

1 TO THE HONORABLE SENATE:

2 The Committee on Economic Development, Housing and General Affairs to
3 which was referred Senate Bill No. 263 entitled “An act relating to supporting
4 economic development” respectfully reports that it has considered the same
5 and recommends that the bill be amended by striking out all after the enacting
6 clause and inserting in lieu thereof the following:

7 * * * Relocating Employee Incentives * * *

8 Sec. 1. 10 V.S.A. § 4 is amended to read:

9 § 4. NEW RELOCATING EMPLOYEE INCENTIVES

10 (a) The Agency of Commerce and Community Development shall design
11 and implement a program to award incentive grants to relocating employees as
12 provided in this section and subject to the policies and procedures the Agency
13 adopts to implement the program.

14 (b) A relocating employee may be eligible for a grant under the program
15 for qualifying expenses, subject to the following:

16 (1) A base grant shall not exceed \$5,000.00.

17 (2) The Agency may award an enhanced grant, which shall not exceed
18 \$7,500.00, for a relocating employee who becomes a resident in a labor market
19 area in this State in which:

20 (A) the average annual unemployment rate in the labor market area
21 exceeds the average annual unemployment rate in the State; or

1 (B) the average annual wage in the State exceeds the annual average
2 wage in the labor market area.

3 (c) The Agency shall:

4 (1) adopt procedures for implementing the program, which shall include
5 a simple certification process to certify relocating employees and qualifying
6 expenses;

7 (2) promote awareness of the program, including through coordination
8 with relevant trade groups and by integration into the Agency's economic
9 development marketing campaigns;

10 (3) award grants to relocating employees on a first-come, first-served
11 basis beginning on July 1, 2021, subject to available funding; and

12 (4) adopt measurable goals, performance measures, and an audit strategy
13 to assess the utilization and performance of the program.

14 (d) On or before January 15, 2022, the Agency shall submit a report to the
15 House Committee on Commerce and Economic Development and the Senate
16 Committee on Economic Development, Housing and General Affairs
17 concerning the implementation of this section, including:

18 (1) a description of the policies and procedures adopted to implement
19 the program;

20 (2) the promotion and marketing of the program; and

1 (3) an analysis of the utilization and performance of the program,
2 including the projected revenue impacts and other qualitative and quantitative
3 returns on investment in the program based on available data and modeling.

4 (e) As used in this section:

5 (1) “Qualifying expenses” means the actual costs a relocating employee
6 incurs for relocation expenses, which may include moving costs, closing costs
7 for a primary residence, rental security deposit, one month’s rent payment, and
8 other relocation expenses established in Agency guidelines.

9 (2) “Relocating employee” means an individual who meets the
10 following criteria:

11 (A)(i) On or after July 1, 2021:

12 (I) the individual becomes a full-time resident of this State;

13 (II) the individual becomes a full-time employee at a Vermont
14 location of a for-profit or nonprofit business organization domiciled or
15 authorized to do business in this State, or of a State, municipal, or other public
16 sector employer; and

17 (III) ~~the individual becomes employed in one of the~~
18 ~~“Occupations with the Most Openings” identified by the Vermont Department~~
19 ~~of Labor in its “Short Term Employment Projections 2020-2022”; and~~

1 ~~(IV)~~ the employer attests to the Agency that, after reasonable
2 time and effort, the employer was unable to fill the employee’s position from
3 among Vermont applicants; or

4 (ii) on or after February 1, 2022:

5 (I) the individual becomes a full-time resident of this State; and

6 (II) the individual is a full-time employee of an out-of-state
7 business and performs the majority of his or her employment duties remotely
8 from a home office or a co-working space located in this State.

9 (B) The individual receives gross salary or wages that equal or
10 exceed the Vermont livable wage rate calculated pursuant to 2 V.S.A. § 526.

11 (C) The individual is subject to Vermont income tax.

12 **Sec. 1a. APPROPRIATION**

13 In fiscal year 2023 the amount of \$6,000,000.00 is appropriated from the
14 General Fund to the Agency of Commerce and Community Development as
15 follows:

16 (1) \$1,000,0000 to the Agency’s base budget for the relocated and
17 remote worker program; and

18 (2) \$5,000,000 in one-time funding for the program in fiscal year 2023.

19 **Sec. 1b. APPROPRIATION**

20 In fiscal year 2023 the amount of \$8,460,000 is appropriated to the
21 Department of Tourism and Marketing for grants to chambers of commerce

1 and regional development corporations for promoting relocation and
2 recruitment programs.

3
4 * * * Capital Investment Grant Program * * *

5 Sec. 2. 2021 Acts and Resolves No. 74, Sec. H.18 is amended to read:

6 Sec. H.18 CAPITAL INVESTMENT GRANT PROGRAM

7 (a) Creation; purpose; regional outreach.

8 (1) The Agency of Commerce and Community Development shall use
9 the ~~\$10,580,000~~ \$50,000,000.00 appropriated to the Department of Economic
10 Development in Sec. G.300(a)(12) of this act to design and implement a capital
11 investment grant program consistent with this section.

12 (2) The purpose of the program is to make funding available for
13 transformational projects that will provide each region of the State with the
14 opportunity to attract businesses, retain existing businesses, create jobs, and
15 invest in their communities by encouraging capital investments and economic
16 growth.

17 (3) The Agency shall collaborate with other State agencies, regional
18 development corporations, regional planning commissions, and other
19 community partners to identify potential regional applicants and projects to
20 ensure the distribution of grants throughout the regions of the State.

21 (b) Eligible applicants.

1 (1) To be eligible for a grant, an applicant shall comply with the
2 Department of Treasury Final Rule implementing the Coronavirus State and
3 Local Fiscal Recovery Funds established under the American Rescue Plan Act
4 and meet the following criteria:

5 (A) The applicant is located within this State.

6 (B) The applicant is:

7 (i)(I) a for-profit entity with not less than a 10 percent equity
8 interest in the project; or

9 (II) a nonprofit entity; and

10 (ii) grant funding from the Program represents not more than 50
11 percent of the total project cost.

12 (C) The applicant demonstrates:

13 (i) community and regional support for the project;

14 (ii) that grant funding is needed to complete the project;

15 (iii) leveraging of additional sources of funding from local, State,
16 or federal economic development programs; and

17 (iv) an ability to manage the project, with requisite experience and
18 a plan for fiscal viability.

19 (2) The following are ineligible to apply for a grant:

20 (A) a State or local government-operated business;

21 (B) a municipality;

1 (C) a business that, together with any affiliated business, owns or
2 operates more than 20 locations, regardless of whether those locations do
3 business under the same name or within the same industry; and

4 (D) a publicly-traded company.

5 (c) Awards; amount; eligible uses.

6 (1) An award shall not exceed ~~[\$999,999.99]~~ [the lesser of
7 ~~\$1,500,000.00~~ ~~\$3,000,000.00~~] or the estimated net State fiscal impact of the
8 project based on Agency modeling.

9 (2) A recipient may use grant funds for the acquisition of property and
10 equipment, construction, renovation, and related capital expenses.

11 (3) A recipient may combine grant funds with funding from other
12 sources but shall not use grant funds from multiple sources for the same costs
13 within the same project.

14 (4) The Agency shall release grant funds upon determining that the
15 applicant has met all Program conditions and requirements.

16 (5) Nothing in this section is intended to prevent a grant recipient from
17 applying for additional grant funds if future amounts are appropriated for the
18 program.

19 ~~(d) Data model; approval.~~

1 ~~(1) The Agency shall collaborate with the Legislative Economist to~~
2 ~~design a data model and related methodology to assess the fiscal, economic,~~
3 ~~and societal impacts of proposals and prioritize them based on the results.~~

4 ~~(2) The Agency shall present the model and related methodology to the~~
5 ~~Joint Fiscal Committee for its approval not later than September 1, 2021.~~

6 (e) Application process; decisions; awards.

7 (1)(A) The Agency shall accept applications on a rolling basis for three-
8 month periods and shall review and consider for approval the group of
9 applications it has received as of the conclusion of each three-month period.

10 (B) The Agency shall make application information available to the
11 Legislative Economist and the Executive Economist in a timely manner.

