

**Week 11 - March 29, 2019**

# THE VERMONT **STATEHOUSE INSIDER**

Weekly politics & analysis  
of the issues in Montpelier



## **IN THE TIME OF MONEY**

This was a big week in Montpelier. The House passed the budget, revenue bill and capital bill. Timing is on par with most legislative sessions. With 12 weeks in the books the legislature is two-thirds of the way through the scheduled 18 week session. What is somewhat more unusual - at least compared to recent sessions - is how little controversy there has been.

It has been widely reported that both the governor and legislative leaders are seeking more consensus and a friendlier approach in their negotiations this year. That has resulted in fewer partisan disagreements in the legislature thus far. However, the dynamic changed when a proposal to fund weatherization programs by doubling the tax on heating fuels reached the House floor. This led to a contentious debate on the floor with Republicans and some Democratic members from rural districts voicing serious concerns about the legislation.

The governor appears to be signaling that he will veto the proposal if it makes it through the Senate and to his desk. There are other Governor Scott might veto but those are mostly holdovers from the previous biennium. Those bills include minimum wage and paid family leave. The weatherization bill is the first during the 2019 legislative session that highlights the clear difference in the approach the Republican Governor and the Democratically controlled legislature take in policy making.

The challenge for the Democrats is that some of their members sided with Republicans and voted against the bill. This may be a bill that really puts the super majority to the test.

However, the budget and the capital bill were controversy free. The budget passed with only one member voting nay.

With only six weeks left in the session the pace will pick up in Montpelier with hopes of adjourning on time. How much controversy and conflict there will be on the money bills or some of the policy bills will become clear pretty quickly.

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## **BUDGET BILL**

With little debate and not a single amendment proposed on the floor, the House passed the FY20 budget bill by a vote of 137-1 on Friday. Only Representative Selene Colburn, P-Burlington, voted against the bill because she believes the bill did not go far enough in investing in climate change initiatives. The bill includes over \$6 billion in spending, including investments in child care, substance use disorder funding and economic development. Here is a [link](#) to the budget highlights.

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## **REVENUE BILL**

On Thursday, the House gave preliminary approval by a vote of 116-22 to H.51 - the miscellaneous revenue bill - which makes numerous changes to various state revenue sources. These changes generate an additional \$7.65 million in total revenues, and include a new tax on services provided by travel agents, a proposal brought forward by Governor Scott. Other notable changes include an increase in the amount of a deceased person's estate that is excluded from the estate tax and a reduction in the amount of capital gains treatment a person gets from the sale of an asset. [Click here for a summary](#) of the other changes found in H.541.

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### **WEATHERIZATION BILL**

On Thursday the House gave their final approval to a [bill](#) that would help fund weatherization projects for low-income Vermonters by doubling the tax from two cents to four cents per gallon on retail sales of heating oil, propane, kerosene and other dyed diesel fuel. While proponents of this legislation see it as a way to bolster the state's weatherization fund by raising an estimated \$4.6 million, opponents say that it will be burdensome on low-income Vermonters. The bill still needs to be considered by the Senate. The bill passed the House by an 81-60 margin. Before passing the bill the House amended it to exclude sales of fuel oils for agricultural and forestry purposes.

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### **BROADBAND**

On Wednesday the House advanced [H.513](#), the bill aimed at driving broadband expansion across Vermont. The bill as passed the House raises the Universal Service Fund fee from 2.0 percent to 2.5 percent for four years. The resulting \$1.6 million additional annual revenue would largely go to the Connectivity Fund, which provides grants for the deployment of broadband infrastructure and "high cost support" subsidy payments to Consolidated Communications and the independent telephone companies like Waitsfield and Champlain Valley Telecom. The bill also appropriates almost \$1 million from the General Fund for studies concerning the feasibility of contemplated new intermunicipal Communications Union Districts similar to EC Fiber, for Connectivity Initiative grants and for studying the idea of electric utilities providing broadband connectivity. Another significant feature of the bill, and one that came from the administration, is the creation of a loan program managed by the Vermont Economic Development Agency (VEDA) to provide loans of up to \$1.8 million to both existing and start up internet service providers. The bill is now pending in the Senate Finance Committee.

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### **ASSOCIATION HEALTH PLANS AND INDIVIDUAL MANDATE**

The Vermont House gave final approval to a health insurance bill sponsored by the House Health Care committee and introduced as [H.524](#). Among other things the bill imposes a "look through" requirement on health insurance policies sold via Association Health Plans (AHPs). As a result, the number of employees of the various employers who belong to an AHP cannot be aggregated for the purposes of determining whether the insurance policy is eligible for the relaxed regulatory treatment afforded to large group health insurance plans. Instead, such insurance policies would

be subjected to the more stringent rules applicable to small group health insurance plans. A floor amendment offered by Rep. James Harrison, R-Chittenden, to postpone the imposition of the look through requirement for one year, and thus allow AHPs to continue in existence during 2020, failed on a 50-87 roll call vote. However, as it turns out the debate over this issue in Vermont is likely moot--on Thursday a federal court in Washington DC struck down the Trump administration's [rule change](#) that allowed the aggregation of multi employers' employees into a single large group.

Additionally, as introduced H.524 also imposed a penalty to enforce the state's existing "individual mandate," i.e., the legal requirement that each Vermonter who is not a Medicaid or Medicare beneficiary have health insurance coverage. However, the House Ways & Means committee took that provision out and the full House went along with that action. The bill also makes other miscellaneous changes to the state's health insurance laws.

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#### **MUNICIPAL SELF GOVERNANCE**

The Senate approved an amended version of [S.106](#), which establishes a pilot project granting municipalities the ability to exercise authority not currently granted to them under state law. Under current law municipalities only have the authority granted to them by their legislatively approved charters or generally applicable state statutes. Under S.106 a municipality, after obtaining local voter approval, can submit a proposal regarding the type of authority it would like to exercise to a commission created under the bill. The commission would review the municipality's proposal and make a recommendation to the General Assembly whether the municipality should be given the sought after authority.

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#### **PLASTICS**

On Friday the Senate gave preliminary approval to [S.113](#), which in various fashions prohibits single use plastic bags, plastic straws and polystyrene food service packages. The amended version of the bill approved by the Senate prohibits stores and food service establishments from providing customers with single use plastic bags. Stores and food service establishments may provide their customers with single use paper carry out bags, but must charge ten cents per bag. Food service establishments are also prohibited from providing single use plastic straws to their customers unless a customer asks for one. Finally, stores and food service establishments are prohibited from providing food or beverages in expanded polystyrene packaging, plates, cups, trays and cartons. Excepted from this prohibition is expanded polystyrene packaging used for packaging raw meats

or seafood. The bill also creates a working group to study a variety of issues related to single use products with a report from the working group due December 1, 2019.

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**ACT 46**

On Wednesday the Senate approved legislation giving districts going through a forced-merger process under Act 46 a one-year delay under certain conditions. Districts that want a delay would first be required to elect a merged board, and that merged board would need to vote, by June 30 of this year for a delay. This proposal is the Senate's response to a House passed bill giving a delay to some districts but not others based on what steps towards a merger districts have taken to date. The Senate version passed by a vote of 26-3, with the entire Rutland delegation voting "no." The bill heads back to the House, which will choose whether to accept the Senate version, amend it further and send it back to the Senate, or request a committee of conference to negotiate a compromise between the two versions.