

From: Gray, Laura [Laura.Gray@vermont.gov]

Sent: Tuesday, January 27, 2015 7:00 PM

To: Allen, Susan; Clasen, Michael; Coriell, Scott; Davis, Austin; Green, Geoff; Johnson, Harriet; Johnson, Justin; Kunin, Lisa; London, Sarah; Miller, Elizabeth; Miller, Lawrence; Mishaan, Jessica; Nease, Floyd; Richards, Alyson; Spaulding, Susan; Trombley, Shana

Subject: Daily Legislative Report for Tuesday, January 27

Attachments: 1-27.docx

Attached are notes from House Health Care today.

House Convenes Wednesday January 27, 9:00 a.m.

Senate Convenes Wednesday January 27, 2015 1:00 p.m.

SIGNED BILL:

- [H.15](#), relating to the Colchester charter, signed into law on January 27.

HOUSE ACTION:

Passed Second Reading; third reading tomorrow:

- [H. 4](#), microbeads, passed a second reading by voice vote.
- [H. 17](#), public records act changes, passed a second reading by voice vote.

Passed Committee today, notice Wednesday, Floor Thursday.

- [H. 82](#), BAA, passed the House Appropriations Committee unanimously.
- [H. 7](#), Miscellaneous amendments to laws regarding law enforcement officer certification, passed Government Operations.

House Bills Introduced:

- [H.68](#) By Reps. Condon, Hubert, Keenan and Young an act relating to prohibiting the use of robotic telephone calls for electioneering communications unless the operator has obtained consent from the recipient;
- [H.69](#) By Reps. Grad and Greshin, relating to reforming the State education financing system;
- [H.70](#), an act relating to casino gaming;
- [H.71](#) relating to the Mental Health Resource and Referral Registry;
- [H.72](#) relating to the Office of the Mental Health Care Ombudsman;
- [H.73](#) By Reps. Botzow, an act relating to the corporate governance structure of insurers;
- [H.74](#) By Reps. Pugh, relating to safety protocols for social and mental health workers;
- [H.75](#) By Rep. Pugh, House bill, entitled an act relating to the Office of the Child Advocate;
- [H.76](#) By Reps. Wright relating to the requirement of mandatory binding arbitration and to the elimination of strikes and imposed contracts in connection with collective bargaining

for teachers' and school administrators' contracts; To the committee on General, Housing & Military Affairs.

- [H.77](#) By Reps. Komline, relating to increasing consumer access to health care cost information;
- [H.78](#) By Reps. Higley, relating to making health insurance plans available outside the Exchange and to purchasing health insurance across state lines;
- [H.79](#) By Reps. Klein and Greshin an act relating to creating a statewide per pupil spending amount;
- [H.80](#) By Reps. Condon an act relating to declaring August 29 and 30, 2015, a State sales tax holiday;
- [H.81](#) By Reps. Wright relating to prohibiting lobbyists from making campaign contributions to political parties and legislative political committees while the General Assembly is in session; To the committee on Government Operations.

Bills released for introduction:

- [H.86](#) Representatives LaLonde, to include international provisions for the purpose of complying with obligations of the United States under the 2007 Hague Convention on the International Recovery of Child Support and Other forms of Family Maintenance.
- [H.85](#) Representatives LaLonde and Viens An act relating to electronic notice procedures for child support orders.
- [H.84](#) y Representative Botzow This bill proposes to require a seller of a home security system to disclose to the buyer any fee for providing automatic dialing services to public emergency officials
- [H.83](#) Representatives Scheuermann, Baser, Carr, Clarkson, Greshin, Komline, Parent, Shaw of Pittsford, Sibilis, Stuart, and Tate proposes to create a long-term economic development and tourism and marketing branding strategy called "Vermont: Innovative by Nature." (see **VT Chamber Commerce notes**)

SENATE ACTION:

Bills Introduced Senate

- [S.40](#) By Senator Pollina, An act relating to the creation of a Vulnerable Adult Fatality Review Team. To the Committee on Health & Welfare.
- [S.41](#) By Senator Ashe, An act relating to developing a strategy for evaluating the effectiveness of individual tax expenditures. To the Committee on Finance.
- [S.42](#) By Senators Lyons and Ayer, An act relating to the substance abuse system of care. To the Committee on Health & Welfare.
- [S.43](#) By Senator Rodgers, An act relating to the list of delinquent taxpayers. To the Committee on Finance.