12 ~~(2) Using the data model and methodology approved by the Joint Fiscal~~
13 ~~Committee, the Agency shall analyze the information provided in an~~
14 ~~application to estimate the net State fiscal impact of a project, including the~~
15 ~~following factors:~~

16 ~~(A) increase to grand list value;~~

17 ~~(B) improvements to supply chain;~~

18 ~~(C) jobs impact, including the number and quality of jobs; and~~

19 ~~(D) increase to State GDP;~~

20 (3) The Secretary of Commerce and Community Development shall
21 appoint an interagency team, which may include members from among the

1 Department of Economic Development, the Department of Housing and
2 Community Development, the Agency of Agriculture, Food and Markets, the
3 Department of Public Service, the Agency of Natural Resources, or other State
4 agencies and departments, which team shall review, analyze, and recommend
5 projects for funding based on ~~the estimated net State fiscal impact of a project~~
6 ~~and on other contributing factors, including the following:~~

7 (A) transformational nature of the project for the region;

8 (B) project readiness, quality, and demonstrated collaboration with
9 stakeholders and other funding sources;

10 (C) alignment and consistency with regional plans and priorities; and

11 (D) creation and retention of workforce opportunities.

12 ~~[(E) any other contributing factor]~~

13 (4) The Secretary of Commerce and Community Development shall
14 consider the recommendations of the interagency team and shall give final
15 approval to projects.

16 (f) Grant agreements; post award monitoring. If selected by the Secretary,
17 the applicant and the Agency shall execute a grant agreement that includes
18 audit provisions and minimum requirements for the maintenance and
19 accessibility of records that ensures that the Agency and the Auditor of
20 Accounts have access and authority to monitor awards.

1 (g) Report. On or before ~~December 15, 2021~~ February 15, 2023 the
2 Agency shall submit a report to the House Committee on Commerce and
3 Economic Development and the Senate Committee on Economic
4 Development, Housing and General Affairs concerning the implementation of
5 this section, including:

6 (1) a description of the implementation of the program;

7 (2) the promotion and marketing of the program;

8 (3) an analysis of the utilization and performance of the program;

9 ~~including the projected revenue impacts and other qualitative and quantitative~~
10 ~~returns on investment in the program based on available data and modeling.~~

11 ~~***Grand List Enhancement Grant Program***~~

12 ~~Sec. 3. GRAND LIST ENHANCEMENT PROGRAM; APPROPRIATION~~

13 ~~(a) Of the amounts available from the federal COVID-19 relief funds, the~~
14 ~~amount of \$30,000,000 is appropriated to the Agency of Commerce and~~
15 ~~Community Development to design and implement a Grand List Enhancement~~
16 ~~Grant Program.to facilitate development and redevelopment in areas of~~
17 ~~Vermont where the real listed value grand list has been declining or stagnant~~
18 ~~for the past 10 years. Capacity will be built into the Department of Economic~~
19 ~~Development to facilitate guidelines creation, program development, project~~
20 ~~review and award deployment.~~

1 **(b) Program Implementation. The Grand List Enhancement Program will**
2 **be designed to:**

3 **(1) Encourage development and redevelopment of commercial or multi-**
4 **unit residential sites in a town where the real full-list value grand list valuation**
5 **has been declining or stagnant for 10 years;**

6 **(2) Provide communities that have seen a decline in their real full-list**
7 **value grand list a resource to recover from economic retraction exacerbated by**
8 **COVID-19;**

9 **(3) Provide a resource for developers, property owners, and non-profits**
10 **who want to develop or redevelop properties located in disadvantaged**
11 **communities;**

12 **(4) Promote rural economic development, business and job growth, and**
13 **redevelopment resulting in increased grand list values; and**

14 **(5) Ultimately provide individuals who live in these disadvantage**
15 **communities with reduced tax burden, because of the increased grand list**
16 **values achieved.**

17 **(c) System Infrastructure.**

18 **(1) The Department will establish program guidelines after passage;**

19 **(2) The Department will create an online application portal for**
20 **applicants, and make public all necessary materials;**

1 (3) The Department will create one (1) full-time limited service staff
2 position in order to maintain oversight and management of the program;

3 (4) Shall be integrated into economic development programs within the
4 Department, and within other state agencies and departments;

5 (5) The Department will leverage its existing programmatic footprint, as
6 well as the programs that exist in other state agencies and departments to
7 eliminate funding duplication.

8 (d) Coordination. The Department shall coordinate with the Department of
9 Tax to assess and evaluate community and town eligibility criteria based on the
10 most current grand list valuation data.

11 (e) Eligibility:

12 (1) Project parcels must be located in towns and cities with grand list
13 values that have been stagnant or declining for the last 10 years.

14 (2) Eligible applicants are property owners engaged in redevelopment
15 that encourage incremental valuation in the grand list of the property.

16 (3) Eligible applicants shall demonstrate project readiness for parcel
17 redevelopment/development as part of the application;

18 (f) Report. The Department shall include the following metrics in addition
19 to a progress update and any recommendations on February 15, 2023, and
20 annually in accordance with SLFRF guidelines, to the General Assembly.

21 (1) Number of applications received;

- 1 (2) Name and award amount for all awardees;
- 2 (3) Towns, cities and regions served;
- 3 (4) Project details that may include, but are not limited to;
- 4 (5) Industry/sector
- 5 (6) Marketing and promotional details for the program;
- 6 (7) Recommendations for changes to the program, if applicable.

7

8 (g) Grant amount; awards and guidelines. The Department shall establish a
9 formula for determining the amount of grant awards consistent with the final
10 CLFRF U.S. Department of Treasury guidance.

11 (h) Implementation. The Department shall make the finalized guidelines
12 available to the public.

13 * * * Economic Recovery Grants * * *

14 Sec. 4. 2021 Acts and Resolves No. 74, Sec. H.19 is amended to read:

15 Sec. H.19 ECONOMIC RECOVERY GRANTS

16 (a) The Agency of Commerce and Community Development shall use ~~the~~
17 ~~\$20,000,000.00~~ \$15,000,000.00 appropriated to it in Sec. G.300(a)(13) of this
18 act for Economic Recovery grants and the amounts appropriated to it in 2021
19 Acts and Resolves No. 9, Sec. 3 to provide grants to businesses ~~consistent with~~
20 ~~the requirements of that Sec. 3 and further subject to the following: that have~~
21 suffered economic harm due to COVID-19.

1 ~~(1) The value of a grant shall not exceed the lesser of a business’s net~~
2 ~~adjusted loss, three months of fixed expenses, or \$150,000.00.~~

3 ~~(2) The Agency shall defer final calculation and payment of grant~~
4 ~~awards for a reasonable period of time to determine the availability of COVID-~~
5 ~~19 related financial assistance from other State and federal sources.~~

6 ~~(3) The Agency may adjust the calculation of tax loss for non COVID-~~
7 ~~19 related items, including carryforward losses and depreciation.~~

8 (b) The Agency of Commerce and Community Development shall provide
9 grants to businesses subject to the provisions and guidance controlling
10 economic relief funds that are available through the American Rescue Plan Act
11 of 2021, as follows:

12 (1) Program to respond to economic harm.

13 (A) The Agency shall design and implement the economic recovery
14 grant program to ensure that grants provided to businesses respond to the
15 public health emergency with respect to the Coronavirus Disease 2019
16 (COVID-19) or its negative economic impacts.

17 (B) In assessing whether a program or service “responds to” the
18 COVID-19 public health emergency, the Agency shall, first, identify a need or
19 negative impact of the COVID-19 public health emergency and, second,
20 identify how the program addresses the identified need or impact.

21 (2) Program response is related and proportional to harm.

1 (A) The Agency shall ensure that its program response is related and
2 reasonably proportional to the extent and type of harm experienced.

3 (B) Uses that bear no relation or are grossly disproportionate to the
4 type or extent of harm experienced are not eligible uses.

5 (3) Economic harm resulting from or exacerbated by COVID-19.

6 (A) The Agency shall design and implement the economic recovery
7 grant program to address economic harms resulting from or exacerbated by the
8 public health emergency.

9 (B) The Agency shall assess the connection between the negative
10 economic harm and the COVID-19 public health emergency, the nature and
11 extent of that harm, and how the use of this funding would address such harm.

12 (C) While recognizing that economic impacts may either be
13 immediate or delayed, the Agency shall not provide assistance to a business
14 that did not experience a negative economic impact from the public health
15 emergency and that therefore would not be an eligible recipient of funds.

16 (4) Recognizing harm to certain industries.

17 (A) The Agency shall recognize that certain industries, such as
18 tourism, travel, and hospitality, were disproportionately and negatively
19 impacted by the COVID-19 public health emergency. Aid provided to
20 tourism, travel, and hospitality industries should respond to the negative
21 economic impacts of the pandemic on those and similarly impacted industries.

1 (B) Aid may be considered responsive to the negative economic
2 impacts of the pandemic if it supports businesses, attractions, business
3 districts, and Tribal development districts operating prior to the pandemic and
4 affected by required closures and other efforts to contain the pandemic.

5 (C) When considering providing aid to industries other than tourism,
6 travel, and hospitality, the Agency shall consider the extent of the economic
7 impact as compared to tourism, travel, and hospitality.

