

SESSION 2013

LEGISLATIVE REPORT

STATE REPRESENTATIVE

BILL BOTZOW

Dear Friends and Neighbors,

The gavel fell bringing to an end the 2013 legislative session on Tuesday May 14 at 10:25 PM. This report, edited from contributions from legislative colleagues, summarizes many of the legislature's actions this year. Highlights include a balanced budget, no broad based tax increases and important consumer protections. If you would like more detail on any of the bills I mention or have questions or concerns, please let me know.

Thank you for the honor of serving you and for your communications with me. Few if any decisions in the legislature are simple or easy. All require consideration of the impact on us and our communities. Your thoughts and advice sustain me in this work and I am proud to serve our towns and Vermont. Please be in touch with me in the months ahead for even as we take a breather from the 2013 session, the 2014 session will soon be upon us.

Sincerely,

Bill Botzow

The Budget

For the seventh year in a row, the Legislature began the 2014 budget process with a projected gap between estimated revenues and expenditures. Each year, the Legislature works to find the right balance between maintaining necessary services while making investments for the future. As in previous years, the Legislature balanced the state budget.

Human services and health care spending is roughly \$2 billion per year, or about 40% of the statewide budget. This includes Medicaid, Long Term Care, VHAP (Vermont Health Assistance Program), Catamount Health, 3Squares, Reach Up, and General Assistance. This year's budget invests \$18 million state dollars in Medicaid expansion to leverage \$68 million in federal dollars. This helps Vermonters on state sponsored VHAP and Catamount as well as uninsured or underinsured Vermonters transition to the new exchange, Vermont Health Connect. The budget addressed the Medicaid cost shift by increasing the provider reimbursement by 3%. This will help hospitals, doctors and our direct care workers who serve the developmental services and choices for care populations. The Legislature invested an additional \$4.5 million in childcare in 2014, expanding both who qualifies for childcare subsidies and raising the subsidy by 3% to help childcare providers. We appropriated dollars for LIHEAP in the base budget; recognizing that what was for many, many years a federal responsibility must now be partially paid for by the state. The Legislature invested in housing by redirecting General Assistance from crisis management to housing supports and we added support for Vermonters with substance abuse and mental health issues through funding for the new state hospital, Reach Up supports with additional substance abuse focused case workers, and by adding a manager for the Hub and Spoke initiative.

Education spending is 34% of the \$5 billion statewide budget. Each year, the Legislature examines closely both the quality and quantity of education spending, making sure Vermont provides the best education possible for all students while ensuring both local control and affordability. In 2013, the Legislature improved access to free lunches for children in need; expanded access for high school students to college courses; added \$1.5 million in scholarships to Vermont colleges; and provided \$8.4 million in education property tax relief.

Transportation spending is 12% of the statewide budget. Next year, Vermont will leverage \$260 million in state transportation funds to receive \$370 million in federal transportation money, for a total of \$630 million in combined spending for Vermont highways and bridges. A new tax on gasoline and diesel fuel will allow the state to maximize federal matching funds that would otherwise be forgone. A driver using 40 gallons per month would pay an additional \$2.36 a month in taxes for transportation infrastructure.

Agriculture

The session brought about new investments in a number of agricultural and forest products ventures in Vermont.

Working Lands -The 2012 Working Lands Enterprise bill brought a new commitment to agriculture and forest products businesses in Vermont. This spring, 20 applicants received awards from \$3,000-\$15,000 for processing equipment; facility upgrade and expansion; product development; technical assistance; and start-ups with another round forthcoming. The 2013 Legislature continued this work by adding an additional \$250,000, for a total of \$1.425 million

for 2014. These funds will continue to help Vermont start new businesses, build on existing ones and help farms diversify.

Hemp - In S.157, the Legislature declared hemp to be an accepted and approved agricultural crop in Vermont. Hemp is one of the most versatile and productive plants and is profitably cultivated and processed in almost all of the developing nations of the world. Hemp remains illegal under federal law, so farmers will have to plant at their own risk, or wait for federal reclassification.

