

Week 22 - June 12, 2020

THE VERMONT **STATEHOUSE INSIDER**

Weekly politics & analysis
of the issues in Montpelier



RELIEF WEEK

Protests against police brutality and systematic racism continued this week as Vermonters showed up by the thousands and marched in cities and towns across the state. Many lawmakers as well as Governor Phil Scott have been vocal in their support of the protesters and have indicated interest in working to pass meaningful police and systemic reforms. The governor and health officials are urging protesters to get tested for COVID-19 as the demonstrations bring large groups of people into close proximity.

The legislature continued to push this week to finalize bills before lawmakers recess until mid-August. It has been a daunting process as

committees scramble to create programs and protocols to disseminate more than half a billion much needed federal Coronavirus Relief Fund (CRF) dollars to Vermont residents, businesses and health care providers. In the past few weeks policy committees have developed funding recommendations which are being fast-tracked for passage in the next two weeks. More on this later.

House and Senate leadership have prioritized legislation they intend to pass before the legislature takes a break. These bills include funding for the first quarter of FY2021, CRF spending bills, first quarter funding for the state's capital and transportation programs and a handful of policy bills. The goal is to have everything done by June 26 in advance of the new fiscal year which starts July 1.

The legislature intends to recess for the month of July and the first two weeks of August, which is when the state revenue picture will be clearer. With the tax deadline being pushed from April 15 to July 15, lawmakers are not yet able to confirm how much funding they will have for the full FY2021 budget. Once the revenue picture is clear, the legislature will reconvene and finalize the FY2021 budget. It is likely some committees will meet intermittently during the break to continue working on COVID-19 recovery.

Reconciling the budget will not be easy, as the state continues to face significant shortfalls in the General, Education and Transportation funds. Because of this challenge legislative leaders are planning to wait to appropriate the remaining stimulus monies until the late-summer session. The hope is that federal restrictions around spending CARES Act funding – which is the source of CRF funding – will loosen and the state will be able to use the money to fill budget gaps created by the COVID-19 crisis. If the spending flexibility doesn't materialize, the legislature will distribute the money through CRF programs.

COVID-19 cases in Vermont increased this week as the state continues to open restrictions on travel, business and socializing. An outbreak in Winooski accounts for a large portion of the increase and state health officials and the governor continues to urge Vermonters and visitors to exercise caution and follow state safety guidelines. However, he announced earlier this week that

schools will be allowed to reopen in the fall. Students, faculty and staff will be required to adhere to safety protocols such as daily temperature checks when in-person teaching resumes and the state and schools are developing contingency plans in the event they need to shut down again as a result of another outbreak.

CORONAVIRUS RELIEF FUNDS

The House Health Care Committee recommended \$150 million in CRF to stabilize the state's health care system with another \$75 million to follow if funds are available later this summer. The House Education Committee approved a recommendation for \$50 million in CRF funding, most of which will go to K-12 school districts but it includes \$3 million for VSC and \$2 million for UVM. The Senate Economic Development approved a bill that quickly passed the Senate and the House that would provide \$70 million in grants to Vermont businesses and nonprofits that have been impacted by the COVID-19 crisis. Recipients would need to have experienced a 75 percent reduction in total sales as a result of the COVID-19 crisis. The bill also provides \$23 million in grants for housing and to combat homelessness. The House Energy and Technology Committee (HET) finalized its recommendations to the House Appropriations Committee as to how to spend \$43 million on a slew of programs and initiatives designed to facilitate the deployment of broadband infrastructure. Included within the committee's recommendations is that \$20 million be provided to the electric utilities to make them whole relative to the losses they have experienced due to a moratorium on being able to disconnect customers for nonpayment of their electric bills.

MAIL-IN VOTING

The House gave preliminary approval on Wednesday to S.348, which gives unilateral authority to Secretary of State Jim Condos to expand mail-in voting for the November general election. The change is effective only for the 2020 general

election. Under current law, the secretary of state and governor are both required to sign off on emergency election protocol. Legislators have expressed concern that if a plan to implement mail-in voting is not adopted soon, the window for action will close and with the risk of a second wave of COVID-19 in the fall, Vermonters may not feel comfortable showing up to vote in person.

STUDY OF MANUFACTURERS SELLING VEHICLES DIRECTLY TO CONSUMERS

On Friday the Senate Transportation Committee agreed to add the proposed study of direct-to-consumer motor vehicle sales in S.241 to the Transportation Bill (H.942). As introduced, S.241 proposed to amend Vermont's motor vehicle franchise law to allow manufacturers like Tesla to sell directly to Vermonters and open a service center in the state. VADA objected stating if the committee was going to allow this a number of consumer protection, tax and other issues needed to be considered. In March before the State House closed, the committee adopted the study approach which requires the Agency of Transportation, in consultation with the Attorney General's Office, the Department of Financial Regulation, a manufacturer that sells direct, and VADA, to study a number of issues and report back by December 15, 2020. The study language proposed in S.241 that will be added to the Transportation Bill can be found on page 5465 of the [Senate calendar](#) for Friday, June 12.

ELECTRIC VEHICLE INCENTIVE PROGRAMS

This week the Senate Transportation Committee reviewed for the first time the House-passed Transportation Bill (H.942). The House was poised to pass the bill before the statehouse was shuttered in mid-March but COVID-19 wreaked havoc on Transportation Fund revenues and the House Transportation Committee rewrote the bill before it passed the House. The most significant change for VADA is that the committee removed \$2,250,000 in funding for the **Vehicle**

Incentive and Emissions Repair Programs and the New Plug-In Electric Vehicle (PEV) Incentive Program, which were created last year. These programs will still exist but will be funded with any unused funds that remain from this year that are authorized to be carried over until next year. In addition, the Secretary of the Agency of Transportation has the discretion to add additional funds if there is a federal COVID stimulus bill and there is money left over after basic road maintenance and other priorities are funded. The \$200,000 that was earmarked for Drive Electric Vermont to continue its work with auto dealers and others to expand the PEV market was also removed and made contingent on the Secretary's discretion after other priorities are addressed.

The income eligibility criteria for the New PEV Incentive Program are also being revised and will now be based on adjusted gross income rather than the median household income and eligibility for weatherization. This is to make it easier to administer the program. The maximum incentive is now \$4,000 for a battery electric vehicle (BAV) and \$3,000 for a plug-in hybrid electric vehicle (PHEV), down from a maximum of \$5,000 in incentives from last year. MSRP remains at \$40,000. [Here is a link](#) to a chart summarizing the new proposed income criteria and incentive amounts.

[Here is a link](#) to a side by side of pre-COVID House Transportation Committee version and the House-passed version of H.942

MISCELLANEOUS MOTOR VEHICLES BILL

On Friday morning, the House Transportation Committee voted out S.339, the miscellaneous motor vehicle bill. The bill contains changes to Vermont's motor vehicle statutes and includes a few "must pass" items from the DMV. It also contains the extensions of three sunsets in Title 23 as reported last week. [Here is a link](#) to the House Transportation Committee amendment.

[Here is a link](#) to the Senate-passed version of the bill.

TRANSPORTATION CRF PROPOSALS

The House Transportation Committee made recommendations to the House Appropriations Committee this week on how to spend some of the federal Coronavirus Relief Funds. The committee proposed in a [letter](#) that \$3 million of the CRF dollars go to certain highway contractor businesses. The committee also issued a [letter](#) recommending that an additional \$2 million to be used to deliver food to children.