

1 S.311

2 Introduced by Senator Hartwell

3 Referred to Committee on

4 Date:

5 Subject: Commerce and economic development; education finance; education
6 funding; VEGI awards; licensed lenders; corporate taxation; thermal
7 efficiency credits; natural gas; two-year budgeting

8 Statement of purpose of bill as introduced: This bill proposes to amend State
9 laws to increase economic development and prosperity in Vermont.

10 An act relating to economic development and prosperity for Vermonters

11 It is hereby enacted by the General Assembly of the State of Vermont:

12 * * * Education Finance * * *

13 Sec. 1. 16 V.S.A. § 428 is amended to read:

14 § 428. BUDGET TO BE VOTED

15 (a) At each annual town school district meeting, the electorate shall vote
16 such sums of money as it deems necessary for the support of schools. If such
17 sums are not approved or acted upon at the annual meeting, the electorate shall
18 vote such questions at a duly warned special school district meeting. A district
19 may vote money necessary for the support of schools therein to the end of the
20 full school year next ensuing.

1 (b) If the electorate of a school district votes for its budget by Australian
2 ballot, it shall do so using ballot language jointly developed by the
3 ~~commissioner~~ Secretary and ~~secretary of state~~ Secretary of State and adopted
4 by the ~~commissioner~~ Secretary, by rule.

5 (c) Any budget proposed by the school board that contains education
6 spending, as defined in subdivision 4001(6) of this title, in excess of the
7 amount of education spending approved in the previous year's budget, plus the
8 inflationary amount, shall require the approval of 60 percent of the registered
9 voters in order to be adopted. As used in this section, "the inflationary
10 amount" means the amount of education spending approved in the previous
11 year's budget, multiplied by the New England Economic Project Cumulative
12 Price Index percentage change, as of November 15 preceding distribution of
13 the proposed budget, for State and local government purchases of goods and
14 services for the fiscal year for which the budget is proposed, plus one
15 percentage point.

16 Sec. 2. 16 V.S.A. § 511 is amended to read:

17 § 511. BUDGET

18 (a) At a meeting legally warned for that purpose, an incorporated school
19 shall vote such sums of money as it deems necessary for the support of
20 schools. If such sums are not approved or acted upon at the annual meeting,
21 the electorate shall vote such questions at a duly warned special school district

1 meeting. A district may vote money necessary for the support of schools
2 therein to the end of the full school year next ensuing.

3 (b) If the electorate of an incorporated school district votes for its budget
4 by Australian ballot, it shall do so using ballot language jointly developed by
5 the ~~commissioner~~ Secretary and ~~secretary of state~~ Secretary of State and
6 adopted by the ~~commissioner~~ Secretary, by rule.

7 (c) Any budget proposed by the school board that contains education
8 spending, as defined in subdivision 4001(6) of this title, in excess of the
9 amount of education spending approved in the previous year's budget plus the
10 inflationary amount shall require the approval of 60 percent of the registered
11 voters in order to be adopted. As used in this section, "the inflationary
12 amount" means the amount of education spending approved in the previous
13 year's budget, multiplied by the New England Economic Project Cumulative
14 Price Index percentage change, as of November 15 preceding distribution of
15 the proposed budget, for State and local government purchases of goods and
16 services for the fiscal year for which the budget is proposed, plus one
17 percentage point.

1 * * * School Employees; Health Insurance * * *

2 Sec. 3. 16 V.S.A. § 2004 is amended to read:

3 § 2004. AGENDA

4 The school board, through its negotiations council, shall, upon request,
5 negotiate with representatives of the teachers' or administrators' organization
6 negotiations council on matters of salary, related economic conditions of
7 employment, the manner in which it will enforce an employee's obligation to
8 pay the agency service fee, procedures for processing complaints and
9 grievances relating to employment, and any mutually agreed upon matters not
10 in conflict with the statutes and laws of the ~~state~~ State of Vermont. Provided,
11 however, that any contract between a school district or supervisory union and
12 its employees that is negotiated pursuant to this chapter or 21 V.S.A.
13 chapter 22 shall require that each employee pay at least 25 percent of the cost
14 of the total annual health insurance premiums attributable to the employee and,
15 if applicable, to the employee's dependents.