Meat and Poultry - To address the growing meat and poultry industry and increase opportunities for on-farm slaughter, the legislature expanded provisions related to itinerant slaughter.

Genetic Engineering - According to a UVM poll, more than 90% of Vermonters are in favor of labeling foods produced using genetic engineering, and they want this labeling for health, religious, moral, economic opportunity and environmental, reasons. The Vermont House voted for this right, moving it onto the Senate for action next year. The State faces potential litigation from the biotech industry on 3 legal issues: federal pre-emption; first amendment rights; and the dormant commerce clause. The bill was carefully crafted to address possible litigation on each of these issues. According to expert testimony, the bill is legally defensible and has a reasonable possibility of prevailing in court. Should the bill pass the Senate and be signed by the Governor next year, it would go into effect 18 months later as long as two other states passed similar legislation or in two years. At that time, Vermont would join 64 countries that already have such labeling requirements in place.

Pet Merchants - The "pet merchants" bill changes confusing and outdated statutes related to pet merchants and animal breeders while closing exemption loopholes and strengthening the inspection process. It also creates a pet dealer permit process under municipal authority. The bill was agreed to by a broad coalition of interests, including: VT Federation of Dog Clubs, the Human Society of the United States, and the Vermont Veterinary Medical Association.

Commerce and Economic Development

The legislature worked to keep commerce humming through forward-looking banking and insurance regulations, consumer protections, better access to capital, and steps to encourage housing. We improved patent laws to help our many entrepreneurs and startup companies and we continued to focus on workforce training, modernizing workers' compensation and protecting the unemployment insurance system.

Irene Recovery - The storms of 2011 were devastating to Vermont. Many individuals and small businesses lost everything they had, and it will be years before our recovery is complete. We have helped businesses by passing a measure that would relieve our affected businesses by relieving them of the increased cost of unemployment insurance when they were forced to lay off their employees.

Workers Comp Payments - We passed a bill that allows insurance companies to make payments to injured workers by means of electronic cards. Similar to debit cards, weekly benefits can be directly loaded onto a card, so the worker does not need to wait for a check to arrive in the mail, take it to a bank, and cash it. This change to make benefits available quickly is voluntary for workers.

Workers Comp for Fire and Rescue Workers - Firefighters who rush into burning structures, as well as rescue workers who treat people under extremely hazardous conditions face unusual dangers. These conditions can cause injuries and diseases that might not be known for years. We changed

our laws to make the "presumption" that these injuries were caused by exposure to the conditions easier for workers to demonstrate. This change will also help with fire and rescue services recruit new personnel.

Unclaimed Life Insurance Benefits - We heard that when a person dies some insurance companies use a national database to learn of the death and then stop paying out that person's annuity. However, they do NOT use the database to pay out the death benefit on a life insurance policy. We passed a measure that requires companies to search the national death data bases to learn if policyholders have died and make a good faith effort to find the beneficiaries and pay their benefits.

Village Centers and Downtowns – We improved policies for encouraging new housing development in and near Village Centers and Downtowns carefully balancing the needs of municipalities and real estate developers while protecting the environment. The downtown bill also included an important provision allowing towns to offer incentives for people fixing up distressed uninhabitable properties for new housing

Knowledge Based Businesses - Vermont is a creative, innovative place. Businesses are innovating in technology and software development, building the foundation for Vermont's future in the 'new economy.' We are #1 in the nation in patents granted per capita and #8 in entrepreneurial business start-ups. We are home to large, medium, and small tech companies that are developing and exporting hardware and software solutions to companies around the world – often in web-based applications. These "knowledge-based" businesses are seriously threatened by a bad faith business practice that is called "patent trolling." Businesses are threatened with a lawsuit unless a license fee is paid. The choice for the target business or non-profit is to pay the fee or spend huge sums on a legal defense in court. Vermont will be the first state in the nation to offer its businesses a defense against this practice. Vermont companies will be able to bring a cause of action where a court can distinguish between legitimate patent enforcement and bad faith assertion of patent infringement.

