(f) Upon completion of the training program for any individual, the secretary of commerce and community development shall review the records and shall award to the trainee, if appropriate, a certificate of completion for the training.

(g) None of the criteria in subdivision (a)(1) of this section shall apply to a designated job development zone under chapter 29, subchapter 2 of this title.

(h) The secretary of commerce and community development may in his or her discretion grant a waiver of the compensation requirements in subsections (b) and (c) of this section in a region of the state having an unemployment rate at or above the least 15% greater than the state average.

(i) The secretary annually on or before January 15 shall submit a mid-year report to the House committee on commerce and economic development and the Senate committee on economic development, housing and general affairs summarizing all active and completed

contracts and grants, the types of training activities provided, the number of employees served and their average wage, and report on any waivers granted.

~~(h)~~(j) The secretary may designate the commissioner of economic, housing and community development to carry out his or her powers and duties under this chapter.

~~(i)~~(k)(1) Program Outcomes. The joint fiscal office shall prepare a training program performance report based on the following information submitted to it by the Vermont training program, which is to be collected from each participating employer and then aggregated:

(A) The number of full-time employees six months prior to the training and six months after its completion.

(B) For all existing employees, the median hourly wages prior to and after the training.

(C) The number of "new hires," "upgrades," and "crossovers" deemed eligible for the waivers authorized by statute and the median wages paid to employees in each category upon completion.

(D) A list and description of the benefits required under subdivision (c)(3) of this section for all affected employees, including the number of employees that receive each type of benefit.

(E) The number of employers allowed to pay reduced wages in high unemployment areas of the state, along with the number of affected workers and their median wage.

(2) Upon request by the secretary of commerce and community development, participating employers shall provide the information necessary to conduct the

1 performance report required by this subsection. The secretary, in turn, shall provide such
2 information to the joint fiscal office in a manner agreed upon by the secretary and the
3 joint fiscal office. The secretary and the joint fiscal office shall take measures to ensure
4 that company-specific data and information remain confidential and are not publicly
5 disclosed except in aggregate form. The secretary shall submit to the joint fiscal office
6 any program outcomes, measurement standards, or other evaluative approaches in use by
7 the training program.

8 (3) The joint fiscal office shall review the information collected pursuant to
9 subdivisions (1) and (2) of this subsection and prepare a training program performance
10 report with recommendations relative to the program. The joint fiscal office shall submit
11 its first training program performance report on or before January 15, 2011, to the senate
12 committee on economic development, housing and general affairs and the house
13 committee on commerce and economic development. A second performance report shall
14 be submitted on or before January 15, 2016. In addition to the information evaluated
15 pursuant to subdivision (1) of this subsection, the second report shall include
16 recommendations as to the following:

17 (A) whether the outcomes achieved by the program are sufficient to
18 warrant its continued existence.

19 (B) whether training program outcomes can be improved by legislative or
20 administrative changes.

21 (C) whether continued program performance reports are warranted and, if
22 so, at what frequency and at what level of review.

(4) The joint fiscal office may contract with a consultant to conduct the performance reports required by this subsection. Costs incurred in preparing each report shall be reimbursed from the training program fund up to \$15,000.00.

~~(j)~~(l) Consistent with the training program's goal of providing specialized training and increased employment opportunities for Vermonters, and notwithstanding provisions of this section to the contrary, the secretary shall canvas apprenticeship sponsors to determine demand for various levels of training and classes and shall transfer up to \$250,000.00 annually to the regional technical centers to fund or provide supplemental funding for apprenticeship training programs leading up to certification or licensing as journeyman or master electricians or plumbers. The secretary shall seek to provide these funds equitably throughout Vermont; however, the secretary shall give priority to regions not currently served by apprenticeship programs offered through the Vermont department of labor pursuant to chapter 13 of Title 21.

EB-5 Immigrant Investor Special Fund

Sec. 7. Chapter 4 of Title 10 is added to read:

Chapter 4. Immigrant Investment

§ 25. Regional center immigrant investment fund

(a) The regional center immigrant investment fund is established pursuant to subchapter 5 of chapter 7 of Title 32 to be used by the agency of commerce and community development for cost recovery related to activities undertaken by the agency to administer the Vermont agency of commerce and community development regional center for immigrant investment designated by the United States citizenship and immigration services of the department of homeland security.