16 * * * Vermont Strong Scholars Program * * *

17 Sec. 4. 16 V.S.A. chapter 90 is redesignated to read:

18 CHAPTER 90. FUNDING OF POSTSECONDARY INSTITUTIONS

19 EDUCATION

1 Sec. 5. 16 V.S.A. § 2888 is added to read:

2 § 2888. VERMONT STRONG SCHOLARS PROGRAM

3 (a) Program creation. There is created a Vermont Strong Scholars Program
4 to repay a portion of a Vermont resident's postsecondary debt in order to
5 encourage Vermonters majoring in fields that prepare them for employment in
6 Vermont in targeted workforce areas upon earning a bachelor's or associate's
7 degree from a Vermont public or independent postsecondary institution to
8 work in Vermont. The Secretary of Commerce and Community Development,
9 in consultation with the Secretary of Education and the Commissioner of
10 Labor, shall determine eligibility for the Program and develop all
11 organizational details consistent with the purposes and requirements of this
12 section.

13 (b) Fund creation.

14 (1) There is created a special fund to be known as the Vermont Strong
15 Scholars Fund pursuant to 32 V.S.A. chapter 7, subchapter 5. The Fund shall
16 be established and held separate and apart from any other funds or monies of
17 the State and shall be used and administered solely for the purposes of this
18 section. The Secretary of Commerce and Community Development may draw
19 warrants for disbursements from the Fund in anticipation of receipts. Any
20 remaining balance at the end of the fiscal year shall be carried forward in the
21 Fund.

1 (2) The Fund shall consist of:

2 (A) sums appropriated or transferred from the General Fund from
3 time to time by the General Assembly;

4 (B) interest earned from the investment of Fund balances; and

5 (C) any other money from any other source accepted for the benefit
6 of the Fund.

7 (3) The Secretary of Commerce and Community Development shall
8 administer the Fund or may contract for its administration. The administrator
9 may require certification of compliance with this section prior to making an
10 award, including certification that the amount of the eligible individual's
11 outstanding debt arising solely from postsecondary tuition exceeds the total
12 amount to be paid under this section.

13 (c) Criteria.

14 (1) Tuition repayment awards shall be provided in exchange for a
15 commitment from an eligible individual to work in Vermont following
16 postsecondary graduation for the three- or five-year period of tuition
17 repayment under this section.

18 (2) An individual shall be eligible for an award under this section if he
19 or she:

20 (A) is a graduate of a Vermont public secondary school, a public
21 school in another state that is designated as the public school for the student's

1 district of residence, or an approved or recognized independent secondary
2 school located in Vermont, or was a home study student classified as a
3 Vermont resident by the postsecondary institution from which he or she was
4 graduated;

5 (B) is a graduate of a public or independent postsecondary institution
6 in Vermont;

7 (C) was a first-time, full-time, degree-seeking student while enrolled
8 in the postsecondary institution;

9 (D) was awarded an associate's or bachelor's degree in a field
10 identified by the Secretary of Commerce and Community Development, the
11 Secretary of Education, and the Commissioner of Labor in a collaborative
12 process that determines current and projected industry trends and identifies
13 current and future workforce needs;

14 (E) completed the associate's degree within two years or the
15 bachelor's degree within four years;

16 (F) was enrolled in the postsecondary institution from which the
17 degree was awarded or was enrolled in both that institution and another
18 Vermont postsecondary institution for the entire two- or four-year period;
19 provided, however, that an award shall be available on a prorated basis to an
20 otherwise eligible individual who is enrolled in a postsecondary institution

1 located outside Vermont and who transfers to and is graduated from a Vermont
2 postsecondary institution; and

3 (G) following graduation, is employed in a field or specific position
4 identified by the collaborative process referenced in this subdivision (2).

5 (3) The Secretary of Commerce and Community Development shall
6 make an award under this section to an eligible individual:

7 (A) in an amount equal to one semester of tuition at the Vermont
8 State Colleges' in-state tuition rate for the second year of enrollment for an
9 individual awarded an associate's degree, to be paid in installments during the
10 three years following graduation; and

11 (B) in an amount equal to one year of tuition at the Vermont State
12 Colleges' in-state tuition rate for the fourth year of enrollment for an individual
13 awarded a bachelor's degree, to be paid in installments during the five years
14 following graduation.

