

LEGISLATIVE WRAP-UP

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Issue 17

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END OF SESSION

With the fall of the gavel at 12:22 a.m. Friday May 19th the end of the first year of this Vermont Legislative session came to an end. The end, however, could be short lived with the threat of the veto by the Governor. The last few weeks of the session were filled with drama and long negotiations over the Governor's proposal to change the way teacher's health care is handled. The Governor's proposal is stated to save \$26 million. In the end the negotiations failed. June 21 is the date set for the legislature to reconvene if the Governor vetoes **H-518** the budget and **H-509** the education bill.

BILLS PASSED BY BOTH THE HOUSE AND SENATE

MISCELLANEOUS AGRICULTURE BILL

H-495 An act relating to miscellaneous agriculture subjects

This bill proposes to amend multiple provisions of law administered by the Agency of Agriculture, Food and Markets.

H-495 was a bill that caused much heartburn and anxiety for everyone. In the end there were some winners and losers. The following language is included in the bill:

- Language for multi-year licensing by the Agency of Ag
- Clarification of the taxation exemption of dyed diesel
- **Sales tax exemption for equipment and repair parts used for commercial forestry**
- \$50,000 for Water Quality Assistance Program for Forest and Parks to provide technical and financial assistance to timber harvesters and others for compliance with water quality requirements in the state
- Secretary of Agriculture shall submit to the Senate Committee on Agriculture and the House Committee on Agriculture and Forestry the

guidelines that the Working Lands Enterprise Board shall use in prioritizing awards of assistance

- On or before January 15, 2018, the Secretary of Agriculture shall amend by rule the required agricultural practices, in order to include requirements for reducing nutrient contribution to waters of the State from subsurface tile drainage. Upon adoption of requirements for subsurface tile drainage, the Secretary may require an existing subsurface tile drain to comply with the requirements of the RAPs for subsurface tile drainage, upon a determination that compliance is necessary to reduce adverse impacts to water quality from the subsurface tile drain.

The above language on tile drainage caused much discussion and deliberations. As required in Act 64, passed in 2015, the Agency of Ag is to amend the RAP's by January of 2018 to include requirements for reducing nutrient contribution to waters from subsurface tile drains. The Agency of Ag would like more time to research the science and the new technologies before opening the RAPs to write new rules for tile drainage.

At one point the date had actually been moved to 2022 and then to 2020. In the end the pressure put on by people who do not support tile drainage moved the date back to January 15, of 2018. The challenge this creates for the Agency of Ag is significant. There is a concern that the Agency of Ag will not have enough time to do public hearings and then go through the LCAR process before that January 2018 date.

Another part of **H-495** is a report by the Agency of Ag due November 15, 2017 that includes the following:

- whether and how the Secretary will collect information regarding subsurface tile drains on farms in the State;
- whether and how nutrient management plans and nutrient management data acquired by the Secretary shall be available for public inspection and copying under the Public Records Act.
- how the Secretary would require the collection of information regarding subsurface tile drains on farms in the State;
- what information regarding subsurface tile drains that would be required to be submitted to the Secretary;
- who would be required to submit information to the Secretary;
- when information would be required to be reported, including a schedule for implementation of any required reporting
 - how the Secretary would utilize subsurface tile drain information.
- In addressing whether and how nutrient management plans and nutrient management data shall be available for public inspection and copying under the Public Records Act, the report shall include:
 - The Secretary's recommendation of whether the information should be exempt from inspection and copying under the Public Records Act, including the rationale for the recommendation

- a proposal on how to implement the Secretary's recommendation.

RURAL ECONOMIC DEVELOPMENT

S-34 An act relating to cross-promoting development incentives and State policy goals

This bill proposes to direct the Governor's Development Cabinet to review State incentive programs and propose program changes, conditions for incentives, or other strategies to cross-promote relevant State policies.

This bill contains requirements for reports and studies to help encourage growth and economic activities in the rural areas.

The following reports are included:

- Commissioner of Financial Regulation shall submit a report to legislators regarding options to reduce the workers' compensation premium rates and costs for the industries such as agriculture and farming, logging and log hauling, as well as arborists, roofers, and occupations in sawmills and wood manufacturing operations.
- Secretary of Agriculture, Food and Markets shall convene the Vermont Milk Commission to review and evaluate proposals that enhance and stabilize the dairy industry in Vermont and New England and that may be appropriate for inclusion in the federal Farm Bill 2018
- Commissioner of Public Service to submit a report by Jan. 15, 2018 on two items regarding the energy efficiency charge (EEC) and commercial and industrial customers:
 - whether and how to increase the use by those customers of self-administered efficiency programs; and
 - the potential establishment of a multi-year pilot program under which each customer within a group of commercial and industrial customers would receive the full amount of the customer's EEC in services and incentives from the energy efficiency utility related to the customer's total energy consumption

This bill also changes the rate for air pollution control permits for anaerobic digesters on farms to \$1000 annually.