ADD: Language enabling the secretary of Commerce to set a closing cost.

Establishment of Creative Economy Office – Repeal of Vermont Film Corporation

Sec. 8. 10 V.S.A. §§ 644-47 are repealed:

~~§ 644. Vermont film corporation; purpose; creation~~

~~A nonprofit public corporation to be known as the Vermont film corporation is established. The corporation's purpose shall be to promote the state of Vermont as a location for commercial film and television production and to facilitate the participation of local individuals and companies in such productions. The corporation shall be attached to the department of tourism and marketing for administrative purposes and shall be an instrumentality of the state. The commissioner of tourism and marketing is authorized to contract with a private nonprofit corporation to implement the objectives of the corporation.~~

~~§ 645. Powers and duties of the corporation~~

~~The Vermont film corporation shall have the following powers and duties:~~

~~(1) To exercise the general powers provided to Vermont nonprofit corporations.~~

~~(2) To serve as the designated state agency to receive state funds for the promotion of the state of Vermont as the site for commercial film and television production and for the facilitation of local individuals and companies as participants in such productions.~~

~~(3) To solicit and accept funds from private sources and to expend such funds.~~

~~(4) To develop and implement both long range and annual marketing plans to promote Vermont as the location for commercial film and television productions.~~

1 ~~(5) To publicize, through trade publications, other printed, electronic and~~
2 ~~computerized media, and by participation in professional conferences, the advantages of~~
3 ~~locating commercial film and television productions in Vermont.~~

4 ~~(6) To actively recruit production companies to make feature films and television~~
5 ~~programs in Vermont.~~

6 ~~(7) To work with Vermont based film industry support companies and~~
7 ~~professionals to facilitate their hiring by film and television productions that are made in~~
8 ~~Vermont.~~

9 ~~(8) To develop and implement a plan both to attract and spur the local creation of~~
10 ~~feature film and television production support companies in Vermont.~~

11 § 646. Board of directors

12 ~~(a) The Vermont film corporation shall be governed and all of its powers exercised by a~~
13 ~~board of directors consisting of at least seven members. The governor shall appoint two~~
14 ~~members, the Vermont council on the arts shall appoint two members, and the appointees of the~~
15 ~~governor and the council shall jointly appoint at least three additional members at least one of~~
16 ~~whom shall be a member of the Vermont business community. The governor and the council~~
17 ~~shall ensure that the membership of the board includes geographic representation of all regions~~
18 ~~of the state. Vacancies on the board shall be filled in the same manner as the original~~
19 ~~appointment.~~

20 ~~(b) The board shall:~~

(1) ~~Adopt bylaws for the corporation, including provisions relating to the terms of board member.~~

(2) ~~Be authorized to appoint an executive director and such clerical assistance as it deems advisable and fix their compensation and prescribe their duties.~~

(3) ~~Serve without compensation except for expenses actually and necessarily incurred by them in the performance of their duties.~~

(4) ~~Hold regular meetings and such special meetings as it deems necessary at which a majority of the directors shall constitute a quorum for the transaction of any business unless the bylaws of the corporation require a larger number.~~

(5) ~~Have the authority to adopt rules, not inconsistent with law, to carry out the purposes of this chapter.~~

~~§ 647. Annual report~~

~~Annually, on or before March 1, the board of directors of the Vermont film corporation shall submit a report to the department of tourism and marketing and to the house and senate committees on government operations for the prior 12 month period. The report shall:~~

~~(1) describe the activities of the board during the preceding year;~~

~~(2) include an accounting of revenues received by and expenditures of the board;~~

~~(3) describe outcomes and revenues, if known, that are generated by activities of the corporation; and~~

(4) include plans to minimize future state funding of the corporation's activities.

Sec. 9. 10 V.S.A. § 650 is amended to read:

§ 650. Definitions

As used in this subchapter:

(1) "Agency" means the agency of commerce and community development.

(2) "Applicant" means a person that files a notice and application in accordance with this chapter.

(3) ~~"Corporation" means the Vermont film corporation.~~ "Director" means the director of the office of the creative economy established in the agency of commerce and community development under section 2471c of title 3.

(4) "Film" includes a feature film, television film, television pilot, or each episode of a television series which is intended as programming for a national audience.

