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Subject: Daily Legislative Report for Wednesday, January 21

House convenes Wednesday, January 22 at 1 p.m.

Senate convenes Wednesday, January 22 at 1 p.m.

House Bills Released for Introduction But Not Yet Introduced:

- [H.44](#), Rep. Manwaring, An act relating to a moratorium on legislation increasing education property tax rates
- [H.43](#) an act relating to repeal of the State law requiring broadcasters to report to the Attorney General retransmission fees charged to Vermont cable companies
- [H.42](#) Representative Condon an act relating to energy assistance program fees. bill proposes to prohibit the Public Service Board from establishing a low-income energy assistance program funded by ineligible ratepayers on a mandatory basis. Rather, it makes residential ratepayer funding of such a program voluntary.
- [H.41](#) An act relating to requiring that mandated reporters report all allegations of child sexual abuse to the Department for Children and Families
- [H.46](#) An act relating to the creation of a Vulnerable Adult Fatality Review Team
- [H.45](#) Introduced by Representative Till bill proposes to require opioid treatment programs authorized by the Department of Health to report to the Vermont Prescription Monitoring System when methadone or medication containing buprenorphine is first dispensed to a patient or when the patient's prescription is altered.

House bill passed Committee:

- [H.4](#), prohibiting the sale or manufacture of Microbeads passed the House Fish, Wildlife and Water Resources Committee today and is scheduled for a second reading on Friday.

Senate Bills Introduced:

- [S.27](#) Introduced by Senator Mullin, bill proposes to require health insurance plans to reimburse health care professionals the same amount for the same services whether provided by a chiropractor, a physician licensed to practice medicine, or an osteopathic physician.

Senate Bills Released for Introduction But Not Yet Introduced:

- [S.30](#) Sen. Kevin Mullin additional Sponsors Sen. Tim Ashe An act relating to establishing a prospective payment system for home health services
- [S.29](#) Sen. Anthony Pollina An act relating to Election Day registration
- [S.28](#) An act relating to divesting State retirement funds from the 200 publically traded companies that hold the largest carbon content fossil fuels reserves

- [S.32](#) An act relating to the beverage container redemption system
- [S.35](#) Introduced by Senators Flory, Campbell, and Mullin an act relating to access to Department for Children and Families' records of abuse and neglect
- [S.34](#) An act relating to prevailing wages
- [S.33](#) An act relating to transferring the administration of the Vermont Enhanced 911 system to the Department of Public Safety
- [S.31](#) Introduced by Senators Campbell, Baruth, and Ayer, bill proposes to:
 - prohibit a person convicted of a violent crime from possessing a firearm;
 - require that a criminal background check be conducted on the proposed purchaser before a firearm may be sold unless the sale is between immediate family members, by or to a law enforcement agency, or by or to a law enforcement officer or member of the U.S. Armed Forces acting within the course of his or her official duties; and
 - require the Court administrator to report to the National Instant 16 Criminal Background Check System established by the Brady Handgun 17 Violence Prevention Act of 1993 when a person is: 18
 - subject to a hospitalization order or non-hospitalization order after a 19 determination by a court that the person is a danger to himself or herself or 20 others; or
 - found not responsible for a crime by reason of insanity or 1 incompetent to stand trial due to a mental illness and is committed to the 2 Department of Mental Health after a determination by a court that the person is 3 a danger to himself or herself or others.

Proposed amendments to state constitution:

[PR.3](#) Elections; Governor, Lieutenant-Governor, and Treasurer; 45 percent plurality; runoff election

COMMITTEE INTEL:

Community High School of Vermont in House Appropriations

- Willhelmina Picard, Director of Corrections Education, Community High School of Vermont went off the reservation and testified that she wasn't aware of the proposal, didn't agree with cuts and questioned statutory authority to do so. Aly talked to Monica Hutt to put in motion a fix.
- From F&M: To summarize, the testimony was not in step with that of the FY 16 DOC Gov Rec as far as supporting how the High School will reorganize. The testimony was based on anecdotes and success stories as the High School is currently structured, and they did not support the reduction to the appropriation. I have talked with the Business Manager of DOC and Sarah Clark at AHSCO to let them know.

