



WEEKLY LEGISLATIVE REPORT

The Vermont League of Cities and Towns' **Weekly Legislative Report** is published each Friday during Vermont's legislative session.

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INSIDE THIS ISSUE:

Appropriations Bill	1	Law Enforcement Issues	5
Transportation Bill	2	Town Service Officers	6
Fee Bill	3	Public Hearing on S.241	6
Miscellaneous Tax Bill	4	New Bills	8

Appropriations Bill

On Wednesday, the Appropriations bill, [H.875](#), was introduced and described at length for the first time on the House floor. The bill – all 189 pages of it – passed the House on Thursday and is now headed to the Senate.

The appropriations bill that passed last session for FY16 and was amended by Act 68 totaled \$5.629 billion. Of that amount, state dollars equaled \$2.387 billion and Education Fund dollars equaled \$1.552 billion. Last January, the governor recommended a total budget for FY17 of \$5.769 billion, including \$2.453 billion for state funds and \$1.587 billion for Education Fund dollars. In this year's appropriations bill, the House Appropriations Committee recommends an FY17 total budget of \$5.770 billion, including \$2.453 billion in state funds and concurring with the governor in the Education Fund figure. The total budget proposal represents a 2.7 percent increase in state dollars and a 2.5 percent increase overall. The entire budget growth picture from FY12 through FY17 is summarized [here](#).

Last week, we reported week that the proposal before House Appropriations, which its members had supported, would establish that the base payment for payments in lieu of taxes on lands owned by the Agency of Natural Resources (ANR) would be 0.6 percent of the fair market value as appraised by the Division of Property Valuation and Review (PVR) as of April 1, 2016. In fact, the committee reduced that base payment and H.875 would establish the base payment at 0.55 percent of the fair market value as appraised by PVR on April 1, 2016. Instead of an annual inflator being provided in the statute, ANR would recommend adjustments to update the base payments beginning in FY22 and continuing thereafter on a cycle of three to five years.

The bill would allow any agency that is a party to a Public Service Board (PSB) proceeding and that incurred expenses to retain additional staff to assist in those proceedings or monitor compliance with any formal opinion or order of the board to bill the applicant for a portion of those costs. Current law (30 V.S.A. §§ 20, 21) restricts that authority to the PSB, the Public Service Department, or ANR.

H.875 would appropriate \$ 140,000 to analyze the financial implications of expanding Dr. Dynasaur – the state's children's Medicaid and Children's health Insurance Program – to all Vermont residents up to 26 years of age. A

report would be due to the legislature by January 15, 2017. VLCT supported the proposal to assess if extending Dr. Dynasaur would save the overall health care insurance system and Vermonters money overall. It would also appropriate \$2.3 million in Global Commitment funds to increase reimbursement rates for services provided to Medicaid patients.

The bill would transfer \$1,975,000 from the Clean Water Fund to the Agricultural Water Quality Special Fund. Those funds were established to begin to assist in implementing the Clean Water Act passed last year. There is \$10,400,000 in the Clean Water Fund for FY16 and FY17 to address issues related to agriculture, municipal roads, wastewater treatment, developed lands, transportation, and stormwater.

The table on page 7 details those appropriations that affect local governments. You will note that the Budget Adjustment Act (Act 68) is referred to several times in the notes to the table. That bill, signed by the governor on March 8, 2016, amended appropriations for the current fiscal year, FY 2016.

Municipal Planning Grants, as the table indicates, are \$457,000. While the amount appropriated has been steady for several years, the number of applications has increased year to year as municipalities work to comply with new planning requirements. This year, new requirements will include significantly enhanced forestry and energy elements of municipal plans, as you have read in earlier Weekly Legislative Reports. VLCT believes it is time to consider increasing the amount available for municipal planning grants.

There is a lot for local officials to consider in this budget. Please contact your representatives over the weekend to discuss those sections that will affect your community.

—Karen Horn

Transportation Bill

This week, the House Transportation Committee voted out [H.877](#), the transportation capital funding and policy bill. The bill is now on the House floor, having visited both the Appropriations and Ways and Means committees. The transportation appropriation items are in [H.875](#) as introduced. This is the “big bill” that provides for appropriations across state government. (See previous article.)

Almost 85 percent of all roadways in Vermont are town highways. Of the 15,804 total Class 1, 2, 3, and 4 highway miles, only 2,709 miles are maintained solely by state government. Twelve and a half percent of the 13,131 municipal highway miles are Class 4, which are not required to be maintained by the municipality but on which vulnerable areas for stormwater will need to be addressed.

According to the Agency of Transportation (VTrans) budget history graph presented to the House and Senate Transportation committees in January, the VTrans budget has increased 75 percent since FY06. VTrans staff expects the agency’s overall budget to increase by \$20 million during each of the next five years as a result of passage of the federal Fixing America’s Surface Transportation (FAST) Act. The VTrans budget in FY17 will total \$618 million. For the first time in ten years, the FAST Act establishes five years of predictable funding for state budgets. The Act is estimated to provide an additional \$100+ million to Vermont over that five-year period, federal fiscal years 2016-2020.