The term does not include a production featuring:

[Text Omitted]

Sec. 10. 10 V.S.A. § 650a is amended to read:

§ 650a. Establishment

There is established within the agency a program to be known as the film production grant program. The program shall be administered by ~~the corporation and the agency~~ the director to provide grants to persons for certain films produced within Vermont.

Sec. 11. 10 V.S.A. § 650b is amended to read:

§ 650b. Application

(a) Application. Prior to commencing production of a film, a person may submit an application to the ~~corporation~~ director ~~informing it demonstrating~~ of the person's intention to request a grant for a Vermont film production. The application shall be on the form required by the ~~corporation~~ director and shall include or demonstrate all of the following:

(1) An itemized list of production expenses to be incurred.

(2) An itemized list of Vermont production expenses to be incurred.

(3) The start date.

(4) The actual or projected completion date.

(5) A statement of the amount of the grant sought.

(6) Any other information required by ~~the corporation or the agency~~ director.

(b) Submissions. Within 60 days of the completion of production of a film, the applicant shall file verification of expenditures with the ~~agency~~ director. The application shall be on the form required by the ~~agency~~ director and shall include or demonstrate all of the following:

(1) An itemized list of Vermont production expenses actually incurred. Expenses submitted under this section may not in the aggregate exceed the amount of projected expenses submitted to the department under subdivision (a)(2) of this section.

(2) The date of the completion of production of the film.

(3) Any other information required by the ~~corporation or agency~~ director.

Sec. 12. 10 V.S.A. § 650c is amended to read:

§ 650c. Review

The ~~corporation~~ director shall review the application to determine if the applicant has met all of the criteria set forth in section 650b of this title (relating to application).

1 Sec. 13. 10 V.S.A. § 650d is amended to read:

2 § 650d. Approval

3 The following shall apply:

4 (1) Upon being satisfied that all requirements have been met and subject to
5 section 650c (relating to limitations) of this title, the ~~corporation~~ director may approve the
6 application and recommend that the secretary award a film production grant.

7 (2) Prior to providing grant funds to the applicant, the ~~corporation~~ agency shall
8 enter into a contract with the applicant. The contract shall include provisions requiring
9 the applicant to use the grant to pay costs associated with the production of the film.

10 (3) The ~~corporation~~ agency may impose any other terms and conditions on the
11 grants authorized by this chapter as the ~~corporation~~ agency determines are in the best
12 interests of Vermont.

13 Sec. 14. 10 V.S.A. § 650e is amended to read:

14 § 650e. Penalty

15 (a) Imposition. Except as provided in subsection (b) of this section, the agency shall
16 impose a penalty upon a recipient for violation of the contract required by section 650d of this
17 title (relating to approval).

18 (b) Exception. The agency may waive the penalty required by subsection (a) of this
19 section ~~if the corporation determines~~ based on a determination and recommendation from the
20 director that the failure was due to circumstances outside the control of the recipient.

21 (c) Amount. The amount of the penalty shall be equal to the full amount of the grant
22 received plus an additional amount of up to 10 percent of the amount of the grant received. The

penalty shall be payable in one lump sum or in installments, with or without interest, as the agency secretary deems appropriate.

Sec. 15. 3 V.S.A. § 2471c is added to read:

§ 2471c. Office of the Creative Economy **move this section to the beginning of this whole section.**

(a) The office of the creative economy is created within the agency of commerce and community development and shall be administered by a director appointed by the secretary pursuant to section 2454 of this chapter and supervised by the commissioner of the department of economic, housing and community development

(b) The director shall promote and support the arts, creative businesses, intellectual property and cultural nonprofits to produce and distribute cultural and innovative commercial goods and services that strengthen the Vermont economy through increased employment and state revenue, as well as enhanced quality of life.

Long-Range Economic Development Planning

Sec. 16. 3. V.S.A. § 2293 is amended to read:

§ 2293. Development cabinet

(a) Legislative purpose. The general assembly deems it prudent to establish a permanent and formal mechanism to assure collaboration and consultation among state agencies and departments, in order to support and encourage Vermont's economic development, while at the same time conserving and promoting Vermont's traditional settlement patterns, its working and

1 rural landscape, its strong communities, and its healthy environment, all in a manner set forth in
2 this section.

