

March 29, 2015

Hello All,

Today is Maple Sunday and I'm hoping the weather warms enough for a good run at the sugar houses. Saturday Ruth and I snowshoed down to the waterfowl area and noted that there is now just enough open water for ducks and geese. Some were fishing the still small ice free channel.

I recently received the following community announcement from Lori Gratton.

"The Bennington County Child Care Association is putting on their 25th Annual Family Fair at Bennington Elementary School on Saturday April 4th from 10am to 1pm. This is a free event. The only thing that is charged is if people want to purchase food from Creative Catering of Pownal. There will be a "Let's Go Fishing" Clinic, animal presentations, seed planting, face painting and more. I have it scheduled that the Bennington Sheriff's department will be there and also the Vermont State Police. This fair is in honor of the month of young children. Thank you. -Sincerely, Lori Gratton, 802-447-2510, Lori's Daycare, Pownal, VT"

Last week we spent most of our time on the floor of the House debating and passing several of the annual money bills. Debate, amendments, caucuses and interrogations are the norm and this year's discussions were long and thorough. Here are my notes on this week's bills that passed the House.

H. 282 An act relating to professions and occupations regulated by the Office of Professional Regulation

The Government Operations committee annually reviews a portion of the laws governing regulated professions. This year's bill was non-controversial and passed on a unanimous voice vote. The bill,

<http://legislature.vermont.gov/assets/Documents/2016/Docs/BILLS/H-0282/H-0282%20As%20Amended%20After%20Second%20Reading.pdf> adjusted policy on reinstatement of lapsed licenses, disciplinary matters, and business registration. Professional areas reviewed include property inspectors, nursing, osteopathic physicians, pharmacies, real estate brokers and salespersons, radiologic technologists, psychologists, social workers, clinical mental health counselors, audiologists and hearing aid dispensers, marriage and family therapists, rostered psychotherapists, electrologists, speech-language pathologists, naturopathic physicians, and a section on abuse of vulnerable adults that would allow the Office of Professional Regulation access when appropriate to records to determine possible unprofessional conduct.

H. 108 An act relating to electrical installations

This is a bill that has passed the House in the past but not yet cleared the Senate. It clarifies who can work on electrical installations and where. This year the bill added a section asking for a study by the electricians licensing board of “the appropriate nature, scope, and specific types of electrical work that a person may be allowed to perform without an electrician’s license.” The bill passed on a unanimous voice vote.

H. 135 An act relating to authorizing the Vermont Department of Health to charge fees necessary to support Vermont’s status as a Nuclear Regulatory Commission Agreement State

This bill would “allow the Vermont Department of Health to charge the fees necessary to support its responsibilities should Vermont enter into an agreement with the Nuclear Regulatory Commission under section 274 of the Atomic Energy Act in order to assume some of the federal responsibilities under this Act with respect to byproduct, source, and special nuclear materials.” It passed on a unanimous voice vote.

H. 488 An act relating to the State’s Transportation Program and miscellaneous changes to laws related to transportation

The annual transportation bill passed 138 to 3 and I voted yes. There is less money overall for transportation projects this year due to declining federal funding as Irene relief and ARRA funding wind down and because of the decline in fuel prices. Gas taxes pay for infrastructure and they are based on cost not quantity of fuel sold. Also, the last few years have seen record budgets for transportation projects, partly to keep the economy going during the recession and partly because of critical infrastructure needs. The funds for state support for town road paving are down a bit but those for town bridges are increased as are funds for town highway structures. The bill also calls for a Transportation Revenue Study Committee. Its charge says “The General Assembly finds that policies implemented by the State of Vermont and the federal government in order to meet economic, environmental, and quality of life goals have and will continue to reduce motor vehicle fuel consumption and motor vehicle fuel tax revenues. These policies include fuel economy standards, alternative fuel vehicle programs, transportation demand management programs, and support for bicycle and pedestrian facilities and transit programs. Under the existing transportation revenue structure, the State faces a challenge and a trade-off between ensuring stable and sufficient revenues to maintain its transportation infrastructure while also promoting policies that reduce motor vehicle fuel consumption. To meet this challenge, the State must develop a sufficient and more stable revenue stream that allows the State to maintain its transportation infrastructure in good repair while also meeting economic, environmental, and quality of life goals.”

The bill also includes a study on implementing Amtrack bus service between Albany, Bennington and Manchester that would connect to the Rensselaer train station. It would also look at whether the service would be run by Amtrack or by another entity. Another study looks at commuter rail from St. Albans to Burlington and Montpelier. The bill also calls for a look at “the current and projected need for transportation services for elders and persons with disabilities over the next 10 years.”

The bill also adds money “for municipalities for environmental mitigation projects relating to stormwater and highways, including eligible salt and sand shed projects.” This is part of the overall effort to protect waterways. Also the bill renames the Bennington Welcome Center as the Senator Jim Jeffords Welcome Center.

S. 2 An act relating to the establishment of a State Latin Motto

The House concurred with this Senate Bill which says “The State Latin Motto shall be *Stella quarta decima fulgeat* (May the 14th star shine bright).’

S. 98 An act relating to captive insurance companies

The Commerce committee reviewed the annual captive insurance bill and accepted the Senate's proposal with a few further changes suggested by regulators and industry and accepted by the committee. The bill passed the committee 11-0 and the house on a unanimous voice vote. The captive insurance industry is important to Vermont and the legislature commits every year to reviewing statutes to make sure Vermont will maintain its position as the leading jurisdiction for domiciling captives. Our work is considered the gold standard in the industry and it supports the General Fund through licensing and fees.