15 (4) Notwithstanding subdivision (3) of this subsection, an award to an
16 eligible individual shall be adjusted so that it does not exceed the amount of
17 the individual's debt arising solely from postsecondary tuition that is
18 outstanding at the time of graduation.

19 (d) Reports.

20 (1) Participating postsecondary schools shall report annually in
21 November to the Secretary of Commerce and Community Development

1 regarding the number of enrolled first-time, full-time Vermont students with an
2 eligible major who are expected to graduate within the required two- or
3 four-year period.

4 (2) Notwithstanding 2 V.S.A. § 20(d), the Secretary of Commerce and
5 Community Development shall report annually in January to the General
6 Assembly regarding implementation of the Program, including the projected
7 cost of making awards under this section during the then-current fiscal year
8 and each of the four years following.

9 (e) Rules. The Secretary of Commerce and Community Development shall
10 adopt rules pursuant to 3 V.S.A. chapter 25 to implement the Program created
11 by this section.

12 Sec. 6. REPORTS

13 On or before January 15, 2015, the Secretary of Commerce and Community
14 Development shall report to the General Assembly regarding implementation
15 of the Program created in Sec. 5 of this act, including the projected cost of
16 making awards under that section in fiscal year 2017 and after.

17 * * * Modification of VEGI Awards to Knowledge-Based Businesses * * *

18 Sec. 7. 32 V.S.A. § 5930a is amended to read:

19 § 5930a. VERMONT ECONOMIC PROGRESS COUNCIL

20 * * *

1 (c) The ~~council~~ Council shall first review each application under subsection
2 (b) of this section and ascertain, to the best of its judgment, that but for the
3 economic incentive to be offered, the proposed economic development would
4 not occur or would occur in a significantly different and significantly less
5 desirable manner; provided, however, that this “but for” standard shall not
6 apply to an application by a qualifying knowledge-based business, as defined
7 in section 5930b of this title. Applications that do not meet the “but for” test
8 are not eligible for economic incentives, and shall not be considered further by
9 the ~~council~~ Council. If the “but for” test is answered in the affirmative, then
10 prior to approving any application for an economic incentive under subsection
11 (b) of this section, the ~~council~~ Council shall evaluate the overall consistency of
12 each application with the following guidelines:

13 * * *

14 Sec. 8. 32 V.S.A. § 5930b(h) is added to read:

15 (h) Employment growth incentive for qualifying knowledge-based
16 business.

17 (1) In this subsection, a “qualifying knowledge-based business” means a
18 person:

19 (A) whose primary business value is based on intellectual property
20 rights or similar intangible assets; and

1 (B) whose primary business purpose is to apply knowledge to
2 differentiate itself from other businesses through research, design,
3 development, or novel adaptation of inventions, original works, industrial
4 designs, computer software, information technology, or similar innovative
5 intellectual products and services.

6 (2) An application for a Vermont employment growth incentive under
7 this section for a qualifying knowledge-based business shall be considered and
8 administered pursuant to all provisions of this section, except that:

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

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

14 * * * Regional Economic Development * * *

15 Sec. 9. 24 V.S.A. § 2784 is amended to read:

16 2784. TERMS OF PERFORMANCE CONTRACTS

17 (a)(1) Funds available under a performance contract may only be used by
18 an applicant to perform the duties or provide the services set forth in the
19 performance contract.

20 (2) The amount and terms of the performance contract award shall be
21 determined by the parties to the contract.

1 (b) A performance contract shall be made for a period agreed to by the
2 parties.

3 (c) Payments to a service provider shall be made pursuant to the terms of
4 the performance contract.

5 (d) The Secretary shall include in each performance contract a provision for
6 one or more incentive payments that are contingent upon the number and type
7 of new jobs created by, and attributable to, the performance of the service
8 provider.

