

Climate Action Commission / Climate Economy Subgroup

Notes

Friday, May 4, 2018

Via Conference Call

Members Present: Ted Brady, Casey Mock, Paul Costello, Joe Fusco, Johanna Miller, Catherine Craig

The group generally agreed that we should focus our discussion on incentives that directly benefit climate economy businesses – direct incentives – instead of indirect benefits that may impact demand (i.e. consumer incentives). However, there was still interest in cataloguing and potentially revisiting this concept in future meetings. In addition, the committee recommitted to it's focus on providing recommendations that would help grow Vermont businesses (retention and growth instead of recruitment).

The subcommittee discussed it's goals – encouraging people to invest money where they otherwise might not, reducing risk and reducing cost, and creating an environment that is conducive to climate economy business.

Ted Brady reviewed the attached Climate Action Commission Climate Economy recommendations and the attached notes from the 4/27/18 meeting, and reviewed the original workplan to highlight the list of incentives and technical assistance providers.

During the meeting, there was general consensus that we should focus on direct incentives instead of technical assistance programs. The following is a list of incentives within the two focus sectors (Grid Modernization and Biomass) the committee intends to finetune in future meetings:

GRID MODERNIZATION

EXISTING - Vermont Employment Growth Incentive: Existing Cash Payment to incentivize growth.
Opportunity: Create an enhanced incentive for climate economy businesses (and start up businesses) that provides a more immediate cash incentive and one that overcomes background growth.

EXISTING - Research and Development Tax Credit: Existing credit provides tax benefit for conducting research in Vermont

Opportunity: Make the credit fully refundable for climate economy businesses, recognizing many start ups don't have a tax liability.

NEW - Innovation Fund: Create a fund that provides equity investments in climate economy businesses (similar to WLEB) to encourage the growth of the sector.

Concerns – Should businesses that are strictly climate economy businesses benefit, or also businesses that are climate conscious?

NEW – Small Business Innovation Research Matching Program: Incentivize more climate economy businesses to do research and tech commercialization in Vermont

Opportunity - Vermont businesses underutilize the SBIR program, a matching program could encourage more businesses to do R&D and tech transfer here in Vermont.

EXISTING: Create workforce development programs that meet needs of climate economy businesses.
Opportunity: Identify skills and training needed, and create programs that meet that need. Software engineers? Electrical Engineers? Model a program like the green manufacturing certification program at VTC

NEW: Create a program that attracts entrepreneurs and workforce by reducing student debt.

OPPORTUNITY: A new student loan forgiveness program for entrepreneurs and workers in the sector (TBD: How much would be forgiven, and by whom – VSAC, ACCD, AOE, Universities?)

OPPORTUNITY: Offer in-state tuition for out-of-state students pursuing a degree identified as important to climate economy businesses if the student commits to taking a job in Vermont.

NEW: Create an environment that values the intellectual property these companies depend upon.

OPPORTUNITY: Create a new pot of funding that helps buy down the cost of IP legal services.

OPPORTUNITY: Create a tax credit for IP attorneys who provide pro-bono IP legal services.

Parking Lot:

Provide additional funding for ACCEL VT

Expand Technical Support services to climate economy businesses

Capital Gains Tax Treatment (Is there benefit? Would existing businesses benefit like Dynapower? What would it actually incentivize? Incentives should focus on encouraging workforce expansion and research and development?)

Concerns that these incentives don't adequately address the distributed energy side (microgrid, smartgrid etc)

Biomass

NEW: Streamline the permitting for new wood pellet production plants.

OPPORTUNITY: Create a new climate economy industrial park designation program that rewards communities that undertake extensive planning by reducing or eliminating development timing, permitting requirements and costs for new development in designated areas.

EXISTING: Economic Development Incentive electric rates.

OPPORTUNITY: Utilize the existing program to reduce the electric rates pellet mills pay and potentially create more robust economic development rates for climate economy businesses.

EXISTING - Research and Development Tax Credit: Existing credit provides tax benefit for conducting research in Vermont

Opportunity: Make the credit fully refundable for climate economy businesses, recognizing many start ups don't have a tax liability.

Parking lot:

Supply side efforts to reduce the cost of wood (inputs)
Provide public land for free or reduced cost

In addition, the committee reserves space to dive into broader issues in the future, including considering charging the workforce development board with charges, sharing and using information and best practices with/from other states and countries, and other ideas the committee didn't address.