

LEGISLATIVE UPDATE

February 16, 2018

Issue 7

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WEEK 7

GOVERNOR'S TAX PROPOSAL PRESS RELEASE 2/12/18

Governor Phil Scott today released details on his tax reform plan, the Working Family Taxpayer Protection Act, to ensure Vermonters don't see a surprise \$30 million tax increase due to changes in federal law.

Key provisions include:

Start with Adjusted Gross Income (AGI) by moving to a system more closely tied to AGI to add resiliency and stability to the Vermont tax system.

Reintroduce personal exemptions at \$4,000 each, which will stabilize both withholding amounts and total tax liabilities while recognizing the financial burden on Vermonters with dependents.

Create a Vermont-defined income deduction that is equal to \$6,000 for single filers, \$12,000 for joint filers, and \$9,000 for heads of households. This measure keeps the deduction at roughly the 2017 standard deduction level and stabilizes tax liabilities. Those qualifying for the additional federal deduction for the blind or age 65 or over will receive an additional Vermont deduction of \$1,000.

Lower tax rates. High tax rates put Vermont at a competitive disadvantage with other states. Vermont will maintain the same progressivity in our tax code by keeping tax brackets the same while lowering tax rates by .2 percent for all filers.

Introduce a 5 percent tax credit for charitable contributions. The large increase to the standard deduction and shift away from itemized deductions at the federal level might discourage many filers from donating to charity. This measure will re-incentivize

charitable giving, make the benefits of giving available to all Vermont taxpayers (whether or not they itemize their deductions at the federal level), and strengthen the connection between Vermont charitable organizations and all members of the community.

Increase the Vermont Earned Income Credit to 35 percent of the federal credit (up from 32 percent). The federal EITC and its Vermont counterpart are important tools to incentivize employment and assist lower income families struggling to make ends meet.

The above changes will simplify Vermont's tax calculation, lower rates, better incentivize charitable giving and increase the stability and resiliency of state revenues.

As of today there is not a specific bill relating to these recommendations from the Governor.

EDUCATION

The House Ways and Committee introduced a draft education funding bill.

The bill proposes to make numerous changes to Vermont's education financing system. The bill:

- Alters the current structure of the homestead education property tax by:
 - Providing each school district with a base payment equal to the amount of per pupil education spending that could be supported by:
 - a school income tax based on federally adjusted gross income, the revenue from which is devoted to the Education Fund;
 - a flat statewide homestead property tax, the revenue from which is devoted to the Education Fund

For districts that choose to spend above the base amount, an additional homestead tax rate would be equalized across those districts. Based on a single property tax yield

- Eliminates the General Fund Transfer and moves several Education Fund expenses to the General Fund
- Commits revenue from the individual school income tax, the revenue from the sales and use tax, and a portion of the meals and rooms tax to the Education Fund
- Eliminates the current system of property tax adjustments, but creates a scaled homestead property tax exemption for homestead owners with \$47,000.00 or less in household income.

- Removes the excess spending penalty.
- Removes the five percent tax rate guardrails set by Act 46.
- Sets the property equivalent dollar yield for fiscal year 2019.
- Sets the nonresidential property tax rate for fiscal year 2019.

This is a draft proposal and has many hours of testimony before it moves on.

WATER QUALITY

S-260 An act relating to funding the cleanup of State waters

The Senate Natural Resources committee has spent many hours taking testimony and discussing **S-260**. The committee voted the bill out on Thursday on a vote of 4 to 1. The bill will now go to Senate Agriculture. Senate Judiciary, however, is looking at section 7 of the bill, “Citizen Right of Action”. Senate Judiciary did take testimony today from Rebecca Ellis, Deputy Commissioner, DEC, that DEC does not support the “Citizen Right of Action” language. Ms. Ellis felt that there was already a process in place that worked using education, outreach and then enforcement.

Senate Judiciary will take testimony again next Friday on section 7.

The Senate Agriculture committee will look at the sections of the bill that deal with:

- Revision to RAP’s
- Lake Carmi Pilot Project
- Agency of Agriculture report on farming practices in Vermont

H-576 - An act relating to stormwater management

This bill deals with writing rules for those 3-acre parcels of impervious surface that were developed before the stormwater manual written in 2002. The bill also requires the establishment of a half-acre permitting threshold for stormwater discharges. All Agency of Natural Resources rules applicable to the construction of one acre or more of impervious surface shall be applicable to the construction or redevelopment of one-half of an acre or more of impervious surface. This ½ acre permit goes into effect July 1, 2022. The 3-acre rule would be required after October 1, 2023 for those projects in the Lake Champlain and Lake Memphremagog watersheds. The other watersheds would be required by October 1, 2033.