9 * * * Licensed Lender Requirements; Exemption for De Minimis

10 Lending Activity * * *

11 Sec. 10. 8 V.S.A. § 2201 is amended to read:

12 2201. LICENSES REQUIRED

13 (a) No person shall without first obtaining a license under this chapter from
14 the ~~commissioner~~ Commissioner:

15 (1) engage in the business of making loans of money, credit, goods, or
16 things in action and charge, contract for, or receive on any such loan interest, a
17 finance charge, discount, or consideration ~~therefor~~ therefor;

18 (2) act as a mortgage broker;

19 (3) engage in the business of a mortgage loan originator; or

20 (4) act as a sales finance company.

1 (b) Each licensed mortgage loan originator must register with and maintain
2 a valid unique identifier with the Nationwide Mortgage Licensing System and
3 Registry and must be either:

4 (1) an employee actively employed at a licensed location of, and
5 supervised and sponsored by, only one licensed lender or licensed mortgage
6 broker operating in this ~~state~~ State;

7 (2) an individual sole proprietor who is also a licensed lender or licensed
8 mortgage broker; or

9 (3) an employee engaged in loan modifications employed at a licensed
10 location of, and supervised and sponsored by, only one third-party loan
11 servicer licensed to operate in this ~~state~~ State pursuant to chapter 85 of this
12 title. ~~For purposes of~~ As used in this subsection, “loan modification” means an
13 adjustment or compromise of an existing residential mortgage loan. The term
14 “loan modification” does not include a refinancing transaction.

15 (c) A person licensed pursuant to subdivision (a)(1) of this section may
16 engage in mortgage brokerage and sales finance if such person informs the
17 ~~commissioner~~ Commissioner in advance that he or she intends to engage in
18 sales finance and mortgage brokerage. Such person shall inform the
19 ~~commissioner~~ Commissioner of his or her intention on the original license
20 application under section 2202 of this title, any renewal application under
21 section 2209 of this title, or pursuant to section 2208 of this title, and shall pay

1 the applicable fees required by subsection 2202(b) of this title for a mortgage
2 broker license or sales finance company license.

3 (d) No lender license, mortgage broker license, or sales finance company
4 license shall be required of:

5 (1) a ~~state~~ State agency, political subdivision, or other public
6 instrumentality of the ~~state~~ State;

7 (2) a federal agency or other public instrumentality of the United States;

8 (3) a gas or electric utility subject to the jurisdiction of the ~~public service~~
9 ~~board~~ Public Service Board engaging in energy conservation or safety loans;

10 (4) a depository institution or a financial institution as defined in
11 8 V.S.A. § 11101(32);

12 (5) a pawnbroker;

13 (6) an insurance company;

14 (7) a seller of goods or services that finances the sale of such goods or
15 services, other than a residential mortgage loan;

16 (8) any individual who offers or negotiates the terms of a residential
17 mortgage loan secured by a dwelling that served as the individual's residence,
18 including a vacation home, or inherited property that served as the deceased's
19 dwelling, provided that the individual does not act as a mortgage loan
20 originator or provide financing for such sales so frequently and under such

1 circumstances that it constitutes a habitual activity and acting in a commercial
2 context;

3 (9) lenders that conduct their lending activities, other than residential
4 mortgage loan activities, through revolving loan funds, that are nonprofit
5 organizations exempt from taxation under Section 501(c) of the Internal
6 Revenue Code, 26 U.S.C. § 501(c), and that register with the ~~commissioner of~~
7 ~~economic development~~ Commissioner of Economic Development under
8 10 V.S.A. § 690a;

9 (10) persons who lend, other than residential mortgage loans, an
10 aggregate of less than \$75,000.00 in any one year at rates of interest of no
11 more than 12 percent per annum;

12 (11) a seller who, pursuant to 9 V.S.A. § 2355(f)(1)(D), includes the
13 amount paid or to be paid by the seller to discharge a security interest, lien
14 interest, or lease interest on the traded-in motor vehicle in a motor vehicle
15 retail installment sales contract, provided that the contract is purchased,
16 assigned, or otherwise acquired by a sales finance company licensed pursuant
17 to this title to purchase motor vehicle retail installment sales contracts or a
18 depository institution;