8 (D) The Agency shall also consider whether impacts were due to the
9 COVID-19 pandemic, as opposed to longer-term economic or industrial trends
10 unrelated to the pandemic.

11 (c) On or before December 15, 2021, the Agency shall submit a report to
12 the House Committee on Commerce and Economic Development and the
13 Senate Committee on Economic Development, Housing and General Affairs
14 concerning the implementation of this section, including detailed information
15 concerning business grant recipients and recommendations for any necessary
16 legislative action to adjust program criteria and benefits.

17 * * * Reallocation of COVID-19 Relief Funds * * *

18 Sec. 4a. ACCD; REALLOCATION OF FUNDS [S.263 proposal]

19 Of the \$20,000,000.00 appropriated to the Agency of Commerce and

20 Community Development in 2021 Acts and Resolves No. 74, Sec.

21 G.300(a)(13) for Economic Recovery grants, the Agency shall reallocate not

1 more than \$5,000,000.00 for brownfield revitalization or other eligible
2 programs that have demonstrated need, subject to and consistent with federal
3 law.

4 **Sec. 4b. ACCD; REALLOCATION OF FUNDS [ACCD Proposal]**

5 The Agency of Commerce and Community Development shall reallocate
6 any remaining funds appropriated to the Agency in 2021 Acts and Resolves
7 No. 9, Sec. 3 and 2021 Acts and Resolves No. 74, Sec. 11 G.300(a)(13) for
8 Economic Recovery grants, to the Capital Investment Grant Program as
9 enacted in 2021 Acts and Resolves No. 74, Sec. H.18. This re-allocation is to
10 provide grants to businesses that experienced negative economic impacts
11 subject to and consistent with the Department of Treasury final rule
12 implementing the Coronavirus State and Local Fiscal Recovery Funds
13 (SLFRF) established under the American Rescue Plan Act (ARPA).”

14 * * * Community Development Tax Stabilization Pilot Fund * * *

15 **Sec. 5. COMMUNITY DEVELOPMENT TAX STABILIZATION PILOT**
16 **PROGRAM; APPROPRIATION**

17 Of the amounts available from the federal COVID-19 relief funds, the
18 amount of \$5,000,000.00 is appropriated to the Agency of Commerce and
19 Community Development to design and implement the Community
20 Development Tax Stabilization Pilot Program to provide reimbursement for
21 foregone tax revenue to municipalities in which the grand list has decreased

1 over the past 10 years and that grant tax stabilization for new commercial
2 development projects.

3 * * * Project-Based Tax Increment Financing * * *

4 Sec. 6. 24 V.S.A. 1892(d) is amended to read:

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

7 (1) the City of Burlington, Downtown;

8 (2) the City of Burlington, Waterfront;

9 (3) the ~~Town of Milton, North and South~~ Town of Bennington;

10 (4) the ~~City of Newport~~ City of Montpelier;

11 (5) the City of Winooski;

12 (6) the ~~Town of Colchester~~;

13 (~~7~~) the Town of Hartford;

14 (~~8~~)(7) the City of St. Albans;

15 (~~9~~)(8) the City of Barre;

16 (~~10~~)(9) the Town of Milton, Town Core; and

17 (~~11~~)(10) the City of South Burlington.

1 Sec. 6a. 32 V.S.A. § 5404a is amended to read:

2 § 5404a. TAX STABILIZATION AGREEMENTS; TAX INCREMENT
3 FINANCING DISTRICTS

4 (a) A tax agreement or exemption shall affect the education property tax
5 grand list of the municipality in which the property subject to the agreement is
6 located if the agreement or exemption is:

7 * * *

8 (b)(1) An agreement affecting the education property tax grand list defined
9 under subsection (a) of this section shall reduce the municipality's education
10 property tax liability under this chapter for the duration of the agreement or
11 exemption without extension or renewal, and for a maximum of 10 years. A
12 municipality's property tax liability under this chapter shall be reduced by any
13 difference between the amount of the education property taxes collected on the
14 subject property and the amount of education property taxes that would have
15 been collected on such property if its fair market value were taxed at the
16 equalized nonhomestead rate for the tax year.

17 (2) Notwithstanding any other provision of law, if a municipality has
18 entered into an agreement that reduces the municipality's education property
19 tax liability under this chapter and the municipality establishes a tax increment
20 financing district under 24 V.S.A. chapter 53, subchapter 5, the municipality's
21 municipal and education tax increment shall be calculated based on the

1 assessed value of the properties in the municipality’s grand list and not on the
2 stabilized value.

3 * * *

4 (f) A municipality that establishes a tax increment financing district under
5 24 V.S.A. chapter 53, subchapter 5 shall collect all property taxes on properties
6 contained within the district and apply not more than 70 percent of the State
7 education property tax increment, and not less than 85 percent of the municipal
8 property tax increment, to repayment of financing of the improvements and
9 related costs for up to 20 years pursuant to 24 V.S.A. § 1894, if approved by
10 the Vermont Economic Progress Council pursuant to this section, subject to the
11 following:

12 (1) In a municipality with one or more approved districts, the Council
13 shall not approve an additional district until the municipality retires the debt
14 incurred for all of the districts in the municipality.

15 (2) The Council shall not approve more than ~~six~~ four districts in the
16 State, and not more than two per county, provided:

17 (A) The districts listed in 24 V.S.A. § 1892(d) shall not be counted
18 against the limits imposed in this subdivision (2).

19 (B) The Council shall consider complete applications in the order
20 they are submitted, except that if during any calendar month the Council
21 receives applications for more districts than are actually available in a county,

1 the Council shall evaluate each application and shall approve the application
2 that, in the Council's discretion, best meets the economic development needs
3 of the county.

4 (C) If, while the General Assembly is not in session, the Council
5 receives applications for districts that would otherwise qualify for approval
6 but, if approved, would exceed the ~~six-district~~ four-district limit in the State,
7 the Council shall make one or more presentations to the Emergency Board
8 concerning the applications, and the Emergency Board may, in its discretion,
9 increase the six-district limit.

10 (D) The Council shall not approve more than one district in
11 Bennington County and one district in Washington County.

12 * * *

13 (4) In any year that the assessed valuation of real property in a district
14 decreases in comparison to the original taxable value of the real property in a
15 district, a municipality shall pay the amount equal to the tax calculated based
16 on the original taxable value to the Education Fund.

17 * * *

18 (h) To approve utilization of incremental revenues pursuant to subsection
19 (f) of this section:

20 * * *

1 (2) “Coordinating agency” means any public or private entity from
2 outside the municipality’s departments or offices and not employing the
3 municipality’s staff, which has been designated by a municipality to administer
4 and coordinate a project during creation, public hearing process, approval
5 process, or administration and operation during the life of the project,
6 including overseeing infrastructure development, real property development
7 and redevelopment, assisting with reporting, and ensuring compliance with
8 statute and rule.

9 (3) “Financing” means debt incurred, including principal, interest, and
10 any fees or charges directly related to that debt, or other instruments or
11 borrowing used by a municipality to pay for improvements and related costs
12 for the approved project, only if authorized by the legal voters of the
13 municipality in accordance with 24 V.S.A. § 1894. Payment for eligible
14 related costs may also include direct payment by the municipality using the
15 district increment. However, such anticipated payments shall be included
16 in the vote by the legal voters of the municipality in accordance with
17 subsection (f) of this section. If interfund loans within the municipality are
18 used as the method of financing, no interest shall be charged. Bond
19 anticipation notes may be used as a method of financing and may qualify as a
20 municipality’s first incurrence of debt. A municipality that uses a bond
21 anticipation note during the third or sixth year that a municipality may incur

1 debt pursuant to subsection (f) of this section shall incur all permanent
2 financing not more than one year after issuing the bond anticipation note.

3 (4) “Improvements” means the installation, new construction, or
4 reconstruction of infrastructure that will serve a public purpose, including
5 utilities, transportation, public facilities and amenities, land and property
6 acquisition and demolition, brownfield remediation, and site preparation.

7 “Improvements” also means the funding of debt service interest payments for a
8 period of up to five years, beginning on the date on which the first debt is
9 incurred.

10 (5) “Legislative body” means the mayor and alderboard, the city
11 council, the selectboard, and the president and trustees of an incorporated
12 village, as appropriate.

13 (6) “Municipality” means a city, town, or incorporated village.

14 (7) “Nexus” means the causal relationship that must exist between the
15 improvements and the expected development and redevelopment in the TIF
16 Project Zone or the expected outcomes in the TIF Project Zone.

17 (8) “Original taxable value” means the total valuation as determined in
18 accordance with 32 V.S.A. chapter 129 of all taxable real property located
19 within the project as of the creation date, provided that no parcel within the
20 project shall be divided or bisected.

