

VADA 2021 FINAL LEGISLATIVE WRAP UP

The Vermont General Assembly adjourned on May 21, 2021, leaving open the option of returning for a veto override session on June 23rd and again on October 19th to address any new federal stimulus bill that might be enacted. Section 1 of this report summarizes the bills of interest to VADA that passed the House and Senate in 2021, followed by a political overview of the session in Section 2.

SECTION 1: BILLS ENACTED INTO LAW IN 2021

These bills of interest to VADA passed the House and Senate and are awaiting the Governor's signature (unless there is an Act number listed below in which case the bill has been signed into law).

[S.47](#), **An act relating to motor vehicle manufacturers, dealers, and warranty or service facilities** - This bill allows certain zero-emission vehicle manufacturers to sell vehicles directly to consumers and service them in Vermont. The bill also strengthens the motor vehicle franchise law to prevent franchised manufacturers from competing against their franchised dealers. More specifically the bill:

- Creates a definition of “non-franchised zero-emission vehicle manufacturer” that must meet all these requirements:
 - only manufactures zero-emission vehicles
 - only sells vehicles direct to consumers
 - does not currently sell or lease motor vehicles in Vermont through a franchisee (and never has in the past)
 - has not sold more than a 30 percent ownership interest to a franchised manufacturer or a franchised manufacturer does not have more than 30 percent ownership interest in the non-franchised zero-emission vehicle manufacturer
 - is a registered Vermont dealer with Vermont Department of Motor Vehicles
- A “non-franchised zero-emission vehicle manufacturer” is authorized to open and operate a warranty and service facility in Vermont, but only if it directly owns, operates and controls the facility.
- Amends the definition of “new motor vehicle dealer” in Vermont’s motor vehicle franchise law to clarify the activities that are reserved for franchised new motor vehicle dealers including the sale and lease of vehicles and prohibits manufacturers from engaging in these activities.
- Adds a provision that prohibits a franchised manufacturer from selling parts at retail or offering subscription agreements directly to consumers in Vermont effective July 1, 2022. This one-year delay was added in the House to give lawmakers time next year to study the retail sale of parts

and subscription agreements more carefully since the House Commerce and Economic Development Committee did not have enough time this year.

- Contains a section that states it is the intent of the General Assembly to amend the motor vehicle franchise law in the 2021 adjourned session (2022) and lists some of the areas that may be considered. Also requires any person interested in proposing amendments to the franchise law to file them with DMV by December 1, 2021. DMV will then compile all the proposals it receives and report to various committees by January 15, 2022.
- The bill is effective upon passage (when the Governor signs it) except the provision prohibiting a manufacturer from selling parts at retail or subscription agreements has a delayed effective date of July 1, 2022.

H.433, An act relating to the Transportation Program and miscellaneous changes to laws related to transportation. This bill contains funding for and in some cases programmatic changes to various vehicle incentive programs to expand the electric vehicle market in Vermont aimed at reducing greenhouse gases in the transportation sector, including:

Investments in Electric vehicle supply equipment (EVSE)

- Up to \$1 million to the Interagency EVSE Grant Program for a pilot program for EVSE at multi-unit affordable housing and multi-unit dwellings owned by a nonprofit (Sec. 29).
- Sets a State goal to have a level 3 EVSE charging port available to the public within five miles of every exit of the Dwight D. Eisenhower National System of Interstate and Defense Highways within the State and 50 miles of another level 3 EVSE charging port available to the public along a State highway (Sec. 30).

Investments in vehicle incentive programs and expansion of the plug-in electric vehicle (PEV) market

- Authorizes up to an additional \$250,000 for AOT to expand its public-private partnership with Drive Electric Vermont to support the expansion of the PEV market in the State and invests at least \$3 million for PEV purchase and lease incentives under the Incentive Program for New PEVs (Sec. 17).
- Authorizes up to \$1.25 million for purchase incentives under MileageSmart, which is the State's used high-fuel-efficiency vehicle incentive program (Sec. 20).
- Authorizes up to \$375,000 for emissions repair vouchers and capped startup and administrative costs (Sec. 25).
- Authorizes up to \$1.5 million for incentives under the Replace Your Ride Program to incentivize Vermonters to remove older low-efficiency vehicles from operation and switch to modes of transportation that produce fewer greenhouse gas emissions (Sec. 27).

S.86, An act relating to miscellaneous changes to laws related to vehicles and vessels. The bill contains numerous amendments to DMV laws related to motorboats, motor vehicles, snowmobiles and ATVs. Topics include temporary and in-transit plates, amendments to motorboat laws, and a directive to legislative council to replace the word "accident" with the word "crash" throughout Title 23, among other things.