19 (12)(A) a person making an unsecured commercial loan, which loan is
20 expressly subordinate to the prior payment of all senior indebtedness of the
21 commercial borrower regardless of whether such senior indebtedness exists at

1 the time of the loan or arises thereafter. The loan may or may not include the
2 right to convert all or a portion of the amount due on the loan to an equity
3 interest in the commercial borrower;

4 (B) ~~for purposes of~~ as used in this subdivision (12), “senior
5 indebtedness” means:

6 (i) all indebtedness of the commercial borrower for money
7 borrowed from depository institutions, trust companies, insurance companies,
8 and licensed lenders, and any guarantee thereof; and

9 (ii) any other indebtedness of the commercial borrower that the
10 lender and the commercial borrower agree shall constitute senior indebtedness;

11 (13) nonprofit organizations established under testamentary instruments,
12 exempt from taxation under Section 501(c)(3) of the Internal Revenue Code,
13 26 U.S.C. § 501(c)(3), and which make loans for postsecondary educational
14 costs to students and their parents, provided that the organizations provide
15 annual accountings to the Probate Division of the Superior Court;

16 (14) any individual who offers or negotiates terms of a residential
17 mortgage loan with or on behalf of an immediate family member of the
18 individual;

19 (15) a housing finance agency;

20 (16) a person who makes no more than three residential mortgage loans
21 in any consecutive three-year period beginning on or after July 1, 2011.

1 (e) No mortgage loan originator license shall be required of:

2 (1) Registered mortgage loan originators, when employed by and acting
3 for an entity described in subdivision 2200(22) of this chapter.

4 (2) Any individual who offers or negotiates terms of a residential
5 mortgage loan with or on behalf of an immediate family member of the
6 individual.

7 (3) Any individual who offers or negotiates terms of a residential
8 mortgage loan secured by a dwelling that served as the individual's residence,
9 including a vacation home, or inherited property that served as the deceased's
10 dwelling, provided that the individual does not act as a mortgage loan
11 originator or provide financing for such sales so frequently and under such
12 circumstances that it constitutes a habitual activity and acting in a commercial
13 context.

14 (4) An individual who is an employee of a federal, ~~state~~ State, or local
15 government agency, or an employee of a housing finance agency, who acts as a
16 mortgage loan originator only pursuant to his or her official duties as an
17 employee of the federal, ~~state~~ State, or local government agency or housing
18 finance agency.

19 (5) A licensed attorney who negotiates the terms of a residential
20 mortgage loan on behalf of a client as an ancillary matter to the attorney's
21 representation of the client, unless the attorney is compensated by a lender, a

1 mortgage broker, or other mortgage loan originator or by any agent of such
2 lender, mortgage broker, or other mortgage loan originator. To the extent an
3 attorney licensed in this State undertakes activities that are covered by the
4 definition of a mortgage loan originator, such activities do not constitute
5 engaging in the business of a mortgage loan originator, provided that:

6 (A) such activities are considered by the State governing body
7 responsible for regulating the practice of law to be part of the authorized
8 practice of law within this State;

9 (B) such activities are carried out within an attorney-client
10 relationship; and

11 (C) the attorney carries them out in compliance with all applicable
12 laws, rules, ethics, and standards.

13 (f) If a person who offers or negotiates the terms of a residential mortgage
14 loan is exempt from licensure pursuant to subdivision (d)(16) of this section,
15 there is a rebuttable presumption that he or she is not engaged in the business
16 of a mortgage loan originator.

17 (g) Independent contractor loan processors or underwriters. A loan
18 processor or underwriter who is an independent contractor may not engage in
19 the activities of a loan processor or underwriter unless such independent
20 contractor loan processor or underwriter obtains and maintains a mortgage loan
21 originator license. Each independent contractor loan processor or underwriter

1 licensed as a mortgage loan originator must have and maintain a valid unique
2 identifier issued by the Nationwide Mortgage Licensing System and Registry.

3 ~~(g)~~(h) This chapter shall not apply to commercial loans of \$1,000,000.00 or
4 more.

