

LEGISLATIVE UPDATE

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Issue 6

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WEEK 6

With crossover scheduled for March 2nd the pace of committee work is increasing. Crossover is when House bills need to move to the Senate and Senate bills need to move to the House. The exception is the money bills; those are scheduled for March 16th.

EDUCATION

As I reported last week the House Ways and Means committee is working on rewriting how the state funds education. The committee wants to bring down property taxes and create a more equitable funding source. The committee has heard from many witnesses but as of this writing there is still no formal bill.

Below are some of the options they are looking at.

- Reduce the average homestead property tax rate from \$1.594 to \$0.833
- Create a marginal school tax on adjusted gross income (AGI):
 - \$0 to \$47,000 Exempt
 - \$47,001 to \$125,000 1.35%
 - \$125,000 to \$4,000,000 1.95%
 - Over \$4,000,000 Capped
- Provide a base education payment equal to \$12,982 per student. If districts spent more than the base payment, additional funds would be raised via the local property tax
- There would be no changes to the non-resident property tax

There is a long way to go before any significant changes to education funding. I will keep you posted.

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 did a strike all, of the original bill. Draft 3.1 of **S-260** contains the following:

- Expand Clean Water Board

- Creation of ANR River Basin Block Grant program
- Formation of River Basin Cooperative Councils
- Citizen Right of Action
- Revision to RAP's
- Lake Carmi Pilot Project
 - Moratorium on importation of
 - Any feed, fertilizer or manure containing phosphorus
- Creation of the Clean Water Planning, Funding and Implementation Committee
 - Recommends draft legislation to create long term water quality funding

The Senate Natural Resources committee will go over the new language on Tuesday. The committee is planning on voting the bill out next week.

S-260 will have to go to Senate Judiciary, Senate Agriculture, Senate Appropriations and maybe Senate Finance before moving to the House.

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.

This bill was voted out of House Natural Resources and is now in House Ways and Means.

FORESTRY

S-101 An act relating to the conduct of forestry operations

This bill proposes to provide that certain forestry operations would not be subject to liability as a public or private nuisance.

S-101 is now in House Agriculture and Forestry committee. The committee has yet to schedule any testimony on **S-101**.

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

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 committee will start to discuss this bill next Wednesday.

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 will take more testimony on Friday February 16th on this bill. If you are interested in providing testimony please let me know.

FROM LAKE CHAMPLAIN REGIONAL CHAMBER OF COMMERCE

Minimum Wage Bill Voted Out

The Senate Committee on Economic Development finished their work on [S. 40](#) this week, which proposes to increase the minimum wage to \$15/hour. Vermont just implemented the final year of a minimum wage increase passed in 2014 which raised the minimum wage to \$10.50/hour on January 1st 2018. After hearing testimony from various interested parties throughout the session, the Committee voted 4-1 (Senator Soucy as the lone opposition) in favor of S. 40 with amendment. The version approved by the Committee would:

- 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.

FROM BOB GRAY

As you know, heading into the 2018 Farm Bill, it is very uncertain how dairy is going to be treated in the commodity title. And farm milk prices for 2018 are projected to be very low for the fourth straight year. As the Disaster Relief Bill legislation unfolded, Senator Leahy of Vermont saw an opportunity to do something right away to help dairy farmers get through a rough year in 2018. So he was able to include the following key dairy provisions in the Disaster Relief Bill that was just passed by Congress and will be signed into law by the President this morning, February 9th.

Margin Protection Program (MPP):

- Directs USDA to immediately re-open the MPP sign-up for 2018. Not sure if this will be retroactive until January 1st but the Department will be urged to move quickly.
- Raises the catastrophic coverage margin level from \$4.00 to \$5.00 for the first tier of covered production for all dairy farmers.
- Would adjust the covered production to include every dairy farmer's first five million

- pounds of milk (equivalent to about a 220-cow herd).
- Waive the annual \$100 administrative fee for beginning, limited resource, disadvantaged and military veteran farmers.
- Would substantially reduce the insurance premiums for every farmer's first five million pounds of milk above \$5.00 margin level as shown below:
- Insurance Premiums Per Hundred Pounds Above the 5 Million Pound Level

	\$4.00	\$0.00
\$4.50		\$0.00
\$5.00		\$0.00
\$5.50		\$0.009
\$6.00		\$0.016
\$6.50		\$0.40
\$7.00		\$0.063
\$7.50		\$0.087
\$8.00		\$0.142

It modifies the margin calculation to a monthly basis to make the program more accurate and responsive in its payment amounts.

- The total cost of the new MPP provisions is estimated at \$1.2 billion in the Disaster Relief Bill.

The MPP Signup Challenge

As you all know, ever since the MPP program was included in the 2014 Farm Bill, the number of dairy producers buying up insurance above the basic catastrophic level has decreased. In the first round of signups in 2014, 60% of the producers who sign up bought up insurance above the \$4.00 level. They paid in \$73 million in insurance premiums but received just \$700,000 in payments back. In the next round of signups, just 12% of producers who signed up for the MPP bought up insurance and that dropped to just 2% in the third signup. My understanding is that unofficial USDA figures is that just 546 dairy farmers out of about 40,000 nationwide have bought up insurance in the most recent signup. So it is going to be a very big challenge to get producers to sign up for the MPP for 2018. However, small dairy producers in particular should take a look at this revised MPP as it can help them during a very difficult financial period right now, when they have used up all of their financial reserves and we are heading into the fourth year of low farm milk prices. We will be doing some calculations on the insurance premium costs and expected payments back to dairy farmers for the MPP.

- • Livestock Gross Margin Insurance – Dairy Program (LGM):
 - Eliminates the current \$20 million cap on the LGM Program, which paves the way for funding to be added to this program in the 2018 Farm Bill.
- LGM-dairy uses futures prices for corn, soybean meal and milk to determine expected gross margin and actual gross margin as a safety net.

Below is the link to the Vermont Legislative website

Legislature.vermont.gov

EVENTS OF INTEREST

**19th 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**

**New Guidelines
Independent Contractors**

The Department of Labor, issued new guidance stating that an employer cannot be assessed workers' compensation premiums or found to be liable under the workers' compensation code for workplace injuries incurred by an independent contractor if two conditions are met: 1) the independent contractor must be registered with the Secretary of State as an LLC or corporate owner; and 2) the contractor must have filed and received approval from the Department of Labor to opt out of workers' compensation coverage. Go to Vermont Department of Labor website for the official guidelines.

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

– Henry Ford

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