Education

Flexible Pathways - Vermont expanded its "flexible pathways" program, encouraging high school completion while simultaneously allowing students to earn college credit. This dual

enrollment offers two state-funded college courses on college or high school campuses to qualified juniors or seniors. Work based learning, experiential learning, virtual or blended learning, and early college for seniors are some of the new offerings that will be guided by Personal Learning Plans (PLP's). PLP's will be fully implemented in 2017 for 7 -12 grade students. This bill provides an exciting opportunity to better prepare students for their careers with basic core competencies and adaptive skills.

Healthy students - New laws will put three initiatives in place to improve children's health and safety in school. First, schools will be required to have a management plan including a clear policy and procedure for student athletes suspected of suffering a concussion. Second, for students with severe allergies, schools will be required to have epi-pens and staff training to administer an epi-pen. Third, to address the growing concern regarding mental health issues in our schools, the Education Agency will complete a study to examine services and programs currently offered in schools. The study will also survey model national programs as well as current and future funding mechanisms. In addition to these initiatives, a wider range of families will have access to free and reduced lunch.

Preschool -The House passed a bill that would offer 10 hours per week of school-funded quality preschool education for Vermont's 3 and 4 year olds. While research shows the long term cost savings in terms of lower special education costs and lower dropout rates and repeated grades, the session ended before the Senate could act on these issues.

Higher Education - The legislature acted to moderate the growth of higher education tuition costs for students and families by designating money in the budget to cover the expected 2.9% growth in tuition costs for Vermont students at UVM and state colleges. The 2.9% (set by the institutions, not the legislature) is the lowest projected tuition increase in years for higher education.

Fish Wildlife and Water Resources.

Hunting and Fishing - This year the sportsmen's community and Fish Wildlife Department came forward with a variety of requests to support wildlife activities, encourage participation and reduce misbehavior. The Legislature took action to increase public participation in setting antlerless permits. Archery hunters and hunting dog trainers will be allowed to carry a sidearm. Posting laws will now allow for "prohibited" and "by permission only." The Fish and Wildlife Board will have the authority to consider crossbows during the archery season. The Department will make a therapeutic group fishing license available. Lastly, hunters whose licenses are under suspension or revoked will not be allowed to hunt on their own land.

Shoreland Protection - Vermont is home to over 800 lakes and ponds. These lakes are a boon to our economy and our tax base. Across Vermont, many lakes are threatened from development practices that are known to harm lakes. Removal of vegetation right down to the water's edge increases polluted runoff, degrades aquatic habitat and destabilizes banks. While local involvement is best, only 48 municipalities have set standards for shoreline development protecting only 17% of our shoreland. Legislation put forward this year in the House was

designed to provide coordinated, scientifically based, site-specific shoreline protection regulation throughout the state on any new development. However many property owners did not feel they had enough input in the process. Over the summer, members of committees of jurisdiction will hold public meetings designed to inform both the public and lawmakers as to appropriate next steps to protect our shorelands.

Contaminated Sites - There are at least 97 contaminated sites or ‘brownfields’ in Vermont, and some may be suitable for remediation. Municipalities and developers shy away from these properties due to potential liability concerns. New legislation limits this liability for municipalities, regional development corporations, regional planning commissions, secured lenders and innocent purchasers, opening the door for clean up and reuse of blighted properties. Also, when fuel tanks fail, spilled fuel contaminates property triggering the need for difficult and costly clean up. Less reliable unlined single walled tanks will no longer be permitted. The Legislature also extended the Petroleum Clean Up Fund for 5 more years.

General, Housing and Military Affairs

The legislature passed several key pieces of legislation this session that help working Vermonters.

Equal Pay - While equal pay provisions have been in law since 1963, Vermont women still earn only 86 percent of what men do today. The equal pay bill addresses this discrepancy by clarifying instances where individuals who do the same work may not be paid equally and by providing employees who seek to find out if they are receiving equal pay with protection against retaliation. Additionally, the law will now extend protections for mothers who nurse in the workplace and allow employees to request flexible work arrangements. These changes will allow for a more employee and family friendly work place at little or no cost to the employer. This law also creates a committee to study the feasibility of creating access to paid family leave in Vermont.