COMMITTEE INTEL:

House Commerce Chamber of Commerce Economic Growth Agenda

- advocated for evolving VT brand along the lines of “Vermont innovative by nature”
- show those outside the state that VT has more than just classics without sacrificing those i.e. people don’t know there are jobs here and do not think of it as a place start a businesses or find employment
- Betsy Bishop Economic Growth Agenda
 - 5 point economic Growth Agenda (outlined 3 points)
 - Sustain ACCD budget
 - Maintain VT training Program Funding
 - Implement Brand Evolution
 - Look at growth from rooms and meals tax for funding
- Tori Ossola – VP of Tourism - Outlined thisisvt app, vermontvacation.com vacation planner and top trends: Farm-to-table, New trend – head-to-tail , Native VT.
 - Tourism is 3rd largest revenue sources, Supports 30,000 jobs, VT 1-2 times more dependent on tourism dollars than other states
- Manufacturing accounts for 32,000 jobs – about 11%, 3.2 Billion about 11.5% of GDP

Devon testified in House Ag about fertilizer fee/alternatives:

- The idea here is that the \$1/per acre fee is hard to implement, we only really know of the acreage of those farms under current use, and that is a slim majority of the acreage.

Rebecca testified in Senate Finance:

- Truly skeptical about the benefits of eliminating the small schools grant. They were also critical of the strike legislation proposal. Rebecca was giving the challenges we face presentation, but the committee was generally unreceptive to comments.

H.40, Renewable Energy Standard and Energy Transformation (formerly EIP):

- Very complicated bill, Aaron Adler did a walk through today.
- Really innovative energy transformation category where utilities are required to support a certain number of projects that result in a net reduction of fossil fuel consumption including heat pumps, weatherization, EEF, etc.

CAUCUS NOTES:

- Republican caucus: upset about \$9 VHC increase in BAA, mentioned that long form bill request deadline is Friday to leg council, Doug Gage gave out Lawrence’s cell to caucus members and suggested two more issues with VHC were about to emerge. Rep. Wilhoit mentioned that H.35 (WQ bill), had a provision that Ag could remove livestock from farms based on capacity for WQ? still looking into this... Campaign for Vermont gave an overview on its education plan. Anthony Iaarpino gave an overview of the SSB tax to a hostile audience.
- Dem Caucus: a couple comments about Judiciary reduction in BAA, a couple questions about the administrative savings of no longer going forward with single payer. Gov was very well received in caucus and thrown softball questions except for George till on cig tax.

UPDATE FROM TAX:

Ways and Means

Tax Expenditures - Sara Teachout

Sara took the committee through all the corporate and sales [tax expenditures](#).

- Corporate Tax:
 - Almost all the expenditures were suppressed because of taxpayer confidentiality except for R&D. They didn't explicitly ask for our list but Sara reminded them it is in the making. The committee raised the question how beneficial emitting this credit has been and was curious about its use. Realistically, the most they could get is what industry the credit takers are in.
 - There was also discussion about percentage of the federal credit we use for our R&D credit. We moved it from 30% to 27% for 2014 but many thought this was still high compared to other states. Sara offered to look this up.
 - The Machinery and Equipment credit was discussed. They referred to Weidman as the taxpayer this credit is meant to serve.
 - VEGI payments. The committee was interesting in linking this up with what was proposed in the Governor's Budget address, mainly understanding the Governor's message. They referenced the wage threshold for payment eligibility as well as the timing of payments.
- Sales Tax:
 - Where the exempted items permitted, the Committee asked Sara if she used the Chainbridge sales tax model and Sara responded that for expenditures that were sufficiently broad she was able to completely or partially use the Chainbridge model. Some examples include: Sales of Food, Clothing and Footwear, and Energy Purchases for a residence
 - The committee asked for an estimate of removing the sales tax exemption on fertilizer.
 - There was further discussion on candy, sodas, and sugar-sweetened beverages. The committee was interested in discussing the differences in the definition of sodas and sugar-sweetened beverages as well as more detailed expenditure information.

