

LEGISLATIVE UPDATE

January 20, 2017

Issue 3

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WEEK 3

The third week of the session was again filled with introductions and overviews of Agencies and Departments. The Legislative committees also heard from advocacy groups representing everything from the environment to worker rights. Thursday brought news from the state economist that state revenues were significantly lower than projected. The 2017 budget is looking at a \$28 million downturn while the 2018 projections are looking at a \$70 million hole. The report sights lower than expected corporate revenue along with a shrinking population.

WATER QUALITY Funding Report

State Treasurer Beth Pearce and Senior Policy Advisor Alyssa Schuren spent the week in several committees giving an overview of the Clean Water Funding Report. The report was required by the legislature to outline funding possibilities supporting clean water. The report is a collaborative effort between ANR, DEC, Agency of Transportation Department of Taxes, Agency of Agriculture and Agency of Commerce and Economic Development. The report also incorporates information from over 23 meetings with over 1000 stakeholders.

94% of the state is covered under a Federal or state clean up plan or TMDL (total maximum daily load), including Lake Champlain, Lake Carmi, Lake Memphremagog and other lakes and rivers of the state.

The report lays out the following

- Proposed revenue sources
- Recommendations for incentivizing BMP's
- The estimated amount of revenue to be generated by source
- A summary of how each source will be administrated, collected and enforced
- An assessment of whether the state should use bonds to finance water quality improvements
- Legislative proposals to implement each of the proposed revenue sources

I encourage you to take the time to read this very important report. It is very well written and provides an incredible amount of information.

Treasure Pearce has been very clear with the legislature that she provided the information and it is now up to the legislature to make the choices.

Treasure Pearce has also provided the legislative body a two-year “glide path” with existing revenues. This allows the legislature to take their time and be thoughtful in their decisions.

Below is the link to the Treasurer’s webpage where you will find the report.
vermonttreasurer.gov

FORESTRY

Current Use

Doug Farnham, Director of Property Valuation and Review presented the report on Municipal Reimbursement/Current Use to the House Ways and Means committee on Friday morning. This report summarizes the current formula for calculating the hold harmless payments and presents information on and statistics related to the hold harmless payments and Land Use Change Tax. It also describes how the Committee gathered sufficient information to determine whether an alternative hold harmless payment calculation formula is necessary.

Mr. Farnham’s recommendation is that the Hold Harmless payment calculation should remain unchanged unless the structure of state level control over enrollments is changed. Introduction of audit requirements, education of listers, and clarification of the exclusion language have provided sufficient internal controls to identify and prevent municipalities abusing the Hold Harmless payment to increase municipal revenue. Audit results have also shown no evidence of intentional over-valuation of Current Use parcels by municipalities.

There was discussion of the cost of the “current use” program by committee members. Some members of the House Ways and Means committee feel that the program might have reached its capacity or that there may be a need of a “moratorium” in enrollment. **I emphasize that this was just a discussion but something to keep track of.**

Workers Comp

There were discussions in both House Commerce and House Agriculture and Forestry on the challenges of Workers comp and the logging industry. This is an issue that Commissioner Snyder has flagged as critical to the forestry industry. I will keep you posted as to any bill or legislation around this issue.

FROM THE LAKE CHAMPLAIN REGIONAL CHAMBER OF COMMERCE

WAGE INCREASE

House Democrats led by House Majority Leader Jill Krowinski (D-Burlington) called for action on raising Vermont's minimum wage to \$15 per hour by 2022. In 2014, changes were enacted that will bring Vermont's minimum wage to \$10.50 in January 2018 and then index the wage to inflation thereafter. Five states and the District of Columbia currently have minimum wages higher than Vermont's \$10 per hour. California, DC and New York City have laws in place to raise their minimum wages to \$15 per hour over the next several years. The proposal endorsed by House Democrats would raise Vermont's minimum wage to \$11.50 in 2019, \$12.50 in 2020, \$13.50 in 2021 and \$15 in 2022. The Chamber surveyed members this summer asking what kind of impact a \$15 minimum wage would have on their businesses. Roughly 20% indicated that it would have a strong negative impact on their businesses and another 21% indicated a negative impact. Around 48% indicated the change would have no impact and only 11% indicated a positive or strong positive impact. When sorted by industry, the results show a disproportionately high impact on our retail, tourism and hospitality members with 31% in those industries indicating it would have a strong negative impact and another 30% indicating a negative impact. It is important to note that within those sectors, 58% of the businesses responding had fewer than five full-time employees and 62% had fewer than five part-time employees.

