



**Week 11 - March 26, 2021**

# THE VERMONT **STATEHOUSE INSIDER**

Weekly politics & analysis  
of the issues in Montpelier



## **FLOOR TIME**

The Vermont House spent much of the week on the floor, working through a wide range of budget and tax bills that recently cleared crossover. The FY2022 budget, transportation bill and capital construction bill were all up for consideration along with legislation relating to housing, broadband expansion, economic development, childcare and ongoing COVID-19 recovery efforts. Most of these bills passed the House by Friday, clearing the way for the Senate to begin consideration next week. Meanwhile, the Senate approved H.315, the expedited COVID-19 relief bill. The House and Senate will now work to reconcile the differences in their respective versions of the bill. More details on these bills later.

While deliberations on the various funding bills unfolded on the floors of the House and Senate, two high profile debates unfolded in committees. The first concerned S.10, a bill that aims to address the significant depletion of the unemployment insurance trust fund over the past year. There is a point of contention within the bill over a proposed increase in UI benefits, which has created a debate over how best to support unemployed Vermonters while mitigating the impact to taxes paid by employers as businesses struggle with the ongoing affects of the pandemic. The issue remains unresolved and S.10 remains on the Senate calendar, where it has been passed over for action.

Meanwhile, the House Government Operations committee considered a plan to shore up the retirement fund for state employees and teachers. The plan would address approximately \$3 billion in unfunded liabilities with a one-time \$150 million appropriation from the state made possible by the American Rescue Plan Act (ARPA). It would also reduce benefits for teachers and public employees and require them to pay more into the fund. The plan was met with stiff opposition from public sector unions. The committee will continue working on the proposal next week.

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## **DIRECT TO CONSUMER SALES**

This week [S.47](#), the bill that proposes to authorize a “non-franchised zero emissions motor vehicle manufacturer” to become a registered dealer with DMV, sell vehicles directly to Vermonters and directly own and operate a warranty and service center in Vermont, was referred to the House Transportation Committee.

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## **TRANSPORTATION BILL**

This week the House passed [H.433](#), An act relating to the Transportation Program and miscellaneous changes to laws related to transportation. The bill includes PEV incentives and makes changes to the MileageSmart, emission repair and

Replace Your Ride programs, among many other provisions. The bill will now go to the Senate for consideration.

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## **DMV IT FUNDING**

H.439, the FY2022 budget bill that passed the House (as described above) includes a one-time \$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.” The bill will go to the Senate for consideration.

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## **FY2022 BUDGET**

The House passed H.439, the \$6.9 billion FY2022 budget bill, by a 147-0 vote on Friday. While there is unanimous support for the bill, Minority Leader Rep. Patricia McCoy, (R-Poultney), said she has concerns that ARPA funds were appropriated without federal guidance and she hopes the House will “pause and regroup” when they come back in January to spend the rest of the ARPA funds. After years of restrained spending, the billions of federal dollars Vermont is receiving in stimulus funding has added hundreds of millions of dollars in one-time investments to the budget. [Click here](#) for a summary of all one-time funds appropriated in the bill. The bill outlines \$650 million of “reservations and allocations” of ARPA funds in five broad categories to “guide appropriation of these funds in the 2021 legislative session and in subsequent sessions” but spends only a portion of these funds:

- \$250,000,000 for investments in “the health and well-being of families and small businesses to create an equitable, resilient Vermont”
- \$150,000,000 for increasing broadband access statewide
- \$100,000,000 for the Clean Water Fund
- \$100,000,000 for state information technology systems
- \$50,000,000 for workforce training and development

[Click here](#) for a summary of the House-passed bill.

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## H.315

On Wednesday, the Senate passed H.315, the expedited COVID-19 relief bill. H.315 as amended by the Senate includes funding for: the Agency of Natural Resources for projects such as brownfield remediation; the Agency of Commerce and Community Development for a business relief recovery fund program and microbusiness grants; the Vermont Housing and Conservation Board for affordable housing initiatives; higher education through the Vermont State Colleges System; the Agency of Human Services for emergency outreach and peer support; and the Agency of Education for initiatives such as school indoor air quality, literacy and mental health support. The bill heads back to the House for further consideration. The House Appropriations Committee already indicated it intends to make changes to the Senate-passed bill and that will be done either by a further proposal of amendment or a conference committee.

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## TAX BILLS

The House approved three tax bills released by the House Committee on Ways and Means this week:

- [H.436](#), the Miscellaneous Tax Bill makes numerous substantive and administrative [changes](#) to Vermont's tax laws. In addition to other provisions, the bill clarifies that companies like DoorDash must collect and remit the meals tax on delivery charges. It also sets a statutory purpose for the provision that passed last year exempting recyclable paper carryout bags from the sales tax and amends annual deadlines for pharmaceutical manufacturers to report and pay fees for allowable expenditures or gifts.
- [H.437](#), the "Revenue Bill," creates a property transfer tax surcharge on the value of property transferred over \$1 million. It increases funding for the affordable housing tax credit, which would be dedicated to purchasing and restoring manufactured homes, and expands the sales tax exemption for

manufacturing machinery and equipment.

- [H.152](#), the annual education property tax and yield setting bill, sets the homestead property yield at \$11,317, providing for an average homestead property tax of \$1.523, a decrease of 1.5 cents from FY2021. It sets the income-based yield at \$13,770, providing for an average homestead income tax of 2.5 percent, which is the same as it was in FY2021. It also sets the non-homestead statewide property tax rate at \$1.612, a decrease of 1.6 cents from FY2021. These yields and rates use the \$18.6 million surplus from FY21, while holding in reserve \$17 million in surplus to use for the next budgeting cycle which begins in the fall. The intention is to give Vermonters a tax break while simultaneously holding money in reserve to better deal with the unknown fiscal landscape created by the pandemic. The bill also exempts approved yet non-bonded school construction projects from the excess spending penalty. Currently, only bonded school construction projects are exempt from the excess spend calculation, which penalizes districts for spending over a certain threshold.