Agency Fee - Non-union members of public sector employee bargaining units will join their private sector counterparts in paying their share of the costs of conducting collective bargaining (contract negotiations) and grievance procedures. Employees can exercise their right not to join the union while paying their share of the cost for these legally mandated services. The agency fee will spread expenses among all employees, making for more effective representation and lower dues and fees for everyone. The fees may not be used for union activities.

Direct support workers - enable over 4,000 Vermont elders and people with disabilities to remain living in their homes through Medicaid-funded programs. With the direct support workers bill, these caregivers now have a process by which they can form a union to represent them in negotiating with the state on a limited number of topics, including wages.

Wage and Hour Laws - Vermont workers and the Department of Labor achieved a much-needed modernization of our state wage and hour law. Throughout the bill, the investigation, negotiation, adjudication, appeal, and enforcement processes for resolving unpaid wage claims

are spelled out in greater detail to clarify the process for all involved. There is also an expansion of corporate responsibility for unpaid wages - now, the president of a corporation or other officers who have control of the payment operations may be held accountable when wages are unpaid.

Supporting Our Troops/the Adjutant General - On February 21st, the Vermont House and Senate voted to elect General Steven Cray Adjutant General of the Vermont National Guard. General Cray brings over 30 years of experience in the Vermont National Guard to his new post. In new legislation the Adjutant General will make an annual report to the General Assembly regarding complaints of sexual assault and harassment involving members of the Vermont National Guard. This report is needed to address the rising incidents of sexual assault in the military. The bill also expands the Green Mountain Passport which grants free admission to state parks and historic sites to all veterans.

Government Operations

Public Records: Public or Private? - What information may properly be released to the public, and what may not? The answer turns out to be far more complicated than it seems. Those seeking information or privacy protection are frustrated by the fact that there are numerous and sometimes duplicative exemptions to public records scattered throughout the statutes. This summer, legislative staff will prepare a list of all existing exemptions to public inspection and copying requirements of the Public Records Act, including cross referencing and consolidating exemptions where appropriate. In January, the legislature will review this work.

Municipal Charter Changes - Municipalities need legislative approval to adopt or change their charters. In 2013, Woodford adopted a first-time charter. Nine other municipalities requested legislative consent for charter adoptions and amendments, and eight requests were granted. Woodford's charter was thoroughly reviewed in the House and Senate committees and a few changes were made to be in compliance with state law. As with many new charters it is expected that further amendments will be forthcoming from Woodford.

Search and Rescue - What happens when someone is lost in the backcountry, remote areas or on the waters of the state? Interim standards set last spring will be replaced with a comprehensive search and rescue response that is organized, immediate and cooperative. The Commissioner of Public Safety will coordinate responses with public and nonpublic entities that specialize in protecting this safety: state police, game wardens, ski patrol, municipal police, fire departments, emergency medical service providers and others. The goal is to save lives and recover lost people as swiftly as possible.

Campaign Finance Reform - The legislature worked on the issue of campaign finance reform. Constituents and House and Senate seem to agree on what we want -- enhanced, robust and more frequent reporting of finances, and more disclosure generally. No resolution has yet emerged this session, but it is likely a bill will pass next year. We heard testimony from a constitutional law scholar who advised us to move forward cautiously to avoid potential lawsuits in light of

recent federal court rulings, including a U.S. Supreme Court decision in 2007 that threw out Vermont's attempt to curb campaign spending. Political donations facilitate speech and political association, two fundamental First Amendment rights. To regulate those rights, the state must be able to show a compelling governmental interest. The state must also meet the high standard of showing that its regulations prevent actual corruption or its appearance. The Citizens United decision, which allows corporations and unions to spend unlimited amounts on electioneering communications, suggests that stricter and more frequent disclosures of spending and donations to such entities could withstand judicial scrutiny.