5 * * * Econometric Modeling for Higher Education Funding* * *

6 Sec. 11. HIGHER EDUCATION ECONOMETRIC ANALYSIS

7 (a) The Secretary of Administration and the Legislative Economist shall
8 design an econometric model and conduct a higher education econometric
9 analysis to evaluate the net costs of providing State financial assistance to
10 students who attend Vermont institutions of higher education and commit to
11 working in Vermont for a period of years after graduating.

12 (b) The Secretary and the Legislative Economist shall work with the
13 Agency of Education to determine which loans, grants, or other classes of
14 financial assistance are appropriate for econometric analysis.

15 (c) In designing the econometric model and analysis, the Secretary and the
16 Legislative Economist shall consider the interests of the State relating to:

17 (1) the need to encourage and retain a critical mass of young workers;

18 (2) the relationship of higher education costs, available in-state job
19 opportunities, and average salaries for graduates, when those graduates
20 consider whether to remain in Vermont after graduation; and

1 (3) the economic benefits that may accrue to the State from the
2 additional tax revenue and multiplier effects of retaining graduates in Vermont.

3 Sec. 12. REPORT

4 On or before January 15, 2015, the Secretary of Administration shall submit
5 a report to the House and Senate Committees on Government Operations, the
6 House and Senate Committees on Education, the House Committee on
7 Commerce and Economic Development, and the Senate Committee on
8 Economic Development, Housing and General Affairs, including the results of
9 the higher education econometric analysis and any further legislative or policy
10 recommendations.

11 * * * Taxation; Corporate Tax Rate * * *

12 Sec. 13. 32 V.S.A. § 5832 is amended to read:

13 § 5832. TAX ON INCOME OF CORPORATIONS

14 A tax is imposed for each calendar year, or fiscal year ending during that
15 calendar year, upon the income earned or received in that taxable year by every
16 taxable corporation, reduced by any Vermont net operating loss allowed under
17 section 5888 of this title, such tax being the greater of:

18 (1) an amount determined in accordance with the following schedule:

19 Vermont net income of the corpo-
20 ration for the taxable year allo-
21 cated or apportioned to Vermont

1 under section 5833 of this title

2 Tax

3 \$ 0-10,000.00 6.00%

4 10,001.00-~~25,000.00~~ 50,000.00 \$600.00 plus 7.0% of the excess
5 over \$10,000.00

6 ~~25,001.00~~ 50,001.00 and over \$1,650.00 plus 8.5% of the excess
7 over ~~\$25,000.00~~ \$50,001.00

8 or

9 * * *

10 * * * Energy Efficiency Credit for Multi-Family Affordable Housing * * *

11 Sec. 14. 32 V.S.A. § 5930v is added to read:

12 § 5930v. ENERGY EFFICIENCY CREDIT; MULTI-FAMILY

13 AFFORDABLE HOUSING

14 (a) Definitions. As used in this section:

15 (1) "Affordable housing unit" means a residential unit that is rented by
16 its inhabitants whose gross annual household income does not exceed 80
17 percent of the county median income, or 80 percent of the standard
18 metropolitan statistical area income if the municipality is located in such an
19 area as defined by the U.S. Department of Housing and Urban Development,
20 and the total annual cost of the housing, including rent, utilities, and

1 condominium association fees, is not more than 30 percent of the household's
2 gross annual income.

3 (2) "DPS" means the Department of Public Service created under
4 3 V.S.A. § 212 and 30 V.S.A. § 1.

5 (3) "Eligible energy efficiency" means a measure or that increment of a
6 measure installed to reduce energy consumption that is projected by the energy
7 efficiency utility serving the area of the multi-family affordable housing to
8 result, over the measure's life, in energy savings for the occupant of an
9 affordable housing unit that exceed the measure's costs. In addition:

10 (A) The measure shall meet or, with respect to energy savings,
11 exceed the requirements of the building energy standards adopted under
12 30 V.S.A. chapter 2.

13 (B) A measure installed at multi-family affordable housing funded by
14 the VHCB or the VHFA shall be consistent with energy design standards
15 adopted by that Board or Agency.