1 (9) “Project” means a public improvement, as defined in subdivision (4)
2 of this subsection (a), with a total debt ceiling, including related costs, and
3 principal and interest payments, of not more than \$5,000,000.00. A project
4 must:

5 (A) clearly require substantial public investment over and above the
6 normal municipal operating or bonded debt expenditures;

7 (B) only include public improvements that are integral to the
8 expected private development; and

9 (C) meet one of the following four criteria:

10 (i) The development includes new or rehabilitated affordable
11 housing, as defined in 24 V.S.A. § 4303.

12 (ii) The project will affect the remediation and redevelopment of a
13 brownfield located within the district. As used in this section, “brownfield”
14 means an area in which a hazardous substance, pollutant, or contaminant is or
15 may be present, and that situation is likely to complicate the expansion,
16 development, redevelopment, or reuse of the property.

17 (iii) The development will include at least one entirely new
18 business or business operation or expansion of an existing business within the
19 project, and this business will provide new, quality, full-time jobs that meet or
20 exceed the prevailing wage for the region as reported by the Department of
21 Labor.

1 (iv) The development will enhance transportation by creating
2 improved traffic patterns and flow or creating or improving public
3 transportation systems.

4 (10) “Related costs” means expenses incurred and paid by the
5 municipality, exclusive of the actual cost of constructing and financing
6 improvements, that are directly related to the creation and implementation of
7 the project, including reimbursement of sums previously advanced by the
8 municipality for those purposes. Related costs may not include direct
9 municipal expenses such as departmental or personnel costs.

10 (11) “TIF project zone” means an area located within one or more active
11 designations approved by the Vermont Downtown Development Board under
12 24 V.S.A. chapter 76A, or located within an industrial park as defiend in 10
13 V.S.A. § 212(7), for the parcels in a municipality that have nexus to the
14 project.

15 (b) Pilot program. Beginning on January 1, 2023 and ending on December
16 31, 2027, the Vermont Economic Progress Council is authorized to approve a
17 total of not more than four tax increment financing projects, with not more
18 than three projects per year; provided, however, that there shall not be more
19 than one project per municipality.

20 (c) General authority. Under the pilot program established in
21 subsection (b) of this section, a municipality, upon approval of its

1 legislative body, may apply to the Vermont Economic Progress Council
2 pursuant to the process set forth in subsection (e) of this section to use tax
3 increment financing for a project.

4 (d) Eligibility.

5 (1) A municipality is only authorized to apply for a project under this
6 section if:

7 (A) the project will serve one or more active designations approved
8 by the Vermont Downtown Development Board under 24 V.S.A. chapter 76A,
9 or is located within an industrial park as defined in 10 V.S.A. § 212(7).; and

10 (B) the proposed infrastructure improvements and the projected
11 development or redevelopment are compatible with confirmed municipal and
12 regional development plans and the project has clear local and regional
13 significance for employment, housing, brownfield remediation, or
14 transportation improvements.

15 (2) A municipality with an approved tax increment financing district as
16 set forth in 24 V.S.A. 1892(d) is not authorized to apply for a project under this
17 section.

18 (e) Approval process. The Vermont Economic Progress Council shall do
19 all of the following to approve an application submitted pursuant to
20 subsection (c) of this section:

1 (1)(A) Review each application to determine that the infrastructure
2 improvements proposed to serve the project and the proposed development in
3 the project would not have occurred as proposed in the application, or would
4 have occurred in a significantly different and less desirable manner than as
5 proposed in the application, but for the proposed utilization of the incremental
6 tax revenues.

7 (B) The review shall take into account:

8 (i) the amount of additional time, if any, needed to complete the
9 proposed development for the project and the amount of additional cost that
10 might be incurred if the project were to proceed without education property tax
11 increment financing;

12 (ii) how the proposed project components and size would differ, if
13 at all, including, if applicable to the project, in the number of units of
14 affordable housing, as defined in 24 V.S.A. § 4303, without education property
15 tax increment financing; and

16 (iii)(I) the amount of additional revenue expected to be generated
17 as a result of the proposed project;

18 (II) the percentage of that revenue that shall be paid to the
19 Education Fund;

20 (III) the percentage that shall be paid to the municipality; and

1 (IV) the percentage of the revenue paid to the municipality that
2 shall be used to pay financing incurred for development of the project.

3 (2) Process requirements. Determine that each application meets all of
4 the following requirements:

5 (A) The municipality held public hearings and established a project.

6 (B) The municipality has developed a tax increment financing project plan,
7 including a project description; a development financing plan; a pro forma
8 projection of expected costs; a projection of revenues; a statement and
9 demonstration that the project would not proceed without the allocation of a
10 tax increment; evidence that the municipality is actively seeking or has
11 obtained other sources of funding and investment; and a development schedule
12 that includes a list, a cost estimate, and a schedule for public improvements
13 and projected private development to occur as a result of the improvements.

14 The creation of the project shall occur at 12:01 a.m. on April 1 of the calendar
15 year the municipal legislative body votes to approve the tax increment
16 financing project plan.

17 (C) the municipality has approved or pledged the utilization of
18 incremental municipal tax revenues for the purposes of the project in the
19 proportion set for in subsection (i)(2) of this section.

20 (f) Incurring indebtedness.

1 (1) A municipality approved under the process set forth in subsection (e)
2 of this section may incur indebtedness against revenues to provide funding to
3 pay for improvements and related costs for tax increment financing project
4 development.

5 (2) Notwithstanding any provision of any municipal charter, the
6 municipality shall only require one authorizing vote to incur debt through one
7 instance of borrowing to finance or otherwise pay for the tax increment
8 financing project improvements and related costs; provided, however, that a
9 municipality may present one or more subsequent authorization votes in the
10 event a vote fails. The municipality shall be authorized to incur indebtedness
11 only after the legal voters of the municipality, by a majority vote of all voters
12 present and voting on the question at a special or annual municipal meeting
13 duly warned for the purpose, authorize the legislative body to pledge the credit
14 of the municipality, borrow, or otherwise secure the debt for the specific
15 purposes so warned. The creation of the project shall occur at 12:01 a.m. on
16 April 1 of the calendar year the municipal legislative body votes to approve the
17 tax increment financing project plan.

18 (3) Any indebtedness shall be incurred within three years from the date
19 of approval by the Vermont Economic Progress Council, unless the Vermont
20 Economic Progress Council grants an extension of an additional three years
21 pursuant to the substantial change process set forth in the 2015 TIF Rule;

1 provided, however, that an updated plan is submitted prior to the three-year
2 termination date of the project.

3 (g) Original taxable value. As of the date the project is approved by the
4 legislative body of the municipality, the lister or assessor for the municipality
5 shall certify the original taxable value and shall certify to the legislative body
6 in each year thereafter during the life of the project the amount by which the
7 total valuation as determined in accordance with 32 V.S.A. chapter 129 of all
8 taxable real property located within the project has increased or decreased
9 relative to the original taxable value.

10 (h) Tax increments.

11 (1) In each year following the approval of the project, the lister or
12 assessor shall include not more than the original taxable value of the real
13 property in the assessed valuation upon which the treasurer computes the rates
14 of all taxes levied by the municipality and every other taxing district in which
15 the project is situated, but the treasurer shall extend all rates so determined
16 against the entire assessed valuation of real property for that year. In each year
17 for which the assessed valuation exceeds the original taxable value, the
18 municipality shall hold apart, rather than remit to the taxing districts, that
19 proportion of all taxes paid that year on the real property within the project that
20 the excess valuation bears to the total assessed valuation. The amount held
21 apart each year is the “tax increment” for that year. Not more than the

1 percentages established pursuant to subsection (i) of this section of the
2 municipal and State education tax increments received with respect to the
3 project and committed for the payment for financing for improvements and
4 related costs shall be segregated by the municipality in a special tax increment
5 financing project account and in its official books and records until all capital
6 indebtedness of the project has been fully paid. The final payment shall be
7 reported to the treasurer, who shall thereafter include the entire assessed
8 valuation of the project in the assessed valuations upon which municipal and
9 other tax rates are computed and extended and thereafter no taxes from the
10 project shall be deposited in the project's tax increment financing account.

11 (2) In each year, a municipality shall remit not less than the aggregate
12 original taxable value to the Education Fund.

13 (3) Notwithstanding any charter provision or other provision, all
14 property taxes assessed within a project shall be subject to the provision of
15 subdivision (1) of this subsection. Special assessments levied under 24 V.S.A.
16 chapter 76A or 87 or under a municipal charter shall not be considered
17 property taxes for the purpose of this section if the proceeds are used
18 exclusively for operating expenses related to properties within the project and
19 not for improvements within the district as defined in subdivision (a)(3) of this
20 section.

