

Week 3 - January 24, 2020

THE VERMONT **STATEHOUSE INSIDER**

Weekly politics & analysis
of the issues in Montpelier



THE UPSETTER

Governor Phil Scott delivered the fourth budget address of his tenure on Tuesday. He stuck to the core themes of his time in office - affordability, economic development and helping the most vulnerable - and largely avoided big ticket spending proposals. Instead the governor floated smaller investments that he proposed to fund via new revenue sources like expanding the state lottery while avoiding broad-based tax increases.

The governor proposed to put an additional \$3 million toward child care assistance in part by expanding the lottery to include Keno machines. This proposal was met with skepticism by Democratic leaders in the legislature, who said it would take

revenue away from the education fund and thus raise property taxes. For the most part, proposals to expand the lottery have been met with significant opposition over the past two decades in the Democratically-controlled legislature.

Governor Scott highlighted his proposed transportation program which would grow by four percent if approved by lawmakers. It would be the largest increase in the transportation budget since Tropical Storm Irene. This includes \$100 million for paving. The governor also proposed to put \$1.5 million toward improving downtown Newport and \$2.8 million to improve the Lamoille Valley Rail Trail.

Scott highlighted the early successes of OneCare, the state's accountable care organization, and proposed additional funding for suicide prevention and mental health services. This includes a proposed pilot program in Rutland County that would create a mobile crisis mental health unit that would be run by Rutland Mental Health. The governor said this model has been successful in other states.

The governor also highlighted \$1.5 million in incentives and investments to grow the state's workforce. This includes incentives for students who graduate with a nursing degree, expansion of the Vermont Relocation Assistance Program and increased investment in the Vermont Youth Employment Program. The governor drew cheers from the House chamber when he vowed that as long as he is governor, immigrants will be welcome to relocate to Vermont.

The proposed budget also includes housing incentives, funding to improve tourist attractions such as walking and biking trails, parks and public art and additional funding to bolster a state "One Stop" business registration portal.

The governor's proposal to commit 25 percent of future end-of-year budget surpluses to investments to combat climate change drew criticism from Democratic leaders in the legislature who said the plan doesn't go far enough. Combating climate change is expected to receive a lot of consideration during the 2020 legislative session.

Now that the budget has been proposed, lawmakers will get to work crafting their

own version. The governor did not drop any bombshells, but areas of contention including how to fund paid family leave, how to combat climate change and whether or not to create a retail market for recreational cannabis will make for an interesting session.

On Thursday, a highly anticipated vote on the house floor advanced legislation to create a paid family leave insurance program. This legislation has created highly unusual bedfellows among its opponents, including Republicans, moderate Democrats, Independents and Progressives. Republicans, moderate Democrats and some Independents believe this program is too expensive and would prefer a voluntary program such as the one proposed by the governor for state employees. The majority of the Progressive Caucus and a few progressive Democrats oppose it because it fails to guarantee personal medical leave and creates a privately-run program. These progressive opponents believe that this legislation doesn't go far enough and will create a program that is inequitable and doomed to fail. While the vote to advance the bill was a strong 89-58, it remains to be seen whether House Democrats will find the 100 votes they need to override Governor Scott's likely veto.

The next day, the House returned to approve legislation that would raise the state's minimum wage to \$12.55 by 2022. This legislation reflects a compromise between the House and Senate and stands in stark contrast to the original Senate proposal that would have raised the minimum wage to \$15 per hour. While eight Democrats opposed the measure and have created uncertainty about the House's ability to override a veto, there has been recent speculation that the governor will either sign the watered down version of this bill or let the bill become law without his signature.

DEALER FINANCING BILL UPDATE (S.135, H.903)

S.135, a bill related to motor vehicle financing, was introduced last year on behalf of Vermont Legal Aid. The bill proposes to require a creditor to give consumers a copy of their credit application at the time a motor vehicle is sold, limit a dealer's

ability to markup a wholesale interest rate, put a cap on doc fees and impose enhanced penalties if any of the provisions are violated. S.135 is pending in the Senate Economic Development, Housing and General Affairs Committee. VADA strongly opposes the bill. Committee chair Senator Michael Sirotkin, D-Chittenden, has been clear that he wants to work this year on the section that requires dealers to give buyers a copy of their credit application. Senator Sirotkin has directed VADA to work on a proposal regarding the credit application section. Vermont Legal Aid is still pushing to pass the entire bill. This week the same bill was introduced in the House (H.903). [H.903](#) was referred to the House Transportation Committee.