Ski Area Land Leases - Doug Hoffer, State Auditor

7 ski areas affected: Bromley, Burke, Killington, Stowe, Smuggs, Okemo, Jay. Original leases were created in the 1940's/50's. Current leases set in 60s/70s and have remained largely the same. Attention was grabbed by the fact that these leases can be renewed without being reopened for review by the State. In the past lifts were the primary revenue source and lease payments are based primarily on that revenue source. Question is whether other revenue sources should be added. Title on the property (lifts, etc.) was assigned to towns in Killington and Smuggs, which was a unique arrangement. So State pays a PILOT on that property.

Leases are worth approximately \$3M/yr. Adjusted for inflation, this has declined by 14%. Real estate value has increased 140%. There is an exemption for ski lift/snowmaking equipment (\$1.6M). These ski areas are taxed by towns.

Hoffer recommended having a conversation with Tax Dept. about removing responsibility of appraising ski areas from towns. Reps. Koline, Greshin skeptical.

Hoffer noted that Fed's capture much more, esp. related to acres of land (State= land crossed by lift lines; Fed=all land the operation touches)

TIF Sections of Misc Tax - Susan Mesner, Deputy State Auditor

Susan's testimony covered the effect of the proposed TIF changes. The piece clarifying that special assessments must be allocated to pay the TIF bond in a similar proportion to the grand list. Fred Kenney also spoke, saying that the question came up of what if a municipality that has a TIF creates a special assessment? If anyone does this, wanted to make sure there was clarity about what to do. Same share of this must be dedicated to TIF as to the grand list. Hopefully the drafting is clear.

W2 Info in Misc Tax - [Devon Green](#)

section 45 - requires all employers who file W-2's to report cost of health care coverage.

Currently only required by employers with 250 employees or more (result of an IRS notice in 2011). 250 impacts 1% of VT employers. 21K employers have less than 250 employees, 1K greater than 250 employees. Count is based on W-2's not FTE.

Rep. Ancel asked if there was a thought to just requiring a copy of form required under 21 VSA 2004. Devon responded that the thought is that it would be less burdensome to require on W-2 and explained this also meets requirement of 21 VSA 2004. Rep. Young asked if this would help track the cost of private insurance plans and if they were less over time? (yes)

House Education

Ed Fund Outlook - Mark Perrault, JFO

Mark Perrault discussed the education fund implications of all of the Governor's [proposals](#) (mostly budget and Misc. Tax Bill related). Mark used the attached sheet to detail what he estimates would be the impact of these proposals (*net impact* -\$3M). The Committee was skeptical about the two proposals that would affect the general fund transfer: the Community High School and the Use Value change to require farm buildings to pay property tax on 30% of their value. Regarding the Use Value change, there was concern that those buildings are currently overvalued which, if true, would cause the Ed Fund to be shorted when taxes were not paid at the full \$1.2M that was estimated.

The lottery provision was characterized as expanding the formats on which current games could be played and diverting some of that revenue to the Veteran's Home. Concern was expressed that this would just pull from money that would have been brought in regardless of the change.

Rep. Alice Miller - asked about impact of eliminating small school grants for schools of less than 50 and less than 75 kids.

House Fish and Wildlife

H.35 Matt Chapman, General Counsel, DEC

Testified on the changes to H.35 in [draft 1.1](#).

