

CONFIDENTIAL
LEGISLATIVE BILL REVIEW FORM:

Bill Number: **S.138** Name of Bill: **Promoting Economic Development**

Agency/ Dept: **ACCD** Author of Bill Review: **Lucy Leriche**

Date of Bill Review: **May 18, 2015**

Status of Bill: (check one):

Upon Introduction As passed by 1st body As passed by both bodies

Recommended Position:

Support Oppose Remain Neutral Support with modifications identified in #8 below

Analysis of Bill

1. Summary of bill and issue it addresses. *Describe what the bill is intended to accomplish and why.*

Bill contains amendments to wide array of economic development programs and includes several initiatives sought by Administration. Areas impacted include: Disaster Response, Blockchain Technology Study, Fortified wines, Uniform Commercial Code, Several Workforce development sections, Land Use technical changes, Southern Vermont Economic Development Zone, Relocation Tax Credits Study, VEGI First Time Home buyer Down Payment Assistance, Enterprise Fund, Cloud Tax Elimination.

The Key provisions for ACCD were: VEGI enhancements, although the Value-Add VEGI initiative was not passed; workforce development provisions, especially the Strong Scholar program changes; funding for marketing; the access to capital provisions; repeal of the cloud tax; and extension of the wood products manufacturing incentive.

2. Is there a need for this bill? *Please explain why or why not.*

Although there are few new initiatives and the bill contains over 12 studies/reports, it does contain several amendments and initiatives sought by the Administration including updates to the UCC, Vt. Strong Scholars program and WET Fund changes, Several Land Use technical changes, repeal of the "Cloud Tax," and enhancements to the VEGI program including a lower wage threshold for economically distressed regions of the state, the ability to increase the cap on enhanced incentives for economically distressed regions of the state, a new training incentive, and discretion for the VEPC Board to extend the period during which a company must attain performance requirements.

3. What are likely to be the fiscal and programmatic implications of this bill for this Department?

The Administration has \$425,000 less in the Enterprise Fund, bringing the remaining balance down to about \$2 million. Funding is transferred to the Down Payment Assistance Program established in the bill (\$125,000); a marketing and business expansion initiative for Quebec-based businesses (\$100,000); and an expansion of the mission of the Department of Tourism and Marketing to focus on economic development marketing (\$200,000).

VDTM also must deliver a legislative proposal and report to identify goals, targets, performance measures, and results of its economic development marketing programs.

Please return this bill review as a Microsoft Word or PDF document to laura.gray@state.vt.us

The VEGI program will need to implement several positive changes to the program which may increase the volume of applications.

ACCD is directed to create and maintain a searchable media production database with no resources appropriated if we can find a suitable partner to help us accomplish this.

Also, ACCD is involved in at least six of the reports and studies for which no additional resources are provided.

4. What might be the fiscal and programmatic implications of this bill for other departments in state government, and what is likely to be their perspective on it?

The bill impacts almost every agency in State government, especially Dept. of Labor, Dept. of Liquor Control, Agency of Agriculture, VEDA, DFR, ANR, AHS, and the Tax Department. They should be consulted on the impacts on their Departments/Agencies.

5. What might be the fiscal and programmatic implications of this bill for others, and what is likely to be their perspective on it? (for example, public, municipalities, organizations, business, regulated entities, etc)

Those making and serving fortified wine will support those changes. The business community will support the UCC updates, workforce development changes, access to capital changes, VEGI amendments, and cloud tax repeal.

6. Other Stakeholders:

6.1 Who else is likely to support the proposal and why?

Other state agencies and business community because it makes changes they sought. In some cases actual changes were replaced with studies which may disappoint.

6.2 Who else is likely to oppose the proposal and why?

Those who do not support business incentives or any kind of tax credits because the bill expands or extends both.

7. Rationale for recommendation: *Justify recommendation stated above.*

The bill contains several initiatives sought by the Administration and other provision do no harm.

8. Specific modifications that would be needed to recommend support of this bill: *Not meant to rewrite bill, but rather, an opportunity to identify simple modifications that would change recommended position.*

ACCD team worked with the legislature throughout the session on the many iterations of this bill and have worked to make it something we can support.

Secretary/Commissioner has reviewed this document:  **Date:** 6/1/15