H. 489 An act relating to revenue

Most of the work of the House last week was reporting, debate and amendments to the revenue and appropriations proposals. Here is what the Chair of the Ways and Means Committee said on the revenue bill, "Recurring budget gaps tell us that we have structural problems with both revenue and spending. The budget makes real progress in addressing structural spending problems. This bill does its part on the revenue side. It represents significant tax reform. These changes restructure the income tax code to make it fairer and more progressive, recognizing growing income inequality in this state. It is good tax policy that raises necessary revenue and it will position us well for the future."

Here's a brief description of what the bill does. Income tax changes: The bill eliminates the itemized deduction for paid state and local income taxes and caps the remaining itemized deductions at two and a half times the standard deduction amounts. This will be in effect for tax year 2015. Most taxpayers will not be affected by these changes. Twenty seven percent of resident taxpayers who itemize will be. All itemizers are impacted by the change to the state and local income tax deduction. About six and a half percent of taxpayers are affected by the cap. That amount for married filing jointly would be \$31,500, for singles \$15,750. The bill affects people on the higher end of the income scale the most which increases the progressivity of our income tax system. One of the capped deductions is charitable giving. The federal deductions remain. About 30% of taxpayers itemize and the way the tax is structured those at the highest incomes will see the most impact. This change also puts us more in line with neighboring states. Massachusetts, Connecticut, and Rhode Island offer no state deductions for charitable donations. Maine has a cap of \$18,000.

Several amendments were offered in the House. One proposed a flat occupancy tax for rooms. This would hurt the tourism industry, one of the steadiest revenue sources for Vermont. That amendment was defeated 16 to 124 and I voted no.

Another amendment would have hit the highest tax brackets even more than the committee's proposal and that amendment failed 43 to 98. I voted no. Supporters thought the bill didn't raise enough money. I felt this is about as far as it made sense to go on income tax and supported the committee.

Another roll call vote moved the bill to third reading and it passed 76 to 67. I voted yes—the middle ground between those who wanted to raise more and those who wanted to raise nothing and balance the budget on even deeper cuts.

The next day on other amendments were offered that would have shifted calculations one way or another and they failed by a 2 to 1 margin. Again I supported the work of the Ways and Means Committee. In a final vote the bill passed 90 to 53.

H. 490 An act relating to making appropriations for the support of government

The appropriations committee reported the budget bill Thursday afternoon and evening. In a rare show of unity that reflects the open bipartisan work of the committee, all committee members voted for the bill. The Appropriation Committee posted on the Joint Fiscal Committee website a concise one page summary of their approach to this very difficult budget year. Here's the link:

http://www.leg.state.vt.us/jfo/appropriations/fy_2016/FY_2016_Budget_Summary_H_490_HAC.pdf

It is worth a read. The committee also consulted with all the policy committees in developing the budget to a much higher degree than previous years. The committee also included important intent language for future budget processes with the goal of addressing the gap between projected revenues and expenditures. Here's that section.

INTENT

(a) This fiscal year 2016 appropriations bill represents the beginning of a multiyear process to bend the trend of State spending and bring revenues and spending into a long-term balance. The fiscal year

2016 Appropriations Bill contains difficult choices; however, these types of decisions will continue to occur annually without a concerted effort to create a sustainable budget.

(b) It is the intent to move forward on the following goals:

(1) reduce the reliance on one-time funding for base budget needs;

(2) bend the rate of spending growth and bring the expenditure pressures in line with revenue growth to end the cycle of annual budget gaps;

(3) create an ongoing expectation that Administration and Legislative proposals for budget changes and new programs contain a multiyear analysis of what the changes will cost;

(4) move toward budgeting based on using less than 100 percent of forecasted revenue to build a reserve which can help offset the variability of revenues that comes with a progressive tax system and the risk of reliance on federal funds; and

(5) explore moving to a two-year budgeting cycle where the interim year will be such as to allow time to be spent focusing on program performance, results-based analysis, and evidenced-based program evaluation.

On Friday the House debated and voted on various amendments to the bill. Some focused on funding for LIHEAP, the low income heating assistance program. The amount of funding set aside to supplement federal funding was the issue. The federal amount won't be known until August. At that point the Joint Fiscal Committee acts to meet projected needs. One amendment that passed on this issue dedicated any extra dollars to this purpose. Other amendments failed as they would have left the House proposed budget out of balance. Other amendments dealt with pay cuts for the administration and legislators. They were defeated as negotiations are currently underway on that issue.

Important to our area, the budget funds the Vermont Veterans Home and creates a working group to recommend strategies to make the home's finances sustainable. Here's its charge;

"The Working Group shall study solutions to the Vermont Veterans' Home's ongoing governance and funding challenges that will result in the elimination of the ongoing General Fund subsidy for the

Home by fiscal year 2018, including the following issues:

(1) the current governance structure of the Home;

(2) alternative governance structures for the Home, including privatization or a public-private partnership, and the potential costs and benefits of adopting each alternative governance structure;

(3) alternatives to the current funding model for the Home that would eliminate the need for ongoing General Fund subsidies by fiscal year 2018;

(4) alternative uses for the Home and its property that would benefit veterans; and

(5) options for repurposing portions of the Home's facilities and property for alternative uses that would benefit veterans.

Next week the Capital Bill, The Education Bill, the Water Quality Bill and the Telecomm Bill will be up for action.

As always, I hope everybody enjoys a very good week.

Stay in touch,

Bill

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