Two sections of the bill relate to taxes. [Section 15](#) involves a proposal by AAFM to remove a parcel from Current Use if the owner violates Accepted Agricultural Practices (AAPs). The section currently states that a parcel must wait one year after coming into compliance before it can apply to reenroll in the program.

Three committee members disagreed with the one year delay in reenrolling in Current Use. Chapman did not address those concerns because the proposal came from AAFM. The committee would like PVR to come testify on the issue. A committee member mentioned that the one year delay was similar to the delay resulting from a violation of a forest management plan (which seems correct to me).

Section 24 creates a tonnage fee for fertilizer. This was another proposal from AAFM on which the committee would like further testimony. Members did not openly oppose the fee although there was one question related to the definition of fertilizer.

House Agriculture

Agricultural Fees - Devon Green

30% on farm buildings in current use. Rep. Partridge phrased the issue as "why are we punishing farmers when this is the listers' problem?" Devon spoke about balancing the budget, this was in place before, etc. She also tried to explain how the money was going into the GF, but Rep. Harvey Smith tried to say we are attempting to raise a new property tax that doesn't go to education. We will follow up with a better explanation.

\$1 per acre. Committee wants to know if we would be able to track farms through Schedule F. It was pointed out that Schedule F does not have acreage, but they are still wondering if it's possible to track anything through Schedule F.

Senate Education

Tuition Payments, etc. - Donna Russo Savage

Donna Russo Savage from Legislative Counsel explained the laws related to [school tuition payments](#) in Vermont. The committee was concerned with the costs related to sending students to other states and other countries for school. A representative from the Agency of Education revealed that \$180,000 is spent on sending students out of the country and the average amount per pupil is less than average per pupil spending on state public schools. About \$12 million is spent sending students to schools in other states and the average spending is also less than the state average for public schools. In short, tuition payments do not seem to be a driver of increased spending.

Senators from Senate Education stated that their goal, as they understand it, is to determine the causes of spending problems in Vermont. Some senators opined that there may not be a problem. The Committee's opinion is that Senate Finance is charged with fixing any education funding issues (and especially tax-related issues) that Senate Education discovers. This approach is different than the one taken by the House.

Senate Education also formally requested from the Agency of Education information showing the relationship between households receiving income sensitivity in Vermont jurisdictions to per pupil spending in those jurisdictions. It would like to know whether the presence of income sensitized households actually correlates with higher education spending (some senators doubt whether this is actually true). While Tax was not asked to do anything, I will ask Victor whether we have that data (although I did not mention that to the Committee).

House Health Care 1/27/2015

Topic: Health Care Delivery Systems

Testifying: Don George, BCBS CEO; Paul Harrington, Executive-Vice President, VMA

TASKS:

Probably something BCBS should do, but Lippert would like to know what the definition of administrative costs BCBS presented today reflects what is used when they have to file their taxes?

***HHC Meeting again at 2, regardless of caucus.**

BCBS:

Pearson: You are among the top three among the blue plans in customer experience, what are the other states that do well?

-Michigan, Alabama

Comment-Thank you for all of your help-

Lippert: Are Vermonters on out of state blue cross plans, covered lives?

-No, but we do administer their services (in VT).

What count as administrative costs?

Can we see real dollar amounts instead of percentages?

Donahue: Where do you stand in making progress to fully integrate mental health?

*Not happy with Pearson's comment thanking BCBS. (Shaking head, conferring with Rep. Morris).

Gage: Are the survey studies self-generated, or independent?

Briglin: How have you achieved such dramatic savings in administrative costs?

If we looked at your administrative costs over the years, would we see a general rise while per patient costs drop?

Poirier: Are covered lives and members interchangeable?

*Does your definition of administrative costs match what you file with the state for taxes?

What is the status of the price setting case?

Pearson: You are among the top three among the blue plans in customer experience, what are the other states that do well?

-Michigan, Alabama

Vermont Medical Society:

Lippert: What definition of physician are you using?

MD or DO.

What is the relationship between blueprint and the VMS?

Poirier: What was the reaction to the governor's decision on single payer, amongst your membership?