1 (4) Amounts held apart under subdivision (1) of this subsection shall
2 only be used for financing and related costs as defined in subsection (a) of this
3 section.

4 (i) Use of tax increment.

5 (1) Education property tax increment. For only debt incurred within the
6 period permitted under subdivision (e)(3) of this section after approval of the
7 project, up to 70 percent of the education tax increment may be retained for up
8 to 20 years, beginning with the education tax increment generated the year in
9 which the first debt incurred for the project financed in whole or in part with
10 incremental education property tax revenue. Upon incurring the first debt, a
11 municipality shall notify the Department of Taxes and the Vermont Economic
12 Progress Council of the beginning of the 20-year retention period of the
13 education tax increment.

14 (2) Use of the municipal property tax increment. For only debt incurred
15 within the period permitted under subdivision (e)(3) of this section after
16 approval of the project, not less than 85 percent of the municipal tax increment
17 shall be retained to service the debt, beginning the first year in which debt is
18 incurred, pursuant to subdivision (1) of this subsection.

19 (3) The Vermont Economic Progress Council shall determine there is a
20 nexus between the improvement and the expected development and
21 redevelopment for the project and expected outcomes in the TIF Project Zone.

1 (j) Distribution. Of the municipal and education tax increments received in
2 any tax year that exceed the amounts committed for the payment of the
3 financing for improvements and related costs for the project, equal portions of
4 each increment may be retained for the following purposes: prepayment of
5 principal and interest on the financing, placed in a special account required by
6 subdivision (g)(1) of this section and used for future financing payments or
7 used for defeasance of the financing. Any remaining portion of the excess
8 municipal tax increment shall be distributed to the city, town, or village
9 budget, in the proportion that each budget bears to the combined total of the
10 budgets, unless otherwise negotiated by the city, town, or village, and any
11 remaining portion of the excess education tax increment shall be distributed to
12 the Education Fund.

13 (k) Information reporting. Every municipality with an approved project
14 pursuant to this section shall:

15 (1) Develop a system, segregated for the project, to identify, collect, and
16 maintain all data and information necessary to fulfill the reporting
17 requirements of this section, including performance measures.

18 (2) Provide, as required by events, notification to the Vermont
19 Economic Progress Council and the Department of Taxes regarding any tax
20 increment financing development project debt obligations, public votes, or
21 votes by the municipal legislative body immediately following such obligation

1 or vote on a form prescribed by the Council, including copies of public notices,
2 agendas, minutes, vote tally, and a copy of the information provided to the
3 public in accordance with 24 V.S.A. § 1894(i).

4 (3) Annually:

5 (A) Ensure that the tax increment financing project account required
6 by subdivision (h)(1) is subject to the annual audit prescribed in subsection (m)
7 of this section. Procedures must include verification of the original taxable
8 value and annual and total municipal and education tax increments generated,
9 expenditures for debt and related costs, and current balance.

10 (B) On or before February 15 of each year, on a form prescribed by
11 the Council, submit an annual report to the Vermont Economic Progress
12 Council and the Department of Taxes, including the information required by
13 subdivision (2) of this section if not already submitted during the year, all
14 information required by subdivision (A) of this subdivision (3), and the
15 information required by 32 V.S.A. § 5404a(i), including performance measures
16 and any other information required by the Council or the Department of Taxes.

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

1 include the date of approval, a description of the project, the original taxable
2 value of the property subject to the project development, the scope and value
3 of projected and actual improvements and developments in the TIF Project
4 Zone, projected and actual incremental revenue amounts, and division of the
5 increment revenue between project debt, the Education Fund, the special
6 account required by subdivision (h)(1) and the municipal General Fund,
7 projected and actual financing, and a set of performance measures developed
8 by the Vermont Economic Progress Council, which may include outcomes
9 related to the criteria for which the municipality applied and the amount of
10 infrastructure work performed by Vermont firms.

11 (m) Audit; financial reports. Annually, until the year following the end of
12 the period for retention of education tax increment, a municipality with an
13 approved project under this section shall:

14 (1) On or before ~~January~~ **October** 1, submit an annual report to the
15 Vermont Economic Progress Council, which shall provide sufficient
16 information for the Vermont Economic Progress Council to prepare its report
17 required by subsection (i) of this section.

18 (2) On or before April 1, ensure that the project is subject to the annual
19 audit prescribed in 24 V.S.A. § 1681 or 1690 **and submit a copy to the**
20 **Vermont Economic Progress Council.** In the event that the audit is only
21 subject to the audit under 24 V.S.A. § 1681, the Vermont Economic Progress

1 Council shall ensure a process is in place to subject the project to an
2 independent audit. Procedures for the audit must include verification of the
3 original taxable value and annual and total municipal and education tax
4 increments generated, expenditures for debt and related costs, and current
5 balance.

6 (n) Authority to issue decisions.

7 (1) The Secretary of Commerce and Community Development, after
8 reasonable notice to a municipality and an opportunity for a hearing, is
9 authorized to issue decisions to a municipality on questions and inquiries
10 concerning the administration of projects, statutes, rules, noncompliance with
11 this section, and any instances of noncompliance identified in audit reports
12 conducted pursuant to subsection (m) of this section.

13 (2) The Vermont Economic Progress Council shall prepare
14 recommendations for the Secretary prior to the issuance of a decision. As
15 appropriate, the Council may prepare such recommendations in consultation
16 with the Commissioner of Taxes, the Attorney General, and the State
17 Treasurer. In preparing recommendations, the Council shall provide a
18 municipality with a reasonable opportunity to submit written information in
19 support of its position. The Secretary shall review the recommendations of the
20 Council and issue a final written decision on each matter within 60 days
21 following the receipt of the recommendations. The Secretary may permit an

1 appeal to be taken by any party to a Superior Court for determination of
2 questions of law in the same manner as the Supreme Court may by rule
3 provide for appeals before final judgment from a Superior Court before issuing
4 a final decision.

5 (o) The Vermont Economic Progress Council is authorized to adopt
6 policies that are consistent with the 2015 TIF Rule, as may be modified by
7 subsequent rule, to implement this section.

8 Sec. 6c. 24 V.S.A. § 1891 is amended to read:

9 § 1891. DEFINITIONS

10 ~~When~~ As used in this subchapter:

11 * * *

12 (4) “Improvements” means the installation, new construction, or
13 reconstruction of infrastructure that will serve a public purpose and fulfill the
14 purpose of tax increment financing districts as stated in section 1893 of this
15 subchapter, including utilities, transportation, public facilities and amenities,
16 land and property acquisition and demolition, and site preparation.

17 “Improvements” also means the funding of debt service interest payments for a
18 period of up to five years, beginning on the date in which the first debt is
19 incurred.

20 * * *

1 § 4306. MUNICIPAL AND REGIONAL PLANNING FUND

2 (a)(1) The Municipal and Regional Planning Fund for the purpose of
3 assisting municipal and regional planning commissions to carry out the intent
4 of this chapter is hereby created in the State Treasury.

5 (2) The Fund shall be composed of 17 percent of the revenue from the
6 property transfer tax under 32 V.S.A. chapter 231 and any monies from time to
7 time appropriated to the Fund by the General Assembly or received from any
8 other source, private or public. All balances at the end of any fiscal year shall
9 be carried forward and remain in the Fund. Interest earned by the Fund shall
10 be deposited in the Fund.

11 (3) Of the revenues in the Fund, each year:

12 (A) 10 percent shall be disbursed to the Vermont Center for
13 Geographic Information;

14 (B) 70 percent shall be disbursed to the Secretary of Commerce and
15 Community Development for performance contracts with regional planning
16 commissions to provide regional planning services pursuant to section 4341a
17 of this title; and

18 (C) 20 percent shall be disbursed to municipalities.

19 * * *

20 (d) New funds allocated to municipalities under this section may take the
21 form of special purpose grants in accordance with section 4307 of this title.

1 Sec. 7a. 24 V.S.A. § 4307 is added to read:

2 § 4307. MUNICIPAL BYLAW MODERNIZATION GRANTS

3 (a) There are created Municipal Bylaw Modernization Grants to assist
4 municipalities in updating their land use and development bylaws to support a
5 development pattern that is pedestrian oriented and consistent with the smart
6 growth principles established in section 2791 of this title. The Grants shall be
7 funded by monies allocated from the municipality allocation of the Municipal
8 and Regional Planning Funds established in subdivision 4306 (a)(3)(C) of this
9 title and any other monies appropriated for this purpose.