3 (b) Development cabinet. A development cabinet is created, to consist of the secretaries
4 of the agencies of administration, natural resources, commerce and community affairs, and
5 transportation, and the secretary of the agency of agriculture, food and markets. The governor or
6 the governor's designee shall chair the development cabinet. The development cabinet shall
7 advise the governor on how best to implement the purposes of this section, and shall recommend
8 changes as appropriate to improve implementation of those purposes. The development cabinet
9 may establish interagency work groups to support its mission, drawing membership from any
10 agency or department of state government.

11 (c) All state agencies that have programs or take actions affecting land use, including
12 those identified under 3 V.S.A. chapter 67, shall, through or in conjunction with the members of
13 the development cabinet:

14 (1) Support conservation of working lands and open spaces.

15 (2) Strengthen agricultural and forest product economies, and encourage the
16 diversification of these industries.

17 (3) Develop and implement plans to educate the public by encouraging discussion
18 at the local level about the impacts of poorly designed growth, and support local efforts to
19 enhance and encourage development and economic growth in the state's existing towns
20 and villages.

1 (4) Administer tax credits, loans, and grants for water, sewer, housing, schools,
2 transportation, and other community or industrial infrastructure, in a manner consistent
3 with the purposes of this section.

4 (5) To the extent possible, endeavor to make the expenditure of state
5 appropriations consistent with the purposes of this section.

6 (6) Encourage development in, and work to revitalize, land and buildings in
7 existing village and urban centers, including "brownfields," housing stock, and vacant or
8 underutilized development zones. Each agency is to set meaningful and quantifiable
9 benchmarks.

10 (7) Encourage communities to approve settlement patterns based on maintaining
11 the state's compact villages, open spaces, working landscapes, and rural countryside.

12 (8) Encourage relatively intensive residential development close to resources such
13 as schools, shops, and community centers and make infrastructure investments to support
14 this pattern.

15 (9) Support recreational opportunities that build on Vermont's outstanding natural
16 resources, and encourage public access for activities such as boating, hiking, fishing,
17 skiing, hunting, and snowmobiling. Support and work collaboratively to make possible
18 sound development and well-planned growth in existing recreational infrastructure.

19 (10) Provide means and opportunity for downtown housing for mixed social and
20 income groups in each community.

1 (11) Report annually to the governor and the legislature, through the chair of the
2 development cabinet and the secretary of administration, on the effectiveness and impact
3 of the council of regional commissions.

4 (12) Encourage timely and efficient processing of permit applications affecting
5 land use, including 10 V.S.A. chapter 151 and the subdivision regulations adopted under
6 18 V.S.A. { 1218, in order to encourage the development of affordable housing and small
7 business expansion, while protecting Vermont's natural resources.

8 (13) Participate to the fullest extent possible in creating a long-term economic
9 development plans for the governor, including making available the members of any
10 agency or department of state government as necessary and appropriate to support the
11 mission of an interagency work group established under subsection (b) of this section for
12 the purpose of developing the plan.

13 (d) Pursuant to the recommendations of the oversight panel on economic development
14 created in Section G6 of Act No. 146 of the 2009 Adj. Sess. (2010), the development cabinet
15 shall create an interagency work group as provided in subsection (b) of this section with the
16 secretary of commerce and community development serving as its chair and whose mission shall
17 be the development of the long-term economic development plan for the state. The long-term
18 plan shall identify goals and recommend actions to be taken over ten years.

19 (e) On or before January 15, 2014, and every two years thereafter, the development
20 cabinet shall complete a long-term economic development plan as required under subsection (d)
21 of this section and recommend it to the governor. Commencing with the plan due on or before

January 15, 2016 and every two years thereafter, the development cabinet may elect only to prepare and recommend to the governor an update of this plan.

(f) The development cabinet shall prepare a long-term economic development plan in accordance with this section every ten years, commencing with the initial plan due on or before January 15, 2014.

Administrative support for the short-term and long-term planning efforts shall be provided by the agency of commerce and community development.

~~(d)~~(f) Limitations. This cabinet is strictly an information gathering, planning and coordinating cabinet and confers no additional enforcement powers.