Health Care

Vermont Health Connect - This fall Vermonters will be able to access health insurance in a new market place called Vermont Health Connect. Through Vermont Health Connect, individuals and small employers will be able to compare health plans and choose the one that best fits their health care needs and their budget. At www.healthconnect.vermont.gov Vermonters can look at benefit packages, see if they qualify for tax credits to help them pay for their premiums, and learn about subsidies to help them pay for other medical bills.

Small business owners can get information that will help them decide whether to offer health insurance to their employees. There is also a list of upcoming information sessions being held around the state where people can get their questions answered. For more information call (802) 654-8977.

The House Health Care Committee focused on making sure the transition to Vermont Health Connect works as smoothly as possible. The committee put forward a bill that would supplement the Federal premium assistance for Vermonters moving from VHAP and Catamount to plans on Vermont Health Connect. Vermont will be one of only two states to offer additional assistance to people when they buy health insurance.

Lyme Disease - The Health Care committee heard testimony from Vermonters who have struggled with Lyme disease and about the increased prevalence of this and other tick-borne diseases. Lyme disease can be a debilitating disease, especially if the early symptoms go unrecognized. The committee sent a letter to the Health Department strongly urging the Commissioner to embark on a number of important projects aimed at preventing infection, encouraging early detection and treatment, and reassuring doctors they won't be subject to disciplinary action solely for treating Lyme disease outside of CDC guidelines. The committee has asked the Department to report back on their efforts and also on efforts underway in neighboring states to combat Lyme disease. The Legislature will revisit the issue early in 2014.

Human Services

Ensuring that the most vulnerable Vermonters are safe and protected, maintaining a structure that helps Vermonters move out of poverty, and preventing problems that can lead to even greater cost to the State are guiding principles for Human Services.

Opioid Addiction and Methamphetamine - The legislature took significant steps to address the growing problem of drug addiction in Vermont and its devastating effects on health, crime and the environment. Access to addictive drugs will be reduced. The legislature strengthened the Vermont Prescription Monitoring System, making it more difficult to “doctor shop” for multiple purchases of legal but addictive drugs such as oxycontin. Also, purchases of drugs containing the key ingredients in making methamphetamines or “meth,” will require an ID, allowing pharmacists to check into a real-time database (NPLex), alerting them to multiple purchases. Also, the Department of Health will look into improving services for those addicted by developing guidelines and training for hospitals and creating a pilot program for naloxone, a drug that reverses an overdose. Also granting limited immunity to those calling 911 to report an overdose should help reduce deaths because users and friends were too afraid to call. Finally two studies will address crime related to drug addiction. One will look at the effect of meth labs on housing while another looks at stolen property used to support drug addiction.

Protecting Vermonters from Harmful Chemicals - Vermonters expect products to be safe. Flame retardants used in some children’s products and in upholstered furniture will soon be kept out of products sold here. These particular flame retardants include chemicals commonly referred to as Tris which can be especially unsafe for children. Firefighters also face greater health hazards when fighting a fire where there is upholstered furniture with these chemicals in the foam padding. In Vermont, Tris will not be allowed to be replaced by chemicals classified as “known or reasonably anticipated to be” a human carcinogen or chemicals identified as causing birth defects, hormone disruption, neurotoxicity, or harm to reproduction or development. These products will still have flame retardants in them, but not retardants made with Tris.

Institutions and Corrections

The Capital Bill - The legislature approved investments of \$173,042,697 in projects throughout the state for FY14 and FY15. Communities and Vermonters will benefit from upgrades in drinking water, wastewater treatment and nonpoint source clean up, support of secondary education and higher education with funds for building construction and maintenance, and support of our forests, parks, recreation, agriculture, and fishing resources. These investments also put Vermonters to work in good paying construction jobs. Highlights include: More than \$70 million is dedicated to Irene recovery, with the funding of the build out of our new mental health system of care and renovation of the Waterbury State Office complex. The bill also provides over \$17 million to pay off the state’s obligation on school construction by the end of FY15 and leaves in place the moratorium on state aid for school construction.

The bill also includes funds to continue to pay down the principal and cover the interest for the state’s share of the Pownal Wastewater project.