ACT 250

H-424 An act relating to the Commission on Act 250: the Next 50 Years

In light of the upcoming 50th anniversary of the State land use law, known as Act 250, this bill proposes to create a commission to review and make recommendations on improving the effectiveness and efficiency of the Act as currently implemented in achieving its goals.

BUDGET / TAXES

H-518 An act relating to making appropriations for the support of government

Addresses critical areas of underfunding:

- Lives within existing revenues plus \$5M from added collection efforts: 1.5% General Fund spending growth is below the FY 2018 forecasted revenue growth of 3.7% and below the 2% projected Gross State Product growth.
- Provides for up to \$15M to cover a potential one-time FY 2018 revenue downgrade due to corporate tax refunding. Funds will come from GF carry forward, SF balances, or Global Commitment reserves.
- Protects & strengthens reserves—Statutory 5% reserves full; proposes to bring Rainy Day Fund from \$6.8M to \$7.3M with additional amounts possible at the close of FY 2017 and FY 2018. Caseload Reserve at \$18.26M and 27/53rd reserve at \$5.28M—Overall, GF-like reserves \$111M, or over 7% of prior year GF spending.

The budget includes:

- Provides \$1,250,000 to fund police camera equipment cost to be used with available federal funds
- Increases (PILOT) funding to municipalities that host State buildings to \$7.6M—funds 76% of estimated PILOT obligations
- Increases funding for Farm-to-School initiative, State fairs, and Working Lands
- Requires \$5M in Administration reductions based on parameters specified by the Legislature
- Provides \$3M base increased to the Vermont State Colleges and \$880,000 one-time payment for campus merger
- Requires the State Colleges to provide a report on the use and effect of State funding on the college system □
- Adds the “normal” Teachers’ Retirement contribution of \$7.9M as an expense to the Education Fund.
- Reinstates the Statutory Education Fund transfer and does not remove local decision making for Education Spending
- Dedicates 36% of Sales Tax, up from 35%, to the Education Fund in FY 2019 and beyond
- Housing Bond: Added language and funding for a major housing initiative through Vermont Housing Conservation Board

H-516 An act relating to miscellaneous tax changes

This bill proposes to make a number of miscellaneous tax changes.

This bill contains language that requires the tax department increase collections of taxes by \$5 million by greater compliance and enforcement. It also has language that requires the State Treasurer to report back to the legislature on whether public good benefits payments made to the State for water quality as a condition of a certificate of public good issued by the Public Service Board provide sufficient revenue to leverage the issuance of a revenue bond to fund water quality.

H-516 also creates a Working Group on Water Quality Funding to develop recommendations for equitable and effective long-term funding methods to support clean water efforts in Vermont. This report is due to the legislature by November 15th of this year. Included in that report will be draft legislation for the upcoming session.

MARIJUANA

S-22 An act relating to eliminating penalties for possession of limited amounts of marijuana by adults 21 years of age and older

After many weeks of thinking that marijuana legalization would not pass this year it did. The bill was sent to the Governor on May 18th, it is not clear if he will veto the bill or just allow it to become law without his signature.

FROM THE LAKE CHAMPLAIN REGIONAL CHAMBER OF

Accommodations for Pregnant Employees

The Chamber was successful in working with the Vermont Attorney General's office to amend [H.136](#) and make it workable for Vermont employers. The bill seeks to provide protection for pregnant employees who, due to a condition related to pregnancy, find it difficult to perform their job functions. As introduced, the bill could have placed pregnant employees above disabled employees regarding the accommodations an employer would need to provide. *Working with the Vermont Attorney General's office, we were able to amend the language in order to clarify that employers would need to provide pregnant employees accommodations similar to those provided to disabled employees so that pregnant employees would be able to continue to do the job they were hired to do.* The bill was passed by both the House and the Senate and signed into law by Governor Phil Scott. The bill will take effect on January 1st, 2018.

Independent Contractors

The House Commerce and Economic Development Committee spent several weeks working on changes to clarify for employers when sole proprietors/independent contractors are employees for the purposes of both workers' compensation and unemployment insurance. Ultimately, the Committee was unable to craft language that satisfied the Chamber, and other business associations, and would be palatable to House Democratic Leadership. In 2016, legislation supported by the Chamber was thwarted due to opposition by labor unions.

FORESTRY FRAGMENTATION

H-233 An act relating to protecting working forests and habitat

This bill proposes to amend the criteria and jurisdiction of the State land use law, known as Act 250, to protect forest resources in order to support the forest economy, water quality, and habitat.

- **Habitat connectivity area changed to Connector**
- **GIS or other technology used for resource mapping**
- **“recreational trail” means a corridor that is not paved and this is used for hiking, walking, bicycling, cross-country skiing, snowmobiling, all-terrain vehicle riding, horseback riding and other similar recreational activity**
- **located on or adjacent to a tract that contains a forest block has been removed from the bill**

This bill was passed by the House and is now in the Senate for next year.

Below is the link to the Vermont Legislative website

Legislature.vermont.gov

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

– Henry Ford

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