The House Ways and Means committee voted the bill out with the following two amendments:

On or before April 1, 2019 the Sec of ANR shall adopt the rules to manage stormwater runoff.

Individual or general operating permits authorizing discharges of stormwater runoff from new development or redevelopment of less than one acre of impervious

surface permitted after July 1, 2022 pursuant to 10 V.S.A. 1264(c)(1) shall be exempt from the fees imposed by subdivisions (I) and (II) of this subdivision.

S-276 An act relating to rural economic development

S-276 has had many changes since it was first introduced. The newest version creates a Rural Economic Development Initiative. This initiative would be administered by Vermont Housing and Conservation Board and would promote and facilitate rural economic development. A yearly report would be required that evaluates the effectiveness of the services provided by the Initiative.

The bill also contains language:

- requiring a report on “demand charges of electricity” and its impact on businesses in rural areas of the state
- clarifying qualifications for use value appraisal
- requiring a report on the feasibility and impacts of requiring public buildings that use wood to produce heat or electricity to give preference to Vermont suppliers
- establish the Outdoor Recreation Friendly Community Program
- advanced wood boiler tax credit
- industrial hemp cultivation and research
- fire prevention and building code fees
- Industrial park designations

Senate Agriculture plans on voting this bill out of committee next Tuesday.

S-255 An act relating to miscellaneous agricultural subjects

The bill would amend miscellaneous agricultural subjects. It would amend requirements for how the Agency of Agriculture, Food and Markets responds to alleged agricultural water quality violations. The bill would clarify potential penalties for cultivation of hemp under the jurisdiction of the Agency of Agriculture, Food and Markets. The bill would delay the due date for rules establishing requirements for agricultural subsurface drainage. The bill would clarify the type of lands used for agricultural activities that are not wetlands for purposes of regulation. It also would exempt from permitting fees the temporary disturbance of a wetland for the purpose of installing pipelines to transport manure for use in farming.

The Senate Agriculture heard some testimony this week on **S-255**. The Senate Agriculture committee will continue to discuss this bill next week.

Toxics Liability Bill

S-197 An act relating to liability for toxic substance exposures or releases

This bill proposes to hold any person who releases a toxic substance strictly, jointly, and severally liable for any harm resulting from the release. The bill also proposes to establish a private right of action for medical monitoring damages incurred due to exposure to a toxic substance.

Senate Judiciary took testimony Friday morning on **S-197**. The committee will consider new language on this bill next week.

FROM LAKE CHAMPLAIN REGIONAL CHAMBER OF COMMERCE

Minimum Wage Bill Voted Out of Senate

- Increase the minimum wage to \$15/hour by 2024
 - Keep the tipped minimum wage tied to 50% of the standard minimum wage
 - After 2024, the minimum wage would increase with inflation
- The bill also creates a study to convene in 2023 to look into whether or not CPI is the best figure to base annual increases on
- Intend to alleviate the benefits cliff by ensuring that people who are currently receiving child care benefits continue to receive the same percentage of benefits as the minimum wage increases, "to the extent funds are appropriated."

The Committee hopes to pay for these increased costs using increased income tax revenues and savings from people moving off of reliance on certain benefits created by raising the minimum wage

Individuals employed in agriculture are exempt from Vermont's minimum wage & overtime laws pursuant to 21 V.S.A. § 383.

Below is the link to the Vermont Legislative website

[Legislature.vermont.gov](https://legislature.vermont.gov)

EVENTS OF INTEREST

**Public Hearing
Potential Changes to the Education Funding System
2/21/2018,**

4:00-6:00 p.m.in Room 11

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**19<sup>th</sup> Annual  
VERMONT DAIRY PRODUCERS  
CONFERENCE**

**Tuesday February 27, 2018**

**8:00 am to 4:00 pm**

**DoubleTree by Hilton Hotel  
Formally the Sheraton**

**Register at [vermontdairyproducers.com](http://vermontdairyproducers.com)**

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**DAIRY RECEPTION**

**CELEBRATE**

**The 2 + 2 Program at VTC and UVM**

**Tuesday April 10, 2018**

**4:00 TO 6:00**

**CEDAR CREEK ROOM  
STATEHOUSE**

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ejc Consulting

A Legislative Concierge Service

Providing Information, Education and Communication

Coming together is a beginning, keeping together is progress, staying together is success”

– Henry Ford

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