Economic Growth Plan

**Green Growth Zones**

**Purpose:** Ensuring the economic and environmental well-being of current and future generations requires a wide ranging commitment to responsible pro-growth policies. We can capitalize on new opportunities to create jobs and encourage smart development, while supporting renewable energy projects.

**Plan:** In *Green Growth Zones*, a renewable energy source (wind towers, solar arrays, a biomass facility, a hydroelectric facility) will serve as the hub around which businesses can locate and create jobs with special incentives such as financing, expedited permitting and lower electric rates. A portion of the power generated by the renewable infrastructure will be made available to commercial enterprises or housing within the GGZ. The pricing of the power within the area will be independent of the pricing outside of the area with a goal to have discounted rates within the GGZ.

The size of generation projects within the area that wish to net meter can be up to 2 MW, which is more than the currently allowed cap of 250 kW for certain net metered projects. GGZs that incorporate co-generation facilities will sell their excess heat within the designated area. They will also be eligible for an “umbrella permit” and will receive expedited, priority permitting from relevant state agencies. Renewable generation facilities that need a certificate of public good will have certain criteria reduced or automatically accepted if located in a GGZ.

We will investigate the opportunity to provide special low-cost loan rates through VEDA that will be below normal lending rates. Companies within the GGZ will also be eligible for a separate VEGI set aside program with an altered formula to achieve higher benefits.

The entire GGZ will be considered a 10 year tax increment financing (TIF) zone. The incremental property taxes generated will be available to pay off debt associated with the construction of infrastructure that serves the area.

Renewable generation projects within the GGZ will get preferential scoring for grants and loans by the CEDF Investment Committee, as well as increased funding levels.

Each Regional Development Corporation, in conjunction with a host community, may designate one *Green Growth Zone* for their region. The application and process will be made to VEPC and should show significant local support.

**Opportunity Zones**

**Purpose:** We can use our existing infrastructure – such as aging empty industrial facilities – as a resource we can leverage to attract new employers or help existing employers expand. Creating
Opportunity Zones will help revitalize communities that have been hit hard by the migration of manufacturing jobs out of New England.

Plan: Industrial facilities that have been vacant for five years or more would be afforded certain benefits to create incentives for renovation and renewal of use. No income tax on revenue from rental of space in the building would accrue to the owner for 10 years. There would be a five year tax increment allocation to the community for infrastructure costs associated with support for the renovation of the building.

The Vermont Innovation Challenge

Purpose: The Vermont Innovation Challenge is meant to facilitate the development of new ideas and products by Vermont companies and entrepreneurs that will help find solutions to the most difficult challenges of our time such as climate change, energy independence and health care costs.

The challenge will inspire employers and employees on the cutting edge of new technologies to compete for meaningful incentives that will lead to their success and allow them to compete in the global economy here in Vermont.

Plan: The State, in consultation with a panel of industry experts and leading scientific scholars, will outline a series of goals that both solve an engineering challenge and benefit the public good. These will be “stretch” goals by their nature – difficult to obtain.

The first company, small business or entrepreneur to cross the line and achieve the goal secures the right to operate new or expanded manufacturing operations free from state taxes, specifically state corporate taxes and education property taxes. The tax waiver will apply to the line of business specific to the invention – i.e., it will apply to capital, operating and labor specific to the challenge, not the company’s entire business – and will sunset with the life of the product or 15 years, whichever comes first. In the case of sole proprietorship, limited liability company, or subchapter S corporation, the tax waiver will apply to state income taxes specific to the invention.

Further, the first company over the line in each challenge will earn a cash incentive to kick-start job growth. The expert panel will work with the Clean Energy Development Fund to establish the incentives using the Fund’s future revenue.

The initial series of challenges will focus on reducing energy consumption. For instance,

- The first company to produce a commercially viable residential wind turbine that increases its rated capacity 50% above current standards;
- The first company to produce a commercially viable pellet or wood stove technologies that increase the efficiency of such stoves by 50% over current industry efficiency leaders;
• The first company to produce a commercially viable rooftop solar system capable of providing power, heating and/or cooling energy for a building at a substantially lower installation and maintenance costs than traditional electric and deliverable fossil fuel sources;
• The first company to produce a commercially viable automobile capable of exceeding 70 MPG, or components for that vehicle such as advanced ignition systems, new generation transmissions or lightweight materials; or an automobile that does not rely on any combustible fossil fuel but has comparable horsepower and mileage to today’s average;
• The first company to produce a commercially viable engine for other motorized items (like airplanes, motorcycles, boats, lawn mowers or snow blowers) that achieves efficiency improvements of greater that 50% over the existing technology or that reduce by 50% the CO2 emissions these engines produce;
• The first company to produce a commercially viable non-petroleum based fuels (other than corn-based ethanol) for vehicles that achieve an efficiency 150% greater than carbon fuels and has a non-subsidized price equal to the average retail price of petroleum fuels over the past three years.

