

Week 17 - May 7, 2021

THE VERMONT **STATEHOUSE INSIDER**

Weekly politics & analysis
of the issues in Montpelier



ROOM TO WORK

This week the House and Senate appointed conferees for H.439, the FY2022 budget. The conference committee will meet to reconcile the differences between the House and Senate versions of the FY2022 budget over the next few weeks. Traditionally the legislative session ends when the budget conferees agree on the budget and it is approved by both chambers of the legislature.

Senate Conferees for H.439:

- Sen. Jane Kitchel (D-Caledonia)

- Sen. Dick Sears (D-Bennington)
- Sen. Rich Westman (R-Lamoille)

House Conferees for H.439:

- Rep. Mary Hooper (D-Montpelier)
- Rep. Peter Fagan (R-Rutland City)
- Rep. Kimberly Jessup (D-Middlesex)

As of this week the legislature still aims to finish their work by May 22 although it remains to be seen how the negotiations between Governor Phil Scott and Democratic leaders in the House and Senate will play out. Secretary of Administration Susanne Young sent a letter to the House Appropriations Committee this week outlining the governor's position on the Senate version of H.439. The memo indicates the governor cannot support the bill unless significant reallocations of American Rescue Plan Act (ARPA) funds are made.

The governor's position is that ARPA funding was used in the Senate version of the budget for programmatic and ongoing appropriations that in his opinion should be funded with General Fund dollars. The letter from Secretary Young outlines the specific changes the governor is requesting relating to economic recovery, climate change, clean water funding, housing, broadband deployment and other sections of the budget.

The letter argues that significant surpluses in the General Fund allow for the reallocation of funding, and that ARPA dollars are more appropriately spent on "truly transformational and tangible initiatives" that are one-time in nature and focused on improving the state's infrastructure and fueling economic recovery. It remains to be seen how the governor's proposal will be received as the H.439 conference committee begins its work.

On the revenue side of the end-of-session money discussions, the Senate Finance Committee approved H.436, the Miscellaneous Tax Bill, late on Friday afternoon. They included language repealing a provision of law passed earlier

this session that would have subjected forgiven 2021 Paycheck Protection Program loans to Vermont income tax. The tax had been loudly opposed by the Vermont business community.

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

This week the House Transportation Committee took what is likely the final testimony regarding S.47, the bill that proposes to allow a “non-franchised zero emissions motor vehicle manufacturer” to become a registered dealer and sell vehicles directly to Vermonters and directly own and operate a warranty and service center in Vermont. The bill also contains provisions that strengthen the motor vehicle franchise law to prohibit franchised manufacturers from competing with their franchised dealers. The committee heard from the following witnesses:

- Kaitlin Monaghan, Public Policy Manager and Senior Counsel, Rivian Automotive, who testified in favor of S.47. Ms. Monaghan explained the various models of Rivian EVs expected to be available within the next year. Ms. Monaghan said that Rivian will never use the franchised dealer model and will only sell their vehicles directly to consumers. She supported the provisions in S.47 that allow a ZEV manufacturer that never had a franchised dealer and met the other criteria to be able to sell vehicles and open a service and warranty center in Vermont but stopped short of saying that Rivian would open a facility in Vermont.
- Mark Anderson, the Sheriff in Windham County, testified in favor of the bill based on his department’s use of Tesla vehicles and his need to service them in Vermont.
- Marilyn Miller and Mitchell Jay testified that VADA can live with the House Commerce & Economic Development Committee amendment that delays for one year provisions in the bill that prohibit a franchised manufacturer from selling parts at retail or offering subscription programs directly to consumers. The understanding is that the one year delay will give the House Commerce & Economic Development

Committee time next year to more carefully consider and act on the issue.

- A lobbyist for GM testified that GM was “lukewarm” to S.47 and could support the House Commerce and Economic Development Committee amendment. Both GM and the Alliance of Automotive Innovation (of which GM is a member) strongly opposed S.47 just a few weeks ago so this testimony was somewhat surprising.