10 (b) A municipality that receives a grant shall use the funds for the adoption
11 of bylaws that increase housing choice, affordability, and opportunity in smart
12 growth areas. These smart growth areas shall be areas that reflect the smart
13 growth principles established in section 2791 of this title, that are located
14 outside important natural resource areas, and are located outside identified
15 flood hazard areas and river corridors or are acceptable for infill development
16 as defined in § 29–201 of the Vermont Flood Hazard Area and River Corridor
17 Rule.

18 *(b) A municipality that receives a grant shall use the funds for the adoption*
19 *of bylaws that increase housing choice, affordability, and opportunity in smart*
20 *growth areas. These smart growth areas shall be areas that reflect the smart*
21 *growth principles established in section 2791 of this title and shall give*

1 priority to projects that relate to state designated area under 24 VSA Chapter
2 76A.

3
4 (c) Disbursement to municipalities shall be administered by the Department
5 of Housing and Community Development through a competitive process
6 providing the opportunity for all regions and any eligible municipality to
7 compete regardless of size. The Department shall, to the extent reasonably
8 possible, ensure that grants are awarded with the intent of achieving
9 geographic distribution across the State.

10 (d) Funds may be disbursed by the Department in installments to ensure the
11 municipal bylaw updates meet the goals of this section.

12 (e) Funding may be used for mapping, the cost of regional planning
13 commission staff or consultant time, carrying out the provisions of
14 subchapters 5 through 10 of this chapter, and any other purpose approved by
15 the Department.

16 (e) Funding may be used for mapping, the cost of regional planning
17 commission staff or consultant time, carrying out the provisions of this section,
18 and any other purpose approved by the Department.

19 (f) To receive a grant, the municipality shall:

20 (1) identify any municipal water supply and wastewater disposal
21 capacity, opportunities, and constraints within mapped service areas in both

1 traditional water and wastewater systems and smaller scale municipal systems,
2 including soil-based wastewater treatment and decentralized water and
3 wastewater systems;

4 (2) allow, at a minimum, duplexes within smart growth areas to the
5 same extent that single-family dwellings are allowed;

6 (3) require parking waiver provisions in appropriate smart growth areas
7 and situations;

8 (4) review and modify street standards that implement the complete
9 streets principles as described in 19 V.S.A. § 309d and that are oriented to
10 pedestrians;

11 (5) adopt dimensional, use, parking, and other standards that allow
12 compact neighborhood form and support walkable lot and unit density, which
13 may be achieved with a standard allowing at least four units per acre with site
14 and building design standards or by other means established in guidelines
15 issued by the Department; and

16 (6) demonstrate how the bylaws support implementation of the housing
17 element of its municipal plan as provided in subdivision 4382(a)(10) of this
18 title related to addressing lower and moderate-income housing needs.

19
20 (f) Any work performed with funding from this grant shall:

1 (1) Identify and map any municipal water supply and wastewater
2 disposal capacity, opportunities, and constraints within service areas in both
3 traditional water and wastewater systems and smaller scale municipal systems,
4 including soil-based wastewater treatment and decentralized water and
5 wastewater systems based on the best available information;

6 (2) Increase allowed housing types and uses, which may include
7 allowing, at a minimum, duplexes within smart growth areas to the same extent
8 that single-family dwellings are allowed;

9 (3) Include parking waiver provisions in appropriate smart growth areas
10 and situations;

11 (4) Include street standards that implement the complete streets
12 principles as described in 19 V.S.A. § 309d and that are oriented to
13 pedestrians;

14 (5) Include dimensional, use, parking, and other standards that allow
15 compact neighborhood form, reduce nonconformities, and support walkable
16 lot and unit density, which may be achieved with a standard allowing at least
17 four units per acre, with site and building design standards, allowing the
18 obtention of a State and/or municipal water & wastewater permit to determine
19 allowable density, or by other means established in guidelines issued by the
20 Department;

1 (6) Support implementation of the housing element of its municipal plan
2 as provided in subdivision 4382(a)(10) of this title related to addressing lower
3 and moderate-income housing needs, or update the housing element of the
4 municipal plan, as necessary, to address lower and moderate-income housing
5 needs in conjunction with amendments to the municipal bylaws;

6 (7) Avoid development of and minimize impact to important natural
7 resources, including new development in flood hazard areas, undeveloped
8 floodplains, and river corridor areas, unless lawfully allowed for infill
9 development or as acceptable in §§29-201 of the Vermont Flood Hazard Area
10 and River Corridor Rule; and

11 (8) Comply with State & Federal Fair Housing Law, including the fair
12 housing provisions of Vermont's Municipal & Regional Planning &
13 Development Act.

14 (g) On or before September 1, 2022, the Department shall adopt guidelines
15 to assist municipalities applying for grants under this section.

16 Sec 7b. 24 V.S.A § 4306(c)(4) is added to read:

17 (4) The Fund shall be available to the Department of Housing and
18 Community Development for the reasonable and necessary costs of
19 administering the Fund, not to exceed ten percent of total program funds.

20 Sec. 7c. APPROPRIATION

1 In fiscal year 2023 the amount of \$600,000.00 is appropriated [from
2 source?] to the Municipal Planning Grant Program to the base allocation.

3 * * * Tax Credits * * *

4 Sec. 8. 32 V.S.A. § 5930aa is amended to read:

5 § 5930aa. DEFINITIONS

6 As used in this subchapter:

7 (1) “Qualified applicant” means an owner or lessee of a qualified
8 building involving a qualified project, but does not include a State or federal
9 agency or a political subdivision of either; or an instrumentality of the United
10 States.

11 (2) “Qualified building” means a building built at least 30 years before
12 the date of application, located within a designated downtown ~~or~~ village
13 center, or neighborhood development area, which, upon completion of the
14 project supported by the tax credit, will be an income-producing building not
15 used solely as a single-family residence. Churches and other buildings owned
16 by religious organization may be qualified buildings, but in no event shall tax
17 credits be used for religious worship.

18 (3) “Qualified code improvement project” means a project:

19 (A) to install or improve platform lifts suitable for transporting
20 personal mobility devices, limited use or limited application elevators,
21 elevators, sprinkler systems, and capital improvements in a qualified building,

1 and the installations or improvements are required to bring the building into
2 compliance with the statutory requirements and rules regarding fire prevention,
3 life safety, and electrical, plumbing, and accessibility codes as determined by
4 the Department of Public Safety;

5 (B) to abate lead paint conditions or other substances hazardous to
6 human health or safety in a qualified building; or

7 (C) to redevelop a contaminated property in a designated downtown
8 ~~or~~ village center, or neighborhood development area under a plan approved by
9 the Secretary of Natural Resources pursuant to 10 V.S.A. § 6615a.

10 (4) “Qualified expenditures” means construction-related expenses of the
11 taxpayer directly related to the project for which the tax credit is sought, but
12 excluding any expenses related to a private residence.

13 (5) “Qualified façade improvement project” means the rehabilitation of
14 the façade of a qualified building that contributes to the integrity of the
15 designated downtown ~~or~~ designated village center, or neighborhood
16 development area. Façade improvements to qualified buildings listed, or
17 eligible for listing, in the State or National Register of Historic Places must be
18 consistent with Secretary of the Interior Standards, as determined by the
19 Vermont Division for Historic Preservation.

20 * * *

21 Sec. 8a. 24 V.S.A. § 2793a is amended to read:

1 § 2793a. DESIGNATION OF VILLAGE CENTERS BY STATE BOARD

2 * * *

3 (c) A village center designated by the State Board pursuant to
4 subsection (a) of this section is eligible for the following development
5 incentives and benefits:

6 * * *

7 (4) ~~The following State tax credits for projects located in a designated~~
8 ~~village center:~~

9 (A) ~~A State historic rehabilitation tax credit of ten percent under~~
10 ~~32 V.S.A. § 5930cc(a) that meets the requirements for the federal rehabilitation~~
11 ~~tax credit.~~

12 (B) ~~A State façade improvement tax credit of 25 percent under~~
13 ~~32 V.S.A. § 5930cc(b).~~

14 (C) ~~A State code improvement tax credit of 50 percent under~~
15 ~~32 V.S.A. § 5930ee(e) The Downtown and Village Center Tax Credit Program~~
16 ~~described in 32 V.S.A. § 5930aa et seq.~~

17 * * *

18 Sec. 8b. 24 V.S.A. § 2793e is amended to read:

19 § 2793e. NEIGHBORHOOD PLANNING AREAS; DESIGNATION OF

20 NEIGHBORHOOD DEVELOPMENT AREAS

21 * * *

1 (f) Neighborhood development area incentives for developers. Once a
2 municipality has a designated neighborhood development area or has a
3 Vermont neighborhood designation pursuant to section 2793d of this title, any
4 proposed development within that area shall be eligible for each of the benefits
5 listed in this subsection. These benefits shall accrue upon approval by the
6 district coordinator, who shall review the density requirements set forth in
7 subdivision (c)(7) of this section to determine benefit eligibility and issue a
8 jurisdictional opinion under 10 V.S.A. chapter 151 on whether the density
9 requirements are met. These benefits are:

10 (1) ~~The~~ the application fee limit for wastewater applications stated in
11 3 V.S.A. § 2822(j)(4)(D);

12 (2) ~~The~~ the application fee reduction for residential development stated
13 in 10 V.S.A. § 6083a(d);

14 (3) ~~The~~ the exclusion from the land gains tax provided by 32 V.S.A.
15 § 10002(p); and

16 (4) eligibility for the Downtown and Village Center Tax Credit Program
17 described in 32 V.S.A. § 5930aa et seq.