EV INCENTIVES

This week the Governor proposed a \$3 million General Fund appropriation to promote electric vehicle (EV) adoption. Specific to dealers, \$250,000 is earmarked for sales incentives to dealers and employees at dealerships who sell electric vehicles. The details on these dealer incentives is expected to be released soon. The administration also proposes to develop a program to collect fees from public charging stations and to develop an EV electric rate design. Here is a breakdown of the \$3 million EV funding:

EV Incentives: \$1.8M

EV Education and Outreach: \$200,000

EV Sales Incentives for Dealers and Salesforce: \$250,000

EV Charging Infrastructure: \$750,000

ACT 62

The Senate Natural Resources & Energy Committee continued its work on a draft bill that proposes to authorize the Public Utility Commission to allow energy efficiency entities to use up to \$2 million per year for three years to reduce

greenhouse gas emissions in the transportation and thermal energy sectors. With regard to the transportation sector, the committee discussed the desire to make “upstream” investments to encourage auto dealers and others to get more EVs on the road. One possible investment discussed is to provide more funding to Drive Electric Vermont to expand the work they do with dealers and others to encourage EV adoption. [This is a link](#) to the draft bill.

VEHICLE INSPECTION UPDATE

Scott Davidson, Chief Inspector, Department of Motor Vehicles, provided an [update](#) on the Automated Vehicle Inspection Program (AVIC) to the Senate Transportation Committee this week. Scott summarized DMV’s implementation of all the recent changes in the law and rules with respect to inspections. Scott also provided [statistics](#) from 2019 on the number of vehicles that passed inspection, including that out of a total 475,783 OBD inspections completed, 36,500 of those failed and 9,365 were given a waiver.

BILLS OF INTEREST TO VADA

[H. 907](#) - This bill proposes to create a new “pet” motor vehicle registration plate, with the proceeds from the new motor vehicle registration plate allocated to the Dog, Cat, and Wolf-hybrid Spaying and Neutering Special Fund established pursuant to 20 V.S.A. § 3816 to support the Vermont Spay Neuter Incentive Program (VSNIP) established pursuant to 20 V.S.A. § 3815 and administered by the VT Volunteer Services for Animals Humane Society. This bill also proposes to expand VSNIP to include reduced-cost spaying and neutering services for rabbits owned or cared for by individuals with low income.

[H.903](#) - This bill proposes to provide protections for a consumer buying or leasing a motor vehicle.

[H.890](#) - This bill proposes to regulate franchise agreements in this State.

[H.876](#) - This bill proposes to replace Vermont's motor vehicle total loss formula with a 65 percent threshold.

[H.866](#) - This bill proposes to create a new special registration plate with the choice of one of six emojis in addition to the distinctive number assigned by the Commissioner of Motor Vehicles or the numerals and letters selected by the registered owner of a vehicle as a vanity plate.

[H.855](#) - This bill proposes to eliminate the requirement that a motor vehicle display a front plate on certain vehicles.

[H.854](#) - This bill proposes to prohibit the modification of a motor vehicle's exhaust system so that it emits in excess of decibels.

[H.835](#) - This bill proposes to create a vehicle miles traveled tax applicable to plug-in electric vehicles.

[H.834](#) - This bill proposes to waive 50 percent of the registration fee for certain motor vehicles upon proof that the registered owner or co-owner is a veteran who received a discharge under other than dishonorable conditions. This bill also requires the Vermont Office of Veterans Affairs to develop and maintain a database of veterans in Vermont but indicates that any information that is collected is exempt from public inspection and copying.

[H.784](#) - This bill proposes to modify the title exemption for older vehicles and require the Department of Motor Vehicles to automatically issue a certificate of title for certain vehicles.

[H.767](#) - This bill proposes to amend Vermont's energy efficiency standards for appliances and equipment to include electric vehicle supply equipment, which is not currently covered by federal energy efficiency standards.

[H.765](#) - This bill proposes to expand the existing electric vehicle incentive program to also provide incentives for motor-assisted bicycles.