Merchant Banking Initiative

Sec. 17. 8 V.S.A. § 12603 is amended to read:

§ 12603. Merchant banks

(a) A merchant bank is a financial institution organized under the provisions of this title whose activities are generally limited to lending and investing. Deposit activity is prohibited. Unless otherwise indicated in this chapter, a merchant bank has all the powers, duties and obligations of a financial institution under this title. As one of the purposes of merchant banks is to provide needed capital or investments to businesses that may be impermissible or imprudent for depository financial institutions, its lending and investment activities are less restricted. Except as provided in this section, a merchant bank has all the powers of and is entitled to

engage in the business of a financial institution, including, without limitation, powers with respect to investments, loans and transactions.

(b) A merchant bank may not solicit, receive or accept money or its equivalent on deposit as a regular business within the meaning of subdivision 11101(11) of this title or engage in deposit-like activities as determined by the commissioner. A merchant bank may deposit cash, whether constituting principal or income, in any financial institution, whether within or without this state, if the account is held either in the name of the customer to which the cash belongs or in the name of the merchant bank and is composed entirely of cash belonging to the customer, the respective contributions of which are reflected in the books and records of the merchant bank.

(c) A merchant bank may issue drafts drawn on itself in the form of treasurer's or cashier's checks.

(d) No merchant bank shall engage in business as a merchant bank in this state without first obtaining a certificate of authority from the commissioner pursuant to this section and sections 11703 and 12103 of this title.

(e) The organizational documents of a merchant bank that are filed with the secretary of state shall contain the following statement: "This organization is subject to the Vermont law on merchant banks, 8 V.S.A. § 12603, and does not have the power to solicit, receive or accept money or its equivalent on deposit." This statement in the organizational documents of a merchant bank may not be amended.

(f) The minimum amount of initial capital for a merchant bank is ~~\$10,000,000.00~~
\$1,000,000.00, all of which ~~at least \$5,000,000.00~~ shall be common stock or equity interest in

1 ~~the merchant bank. The balance may be composed of qualifying subordinated or similar debt.~~
2 Thereafter, a merchant bank may use qualified subordinated debt or senior debt as part of its
3 capital structure above \$1,000,000.00, provided that the amount of subordinated debt or senior
4 debt used as capital above \$1,000,000.00 is not greater than the amount of common stock or
5 equity interest used as capital above \$1,000,000.00. The commissioner, in his or her discretion,
6 may increase or reduce the minimum capital required for a merchant bank.

7 (g) A merchant bank shall maintain minimum capital in accordance with section 14104 of
8 this title. The commissioner may establish different standards for merchant banks than for other
9 financial institutions organized under this title. The minimum capital standards for a merchant
10 bank may not be less than a level equal to 150 percent of the tier 1 risk-based capital and 150
11 percent of total risk-based capital established from time to time by the Board of Governors of the
12 Federal Reserve System for a well-capitalized bank.

13 (h) A merchant bank may convert to any other type of investor-owned financial
14 institution pursuant to chapter 206 of this title.

15 (i) Notwithstanding section 14103 of this title, a merchant bank may use as a part of its
16 name the word or words "bank," "banker" or "banking" or the plural of or any abbreviations of
17 those words.

18 (j) At least 30 days prior to the establishment of any office for the transaction of its
19 business, a merchant bank shall notify the commissioner.

20 (k) The following provisions of this title are inapplicable to merchant banks: sections
21 12201, 14110, 14301(d), chapters 203, 205, and subchapter 2 of chapter 204.

(l) Prior to making a loan, the terms of any loans by a merchant bank to or when the loan is to any of the following:

(1) A person who owns 25 percent or more of the merchant bank's common stock or similar equity capital;

(2) A member of the governing body of the merchant bank;

(3) An executive officer or manager of the merchant bank; or

(4) A company, 25 percent of the voting shares or other similar voting equity of which is owned by a person or entity listed in subdivisions (1) through (3) of this subsection.

(m) Any acquisition or change in control of ~~five~~ ten percent or more of the common stock or equity interests in a merchant bank shall be subject to the prior approval by the commissioner. The acquiring person shall file an application with the commissioner for approval. The application shall be subject to the provisions of subchapter 7 of chapter 201 of this title.

(n) The commissioner ~~may~~ shall examine the merchant bank and any person who controls it to the extent necessary to determine the soundness and viability of the merchant bank in the same manner as required by chapter 201, subchapter 5, of this title.

(o) A merchant bank shall include on all its advertising a prominent disclosure that deposits are not accepted by a merchant bank.