16 (4) "Energy efficiency utility" means an entity that is appointed to
17 deliver energy efficiency programs and measures under 30 V.S.A. § 209(d)
18 and is not an investor-owned distribution utility.

19 (5) "Multi-family affordable housing" means a habitable building in
20 existence as of the effective date of this section that contains more than one
21 affordable housing unit.

1 (6) “Qualified applicant” means an owner of multi-family affordable
2 housing involving a qualified project but does not include a religious entity
3 operating with a primarily religious purpose, a federal agency, or an
4 instrumentality of the United States.

5 (7) “Qualified project” means the installation of eligible energy
6 efficiency that benefits affordable housing units within multi-family affordable
7 housing.

8 (8) “Residential unit” means a separately enclosed space within a
9 building that meets or is intended to meet the living needs of one or more
10 individuals.

11 (9) “VHCB” means the Vermont Housing and Conservation Board
12 created under 10 V.S.A. chapter 15.

13 (10) “VHFA” means the Vermont Housing and Finance Authority
14 created under 10 V.S.A. chapter 25.

15 (b) Eligibility; administration.

16 (1) A qualified applicant may apply to DPS to obtain the tax credits
17 provided by this section for a qualified project at any time before one year after
18 completion of the qualified project.

19 (2) To qualify for the tax credits under this section, expenditures for the
20 qualified project must exceed \$5,000.00.

1 (3) On receipt of an application, the DPS shall request the energy
2 efficiency utility's determination of whether the measures installed or to be
3 installed constitute eligible energy efficiency.

4 (4) Application for the tax credits shall be in accordance with guidelines
5 set by DPS.

6 (c) Tax credit. The qualified applicant of a qualified project shall be
7 entitled, on approval of the DPS, to claim against the taxpayer's individual
8 income, corporate, franchise, or insurance premium tax liability a credit in the
9 amount of the costs of the eligible energy efficiency installed as part of the
10 qualified project, up to a maximum of \$50,000.00 for each qualified project.

11 (d) Claims; availability. A taxpayer claiming credit under this subchapter
12 shall submit to the Department of Taxes with the first return on which a credit
13 is claimed a copy of the tax credit approval and allocation issued by the DPS.

14 (1) A credit under this section shall be available for the first tax year in
15 which the qualified project is complete and may be taken in that year or
16 allocated equally among that year and the following four years. The qualified
17 applicant shall identify the election to allocate in the application package
18 approved by the DPS.

19 (2) If within five years after the date of the credit allocation to the
20 applicant no claim for tax credit has been filed, the tax credit allocation shall
21 be rescinded.

1 (3) Any unused credit under this section may be carried forward for no
2 more than nine tax years following the first year for which the tax credit is
3 claimed.

4 (e) Limitations. Beginning in fiscal year 2015, the DPS annually may
5 award tax credits to all qualified applicants under this section, provided that:

6 (1) The total amount of tax credits awarded annually does not exceed
7 \$500,000.00.

8 (2) The DPS shall allocate the total annual amount of tax credits among
9 qualified projects at multi-family affordable housing that is funded by the
10 VHCB or the VHFA and at multi-family affordable housing that is not so
11 funded. If in a given year an allocation is not fully used, the allocation's
12 unused balance may be added to the total amount of tax credits authorized for
13 the following year under subdivision (1) of this subsection and this additional
14 amount shall be available to qualified projects regardless of funding source.

15 (3) No credit shall be allowed under this section for the cost of acquiring
16 any building or interest in a building.

17 (4) Credit under this section may not be allocated more often than once
18 every ten years for the same affordable housing unit.

19 (5) Credit awarded under this section that is rescinded or recaptured by
20 the DPS shall be available for the DPS to award to qualified applicants in any

1 subsequent year, in addition to the total amount of tax credits authorized under
2 subdivision (1) of this subsection.

3 (f) Recapture. The applicant shall be liable for a recapture penalty and any
4 credit allocated but unclaimed shall be disallowed to the applicant if, within
5 five years after completion of the qualified project, the DPS finds that any
6 work performed on the qualified project is inconsistent with the approved
7 application; the applicant knowingly failed to supply any information or
8 supplied incorrect or untrue information required by the DPS; or failed to
9 comply with any award condition required by the DPS. The amount of the
10 recapture penalty shall be equal to the total tax credit claimed plus an amount
11 equal to any value received from a bank for a bank or insurance credit
12 certificate.