A separate bill enables the Austine School in Brattleboro to sell a parcel of land and also asks the Secretary of Education and the school to work together to consider the future of services to Vermont children who are deaf and hard of hearing.

Judiciary

This year, the Vermont legislature addressed a variety of issues related to victims' rights, possession of marijuana and end-of-life issues. First, access to justice was increased for people who were sexually victimized as children, raising the statute of limitations to 40 years after the occurrence. Second, individuals who suffer from domestic abuse resulting in an inability to work or get to work will have a variety of additional protections and supports. Third, individuals overdosing or friends who find them this way will be able to call 911 without fear of arrest, . Fourth, those in possession of small amounts of marijuana will face a civil penalty rather than the life-altering result of a criminal conviction. And finally, those with a terminal illness who face intolerable suffering will have a legal route to acquire life-ending medication.

End of Life Choices - We each think about life and death differently, but most of us hope for a relatively painless, peaceful death. In spite of the increasing availability of palliative and hospice care, for a small number of Vermonters, this is insufficient to relieve suffering. Beginning this summer, patients with a terminal illness and less than six months to live may request medication in order to hasten death. Based on the 15 year old Oregon model, many safeguards are built into the legislation: evaluation by 2 physicians; patient capable of understanding and making this decision; 2 oral requests and 1 written and witness by 2 people unrelated to the patient. By 2016, Vermonters will have had three years of experience with this bill and be able to assess whether best practices are in place. At that time, the bill moves to a more streamlined program where the doctor-patient relationship is private and protected. Immunity for the physician is granted only when they follow the precise protocol established in the legislation.

Support for Abuse Victims - The purpose of the domestic and sexual violence survivors' transitional employment program is to provide temporary, partial wage replacement to individuals who must leave employment because of circumstances directly resulting from domestic violence, sexual assault, or stalking. This year, the legislature worked to clarify this law and ensure it is meeting its stated purpose. H19 clarifies conditions for eligibility and sets a process for those who have been denied protections.

Domestic abuse - Passage of the Relief from Abuse Protective Orders bill means that the court, not the victim, now has the responsibility of getting the order to the sheriff so he can serve the defendant. Should a defendant appeal an order, the appeal will not put the order on hold—a necessary protection for victims. Finally, it says that if a defendant refuses to hand over a victim's personal documentation—e.g. a driver's license or birth certificate—which evidently is not uncommon in cases of domestic abuse, the court may order him/her to do so.

Suspended Driving - About 23,000 Vermonters have had their driver licenses suspended (DLS) for failing to pay accrued fines. Many continue to drive, often claiming it is the only way to get

to work. These individuals will now have a way to get back on track. The legislature passed a law, building on work begun last year, that clarified that those with civil DLSes (not as a result of DUI) may participate in a program through court diversion to set up a payment plan and be able to get their licenses back.

Possession of Small Amounts of Marijuana -Beginning July 1, 2013, possession of 1 oz. or less of marijuana or 5 grams or less of hashish (less than 1/5 oz.) will result in a civil penalty rather than a criminal charge for anyone 21 and older. Criminal convictions carry a heavy burden: they become part of a person's permanent history; can prevent access to federal student loans, public benefits, certain professions and many jobs. They can inadvertently perpetuate poverty and even lead to greater recidivism. A civil penalty avoids these long-term consequences. Now, a first offense will result in a fine of up to \$200; a second offense up to \$300 and a third and subsequent offense up to \$500. Those under 21 will be referred to the Diversion Board for screening and if necessary for treatment. Neighboring states took this step many years ago.

Extended statute of limitations for sex crimes – New legislation grants greater access to justice to people who were sexually victimized as children. It extends the statute of limitations for crimes of sexual violence against a child (anyone under 18) to forty years after the occurrence of the crime. This change acknowledges the serious nature of crimes of sexual assault, felony sexual exploitation of a minor, and lewd or lascivious conduct with a child.

