



Week 24 - June 26, 2020

THE VERMONT **STATEHOUSE INSIDER**

Weekly politics & analysis
of the issues in Montpelier



A NOTE FROM THE LEONINE TEAM

Our weekly legislative update will be put on hold while the legislature recesses and continue again when they reconvene in August. At the time we send this out on Friday, June 26, lawmakers are still working and are expected to wrap up late in the evening or possibly on Saturday, June 27. We will send a short update next week summarizing the final hours of the session. We would like to thank our readers for following us this year and look forward to returning with our weekly updates in August.

HALFWAY

The Vermont Legislature spent long hours every day this week working to finalize tax and spending bills for the first quarter of FY21 and allocate hundreds of millions of dollars received from the federal government and placed in the Coronavirus Relief Fund (CRF). The Senate authorized almost \$100 million in “Phase II” CRF spending for Vermont businesses and nonprofit organizations. This follows \$70 million authorized in “Phase I” a few weeks ago. The Senate also authorized over \$60 million in relief funding for housing which follows \$23 million in housing grants in Phase I.

For the healthcare sector, which has been rocked with heavy revenue losses as a result of the COVID-19 emergency response, the Senate Authorized \$275 million for healthcare provider stabilization and \$28 million for hazard pay. This money for healthcare stabilization is in addition to the \$58 million that was already allocated for this purpose in early May. The Senate also approved \$22 million for food security and \$15 million for childcare support.

The Senate action took place in close coordination with the House, which had approved similar measures last week and early this week. The House took the lead this week on S.351, which authorizes \$36 million for the agriculture and forestry sectors.

On Thursday the Senate Finance Committee finalized their recommendations for a \$20 million package for broadband and connectivity needs. The Senate’s proposal is more inclusive than the House passed version by allowing more types of providers to participate and by giving more flexibility to the Commissioner of Public Service to determine how those funds should be allocated.

In total, the legislature is poised to allocate \$750 million in economic relief to try and stabilize the economy and the healthcare system in response to the COVID-19 crisis between Phase I and Phase II. In addition to the \$750 million, the legislature will likely approve holding back \$240 in CRF funds for later deployment when they return in August. This includes \$100 million for stabilization of K-12 schools and

\$140 million to be determined. Since the COVID-19 crisis began, state lawmakers (in Vermont and across the United States) have hoped federal rules would change and allow funding from the CARES Act, which is the source of CRF funding, to be used to backfill state budget gaps. While there is no clear indication this will happen, there is hope it will happen before the legislature resumes meeting in mid-August, which is when lawmakers will have to approve a budget for the last nine months of FY21.

The 2020 session has been unprecedented. COVID-19 created a statewide (and global) emergency not experienced in modern history. As the legislature nears its summer recess (in itself unprecedented) it is worth recapping some of the unique experiences and dynamics that have played out since the legislature closed down in March.

The first of course is the closure of the statehouse. In the collective experience of the Leonine Public Affairs team the statehouse has closed its doors during regular sessions a handful of times, usually in response to a massive snowstorm or heat or water failure in the building. By the time lawmakers recess on June 26 or 27 the statehouse doors will have been closed for the better part of four months. Remote lawmaking is unprecedented in Vermont history (it would not be possible without the internet). Changing Senate and House rules to allow for remote voting was a big deal, and caused a significant row in the House when Representative Cynthia Browning called for a quorum on the House floor to allow it. As a result, 76 lawmakers had to be present on the House floor, creating a significant health risk. Browning lost her committee assignment on Ways and Means and was not given a new committee assignment until June 26, when she was assigned to serve on the House Agriculture Committee.

The relative lack of conflict between Republican Governor Phil Scott and Democratic leaders in the legislature is also unusual, though understandable given the circumstances. This is not to say there has been no conflict, as disagreement between Republicans and Democrats over mail-in voting and the recently passed H.688, which sets mandates for addressing climate change, are examples. But on the funding bills there has been relatively little disagreement even though the

legislature funded CRF programs at varying levels compared to what the governor proposed. It is unlikely any of these CRF bills or the first-quarter budget will be vetoed.

The legislative process itself has also been unprecedented. For legislation approving billions of dollars in spending (budget and CRF) there has not been a single committee of conference appointed. Instead the House and Senate have coordinated their priorities to avoid the conference process to ensure the bills pass as quickly as possible. In some cases, policy bills have skipped the policy committees and instead gone directly to the appropriations committees, which have relied on memos from the policy committees to make decisions. In other circumstances policy committees have essentially done the due diligence for the money committees by taking testimony on funding and then recommending budget decisions to the money committees, which had to forego testimony due to time constraints.

Overall the legislature and administration have done an admirable job coordinating, negotiating and managing the operations of government and the General Assembly during the crisis. The circumstances are unprecedented and the response has been impressive.