13 Sec. 15. STATUTORY REVISION

14 In its statutory revision capacity under 2 V.S.A. § 424, the Office of
15 Legislative Council shall replace the phrase “effective date of this section”
16 wherever it appears in 32 V.S.A. § 5930v with the actual effective date of
17 Sec. 14 of this act.

1 * * * Assessment of Natural Gas Pipeline Connections * * *

2 Sec. 16. DEPARTMENT OF PUBLIC SERVICE; ASSESSMENT;
3 NATURAL GAS PIPELINE CONNECTIONS

4 On or before February 1, 2015, the Department of Public Service, in
5 consultation with the Agencies of Commerce and Community Development
6 and of Natural Resources, shall submit a written assessment to the General
7 Assembly of the economic and environmental benefits and costs of connecting
8 heat load in Vermont to natural gas transmission pipelines in adjoining states.

9 (1) This assessment shall evaluate connecting existing in-state natural
10 gas infrastructure to one or more transmission pipelines in adjoining states and
11 shall evaluate building new in-state infrastructure to connect such a
12 transmission pipeline to one or more areas in the State that currently do not
13 receive natural gas utility service and are in reasonable proximity to the
14 transmission pipeline.

15 (2) This assessment also shall include specific consideration of:

16 (A) potential benefits and costs to Vermont business and residential
17 consumers of thermal energy;

18 (B) rate issues, including:

19 (i) potential rate impacts on retail customers currently receiving
20 natural gas distribution service; and

1 (ii) potential rates to areas currently not served by a natural gas
2 distribution utility;

3 (C) federal and State jurisdiction over the siting and environmental
4 permitting of these connections; and

5 (D) any other issues that the Department considers relevant.

6 (3) In performing the assessment, the Department shall consider the
7 construction and operation of the connecting pipelines by an existing in-state
8 natural gas utility and, alternatively, by a new, unaffiliated company formed
9 for the purpose.

10 Sec. 17. APPROPRIATION

11 For fiscal year 2015, the sum of \$25,000.00 is appropriated to the
12 Department of Public Service from the General Fund for the purpose of Sec. 1
13 of this act (assessment; natural gas pipeline connections).

14 * * * Shift to a Two-Year Budgeting Cycle * * *

15 Sec. 18. 32 V.S.A. § 306(a) is amended to read:

16 (a) The Governor shall submit to the General Assembly, not later than the
17 third Tuesday of every annual session, a biennial budget which shall embody
18 his or her estimates, requests, and recommendations for appropriations or other
19 authorizations for expenditures from the State Treasury for a two-year period.

20 In the first year of the biennium, the budget shall relate to the next two

21 ~~succeeding~~ fiscal years. In the second year of the biennium, ~~it shall relate to~~

1 ~~the succeeding fiscal year~~ the budget shall primarily relate to the next fiscal
2 year but may include requested amendments to the current or to previous fiscal
3 years or refer to requests for future fiscal years.

4 Sec. 19. 32 V.S.A. § 701 is amended to read:

5 § 701. GENERAL APPROPRIATION BILL

6 When the budget has been submitted to the ~~general assembly~~ General
7 Assembly, it shall be immediately referred to the ~~committee on appropriations~~
8 Committee on Appropriations which shall at once proceed to consider the same
9 and as soon as possible thereafter prepare a bill which shall be known as the
10 “general appropriation bill” and introduce the same forthwith for action by the
11 ~~general assembly~~ General Assembly. Such bill shall provide appropriations for
12 the maintenance and operation of all departments of the ~~state~~ State. In the
13 second year of a biennium, any amendments to the appropriations or
14 authorities in a general appropriations act shall take the form of a “budget
15 adjustment bill.”

16 Sec. 20. 32 V.S.A. § 701a(e) is added to read:

17 (e) In the second year of a biennium, any amendments to the appropriations
18 or authorities in a capital construction act shall take the form of a “capital
19 budget adjustment bill.”