Natural Resources

Thermal Efficiency - We took steps this session to address the problem of heating fuel -- one of Vermont's major contributors to climate change and a growing economic burden for Vermonters, as the price of oil has doubled in the past ten years. The "thermal efficiency" bill, lacks the funding source we had hoped for and was shortened and weakened by the Senate, but some important provisions remain. First, the bill makes changes to the state's Home Weatherization Assistance Program, which since 1990 has been bringing workers into low-income homes to make them more efficient. The program has a long waiting list, so we now require it to prioritize those Vermonters who qualify for LIHEAP heating assistance. We also provide a way to identify the leakiest LIHEAP homes, so we can target those homes before the others. This will help us to spread dwindling LIHEAP resources more efficiently over time. The bill also coordinates, under the watch of the Public Service Board, the weatherization services provided by various efficiency groups around the state for Vermonters of every income level. This will provide the same oversight and streamlining that we require for electric efficiency services. Among other improvements, consumers will be able to find, in one central clearinghouse, all the information and resources they need to weatherize their homes. The bill also recognizes that not every builder complies with the state's current efficiency requirements for new construction and renovations, so it includes measures to make sure that builders know about the relevant laws. The bill also authorizes the Department of Public Service to adopt a "stretch" code for residential buildings to achieve even greater energy savings. And it charges a working group with developing a standard "energy rating tool" that an owner may use to disclose the building's energy performance to a prospective buyer, much as a miles-per-gallon sticker does for a car.

Investing in Farm Renewables - Vermont has the country's highest proportion of farms that turn manure methane into clean, 24-hour electricity through an anaerobic digester. We passed legislation to improve the permitting process for farmers. A Public Service Board permit will be required for the equipment related to electrical generation, but not for the manure management and on-farm use of the waste heat, such as for a greenhouse.

Transportation

Expanding Eligibility for Driving Privileges and Identification in Vermont - An estimated 1500 farm workers in Vermont are unable to obtain driver's licenses because they cannot demonstrate their immigration status. The workers are dependent on employers and community volunteers to access groceries, basic necessities and medical care.

To address this problem, the Legislature authorized the issuance of operator, junior operator, and learner's privilege cards and non-driver identification cards to Vermont residents who are unable to demonstrate immigration status, and to Vermont residents who object to the requirements of the federal REAL ID Act, which requires providing a social security number. With privilege cards, migrant farm workers will gain travel mobility, will be able to provide identification when asked, and will feel more comfortable contacting police to report crimes and serve as witnesses. Applicants for a Vermont driving privilege card must provide reliable proof of identity, proof of Vermont residence, pass a written examination and road test, and must purchase insurance and pay license fees. The face of the privilege card will indicate that it is not valid for federal identification purposes, which is a requirement of the federal REAL ID Act. Vermont follows the lead of six other states (Illinois, Maryland, New Mexico, Oregon, Utah, Washington) in authorizing non-REAL ID privilege and identification cards.

Funding our Transportation Infrastructure - Each year, the Legislature seeks to maximize federal transportation dollars. Over the past 10 years, state revenues from the per-gallon gasoline tax have declined because Vermonters are consuming less gasoline, even as they drive more. Due in large part to more efficient vehicles, Vermonters purchased 36 million fewer gallons of gas in 2012 as compared to 2005. To make up for this lost tax revenue, and to maximize federal matching funds, the Legislature adopted a new sales tax on gasoline to replace part of the per-gallon tax. Assuming the new tax is passed on to consumers, gasoline prices will increase by an estimated 5.9 cents in May 2013. Diesel prices will increase by 2 cents per gallon in 2014 and will increase by another penny in 2015. If you drive 10,000 miles a year, at 25 miles per gallon, this tax structure will cost you \$24 in additional taxes in 2013. This much needed increase in transportation revenues will allow Vermont to fully access our share of federal transportation funds, maintain funding of our town highway aid programs, and continue essential repairs to our roads and bridges.

Ways and Means

Taxes and revenue were front and center from the beginning of the legislation session. The budget presented to us by the Governor depended on an additional \$34 million in new revenue. At the end of the session, thanks to increased revenues and the hard work of House and Senate Appropriations, we were able to end the session with very little additional revenue and no general fund tax increases.

