

Week 13 - April 9, 2021

THE VERMONT **STATEHOUSE INSIDER**

Weekly politics & analysis
of the issues in Montpelier



BIG MONEY

This week Governor Phil Scott announced his plan to reopen the state and lift the most significant restrictions that have been in place since the COVID-19 pandemic reached Vermont. The [Vermont Forward Plan](#) aims to lift gathering, distancing and masking requirements by July 4, although social distancing and masking will continue to be encouraged. Beginning on April 9 the plan allows for unvaccinated visitors to enter the state without quarantine if they've had a negative test within three days prior to their arrival. On June 1, unvaccinated visitors may enter the state with no quarantine or testing requirements. Universal guidance for business operations will be adopted between mid-April and July 4, after which universal guidance will be recommended for all sectors. The plan anticipates 60 to 70

percent of Vermonters will have received one dose of the vaccine by June.

In the legislature the Senate approved two constitutional amendments that will now go to the House for consideration. Proposition 2 would remove references to slavery from the Vermont constitution and Proposition 5 would enshrine people's personal reproductive rights in the Vermont Constitution. If approved by the House, the constitutional amendments would go to the voters for a referendum.

DIRECT-TO-CONSUMER MOTOR VEHICLE SALES (S.47)

This week the House Transportation Committee took testimony on S.47, the bill that proposes to allow a "non-franchised zero emissions motor vehicle manufacturer" to become a registered dealer with the Vermont DMV to sell vehicles directly to Vermonters and directly own and operate a warranty and service center in Vermont. The bill also contains amendments to the motor vehicle franchise law that strengthen the prohibitions against a franchised manufacturer from competing against its franchised dealer in sales, leases, subscription services and the retail sales of parts, among other things. The committee heard from [Marilyn Miller](#), Executive Director of VADA, [Mitchell Jay](#) and [Clare Buckley](#), VADA's lobbyist, who testified in favor of the entire bill as a compromise package (click on their names for links to written testimony).

Wayne Weikel from the Alliance of Automotive Innovation objected strongly to S.47 saying that it would give a competitive advantage to direct-to-consumer manufacturers over franchised manufacturers. If the bill is going to move Mr. Weikel urged the committee to amend the bill to allow ALL manufacturers, including franchised manufacturers, to sell their vehicles directly to consumers. This is the first time the Alliance took this position during the nearly two year debate over this issue in Vermont. Mr. Weikel provided [this handout](#) to the committee that outlines areas where the Alliance believes direct-to-consumer manufacturers have a leg up over franchised manufacturers.

Later in the week Tesla testified in support of S.47. VPIRG also testified in favor of S.47 but asked that that “non-franchised zero emissions vehicle manufacturers” be allowed to sell subscription programs in Vermont also since franchise dealers could do so under the bill.

The House Transportation Committee asked the House Commerce and Economic Development Committee to review S.47 since the franchise sections in Title 9 come under the later committee’s jurisdiction. The House Transportation Committee will likely discuss the bill again next week.

TRANSPORTATION BILL (H.433)

This week the Senate Transportation Committee continued taking testimony regarding H.433, An act relating to the Transportation Program and miscellaneous changes to laws related to transportation. The committee received a summary of all EV sales incentive programs (New EV Incentive program, MileageSmart and Replace Your Ride) as proposed under H.433. [Click here for the summary](#). The committee also reviewed [these proposed amendments](#) to the bill. The committee will continue to work on the bill next week.

GOVERNOR SCOTT ARPA PROPOSAL

On Tuesday Governor Scott released his [proposal](#) for how the state should spend roughly \$1 billion in one-time federal money from the American Rescue Plan Act (ARPA). The state has until December 2024 to allocate these funds, unlike the Coronavirus Relief Fund dollars, which needed to be spent by the end of 2020. The governor’s plan recommends using the funds in five areas:

- \$250.5 million for broadband and wireless connectivity
- \$249 million for housing
- \$200 million for climate change mitigation measures
- \$170 million for water and sewer infrastructure

- \$143 million for further economic development and recovery

As the Senate Appropriations Committee develops their budget proposal, working off what the House passed several weeks ago, they will now need to identify which elements of the governor's plan to incorporate.

H.315

The Vermont Senate gave final approval on Thursday to [H.315](#), the expedited COVID-19 relief bill. Earlier in the week, the House Appropriations Committee proposed a strike-all amendment that was approved by the House on a 141-5 vote. The bill now heads to the governor's desk and he is expected to sign the bill into law. H.315 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 to the Agency of Education for initiatives such as school indoor air quality, literacy and mental health support, among other things. The total appropriation for the package is about \$97 million. About \$68 million of that will be drawn from one-time money from various federal funds, mainly the American Rescue Plan Act fund and the remainder from the General Fund. For comparison, when the bill first left the House, it totaled roughly \$42 million.

CLOUD TAX RETURNS

The House Ways and Means Committee is once again considering a perennial issue, taxing "vendor hosted prewritten software", commonly referred to as the "cloud tax". This year the committee is considering adding the cloud tax to S.53, a Senate-passed bill that would exempt feminine hygiene products from the sales tax. While previous iterations of the cloud tax have only applied to Software as a Service (SAAS) products, the Ways and Means Committee is considering

expanding the tax to also cover Platform as a Service (PAAS) and Infrastructure as a Service (IAAS) products. SAAS products include Microsoft Office Online, Dropbox and Mailchimp; IAAS includes Amazon Web Services; and PAAS includes products like Squarespace, a popular web design site.

HEALTH INSURANCE PREMIUMS

One significant feature of the recently enacted federal American Rescue Plan Act is a substantial increase in the subsidies that are available to Vermonters who purchase individual health insurance policies via Vermont's health benefit exchange, known as Vermont Health Connect. Last week the Senate Finance Committee considered a proposal to take advantage of this increase in subsidies to individuals to potentially reduce the premiums for group health insurance plans purchased by small employers. This would be accomplished by “un-merging” the risk pools for the individual and small group health insurance markets which were, by statute, merged in 2014.

The merger of those two risk pools had the effect of increasing premiums for small group policies and decreasing premiums for individual policies. It is anticipated that if the two risk pools are “un-merged” premiums for small group plans will go down (or not go up as much as would otherwise be the case). While premiums for individual policies will likely go up, the increased federal subsidies will completely ameliorate that increase for the vast majority of people who purchase individual policies. As a result, the Senate Finance Committee sponsored a bill, [S.135](#), that would “de-merge” the risk pools underlying the two health insurance markets. The “de-merger” is only for calendar year/plan year 2022, as the increase in federal subsidies will expire at the end of that year absent further Congressional action. S.135 will be on the Senate floor next week. The House Health Care Committee, in anticipation of getting S.135, took extensive testimony on the concept on Thursday and appears likely to approve it.

RESIDENTIAL CONSTRUCTION CONTRACTOR REGISTRATION

After extensive debate the House approved H.157, which would require contractors who perform residential construction work costing more than \$3,500 to register with the Secretary of State's Office of Professional Regulation. The bill also provides that contractors who have to register enter into written contracts with homeowners that address specific contract terms such as the scope of work to be performed and down payments. The bill has gone over to the Senate, where it has been referred to the Senate Rules Committee and will be held there until the 2022 session (unless released) due to the fact the bill did not meet the March 13 crossover deadline.