House AG Water Quality:

Friends of Northern Lake Champlain Denise Smith:

- Discussed all the good things “non-divisive” groups are doing and while there are “polarizing groups” the time is ripe for collaboration.

- She stressed Critical Sources Areas as a major difference between today and clean and clear.
- 74 percent of issue in mississquoi comes from 20 percent of land, not all farms.
- Two farmers spoke from Franklin, stressed need money and not going to happen overnight but everyone is on the same page. One made a good point to adapt manure spreading timelines to changes in climate.
- Overall stressed farmers are stewards but issue comes down to money, want decisions based on science.
- Committee discussed fertilizer tax, Chair Partridge asked all in the room to come back with a better, fairer solution. Denise Smith offered a \$30 parcel fee on resi, commercial, industrial, etc., which would raise \$10 million.
- Committee members including Alyson Eastman who happens to be a farmer do not seem convinced the fertilizer tax is the best way to raise \$1.2 million.

Champlain Valley Farmers Coalition:

- Basically same sentiment here: don't want to be vilified, healthy soils=more money. Must get community to understand doing good things, preserving bucolic VT, etc. But all committed to improving the lake as long as it's fair. Should highlight all the innovation currently happening.
- As a side note, Eastman took multiple shots at organic farmers with their chicken manure that might not necessarily be included in tax increase, but maybe should?

JOINT CHILD PROTECTION HEARINGS:

Sally Borden – on behalf of VCAB:

- History of VCAB, charge and process used by VCAB. DCF provided extensive information.
- Nothing more urgent than child safety, but also recognize that VT has one of the lowest rate of child maltreatment fatalities in the nation. Excellent work done every day by competent professionals trying to do the best job possible with the available resource. We have a child welfare system that focuses on best practices, and measuring quality. Proud that we are coming together to learn from the cases. Concur with purposes of S.9.

AG Bill Sorrell:

- Support addressing confidentiality
- Support CHINS working group – Sears says DCF will probably be included as well.
- Opiate addiction – address risk to children. Expansion in S.9 goes well beyond. Simple possession. Pleased to see manufacture – meth. Policy decision to be made by leg. VT is one of the few states that does not address this issue.

- Judiciary - standards for attys. Assuming responsibility for assigning children's attys. Include in CHINS working group.
- Consider hold non-offending parent responsible for physical or sexual abuse. Gave examples in his memo in which AG's hands are tied. Respond to Ken's comment that door open for DCF personnel being prosecuted. All cases are fact specific. Not his intent to prosecute teachers, social worker but could happen depending upon the facts.
- Should VT law address download and sharing of child pornography? Presents risk of harm to children, even if no child in the home. Inconsistent DCF practice.

Patrick Dowd - WA state:

Receive and investigation complaints re: state child welfare agency in neutral and objective way.(Vs. advocacy for a particular group.) Classical ombudsman model. Independence. In Gov's office and appointed by Gov, confirmed by Senate. 3 year term. Annual report to Children's legislative oversight committee and others. Impartiality/fairness vs. advocate. However, may make recommendations that benefit from a person or a group. Make recommendations for legislation. When testifying, in neutral manner. Identify pros and cons, unintended consequences. Establish a credible review process. Can open investigation on own initiative, but can also decline to investigation. Have full access to dept records. Can access child welfare database. Do not have/need subpoena power. Agency staff required to cooperate. Cordial but professional relationship with agency.

BUDGET ADJUSTMENT ACT:

Mental health BAA changes are ok except:

Housing voucher piece- Rep Johnson stated - DA's say for example that Pathways is just treatment and they need private pay of some kind or housing voucher in hand for clients.

- Need detail info from DMH on underutilization, trends. How do they qualify, people are using GA, how are they underutilized?
- Committee will keep this open considering affordability housing discussion in the legislature.

