

LEGISLATIVE UPDATE

January 19, 2018

Issue 3

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WEEK 3

At the end of week three many House and Senate committees are still reviewing last year's legislation and discussing what their committee priorities will be this session. The governor will give his budget address next Tuesday, so I would imagine that the pace of activity for all committees would pick up.

WATER QUALITY

S-260/H-564 An act relating to funding the cleanup of State waters

This bill proposes to establish the Vermont Clean Water Authority to coordinate, manage, plan, and ensure accountability of the efforts of the State to clean up impaired waters, maintain and achieve the Vermont Water Quality Standards in all waters, and prevent the future degradation of waters. The bill would also establish a Clean Water Assessment on all parcels in the State. Monies collected under the Clean Water Assessment would be deposited in the Vermont Water Quality Fund to fund water quality improvement projects in the State.

This may seem repetitious but these two bills form the discussion around water quality funding and water quality funding is a major focus of the legislature this year. As has been reported earlier the state needs to come up with significant dollars to meet the requirements of the TMDLs for lake Champlain, Lake Memphremagog and Lake Carmi and the clean water projects for the Connecticut River Basin.

Friday morning, the LCRCC, VNRC, Lake Champlain Committee, Vermont League of Cities and Towns, VCV and Pomerleau Real Estate held a press conference endorsing the Clean Water Authority concept. This very diverse group of organizations supports the establishment of an independent authority to determine statewide project priorities and to raise funds to be directed towards water quality efforts.

JOINT HEARING

Friday morning the Senate Committee on Natural Resources and the Senate Committee on Agriculture convened a joint hearing regarding the planning and implementation of clean water projects throughout the State.

"The Committees request reports at that time from the Agencies of Agriculture, Transportation, and Natural Resources concerning water quality in Vermont. Included in information in the reports for the Committees should be:

- *a brief summary of accomplishments of the past year and,*
 - *in greater detail, long-term plans for the next 5 years.*
- The Committees are most interested in specific action plans, the process used to develop and update the plans, and projections of funds needed to accomplish water quality goals.”*

The committees also gave the Agencies a list of 5 questions to be answered during the hearing. These questions and answers can be found on the Senate Natural Resources page under testimony on January 19.

The Agencies provided testimony and reports to support the work that has been done and will continue into the future. The following are a list of reports that were given to the committees. These reports can be found on the legislative home page under “reports and research”

- [Annual Clean Water Investment Report \(1/15/2018\)](#)
- [Annual Tactical Basin Planning Report \(1/15/2018\)](#)
- [Act 73 Working Group on Clean Water Quality Funding \(11/15/2017\)](#)

The Senate Natural Resources committee will continue to take testimony on S-260 next Thursday and Friday.

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 scheduled to pass out of the Senate today. The bill will then go to the House Agriculture and Forestry committee for further testimony and discussion.

S-276 An act relating to rural economic development

The bill proposes changes to State law to encourage rural economic development. The bill would establish the Vermont Outdoor Recreation Business Alliance to promote and cultivate the outdoor recreation industry in Vermont. The bill would require Act 250 minor application status for sawmills producing one million board feet or less a year. The bill would support forest products industries through amendments relating to public schools that use wood energy and to the baseload renewable power portfolio requirement. The bill would require the Commissioner of Forests, Parks and Recreation to recommend conditions for removal of forestland from use value appraisal. The bill would require the Public Utility Commission to use a percentage of energy efficiency funds to deliver energy efficiency programs to customers with household incomes below 80 percent of the statewide median income. The bill would require the Commissioner of Public Service to report on how electric utility demand charges affect the siting of industrial enterprises in rural towns. The bill also would amend stormwater permitting fees for activities in industrial parks in rural areas or small towns.

The Senate Agriculture committee started to discuss and take testimony on **S-276** this week. This bill is a result of the listening sessions that the Senate Ag committee held throughout the state last

fall. This version is just the beginning I am sure it will change over the coming weeks. I will keep you posted as to the progress of this bill.

TILE DRAINAGE

The Senate Agriculture committee took testimony this week on tile drainage. On Tuesday the committee heard from Laura DiPietro from the Agency of Agriculture and on Wednesday the committee heard from Eric Young, Agronomist/Soil Scientist from Miner Institute. Both Laura and Eric testified on the research that is being done and that to get a true picture of what is happening with tile drainage more data and research are needed. Eric indicated that the study he is conducting will be going on for another four years. At the end of that time he felt there would be sufficient data to make recommendations. Laura testified that the Agency has contracted with Stone Engineering and UVM Extension to do research. She also felt more data needed to be gathered before recommendations can be made.