Over time, we'll also extend this program to cover innovations in software, biomedical fields and other areas where the skill and drive of Vermonters can excel. To ensure fairness, accuracy and success, Vermont Economic Progress Council (VEPC) will establish the guidelines and criteria for this program.

Urban Homesteading

Purpose: Throughout Vermont’s downtowns there are buildings with thriving commercial space on the first floor but underutilized space on the upper floors. By encouraging first-time homeowners to invest in these spaces we can significantly increase economic activity in our downtowns and village centers and creating more affordable housing option for Vermonters. The Homestead model produces units of housing in smart growth locations at very affordable prices.

Plan: The Urban Homestead program would provide incentives to the buyers of newly subdivided condominiums in the now underutilized upper stories of mixed use buildings, mills and other buildings. Similarly, mill structures, vacant schools and other underutilized structures could be converted to affordable condominiums.

This initiative would allow us to create affordable housing units with little impact on open space, farmland and the environment.

Research and Development Tax Credits

Purpose: Research and development is a key aspect of Vermont’s economic future. As the knowledge based sector of the global economy expands, Vermont must continue to adapt by welcoming software development and other high tech industries. While the E-state initiative is
an important step for growth in these areas, we can do more to promote these emerging sectors of our economy. Incentives will allow Vermont companies to better compete with companies in other states that offer similar credits.

**Plan:** Research and development tax credits for Vermont businesses will mirror the federal R&D tax credits at the state level for entrepreneurs on the cutting edge of their industries.

**Smart Grid for Vermont**

**Purpose:** A Smart Grid will empower Vermonters by giving them the tools they need to lower electricity consumption and costs; improve system reliability; and give all Vermonters an opportunity to help shape our shared energy future. This statewide initiative will transform our electric grid and deliver economic and environmental benefits to Vermont consumers that are especially needed in a time of rising fuel prices.

**Plan:** A Smart Grid is an enhanced electric transmission and distribution network that uses an internet-like communications network technology, distributed computing and associated sensors and software to provide consumers with the decision-making information they need to better manage their family or business’ consumption and energy costs.

Vermonters will have the option of having Smart Meters installed in their homes that will tell them how much energy they are consuming at any given time and also provide them with real time prices so they can make informed choices about their energy use.

Achieving a statewide Smart Grid goal won’t require construction of new transmission lines but will require enhancements of the existing system and the development of a statewide wireless communications network – both of which are currently underway.

Our utilities, to their credit, have begun to move in this direction. But they need greater regulatory cooperation and clear coordination with the Vermont Telecommunication Authority.

The Public Service Department, VTA, and Agency of Administration will oversee this project and ensure its completion.

**Permit Reform**

**Purpose:** One of the greatest barriers to the creation of new, high paying jobs as well as the construction of homes that young families can afford in Vermont is a costly and time consuming permitting process. Although we have made commonsense changes in recent years, we can do more to streamline the process and welcome families and business to our state. Streamlining the permitting process will also strengthen our commitment to environmental protection by increasing compliance with our current regulations.

**Plan:** Direct the Agency of Commerce and Community Development, the Natural Resources Board, the Agency of Natural Resources, as well as the business and environmental community
to come together to once again reform our permitting system so that we can better protect our natural environment and help employers compete.

This task force will be given a broad mandate to explore all options to make the permit process more efficient and predictable. For instance, “On the Record” review would eliminate duplicative reviews at the local level before the District Environmental Commissions for an Act 250 permit and at the Environmental Court level if it is appealed (by either the applicant or an interested party). Also, we will direct the task force to explore putting all aspects of submitting and obtaining permits online. Management of applications online is consistent with our E-state initiative and will greatly reduce numerous trips to state offices and reams of paper forms and maps.