18 * * *

19 Sec. 8c. 24 V.S.A. § 2794 is amended to read:

20 § 2794. INCENTIVES FOR PROGRAM DESIGNEES

1 (a) Upon designation by the Vermont Downtown Development Board
2 under section 2793 of this title, a downtown development district and projects
3 in a downtown development district shall be eligible for the following:

4 (1) Priority consideration by any agency of the State administering any
5 State or federal assistance program providing funding or other aid to a
6 municipal downtown area with consideration given to such factors as the costs
7 and benefits provided and the immediacy of those benefits, provided the
8 project is eligible for the assistance program.

9 (2) ~~The following State tax credits:~~

10 ~~(A) A State historic rehabilitation tax credit of 10 percent under~~
11 ~~32 V.S.A. § 5930cc(a) that meets the requirements for the federal rehabilitation~~
12 ~~tax credit.~~

13 ~~(B) A State façade improvement tax credit of 25 percent under~~
14 ~~32 V.S.A. § 5930cc(b).~~

15 ~~(C) A State code improvement tax credit of 50 percent under~~
16 ~~32 V.S.A. § 5930cc(e) The Downtown and Village Center Tax Credit Program~~
17 ~~described in 32 V.S.A. § 5930aa et seq.~~

18 * * *

19 * * * Affordable Housing Tax Credit; Manufactured Homes * * *

20 Sec. 9. 32 V.S.A. § 5930u(g) is amended to read:

21 (g)(1) In any fiscal year, the allocating agency may award up to:

1 (A) \$400,000.00 in total first-year credit allocations to all applicants
2 for rental housing projects, for an aggregate limit of \$2,000,000.00 over any
3 given five-year period that credits are available under this subdivision (A);

4 (B) ~~\$425,000.00~~ \$675,000.00 in total first-year credit allocations for
5 loans or grants for owner-occupied unit financing or down payment loans as
6 provided in subdivision (b)(2) of this section consistent with the allocation
7 plan, including for new construction and manufactured housing, for an
8 aggregate limit of ~~\$2,125,000.00~~ \$3,375,000.00 over any given five-year
9 period that credits are available under this subdivision (B). Of the total first-
10 year credit allocations made under this subdivision (B), \$250,000.00 shall be
11 used each fiscal year for manufactured home purchase and replacement.

12 (B). 1,000,000 of the above 575,000.00 shall be used solely for

13 Manufactured Home Purchase and Replacement.

14 Sec. XX. Appropriations. \$1,000,000 a year of additional foregone

15 revenue, for a minimum of five years, is appropriated to the Affordable

16 Housing Tax Credit established in 32 V.S.A.

17
18 (2) If the full amount of first-year credits authorized by an award are not
19 allocated to a taxpayer, the Agency may reclaim the amount not allocated and
20 re-award such allocations to other applicants, and such re-awards shall not be
21 subject to the limits set forth in subdivision (1) of this subsection.

1 (1) the total amount of tax credits awarded annually, together with sales
2 tax reallocated under section 9819 of this title, does not exceed ~~\$3,000,000.00~~
3 \$4,750,000.00; [\$5,000,000.00]

4 * * *

5 * * * Neighborhood Development Area Tax Credit; Pilot Program * * *

6 Sec. 12. NEIGHBORHOOD DEVELOPMENT AREA TAX CREDIT; FIVE
7 YEAR PILOT PROGRAM

8 (a) There is created the Neighborhood Development Area Tax Credit Pilot
9 Program. Qualified applicants may apply to the State Downtown Development
10 Board to obtain the tax credits described in 32 V.S.A. § 5930cc.(b) As used in
11 this section:

12 (1) “Qualified applicant” has the same meaning as 32 V.S.A. § 5930aa.

13 (2) “Qualified building” means a building built at least 30 years before
14 the date of application, located within a neighborhood development area,
15 which, upon completion of the project supported by the tax credit, will be an
16 income-producing building not used solely as a single-family residence.
17 Churches and other buildings owned by religious organization may be
18 qualified buildings, but in no event shall tax credits be used for religious
19 worship.

20 (3) “Qualified code improvement project” means a project:

1 (A) to install or improve platform lifts suitable for transporting
2 personal mobility devices, limited use or limited application elevators,
3 elevators, sprinkler systems, and capital improvements in a qualified building;
4 and the installations or improvements are required to bring the building into
5 compliance with the statutory requirements and rules regarding fire prevention,
6 life safety, and electrical, plumbing, and accessibility codes as determined by
7 the Department of Public Safety;

8 (B) to abate lead paint conditions or other substances hazardous
9 to human health or safety in a qualified building; or

10 (C) to redevelop a contaminated property in a neighborhood
11 development area under a plan approved by the Secretary of Natural Resources
12 pursuant to 10 V.S.A. § 6615a.

13 (4) “Qualified expenditures” has the same meaning as in 32 V.S.A. §
14 5930aa.

15 (5) “Qualified façade improvement project” means the rehabilitation of
16 the façade of a qualified building that contributes to the integrity of the
17 neighborhood development area. Façade improvements to qualified buildings
18 listed, or eligible for listing, in the State or National Register of Historic Places
19 must be consistent with Secretary of the Interior Standards, as determined by
20 the Vermont Division for Historic Preservation.

1 (6) “Qualified historic rehabilitation project” has the same meaning as
2 in
3 32 V.S.A. § 5930aa.

4 (7) “Qualified project” has the same meaning as in 32 V.S.A. § 5930aa.

5 (c) The tax credits available to qualified applicants under this section shall be
6 the same tax credits established in 32 V.S.A. § 5930cc.

7 (d) To qualify for any of the tax credits under this section, expenditures for the
8 qualified project must exceed \$5,000.00.

9 (e) Application shall be made in accordance with the guidelines set by the State
10 Downtown Development Board.

11 (f) The provisions of 32 V.S.A. § 5930dd shall apply to the tax credits issued
12 under this section.

13 (g) For fiscal years 2022, 2023, 2024, 2024, 2025 the State Downtown
14 Development Board may award tax credits to all qualified applicants under this
15 section, provided that:

16 (1) the total amount of tax credits awarded annually, together with sales
17 tax reallocated under 32 V.S.A. § 9819, does not exceed \$3,000,000.00;

18 (2) a total annual allocation of not more than 30 percent of these tax
19 credits may be awarded in connection with all of the projects in a single
20 municipality;

1 (3) façade tax credits shall not be available for projects that qualify for
2 the federal rehabilitation tax credit;

3 (4) no credit shall be allowed under this section for the cost of
4 acquiring any building or interest in a building;

5 (5) credit under this section may not be allocated more often than once
6 to the same building; and

7 (6) credit awarded under this section that is rescinded or recaptured by
8 the State Downtown Development Board shall be available for the State Board
9 to award to applicants in any subsequent year, in addition to the total amount
10 of tax credits authorized under this section.

11 (h) Tax credits awarded under this section shall be subject to the recapture
12 provision of 32 V.S.A. § 5930ff.

13 *** Flood mitigation; downtown tax credit program***

14 Sec. 13. 32 V.S.A. § 5930aa(6) is added to read:

15 (6) “Qualified Flood Mitigation Project” means any combination of
16 structural and nonstructural changes to a building located within an area
17 subject to the River Corridor Rule or within the flood hazard area as mapped
18 by the Federal Emergency Management Agency that reduces or eliminates
19 flood damage to the building or its contents. The project shall comply with the
20 municipality’s adopted flood hazard and river corridor bylaw, if applicable,
21 and a certificate of completion shall be submitted by a registered engineer,

1 architect, qualified contractor, or qualified local official to the State Board.
2 Improvements to qualified buildings listed, or eligible for listing, in the State
3 or National Register of Historic Places shall be consistent with Secretary of the
4 Interior’s Standards for Rehabilitation, as determined by the Vermont Division
5 for Historic Preservation.