(p) For purposes of this section, “control” means that a person, directly or indirectly or acting through one or more other persons or through one or more subsidiaries, owns, controls, or has power to vote ten percent or more of any class of equity interest of the merchant bank; the person controls in any manner the election of a majority of the directors of the merchant bank; or that the person directly or indirectly exercises a controlling influence over the management or policies of the merchant bank.

Vermont Sustainable Jobs Fund

Sec. 18. 10 V.S.A. § 328 is amended to read:

§ 328. Creation of the sustainable jobs fund program

(a) There is created a sustainable jobs fund program to create quality jobs that are compatible with Vermont's natural and social environment.

(b) The Vermont economic development authority shall incorporate a nonprofit corporation pursuant to the provisions of subdivision 216(14) of this title to administer the sustainable jobs fund program, and to fulfill the purposes of this chapter by means of loans or grants to eligible applicants for eligible activities, provided that any funds contributed to the program by the authority under subsection (c) of this section shall be used for lending purposes only.

(c) Notwithstanding the provisions of subdivision 216(14) of this title, the authority may contribute not more than \$1,000,000.00 to the capital of the corporation formed under this section.

1 (d) ~~[Repealed.]~~ The board of directors of the corporation formed under this section shall
2 consist of 11 members for terms of ~~five~~ three years, which shall be staggered so that the terms of
3 no more than three members expire during a calendar year. The secretary of commerce and
4 community development, or designee, shall be a director, the secretary of agriculture, food and
5 markets, or designee, shall be a director and the governor of the state of Vermont shall appoint
6 one director. The remaining eight directors shall be selected by existing directors as vacancies
7 occur. Each director shall serve for a three-year term, which may be renewed. No director shall
8 serve for more than three consecutive terms.

9 (e) Annually, on or before May 30, the sustainable jobs fund program shall submit a grant
10 application and proposed work plan to the secretary of commerce and community development
11 who in consultation with the department of economic development shall review the application
12 to assure that it complements the goals and priorities of the department. The secretary at any time
13 may request the sustainable jobs fund program to submit information that the secretary
14 determines necessary or desirable to consider the annual application, assess the effectiveness of
15 the grant, or carry out the purposes of this chapter.

16 (f) The Vermont sustainable jobs fund program shall work collaboratively with the
17 agency of agriculture, food and markets to assist the Vermont slaughterhouse industry in
18 supporting its efforts at productivity and sustainability.

19 Sec. 19. Section G19 of Act No. 146 of the Acts of the 2009 Adj. Sess. (2010) is repealed:

20 ~~Sec. G19. SUSTAINABLE JOBS FUND; TRANSITION~~

21 ~~(a) The secretary of the agency of commerce and community development~~
22 ~~and the three other members designated by the secretary shall cease to serve on~~

~~the sustainable jobs fund board of directors upon the effective date of this section. Any vacancy on the board of directors shall be filled by a majority vote of the remaining directors.~~

~~(b) All authority and responsibility for the administration and implementation of the sustainable jobs fund and the sustainable jobs program established under chapter 15A of Title 10 is transferred from the agency of commerce and community development to the sustainable jobs fund board of directors. The sustainable jobs fund board of directors shall be the successor to all rights and obligations of the agency in any matter pertaining to the fund and the program.~~

Vermont Neighborhoods

Sec. 20. 24 V.S.A. § 2793d is amended to read:

§ 2793d. Designation of Vermont neighborhoods

(a) The downtown board may make a designation of a Vermont neighborhood in a A
municipality that has a duly adopted and approved plan and a planning process that is confirmed
in accordance with section 4350 of this title, has adopted zoning bylaws and subdivision
regulations in accordance with section 4442 of this title, and has a designated downtown district,
a designated village center, a designated new town center, or a designated growth center served
by municipal sewer infrastructure or a community or alternative wastewater system approved by
the agency of natural resources. An application for designation may be made by a municipality
or by a land owner meeting the criteria under subsection (f) of this section. ~~is authorized to apply~~
~~for designation of a Vermont neighborhood.~~ A municipal decision to apply for designation shall
be made by the municipal legislative body after at least one duly warned public hearing.
Designation is possible in two different situations:

1 (1) Per se approval. If a municipality or land owner submits an application
2 in compliance with this subsection for a designated Vermont neighborhood that would
3 have boundaries that are entirely within the boundaries of a designated downtown
4 district, designated village center, designated new town center, or designated growth
5 center, the downtown board shall issue the designation.

