



Week 18 - May 14, 2021

THE VERMONT **STATEHOUSE INSIDER**

Weekly politics & analysis
of the issues in Montpelier



CLOSING IN

The budget conference committee met throughout the week to reconcile the House and Senate versions of H.439, the FY2022 budget. Budget discussions hit a snag with the release of the federal guidance for the eligible use of American Rescue Plan Act (ARPA) funding. The Joint Fiscal Office and Scott Administration officials informed the budget conference committee that some areas of the budget bill that utilize ARPA funds may not be eligible to use those funds. These areas include housing, childcare and economic development, among others.

The Joint Fiscal Office and the Administration developed plans to swap out general fund dollars for ARPA dollars where needed and are now working to see if there is consensus on how to do that. Secretary of Administration Suzanne Young told the conference committee on Friday that the Administration has not removed any appropriations from the Senate budget proposal in developing its swap out plan. The House and Senate conferees on H.439 appear confident they will be able to move forward with the budget without significant revision.

The H.439 conference committee is also developing a plan to allow the Joint Fiscal Committee to address certain pandemic-related budget issues that arise off-session. The Joint Fiscal Committee is charged with managing budget concerns when the full legislature is not in session. The committee has 10 members, including the chairs of the four money committees – House and Senate Appropriations, House Ways and Means and Senate Finance. During 2020, the Joint Fiscal Committee was given additional authority to reappropriate federal Coronavirus Relief Fund dollars in order to ensure the state could meet the end-of-year deadline for expending federal aid. The proposal for the Joint Fiscal Committee's responsibilities in 2021 has yet to be released, but it will likely allow for flexibility to make some budget decisions without the full consent of the legislature.

The budget conference committee has a goal of finalizing the budget by Tuesday, May 18 to meet the goal of final adjournment on Friday May 21.

UNEMPLOYMENT INSURANCE

On Friday the House Commerce Committee and the House Ways and Means Committee advanced S.10, the UI bill, after attaching it to S.62, a bill that proposes to create a program to encourage workers to move to Vermont. Before approving the bill they added a \$25 supplemental benefit for recipients of UI. The bill removes 2020 from the UI rate schedule formula, includes language pegging the maximum weekly benefit (MWB) to 57 percent of the state average weekly

wages, and clarifies that in no event may the MWB decrease. The bill includes employer experience-rating relief for the 2020 calendar year and directs the Department of Labor (DOL) 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 the DOL to study and report on UI fraud.

CLOUD TAX

The Senate Finance Committee got a first look at the House proposal of amendment to [S.53](#), a bill originally intended to exempt feminine hygiene products from the sales tax. The House took S.53, and - in the [words](#) of Senate President Becca Balint (D-Windham) - turned it into a “tax Christmas tree adorned with many baubles.” S.53 now includes an overhaul of the corporate income tax and the application of the sales tax to cloud-based software and services, including software as a service (SaaS), platforms as a service (PaaS), and infrastructure as a service (IaaS). The cloud tax would raise \$14 million by FY2025. Senate Finance Chair Ann Cummings (D-Washington) made it clear that she thinks it is unlikely her committee will have the time, with just over a week left in the session, to get up to speed on the changes proposed by the House. Last week the Finance Committee [added](#) the feminine hygiene products language to H.436, the Miscellaneous Tax Bill, enabling that language to get to the governor's desk and giving the committee time to consider the other proposals when they return in 2022.

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

On Friday, the House passed S.47, the bill that proposes to require a “non-franchised zero-emission motor vehicle manufacturer,” like Tesla, to become a registered dealer with the Vermont Department of Motor Vehicles in order to 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

dealer franchise law to prevent franchised manufacturers from competing against their franchised dealers. The House adopted an 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 one year delay will give the House Commerce and Economic Development Committee time next year to more carefully consider and act on the issue. Finally, the bill states that the General Assembly intends to consider additional amendments to the motor vehicle franchise law in 2022, and sets up a process whereby any person interested in proposing amendments to the franchise law may file them with DMV by December 1, 2021. DMV will then compile the proposals in a report to lawmakers. The bill now goes back to the Senate for their review of the House amendments.

DMV MISCELLANEOUS BILL

This week the Senate concurred with the House Proposal of Amendment to S.86, An act relating to miscellaneous changes to laws related to vehicles and vessels, which passed the Senate earlier this session and passed the House last week. The bill contains numerous amendments to DMV laws related to motor boats, motor vehicles, snowmobiles and ATVs. [Click here](#) for the version of the bill as it passed the House and Senate. The bill will now go to the governor for his signature.

TRANSPORTATION BILL

This week a conference committee was appointed regarding H.433, An act relating to the Transportation Program and miscellaneous changes to laws related to transportation. Conferees are: Senators Mazza (D-Grand Isle), Perchlik (D/P-Washington) and Chittenden (D-Chittenden), and Representatives Lanpher (D-Vergennes), Shaw (R-Pittsford) and Corcoran (D-Bennington). The conferees met on Friday to start to work out the differences between the House and Senate passed versions of the bill. [Here is a summary](#) of those differences.