6 Sec. 13a. 32 V.S.A. § 5930cc is amended to read:

7 5930cc. DOWNTOWN AND VILLAGE CENTER PROGRAM TAX

8 CREDITS

9 * * *

10 (d) Flood Mitigation Tax Credit. The qualified applicant of a qualified flood
11 mitigation project shall be entitled, upon the approval of the State Board, to
12 claim against the taxpayer’s State individual income tax, State corporate
13 income tax, or bank franchise or insurance premiums tax liability a credit of 50
14 percent of qualified expenditures up to a maximum tax credit of \$75,000.00.

15 * * * VEDA Forgivable Loan * * *

16 Sec. 14. VEDA FORGIVABLE LOANS

17 Of the amounts available from the federal COVID-19 relief funds, the
18 amount of \$20,000,000.00 is appropriated to the Vermont Economic
19 Development Authority to administer short-term forgivable loans to small
20 businesses for ongoing COVID-19 recovery needs.

21 * * * Build to Scale Program * * *

1 Sec. 15.

2 * * * Minimum Wage * * *

3 Sec. 16.

4 * * * Creative Economy * * *

5 Sec. 17. FINDINGS; PURPOSE

6 (a) Findings. The General Assembly finds:

7 (1) The COVID-19 pandemic has profoundly jeopardized the economic
8 viability of creative sector businesses, museums, theaters, galleries, studios,
9 performing arts venues, and other cultural organizations.

10 (2) Creative sector businesses and nonprofits are important to Vermont's
11 economic growth and community vitality, attracting tourists, boosting local
12 sales, and generating more than nine percent of Vermont's jobs.

13 (3) These businesses and organizations were among the first to close to
14 protect public health and are also among the last to fully reopen.

15 (4) Even as performances and cultural activities slowly return to
16 operation, they are often not able to operate at pre-pandemic capacity, and the
17 public remains trepidatious to gather in close proximity with others, even if
18 masked.

19 (5) Past financial support for creative sector businesses, performing arts
20 venues, and other cultural organizations has provided a bridge to this point, but

1 these entities continue to have significant need until vaccinations and other
2 public health measures allow them to return to economic health.

3 (b) Purpose. The purpose of this act is to provide \$17.5 million in
4 additional financial assistance to creative sector businesses and cultural
5 organizations as follows:

6 (1) to provide direct financial assistance for COVID-19-safe equipment,
7 marketing and re-engaging audiences, and covering operating costs;

8 (2) to support statewide promotion and marketing of Vermont’s creative
9 economy;

10 (3) to provide funding for the Vermont Arts Council to implement the
11 CreateVT Action Plan; and

12 (4) to support both creative sector businesses and downtown growth and
13 revitalization by providing affordable studio, housing, performance, and
14 exhibition space and opportunities for artists and other creative sector
15 businesses.

16 Sec. 17a. CREATIVE ECONOMY RECOVERY PROGRAM

17 In fiscal year 2022, of the amounts available to the State from federal
18 coronavirus relief funds, the amount of \$17,500,000.00 is appropriated to the
19 Agency of Commerce and Community Development, which the Agency shall
20 subgrant to the Vermont Arts Council to administer consistent with the
21 provisions of this section.

1 (1) Creative economy grants. The Council shall allocate funding for
2 creative economy grants to theaters, community arts centers, galleries,
3 museums, dance studios, and similarly situated entities, as follows:

4 (A) \$10,000,000.00 to cover a portion of monthly operating costs for
5 businesses and organizations that have sustained substantial losses due to the
6 pandemic, including rent, mortgage, utilities, and insurance;

7 (B) \$2,000,000.00 for public health-related business and
8 programming adaptations, including to purchase and implement touchless
9 ticketing, online sales platforms, and COVID-19-related health and safety
10 protocols; and

11 (C) \$4,000,000.00 for public health-related facility adaptations,
12 including the purchase of air purification systems, hand-sanitizer dispensers,
13 expanded outdoor seating, and HVAC assessments and upgrades.

14 (2) Statewide promotion and marketing of Vermont’s creative sector.
15 The Council shall allocate \$500,000.00 to support statewide and regional
16 marketing of arts and cultural events, venues, and creative sector businesses
17 that are essential to revive consumer confidence and spending.

18 (3) Vermont Creative Network Coordinator and network support. The
19 Council shall allocate \$250,000.00 to hire the Vermont Creative Network
20 Coordinator and Zone Leader positions for two years to implement the
21 CreateVT Action Plan.

1 (4) Art space and housing in vacant downtown storefronts. The Council
2 shall allocate \$750,000.00 for creative spaces grants to restore vitality to
3 vacant downtown buildings and other retail spaces and provide affordable
4 housing, studio, exhibition, and performance space to Vermont artists.

5 (A) A creative sector business may apply for a three-year grant to
6 lease vacant downtown retail space.

7 (B) A grantee may also use funds to lease residential space in the
8 same building and to enable a landlord to make necessary improvements to the
9 building to enable residential use.

10 (C) The Council shall pay grant funds directly to a landlord after the
11 execution of a lease agreement.

12 * * * Vermont Film Commission * * *

13 Sec. 18. 10 V.S.A. chapter 26 is added to read:

14 CHAPTER 26. VERMONT FILM COMMISSION

15 § 644. VERMONT FILM COMMISSION; PURPOSE; CREATION

16 (a) The Vermont Film Commission is created within the Agency of
17 Commerce and Community Development.

18 (b) The purpose of the Commission is to promote the State of Vermont as a
19 location for commercial film and television production and to facilitate the
20 participation of local individuals and companies in such productions.

21 § 645. POWERS AND DUTIES OF THE COMMISSION

1 The Vermont Film Commission has the following powers and duties:

2 (1) to receive funds for the promotion of the State of Vermont as the site
3 for commercial film and television production and to promote the participation
4 of local individuals and companies in the productions;

5 (2) to solicit, accept, and expend funds from private sources;

6 (3) to develop and implement both long-range and annual marketing
7 plans to promote Vermont as the location for commercial film and television
8 productions;

9 (4) to publicize, through trade publications, other printed, electronic and
10 computerized media, and by participation in professional conferences, the
11 advantages of locating commercial film and television productions in Vermont;

12 (5) to actively recruit production companies to make feature films and
13 television programs in Vermont; and

14 (6) to work with Vermont-based businesses and professionals to develop
15 and support a thriving Vermont film sector.

16 § 646. BOARD OF DIRECTORS

17 (a)(1) The Vermont Film Commission shall be governed and all of its
18 powers exercised by a board of directors consisting of at least seven members.

19 (2) The Governor shall appoint two members, the Vermont Council on
20 the Arts shall appoint two members, and the appointees of the Governor and

1 the Council shall jointly appoint at least three additional members, at least one
2 of whom is a member of the Vermont business community.

3 (3) The Governor and the Council shall ensure that the membership of
4 the Board includes geographic representation of all regions of the State.

5 (4) Vacancies on the Board shall be filled in the same manner as the
6 original appointment.

7 (b) The Board shall:

8 (1) adopt bylaws for the Commission, including provisions relating to
9 the terms of Board members;

10 (2) appoint an executive director and such clerical assistance as it deems
11 advisable and fix their compensation and prescribe their duties;

12 (3) serve without compensation except for expenses actually and
13 necessarily incurred by them in the performance of their duties;

14 (4) hold regular meetings, and hold special meetings that it deems
15 necessary, at which a majority of the directors constitutes a quorum for the
16 transaction of any business unless the bylaws of the Commission require a
17 larger number; and

18 (5) adopt rules, not inconsistent with law, to carry out the purposes of
19 this chapter.

20 § 647. ANNUAL REPORT

1 (a) Annually, on or before March 1, the Board of Directors of the Vermont
2 Film Commission shall submit a report to the Agency of Commerce and
3 Community Development and to the General Assembly for the prior 12-month
4 period.

5 (b) The report shall describe activities of the Board during the preceding
6 year and shall also include an accounting of revenues received by and
7 expenditures of the Board and plans to minimize future State funding of the
8 Commission’s activities.

9 Sec. 18a. STUDY; REPORT

10 On or before January 15, 2023, the Vermont Film Commission shall study
11 and submit a report to the House Committee on Commerce and Economic
12 Development and to the Senate Committee on Economic Development,
13 Housing and General Affairs that includes the Commission’s findings and
14 recommendations on how to nurture a successful film industry in this State and
15 what incentives, programs, and infrastructure are necessary to entice film
16 production in Vermont.

17 * * * Vermont COVID Worker Relief Fund * * *

18 Sec. 19.

19 * * * Effective Date * * *

20 Sec. X. EFFECTIVE DATE

21 This act shall take effect

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2
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(Committee vote: _____)

Senator _____

FOR THE COMMITTEE