FROM LAKE CHAMPLAIN REGIONAL CHAMBER OF COMMERCE

Minimum Wage

The Senate Committee on Economic Development continued their work on S-40 this week, which proposes to increase the minimum wage to \$15/hour by 2022 with the tipped minimum wage set at half the regular minimum. 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. The Committee spent the majority of the week hearing from experts and witnesses on how to address the benefits "cliff" if the minimum wage is increased. The "cliff" reduces workers net resources, as they no longer qualify for certain benefits after an increase in their wages. The Committee is primarily concerned with the loss or reduction of childcare and housing subsidies.

The Chamber has concerns with increasing the minimum wage too quickly and not allowing businesses sufficient time to plan for an increase in their labor costs. This morning, Chamber President Tom Torti testified before the Committee, endorsing a 75 cents per year increase, reaching \$15/hour by 2024 with the following conditions:

- The bill must address the benefits "cliff" issue to ensure there is no disincentive for Vermonters earning the minimum wage to earn higher wages.*
- After reaching \$15/hour, our preference is that the cost escalator not be included. If the bill contains an increase, the increase must be limited to no greater than 2%. The proposal within S. 40 of 5% is out of proportion with the market.*
- Finally, the tipped minimum wage should remain at its current rate. This reduces the burden on many small businesses and allows them to direct funds to non-tipped staff. Tipped employees receive the full minimum wage when their wage plus tips does not exceed the regular minimum wage.*

Bills of interest introduced this week:

H-631 An act relating to forestland used for maple production

This bill proposes to require the Secretary of Agriculture, Food and Markets to report to the General Assembly regarding the impact of large-scale maple production on the health and vitality of the State's forestlands.

H-661 An act relating to regenerative organic farming

This bill proposes to establish the Regenerative Organic Transition Assistance Program to provide technical and financial assistance to Vermont farmers seeking to transition from conventional farming to regenerative organic farming.

Below is the link to the Vermont Legislative website

Legislature.vermont.gov

New Tax Law Good For Famers And Cooperatives

By Bob Gray

I have written several articles about the Section 199 deduction for cooperatives and how important it was to both dairy farmers as well as our cooperatives. When the tax reform bill was first unveiled, we were very disappointed to learn that the Section 199 deduction was eliminated. The pass-through deduction amounted to about \$100 billion in the Northeast and our dairy cooperatives in the Northeast could pass the money directly to dairy producer members or use it to refurbish or build new processing facilities. So, it was a very important provision in the tax law. When the dust settled on the final tax bill, a new provision that allowed farmers to deduct up to 20% of their taxable income and for cooperatives to receive a 20% deduction on gross income less payments to their patron members was included in the final bill.

Not being a tax expert, it was difficult to compare this with the Section 199 deduction. However, as the ink on the tax bill dried and it was analyzed, it became clear that benefits to farmers who belong to cooperatives and cooperatives themselves was extremely good.

The new provision allows farmers to deduct up to 20% of their total sales to cooperatives. It also gives dairy and other cooperatives a significant edge over their competitors, including large agribusinesses such as Cargill and Archer Daniels Midland, which are, of course, not cooperatives. Smaller privately owned grain companies and other related businesses would not be eligible for the tax benefit either.

These private firms want to see that tax bill amended to allow them to enjoy this tax credit that farmers who belong to cooperatives and their cooperatives which will now enjoy. However, it will be very difficult to make this change happen. USDA's Report On Rural Prosperity

EVENTS OF INTEREST

PUBLIC HEARINGS

Access to Health Care

January 23, 2018 - 5:30 - 8:00 P.M.

House Chamber

Public Hearing on Increasing Minimum Wage

January 25, 2018 - 6:00 to 8:00 p.m.

Room 11 |

**Public Hearing on Vermont Firearms Laws
January 30, 2018 - 5:30-7:30 p.m.**

House Chamber

**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**

**Nutrient Recovery & Digester Summit
January 23, 2018
8:30 am to 3:00 pm
40 IDX Drive
South Burlington
Call Alex DePillis at 802-505-3067 to register**

**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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