Next week it is likely the House Transportation Committee will vote to advance S.47 as it passed the Senate with the House Commerce and Economic Development Committee amendment.

DMV MISCELLANEOUS BILL (S.86)

S.86, An act relating to miscellaneous changes to laws related to vehicles and vessels, passed the House last week. The bill contains numerous amendments to DMV laws related to motor boats, motor vehicles, snowmobiles and ATVs. The House proposal of amendment sits on the Senate action calendar. It is expected that next week the Senate will concur with the House version of the bill, although it is possible the Senate will change course and propose an amendment.

TRANSPORTATION BILL (H.433)

This week the Senate unanimously passed H.433, An act relating to the Transportation Program and miscellaneous changes to laws related to transportation. The bill contains the annual budget for Agency of Transportation projects as well as amendments to a number of AOT programs, including all EV sales incentive programs (New EV Incentive program, MileageSmart, Replace Your Ride). The Senate added a few sections to the bill including a repeal of an overlength truck permit on Rt. 4. The bill will go back to the House for their consideration.

UNEMPLOYMENT INSURANCE

On Wednesday, the House Commerce and Economic Development Committee passed S.10, the unemployment insurance bill, by an 8-2-1 vote. The draft they approved would remove 2020 from the UI rate schedule formula, peg the maximum weekly benefit (MWB) to 57 percent of the state average weekly wages and clarify that in no event may the MWB decrease. The House made other changes to the Senate bill including cutting the \$50 dependency benefit. Labor advocates and some legislators were immediately critical and concerned by the removal of the benefit. S.10 as approved by the House Commerce and Economic Development Committee includes employer experience-rating relief for the 2020 calendar year and directs the Department of Labor (VDOL) to study and report on changes made to the UI Trust Fund since 2000 and to compare Vermont's UI benefits and dependent benefits to other states. It also directs VDOL to study and report on UI fraud.

LEGISLATIVE SPACE STUDY

Lawmakers are currently working through the details of what a possible physical return to the statehouse would look like for the 2022 Legislative Session. A report released last week by an architectural firm recommended two possible approaches to meeting in person in Montpelier next year. Option A proposes that only legislators and staff should be allowed in the building. Legislative hearings and floor work would be accessible only virtually by livestream. Option B would include Option A, but in addition to restricted statehouse capacity, it would include utilization of other state office buildings to allow for some in-person public participation in larger spaces.

Members of the press, lobbyists and advocates weighed in this week on the proposals. Many of these stakeholders oppose the architectural firm's recommendations and have asked the legislature to ensure accessibility and transparency should in-person meetings resume. Leadership in both the House and the Senate have also rejected the idea of meeting in-person

without giving members of the press and members of the public some access to the statehouse.

BROADBAND

On Wednesday the Senate Finance Committee finalized its [version](#) of the telecom bill, H.360. The Senate Appropriations Committee reviewed and approved it on Thursday, although it took the \$100 million in ARPA funding out of the bill, as that amount is already earmarked for broadband expansion in the Senate's version of the FY2022 budget bill, H.439. That money will go into the Vermont Community Broadband Fund established by H.360. Grants from the fund for the deployment of broadband infrastructure and pre construction planning activity will be awarded by a new three member Vermont Community Broadband Board that will be housed in the Department of Public Service. For the most part only municipal Communications Union Districts, small independent telephone companies and Internet Service Providers serving no more than three counties will be eligible for grants. Grants can only be provided for projects that will provide at least 100/100 mbps internet service and that are part of a larger plan to provide such service to all of the premises in the grant recipient's territory. However, larger cable and telephone companies can receive grants for broadband projects that provide at least 25/3 mbps service, but only for projects outside the territory of a CUD and only if the project will provide service by the end of this year. The fund and the board are to sunset on July 1, 2029. The bill will be up for consideration on the Senate floor next week. If, as is likely, the bill is approved by the full Senate it will then go to a conference committee to reconcile the two chambers' versions. Here is a section-by-section [summary](#) of the Finance Committee's strike-all amendment.