TRAVEL RESTRICTIONS LOOSENING

On Friday, Governor Scott announced new measures meant to aid Vermont's struggling tourism industry. As of July 1, the state will allow visitors from certain counties experiencing low rates of COVID-19 in Delaware, Maryland, New Jersey, Ohio, Pennsylvania, Virginia, Washington D.C. and West Virginia to travel to Vermont without being required to quarantine.

MISCELLANEOUS TAX BILL

On Thursday the Senate passed [its version](#) of the “miscellaneous tax bill,” H.954, which makes various changes to Vermont’s tax code. Significant changes the Senate made to the House’s version of the bill include:

(1) the deletion of a provision that would have required the Department of Taxes to develop a plan for the transfer of the responsibility to bill and collect education property taxes from municipalities to the Department of Taxes,

(2) the substitution of a provision reducing the “safe harbor” amount regarding a taxpayer’s liability for use taxes on out of state purchases with a provision calling for a study and report on the issue in light of the US Supreme Court’s decision allowing states to require out of state vendors to collect and remit a state’s sales tax, and

(3) expanding the permissible uses of 529 college savings plans to include apprenticeships or when the beneficiary becomes disabled or dies without recapturing the Vermont tax credit and authorizing VSAC to offer broker-directed 529 plans with the caveat that those 529 plans will not qualify for Vermont’s 529 income tax credit. The House Ways and Means Committee walked through the changes the Senate made to H.954 on Thursday morning and decided that the changes were too significant to pass now so they will wait until mid-August to take the bill up.

FIRST QUARTER BUDGET BILL

On Thursday, the Senate concurred in the House proposal of amendment to H.961, the First Quarter FY21 budget bill, and sent the bill to the Governor. Governor Scott must sign the bill by June 30 for the bill to be effective by the start of the fiscal year on July 1. The Senate agreed to accept the House version of the Pay Act, which funds state employee salaries, and make a minor change to the higher education study. H.961 is commonly called “the skinny budget” or “the little

bill.” These nicknames are fitting given that the attention the budget usually gets has been eclipsed by the ruckus caused by lawmakers trying to spend \$750 million in one-time federal CRF funds in various bills outside the budget. Here is a [link](#) to the text of H.961 as it passed the House and Senate.

TRANSPORTATION BILL

This week the House and Senate reached agreement on H.942, the "transportation bill", and sent the bill to the governor. H.942 contains the state's transportation budget for the upcoming fiscal year. These sections are of particular interest to VADA:

- Sec. 22 contains a study of direct-to-consumer sales of motor vehicles to Vermonters by entities such as Tesla and Carvana that was originally a part of S.241.
- Secs. 13 & 14 amend the Vehicle Incentive and Emissions Repair Programs and the New Plug-In Electric Vehicle (PEV) Incentive Program, including new income guidelines for the New PEV Incentive Program. The bill adds \$50,000 in transportation funds for the emissions repair program. The bill allows unused funds remaining from this year for these programs to be carried forward to be used next year. The Secretary of the Agency of Transportation also has the discretion to add funds if there is a federal COVID stimulus bill and there is money left over after basic road maintenance and other projects are funded. This contingent funding situation also applies to the \$200,000 that was earmarked for Drive Electric Vermont to continue its work with auto dealers and others to expand the PEV market.

The full text of the House and Senate passed version of H.942 can be found starting on page 1429 of the House Journal for Thursday, June 25 using this [link](#).

MISCELLANEOUS MOTOR VEHICLE BILL

On Thursday the House and Senate reached agreement on S.339, the miscellaneous motor vehicle bill. The bill contains changes to Vermont's motor vehicle statutes. The bill directs the Agency of Transportation to develop an on-line permitting system for trucks and study a number of truck related safety issues, which was the final issue that was ironed out in the bill making way for its passage. The final complete version of the bill has yet to be posted.

GLOBAL WARMING SOLUTIONS ACT OF 2020

After a heated debate on Thursday night and again on Friday morning, the Senate passed H.688, the Vermont Global Warming Solutions Act of 2020. The bill turns Vermont's greenhouse gas reduction goals into greenhouse gas reduction mandates. It also creates a 22-member Vermont Climate Council, chaired by the Secretary of Administration, which must adopt a Climate Action Plan by December 1, 2021, and update it every four years thereafter. During the debate, many senators voiced concerns about the remedies in the bill that allow any person to sue if the state does not meet the greenhouse gas reduction mandates. Senators Alice Nitka, D-Windsor, Joe Benning, R-Caledonia, and Randy Brock, R-Franklin, offered an amendment that the Senate adopted to allow the state to recoup attorney's fees for "frivolous lawsuits" brought by individuals to enforce the mandates.