

This week was relatively quiet on the House floor as members are deep into committee work. Here's what we passed.

H.23 An act relating to the Uniform Transfers to Minors Act

This bill adopts the Uniform Transfers to Minors Act to replace the Vermont Uniform Gifts to Minors Act. Intergenerational transfer of assets in families can be a complicated affair, especially when the parties may live in different states. The bill clarifies the required steps and policies regarding such a transfer and is now consistent with similar law in other states. Uniform laws are developed by special commissions of experts. They take on the task of first rewriting model policy and then encouraging the states to adopt the laws. State legislatures may deviate in small ways but generally aim to be consistent with the model.

Key elements of the bill are establishing policies guiding the person who becomes the custodian of the minor's property. It also sets a standard for the custodian as, "In dealing with custodial property, a custodian shall observe the standard of care that would be observed by a prudent person dealing with the property of another."

H. 51 An act relating to group-wide supervision of internationally active insurance groups

The bill first updates Vermont insurance law to make the licensing process for Vermont companies consistent with the process for out of state companies.

The bill then amends Vermont holding company law for international insurance groups. It clarifies a state's authority to lead or participate in a supervisory role with other regulators in reviewing internationally active insurance groups. State laws governing oversight of insurance groups, called "holding company laws," are nearly identical across the country. These laws authorize state insurance commissioners to oversee insurance company solvency.

The National Association of Insurance Commissioners (NAIC) runs an Accreditation Program that develops and maintains standards to promote effective and efficient state-based insurance company regulation. Vermont's Insurance Division of the Department of Financial Regulation is up for review this year. Passing these model laws will be important to accreditation. A state insurance department is accredited once it has demonstrated it has met and continues to meet an assortment of legal, financial and organizational standards as determined by a committee of its peers. This bill passed both my House Commerce Committee and the House unanimously.

H. 73 An act relating to the corporate governance structure of insurers

Corporate governance is a framework of rules and practices by which a board of directors ensures accountability, fairness and transparency in an insurance company's relationship with all its stakeholders. This bill has 3 main purposes:

- 1) The bill provides the Commissioner with a summary of an insurance company's corporate governance structure, policies, and practices so the Commissioner of the Department of Financial Regulation may gain and maintain an understanding of the company's corporate governance framework;
- 2) The bill outlines the requirements for completing a corporate governance annual disclosure with the Commissioner; and
- 3) The bill provides for the confidential treatment of the corporate governance annual disclosure.

The bill is modeled on the National Association of Insurance Commissioner's (NAIC) Model Law. NAIC model laws go through a highly involved drafting process, which involves input from all 50 states, as well as the insurance industry. The drafting process takes several years and the models are literally reviewed thousands of times. Adoption of model laws is important because they provide uniformity among the states, which is very important given that insurance regulation is state-based. Adopting model laws is also important for accreditation of a state's insurance department and Vermont is up for review this year. Staying up to date on insurance law helps Vermont keep its reputation for "gold standard" regulation. The bill also passed the Commerce and Economic Development Committee and the House unanimously.

Some Committee reports:

On Thursday afternoon the House Committee on Education introduced its first version of an education reform bill. First the committee spent considerable time listening to testimony from many stakeholders. Then they discussed what ideas they thought were worthy of further consideration and had those proposals drafted as a bill which will now be the basis for further testimony, subtractions, additions and refinement. Here's a link to a summary of the bill prepared by the committee's legislative drafter:

<http://legislature.vermont.gov/assets/Documents/2016/WorkGroups/House%20Education/Bills/Draft%20Request%2015-1034/W~Donna%20Russo-Savage~Section%20by%20Section%20for%20Draft%20No.%201.2,%202-5-2015~2-5-2015.pdf>

Committee members have talked about the bill as aiming to address (in their words) the following:

“What is the Problem:

- **Affordability, Quality, Equity.** Every community in Vermont is challenged by the high cost of ensuring that all learners can access an adequate and equitable array of services and opportunities.
- **Sustainability.** The viability of many (small and often rural) schools is in jeopardy.
- **Efficiency. Flexibility. Performance.** Organizational complexity inhibits operational efficiencies, ability to respond to declining enrollments, cross-sector collaboration, program evaluation, and adoption of innovative practices.
- **Leadership.** School communities and their leaders are stressed and increasingly less able to sustain a long-term approach to fiscal and quality improvements.

The education committee is considering changes to our education funding and delivery system to **provide high quality opportunities to learn for every child in the most equitable and affordable way possible.** We aim to leverage best practices that are currently employed to create a greater return on investment.

What principles are we guided by?

- **Changes must promote equity, efficiency and quality.** Enhance performance measurements; provide data to boards and citizens; empower state-level involvement where performance or cost indicators warrant intervention; and provide statewide funding for substantially equal access to excellent education opportunities regardless of where a student lives.
- **Enable districts to more flexibly deploy resources.** Changes must address the need for nimble deployment of resources to achieve a somewhat greater scale and achieve greater equity.
- **Recognize that there isn’t a single, perfect delivery model.** Invite local communities to design and implement their own structural changes that reflect local challenges and assets.
- **Support structural change through a mix of incentives and disincentives.** All solutions need to be evaluated by their outcomes – measured against common standards.
- **Retain strong community connections.** Transition steps and resulting system should encourage connections between education delivery system, students, and their community.
- **Maintain a long-term view of funding and success**

The Education Committee does not see their initial proposal as inclusive of all policies being considered and will be taking further testimony. Here's a quick overview of elements in the bill:

Unified Education Districts: Requires all supervisory unions to become unified education districts in 2018. Alternative proposals, created at the local level, may be considered by State Board of Education.

Tuition Payments: Except for payments to out-of-state schools that are designated or fall into a small category of exceptions, public tuition will not be paid to schools that aren't located in Vermont.

Small School Grants: Except for districts that are deemed "geographically isolated," small school grants will be phased out.

Hold Harmless Provision: Lessens the fiscal protection from rapidly declining enrollment by shortening the permissible period of artificial student count.

Principals and Superintendents: Clarifies role of superintendents to hire & fire supervisory-level employees and principals, and for principals to hire & fire school-level employees.

Yield Proposal: Simplifies the way we calculate and report homestead property tax rates so that decision-makers know how much a \$1.00 base tax rate raises.

"Look Back" Adjustment: Alters computation of income sensitivity adjustment so that it is based on current year house value, tax rate, and household income.

Ballot Language: Requires school budget warning to include explicit disclosure of budget impact by identifying per pupil spending changes.

Moratorium: Imposes a moratorium through 2016 on any new legislation that would increase property taxes.

Special Education Funding: Requires the Secretary of Education to develop (study) alternative methods of delivery and payment for special education services."

I know this bill will receive as it should a great deal of discussion and modifications. I look forward to hearing your thoughts.

House Appropriations Committee Announcement of Public Hearing on Budget:

“On Monday the 9th House Appropriations will hold public hearings on the budget with the Senate Appropriations Committee at the Vermont Interactive Television sites (VIT). They are from 4 to 6pm, members of the Appropriations Committees will be at the various sites around the state. Please encourage your constituents to attend. We would like to hear from a diverse group of people.”

In Bennington the VIT site is headquartered with the Senior Center at 124 Pleasant Street.

Here's wishing you all the best in the coming week.

Stay in touch,

Bill

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