Protecting Working Vermonters, Charitable Organizations - To fund new initiatives, the Governor's budget relied on a substantial reduction in the Earned Income Tax Credit, a federal credit put in place to support low-income working families. It has been called the single most successful anti-poverty program in history. Vermont offers a credit equal to 32% of the federal credit. After much discussion and debate, the proposal to cut EITC was rejected by the Legislature because it would unfairly impact low-income working Vermonters. The Governor's proposed budget also relied on taxing break-open tickets, a pull-tab form of gambling used by veteran's groups and other charitable organizations. The significant new tax burden would mean selling the tickets was no longer cost effective, taking away this form of revenue generation for community causes. The Legislature also rejected this tax increase proposed by the Governor.

Tax Reform: Broadening the Base, Lowering the Rate - Tax reform will have to wait until next January. Working closely with the Senate Finance Committee, the House developed a proposal for income tax changes that will give over 200,000 Vermont families a tax reduction. The proposal caps itemized deductions at 2.5 times the standard deduction (roughly \$30,000 for joint filers), establishes a 3% minimum tax for households with incomes over \$125,000, and reduces marginal tax rates. It does not affect personal exemptions, which will continue to be calculated as they are now. Between now and January, we intend to fine-tune the proposal and do the necessary work to familiarize and educate the public. We will work to improve the proposal, so please share thoughts and suggestions this summer and fall. Tax policy changes, even when they are revenue neutral, are never easy. By definition, they result in some people paying less and some people paying more. In the end, our goal is to make the tax code as fair and equitable as possible. Deductions and credits generally benefit one group over another. While deductions and credits may at times serve the interests of good public policy, such as EITC, they can also create distortions and inequities in the tax code. Our income tax system is more progressive than most other states, but there is a growing gap in Vermont between the highest income earners and everyone else. Tax reform that shifts slightly more of the burden to high income earners is a thoughtful and reasonable way to address that gap.

Good Information, Good Tax Policy - As part of the technical tax bill, the Legislature adopted a provision that requires the Tax Department and the Legislative Joint Fiscal Office (JFO) to enter into a memorandum of understanding (MOU) to share non-identifying Tax Department data with certain JFO employees so they can run analyses of legislative proposals. This MOU will include protocols for preventing the identification of individual taxpayers, for handling and transmitting returns and return information, and it will incorporate penalties for unauthorized disclosures. It is and would continue to be a violation of law for the Tax Department to turn over personal data to the JFO. The history behind this provision is that, until about a decade ago, Vermont income tax was calculated as a percentage of federal tax liability and very little analysis was needed of income tax data. When Vermont moved to link state taxes to the federal form for taxable income, the need for more complex analyses became necessary. As a separate branch of

government making significant decisions in the lives of Vermonters regarding taxation, we need timely, non-partisan tax analyses to make the best decisions.

Reining in Education Spending – Facing a \$70 million increase in education spending statewide while the number of pupils in our education system continues to decrease, a significant increase in the education tax rates for FY14 was inevitable. The legislature was required to raise the non-residential rate to \$1.44, the base penny rate to \$.94, and the base calculation amount to \$9151. These tax rate increases prompted us to look closely at possible ways to curb education spending.

The establishment of Act 68 encouraged increased spending in property-poor communities but did little to suppress spending in other communities. The only real tool that was put in place was the spending threshold. Taxpayers in high-spending communities pay double in per-pupil spending when over the threshold. This session, the Legislature reduced the threshold from its current 125% of the previous year to 121% of the previous year's statewide average per pupil spending.

The legislature also created two studies: first, to look at the renter rebate program to analyze if the \$8 million we are spending on this program is achieving the goal of helping low-income renters effectively, and secondly, a data collection and recommendation process for looking at our staff-to-student ratios to make recommendations about possible tax consequences for an excessive number of paid adults in the school buildings.

Here is my summer time contact information. Please stay in touch and let me know whenever I can help with any business you may have with the state.

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