6 (2) Designation by downtown board in towns without growth centers. If an
7 application is submitted in compliance with this subsection by a municipality or a land
8 owner in a municipality that does not have a designated growth center and proposes to
9 create a Vermont neighborhood that has boundaries that include land that is not within its
10 designated downtown, village center, or new town center, the downtown board shall
11 consider the application. This application may be for approval of one or more Vermont
12 neighborhoods that are outside but contiguous to a designated downtown district, village
13 center, or new town center. The application for designation shall include a map of the
14 boundaries of the proposed Vermont neighborhood, including the property outside but
15 contiguous to a designated downtown district, village center, or new town center and
16 verification that the municipality or land owner has notified the regional planning
17 commission and the regional development corporation of its application for this
18 designation.

19 *[Text Omitted]*

20 (f) In the event the municipality has not enacted either the minimum density
21 requirements or neighborhood design standards in its zoning bylaw, the owner of the land within
22 a proposed Vermont neighborhood, after providing written notice to the municipal legislative
23 body, may apply to the expanded downtown board for designation of a Vermont neighborhood

by submitting locally permitted plans or a development agreement that incorporates the standards set out in subdivision C(5) of this subsection.

Small Condominiums

Sec. 21. 27A V.S.A. § 1-209 is amended to read:

§ 1-209. Small condominiums; exception

A condominium that will contain no more than 10 ~~42~~ units and is not subject to any development rights, unless the declaration provides that the entire act is applicable, shall not be subject to subsection 2-101(b), subdivision 2-109(b)(2) and (11), subsection 2-109(g), section 2-115, and Article 4 of this title, provided that the declaration restricts ownership of a unit to entities that are controlled, affiliated with or managed by the declarant.

ADD VDOL's internship language.

Locally Produced and Specialty Food Products Marketing

Sec. 22. 6 V.S.A. § 7 is added to read:

§ 7. Locally produced and specialty food products marketing

(a) The secretary of agriculture shall lead a statewide effort to establish an effective network for the cooperative purchasing, storage and packaging of local and specialty food products. The agency of agriculture, food and markets, in collaboration with the Vermont sustainable jobs fund established under subchapter 10 of chapter 12 of Title 10, will aid local and specialty food producers in Vermont in their efforts to supply their products to customers in Vermont and to markets outside the state.

(b) The secretary may award grant funds to support the provision of technical assistance to local and specialty food producers for effective development and use of a cooperative network for purchasing, packaging, storing and marketing of their products. A portion of the farm to

plate grant funds administered by the secretary may be used for capital grants to support the creation of storage infrastructure.

(c) The secretary shall conduct an annual evaluation of progress on the implementation of a farm to plate strategic plan, including holding an annual meeting of local and specialty food products stakeholders, data collection and analysis.

(d) The secretary shall provide an annual report on or before January 15 to the House and Senate committees on agriculture.

Large Animal Veterinarian Education Loan Repayment Program

Sec. 23. 6 V.S.A. § 20 is amended to read:

§ 20. Vermont large animal veterinarian educational loan repayment fund

(a) There is created a special fund to be known as the Vermont large animal veterinarian educational loan repayment fund that shall be used for the purpose of ensuring a stable and adequate supply of large animal veterinarians ~~throughout~~ in regions of the state as determined by the secretary. The fund shall be established and held separate and apart from any other funds or monies of the state and shall be used and administered exclusively for the purpose of this section. The money in the fund shall be invested in the same manner as permitted for investment of funds belonging to the state or held in the treasury.

(b) The fund shall consist of:

(1) Sums appropriated or transferred to it from time to time by the general assembly, the state emergency board, or the joint fiscal committee when the general assembly is not in session.

1 (2) Interest earned from the investment of fund balances.

2 (3) Sums from any other public or private source accepted for the benefit of the
3 fund.

4 (c) The agency shall administer the fund and make sums available for loan repayment
5 awards. The agency may contract with a Vermont nonprofit entity for administration of the
6 program, which shall administer awards in compliance with the requirements of Section 108(f)
7 of the Internal Revenue Code.

8