[H.439](#), **An act relating to making appropriations for the support of government.** The FY22 budget bill proposes to commit \$250 million of federal American Rescue Plan Act (ARPA) dollars over the next three years for climate change mitigation. The bill appropriates \$50 million of this in FY22 and directs most of these funds to weatherization. However, two of these appropriations are related to transportation: (1) \$1.5 million to the Department for Children and Families to grant to the community action agencies, to be used through December 31, 2024, to support at least five Financial and Clean Energy Coaches to assist Vermonters with low and moderate income in comprehensive financial coaching, including budgeting, debt reduction, credit building, and asset development, with an emphasis on reducing their reliance on carbon fuel-based technologies, including vehicles, and to support one statewide coordinator based at a community action agency; and (2) \$500,000 to the Agency of Transportation to grant to the Community Action Agencies to support the MileageSmart Program. The bill also requires the Office of Economic Opportunity to develop a plan for coordinating and enhancing their counseling services to Vermonters with low to moderate-income who could benefit from the State’s energy savings programs, including thermal and transportation efficiency programs. AOE is required to submit a “Energy Savings Counseling Report” summarizing its plan by October 15, 2021. The budget also contains a \$24.5 million appropriation to the Department of Motor Vehicles “to complete the first phase of the DMV IT system replacement of the 40-year old mainframe applications.” (Sec. G.501).

[Act 40 \(S.66\)](#), **An act relating to electric bicycles.** This bill defines and regulates electric bicycles.

[Act 10 \(H.366\)](#), **An act relating to 2021 technical corrections,** Act 10 is a lengthy, 236-page bill that makes technical, non-substantive changes to Vermont’s law. Every year the bill addresses different titles of Vermont Statutes Annotated. This year it addresses both Title 9, which relates to vehicle financing, and Title 23, DMV. These changes should have no impact on dealers, but the bill is mentioned here because it amended dealer-related laws.

SECTION 2: OVERVIEW OF THE SESSION

The Vermont General Assembly adjourned on Friday, May 21, ending the first fully remote legislative session in state history. The adjournment resolution allows for lawmakers to return on June 23rd for a veto session, in the event the legislature attempts to override any bills the governor vetoes. The resolution also allows for lawmakers to return on October 19th to address subsequent federal stimulus funding that may be approved by congress over the summer.

The 2021 legislative session culminated in an FY2022 budget bill that invests \$7.3 billion across state government. The bill, H.439, includes nearly \$600 million in American Rescue Plan Act (ARPA) funding, investing in economic recovery, fighting climate change, clean water, housing, broadband and state information technology infrastructure among other things. While the end of the legislative session was defined by debate and posturing between the House, Senate and Governor on the budget and ARPA spending, the overarching theme this year was the fact that it was the first fully remote session in history.

The 2020 legislative session was historic on many levels, with the virtual legislating that began in March being a huge factor. The 2021 session, however, was conducted entirely over Zoom, from start to finish. Lawmakers, executive branch staff and the public interacted via phone, text, email and on Zoom and YouTube. In many ways the public’s ability to follow the proceedings was easier than the pre-COVID-19 era because anyone could tune in without having to be physically present in the statehouse. The public could (and still can) watch any committee hearing or floor session after the fact on YouTube. On the

other hand, the ability to interact directly with state government officials and lawmakers was reduced (particularly for the press and lobbyists) without in person interaction in the statehouse. That said, lawmakers were overall very responsive and inclusive with constituents and stakeholders in the legislative process, and the legislature and statehouse staff should be commended for the efforts made to ensure transparency and inclusion in the legislative process under such extreme circumstances.

A key dynamic that set the 2021 remote session apart from 2020 was the scope of work the legislature undertook. While 2020 was intense, both because of the sudden shift to Zoom legislating and the response to the pandemic, the focus remained almost solely on addressing COVID-19. In 2021 COVID-19 response continued to be the primary focus and indeed everything was addressed through the lens of the pandemic, but the legislature began to work on priorities that would receive attention in a normal session. Many of these priorities had a nexus to the pandemic, such as broadband deployment, economic development and state IT infrastructure improvement. These were boosted significantly by funding levels that would have been unthinkable without federal aid. But other priorities stood apart from the pandemic-related debate about federal aid dollars, such as a bill related to chemicals in food packaging and other consumer products, a bill that would significantly change the way solid waste is handled and a bill to begin the process of recalculating how Vermont weights certain students to account for education spending in rural, urban and disadvantaged districts across the state.

In the interim months, along with the typical legislative summer studies, a provision tucked into the FY22 budget bill requires the Speaker and the Senate President Pro Tempore to undertake a statewide, community-based engagement process to solicit Vermonters' priorities for investing the unprecedented amount of federal funds that state is slated to get. The community engagement process must engage marginalized communities and use nontraditional methods of seeking public input that do not rely solely on public hearings and online options. A report that includes Vermonters' recommendations for investments in the future of the state must be submitted to lawmakers. While there is no date set for the report to be completed, Vermonters' recommendations are to be used "in preparation for budget or policy development" so presumably the report will be completed before the January 2022 legislative session. It will be interesting if the recommendations in the report differ from the Scott Administration's proposal for spending the federal dollars and how legislative and administration officials will work out those differences next year.

In terms of how the 2022 legislative session will be conducted it remains to be seen how much will be remote and how much will be in person. A major factor is obviously the course of pandemic. With vaccination rates in Vermont among the best in the country there is a strong hope that risk levels will be very low from here on out. The subsequent and related factor is the space the legislature uses for business. The statehouse was overcrowded and had HVAC issues before the pandemic and lawmakers are already looking at how in person activities could take place in 2022, including whether normal legislative business could be conducted at other sites around the capitol. It seems unlikely that the legislature will return to pre-pandemic norms in 2022 but almost everyone who works in and around the statehouse is hoping for some level of in person activity.

Thanks for having the team at LPA serve as VADA's lobbyists this year. Please let us know if you have questions.