DCF Reach Up:

- Rep Trieber will be digging into Reach-Up report submitted last week to understand what is going on with caseload.
- More discussion will be requested with the department related to why this caseload decline trend is occurring.
- Rep. O'Brien – concerned with last year's Reach Up legislation and asked that the Department be prepared to discuss why funds were not redistributed to other barriers (childcare, transportation etc) and redirected to personnel. (I believe DCF has fulfilled the legislation funding requirement).
- DCF LIHEAP- Rep. Hooper suggested she was confused with why DCF is not spending all of the LIHEAP money. Wanted more details as to why this money is not being put into Crisis? Hooper suggested that anecdotally what she is hearing is that more LIHEAP funding is needed and does not believe that caseload is going down. Would like more details why. The committee reviewed

the LIHEAP Funding & Benefits Stats Compilation however some committee members felt money should be redistributed to clients. Rep. Johnson suggested Richard Moffi come in to discuss the program.

House Appropriations, BAA:

While not BAA, There were some questions about the history of Current Use and what percentage used to be paid on farm buildings, Mark said that it was 50% before they made the change. No one really seemed to have many objections regarding this change to CU. There was speculation from some members that there could be challenges to assessments of farm buildings once their owners have to start paying taxes on those buildings.

HHC, DVHA BAA proposal:

Summary: Larson walked through DVHA budget adjustment request. Committee wanted to know why VHC estimates and the Medicaid case load estimates were so off, and how they know it won't happen again. Larson made clear than in the past DVHA case load estimates are very good, but the ACA brought unprecedented changes and the actuaries did their analysis and predicted more individuals would go to private insurance who in reality came on to Medicaid.

Ron Shems in Senate Economic Development on 9L:

- There some compelling testimony in favor of 9(L) from several witnesses including two from Ferrisburgh.
- Much of the anti testimony was centered on the uncertainty stemming from something new, and much of that was centered around Rutland Town.
- The fears are not borne out by the facts, and then there is the question of whether we have enough experience with 9(L) to know what tweaks should be made (if any). Ron testified that think that we need to gain experience, but so far so good. Some waffled on this, Michael Zahner called for unspecified changes now, and others said to wait. Chris Roy said that the wait would be 5 years. We will know sooner than that.
- More outreach is needed. We will be working on that.

Tax Updates from Yesterday:

Ways and Means: Payroll Tax (Devon)

- Exactly how this tax would operate: Devon said we were going to parallel withholding, but Rep. Ancel indicated afterwards that she would like more detail and asked who the best person was to ask.
- Definition of employer: Devon did a high level overview, but will need to do a more detailed analysis of the differences between the Medicare and UI employer definition
- Need to confirm that state and local gov's can't deduct payroll tax from federal taxes and come up with options to alleviate this
- Rep. Clarkson would like what this looks like for employers after the deduction-- examples of exactly how much employers will have to pay
- Rep. Greshin asked why we're excluding self-employed individuals. Devon said it would be a bit more difficult operationally to include them, but he seemed unsatisfied with that answer
- Rep. Greshin also asked if we looked at other sources of revenue and Devon deferred to Lawrence Miller
- Deferred all questions about "will this really make a difference with premiums?" to Lawrence

Ways and Means: State and Local Deduction (Jeff)

There was some miscommunication on what the committee was interested in hearing. Everyone was under the impression that they wanted to go over the state and local deduction proposal, but in fact had been interested in just having an overview of income tax deductions. Jeff spoke to these generally, and

then got more in-depth on the proposal. In general, the committee wanted more information on numbers and the breakdown of the distribution of taxpayers impacted. Also interested in a chart outlining which states allow this/not (not just a presentation).

Sara Teachout presented on their numbers, calculated using Chainbridge. She emphasized that they are still working on these numbers, but agreed to a range of \$14-\$15M. She also discussed how the distribution of impacted taxpayers is different than when they capped it at \$5,000 in 2009 (a little less concentrated at the top). In 2006, she wrote an issue brief on this deduction. It is a little dated, but she talked about how it is really a benefit for folks at the federal level and is meant as a “break” in state income taxes, especially in high income tax states.

Rep. Greshin was curious if the states with higher income taxes were the ones that still allow this deduction...