The Future of Vermont Health Connect

Members of the House Health Care, Government Operations and Energy & IT Committees listened to a [report](#) from Strategic Solutions Group on the future of Vermont Health Connect (VHC). The Legislature requested the study last year. The study was completed prior to the presidential election. There is much uncertainty surrounding a repeal of the Affordable Care Act and the impact it could have on both Vermont Health Connect as well as other health care reform initiatives in Vermont.

The report details deficiencies in the Vermont Health Connect platform that "cause the VHC system to not adequately support all constituents" and goes on to point out that "it is not feasible or cost-effective to maintain the VHC system, in its current form, over the next several years due to the numerous deficiencies identified.... However, while the VHC system is not sustainable in its current form, building on it is the most feasible and cost-effective option to achieve long-term sustainability." In testimony, members of the Strategic Solutions Group stated that "there is enough value and strength in the core technology that it makes sense to continue with it and ... continue to invest in the platform that exists today."

In September 2016, the Agency of Human Services (AHS) successfully secured over \$62 million of federal funding for the VHC and Integrated Eligibility and Enrollment modularization program for Phase I (VHC/IE) 2. This funding requires a 10% State match of \$6.8 million, making the total gross program funding around \$69 million. The federal funding expires on September 30, 2018 and was approved based on proposed enhancements to the current VHC system. This recent funding award presents valuable

support for Vermont to achieve sustainability. However, it has two important impacts on the identification of the most feasible technology option. First, any deviation from the proposed approach to build on the current VHC system will require re-examination by CMS related to the funding award. Second, the expiration of the funding award on September 30, 2018 creates an urgency to realize value-added improvements to the VHC system within 21 months. Some of the examined alternative solutions, such as wholesale replacement of the VHC technology through commercial solutions or transfers from other States, present risks related to the existing CMS funding award.

The consultants also pointed out that 94% of those served by Vermont Health Connect are tied to Vermont's Medicaid program and that there is no federal money to move to the Federal exchange and further, that the Federal exchange would not handle Medicaid enrollment. The consultants also spent a fair amount of time discussing the recurring billing issues with Vermont Health Connect explaining that Vermont was "unique" among states in taking on this billing function. They described the difficulties the state created by taking on this function given the complexity of maintaining the billing data and sharing it with commercial insurers.

BILLS

H-18 An act relating to releasing land from Act 250 jurisdiction

H-39 An act relating to the threshold for operational stormwater permits

H-41 An act relating to eliminating sitting legislators as members of the Board of Trustees of the University of Vermont and State Agricultural College and increasing the number of private board members

H-51 An act relating to notice of telecommunications facility installation

H-57 An act relating to property tax abatement appeals

H-60 An act relating to the hunting of coyotes

H-76 An act relating to miscellaneous agricultural subjects

H-82 An act relating to prohibiting the use of salt brine on Vermont roads

H-93 An act relating to increasing the minimum wage

H-95 An act relating to funding the Clean Water Fund

H-98 An act relating to the elimination of strikes and imposed terms in connection with collective bargaining for teachers' and school administrators' contracts and the formation of a task force

H-104 An act relating to removal of vehicles and cargo from highways

S-40 An act relating to increasing the minimum wage

Below is the link to the Vermont Legislative website
Legislature.vermont.gov

EVENTS OF INTEREST

CVFC Annual Meeting and Celebration

Thursday January 26, 2017

5:30 to 9:30

Vergennes American Legion

100 Armory Lane, Vergennes VT

Come hear from
GOVERNOR PHIL SCOTT
Secretary of Agriculture Anson Tebbetts

Cash Bar and Social 5:30

Free Dinner 6:00 Program 7:00

RSVP BY January 23rd

(802)-388-4969 ext. 348 or info@champlainvalleyfarmercoalition.com

ejc Consulting

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

- Henry Ford

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