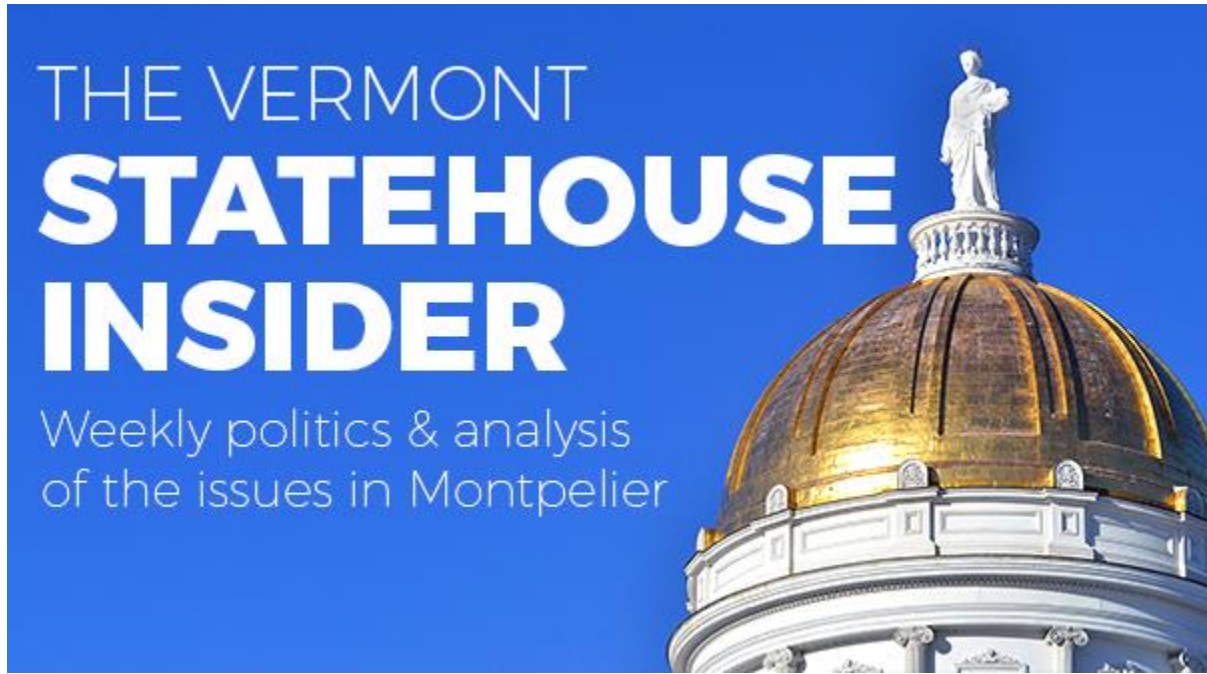


Week 14 - April 15, 2022



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FINAL COUNTDOWN?

Tensions between Governor Phil Scott and the Democratic majority in the legislature escalated this week as the Senate worked to finalize its spending, tax, economic development and workforce packages. Governor Scott said publicly that he is not afraid to veto legislation he does not support - a comment that was clearly directed at the legislature's FY2023 spending and tax proposals. In the hallways of the statehouse Republican lawmakers are increasingly voicing concern with the

budget, a sign that veto-session politics are starting to take shape.

In 2020, COVID-19 brought a detente of sorts to the policy and budget disagreements that had defined the relationship between the Republican governor and Democratically-controlled legislature in prior years. By the time the pandemic hit, Governor Scott had vetoed more bills than any other governor in Vermont history. The legislature has successfully overridden two of these vetoes, but never on the budget. Given this background it remains to be seen whether the Governor's veto threats will result in changes before the spending and tax bills hit his desk.

Tax policy was a particular point of contention this week, as the Senate Finance Committee worked to finalize its revenue proposals. Earlier in the session the House approved a child tax credit that would cost the state close to \$50 million. The House proposal would apply a \$1,200 credit for children age six and under. The credit is phased out for taxpayers earning more than \$200,000. As of this writing, the Senate Finance Committee is considering a proposal that would provide a child tax credit that would cost the state \$22.5 million. It would apply a \$1,000 credit for children age five and under and phase out for taxpayers making over \$55,000.

The Scott administration submitted a proposal to the Senate Finance Committee that includes increases in the earned income tax credit and the child and dependent care tax credit, expands the income thresholds for Vermont's Social Security exemption, exempts military pensions from Vermont income tax and removes the cap on student loan interest deductions. The governor has also proposed a \$1,000 tax credit for nurses and childcare workers. The Senate Finance Committee is looking at whether to include these proposals in their tax package.

Beyond the tension over the budget, other clashes between the Legislature and administration are shaping up. One flash point is S.234, a bill that proposes to revise Act 250, Vermont's seminal land use law. As passed by the Senate the bill would, among many other things, increase Act 250 jurisdiction over projects in rural areas of the state. Administration officials have been consistent in their opposition to this part of the bill. The House is considering whether to take the new jurisdictional trigger out of the bill to reduce the likelihood of a veto.

A seemingly less controversial spending bill advanced this week. The

Transportation and Senate Finance Committees advanced [H.736](#), the transportation bill. The \$867 million annual transportation funding bill includes significant increases in infrastructure investment and environmental protection measures. The bill will be referred to the Senate Appropriations Committee before it goes to the Senate floor.

By late afternoon on Friday the Senate Appropriations Committee passed their version of the FY2023 budget, a clear sign that the final weeks of the session have arrived. It is also a sign of the final stretch when Senate “morning” committees stop meeting. Each Senator serves on two committees - one that meets in the morning, the other in the afternoon. Morning committees shut down to allow more meeting time for extended floor sessions, conference committees and the afternoon money committees. It was announced that senate morning committees are scheduled to shut down after next week.

T-BILL

This week the Senate Transportation and Senate Finance Committees advanced [H.736](#), An act relating to the Transportation Program and miscellaneous changes to laws related to transportation. The Senate Transportation Committee version of the bill can be found on the [Senate Notice Calendar](#) for Thursday, 2/14 starting on page 2521. A summary of the money contained in the Senate Transportation Committee version of the bill can be found [here](#). The bill will be referred to the Senate Appropriations Committee before it goes to the Senate floor.

DMV MISCELLANEOUS BILL

On Friday, the House Transportation Committee voted unanimously to advance S.280, An act relating to miscellaneous changes to laws related to vehicles. The bill contains sections on the new motor vehicle arbitration, the total abstinence program, overweight truck permits, nonresident titles, the purchase and use tax and towing abandoned vehicles.