Ways and Means: Renter Rebate Study (Jen Hollar)

Jen Hollar presented an overview of the report and the process used to produce it. She emphasized that they would need a more complete data review of the new parameters. Here’s the summary of their renter rebate wish list:

- AGI is the basis of income; \$40,000 is the eligibility threshold (per filer)
- \$2,000 rebate cap
- \$100 rebate floor, meaning anyone with a rebate between \$0 and \$100 automatically gets a \$100 rebate
- Move the percentage of allocable rent from 21% to 19%

Rep. Condon pushed back on the \$40,000/person of AGI because it would vastly increase those who could qualify. He was also interested in how they would verify the rent paid if you get rid of the landlord’s certificate, particularly interested in potentially have the SPAN on the form. Rep. Condon was also interested in the difference between AGI and the current household income for renters.

Victor’s analysis: The weakness of this proposal is there is no concrete formula to calculate taxpayer’s renter rebate. While he was accompanying the process, they were setting the rebate to be any rent paid above 30%, 35%, or 40% of AGI. Victor stopped working on this when they wanted to move back to allocable rent and never proposed a relationship between the percentage of allocable rent and AGI. In sum, the program design needs additional definition before generating a revenue estimate. At this point, we need to determine how much we are willing to work on this before we have a proposal the committee is considering...

Senate Education: Ed Rate Letter (Candace)

I testified to Senate Education on the rate letter, giving just a quick overview of letter and what was outlined in it. The committee was generally receptive to everything and is clearly just trying to get a handle on the situation and learn as much as they can. Mark Perrault also testified and gave them background on the education fund outlook as of October 1. Of note, there are currently about 700-800 “phantom students” across the state.

Senator Cummings was most vocal about looking at “other” things that have been added to the ed fund throughout the years. Senator Zuckerman wanted information about “high spending” towns and towns with high rates of income sensitivity to see if there is a correlation (I vaguely remember this happening last year...). The committee also wanted more information on the types of properties in different grand list categories (commercial vs. R1).

Ways and Means: Current Use Changes (Jim Knapp)

Jim Knapp presented on the three proposals in the draft miscellaneous tax bill that touch on current use.

1. Change value for calculating hold harmless for farm buildings. He pointed out the change in language and mentioned the history of the changes (50% to 30% to 0% and back to 30% in the current proposal). That led to a brief discussion about background of the program and the

mechanics of the program. He was about to mention that this proposal was intended to include farmers in the sharing of the contribution to filling the gap in the budget.

- a. VLCT opposes this on account of all the additional work that will be created.
 - b. Farm Bureau opposes on the grounds it will increase farmers' costs, potentially reducing borrowing capacity and other economic impacts.
2. The moratorium. There were a lot of comments and some confusion about the impact of the moratorium – Jim emphasized that this is for new enrollments and additions to existing enrollments, and new buildings. The committee was very interested in the policy background for this proposal. Jim said that this was to help slow budget growth and that these cuts are being spread across all aspects. He continued to emphasize that this was about evaluating the economics of the program, but there might be some confusion that this will be a period to evaluate the entire program...
- a. Committee members were interested in what other ideas had been evaluated. Mostly, had we looked at changing the land values? Tiers of benefits? Jim said there were some back of the envelope calculations and would be able to respond to specific scenarios if someone wanted further information.
 - b. What impact on development? Jim said it was hard to determine, given all the other factors that impact a choice to develop.
 - c. A few members wanted to know (Rep. Clarkson mostly) why we weren't looking at increasing the penalty for withdrawal and savings from the easy out.
 - d. The Big Question: What is the policy reason behind the moratorium? They assume there is a deeper policy goal... That it's not just about an assessment of the economics of the program.
 - e. Follow-up: a more detailed look at the growth of the program over time. More information on the penalties and the likely savings from penalties.

All who testified after Jim opposed the moratorium: Vermont Land Trust, Natural Resources Council, Current Use Tax Coalition

3. The Lien. Jim explained that we wanted to avoid recording the details of each application and the recording of a notice of lien would reduce the amount of personal information recorded in the land records. There were no comments.