A starkly contrasting reality faces municipalities with respect to ongoing highway aid programs that help municipalities to maintain the local transportation network. The House Transportation Committee continued the attention it paid last year to the need for funds to help implement Vermont’s Clean Water Act (Act 64) that

passed last session and provided a substantial increase in the Municipal Mitigation Grant Program, which includes the Better Roads Program. As well, \$1.1 million was set aside in the Transportation Alternatives Program for stormwater mitigation last year. Municipal highway aid funds to address ongoing maintenance and reconstruction activities, however, have been essentially stagnant for years as the table below indicates. It seems that few FAST Act dollars will trickle down to municipalities.

Fiscal Year	Town Hwy Structures	Town Hwy Class 2 Roadway	Town Hwy Aid	Town Hwy Class I Supplemental	Municipal Mitigation Grants	Town Bridge Grants
2011	\$5.83 million	\$7.25 million	\$24.98 million	\$0.13 million	\$2.11 million	\$18.32 million
2012	\$5.83 million	\$7.25 million	\$24.98 million	\$0.13 million	\$1.14 million	\$16.78 million
2013	\$6.33 million	\$7.25 million	\$25.98 million	\$0.13 million	\$1.26 million	\$19.30 million
2014	\$6.33 million	\$7.25 million	\$25.98 million	\$0.13 million	\$1.55 million	\$15.55 million
2015	\$6.33 million	\$7.25 million	\$25.98 million	\$0.13 million	\$0.87 million	\$15.56 million
2016	\$9.48 million ¹	\$7.25 million	\$25.98 million	\$0.13 million	\$0.65 million	\$21.63 million
2017	\$6.33 million ²	\$7.25 million ²	\$25.98 million ²	\$0.13 million ²	\$2.91 million ²	\$18.82 million ²

1. repaid a loan to the Transportation Budget.
2. proposed.

Three municipalities have implemented stormwater utilities to raise funds to pay for stormwater management projects that are required by their municipal separate storm sewer system (MS4) permits and the Lake Champlain Total Maximum Daily Load (TMDL), whenever the U.S. Environmental Protection Agency releases it. A fourth municipality is in the process of adopting a stormwater utility, however few others are expected to pursue one. A stormwater utility enables a municipality to assess all property owners a fee that is generally based on a calculation of the amount of impervious surface owned. The fee is used to put in place stormwater management infrastructure and provide for its maintenance and operation. As a mechanism to manage stormwater, the Agency of Natural Resources encourages municipalities to adopt stormwater utilities because there are no exemptions from stormwater utility fees: everyone pays in because every impervious surface contributes to stormwater runoff. [H.876](#) includes a provision that would provide a credit to VTrans for the work it does to control stormwater on its own transportation network. VTrans would be charged no more than the highest rate category charged by the stormwater utility and would receive a 40 percent credit on the charge.

H.877 is up for debate early next week. Local officials who are concerned about the funding for ongoing highway aid, addressing participation in stormwater utilities, or the funds available to comply with the pending municipal roads permit should contact their representatives.

—Karen Horn

H.872 – the Fee Bill

Each year, a fee bill is passed to update fees that state agencies or other regulated entities charge for permits or licenses. State agencies are on a three-year cycle which anticipates that they will submit requests for fee increases to the House Ways and Means Committee on that cycle. Last year, municipalities faced an enormous increase in Agency of Natural Resources fees to fund water quality-related programs that are designed to implement the Lake Champlain Total Maximum Daily Load, whenever that is released by the U.S. Environmental Protection Agency.

This year's fee bill, [H.872](#), would make only a few changes that affect local governments:

- A marriage license fee increases from \$45 to \$60, \$10 of which continues to be retained by clerk, \$35 (up from \$20) to the Domestic and Sexual Violence Fund, and \$15 to the State Treasurer;
- Fees increase for the use or storage of hazardous chemicals based on the amount of chemical or substance;
- Fees increase for a tobacco license or renewal from municipality from \$100 to \$110; and
- A new fee of \$50 for a "tobacco substitute endorsement." This fee is forwarded to the Department of Liquor Control, which issues the license, renewal, or endorsement.

Both Vermont clerks and VLCT asked the Ways and Means Committee to add language that would put municipal fees charged by clerks on a regular schedule for updates, as is the case for state agencies. Many fees charged by clerks have not increased in years, and it is only sensible that there would be a regular review of statutorily established fees for municipal services as there are for state agencies. The committee indicated that it was generally supportive of the concept but did not have time to put it in the fee bill before it left the House. However, there may be another opportunity to include language on another bill that would put in place a regular review.

—Karen Horn

Miscellaneous Tax Bill

The Miscellaneous Tax Bill, [H.873](#) is another annual product of the House Ways and Means Committee, and every year it features a few items that affect local governments. This year those provisions are:

- The commissioner of Taxes may disclose tax return information to a municipality that administers its own local option tax.
- Changes Current Use Advisory Board Hearing to October 15 from August. By September 1, an agriculture owner shall certify eligibility for the Use Value Program (Current Use).
- The Department of Taxes' Property Valuation and Review (PVR) will receive up to \$100,000 annually to provide free education to listers. Funds no longer go to municipality for funding lister education.
- The PVR Hearing Officer (no longer Property Tax Officer) needs to inspect a property only if requested by property owner.
- "Homestead" is defined to reference the October 15 deadline for declaration.
- Landlords are directed to furnish a certificate to Dept. of Taxes in addition to the renter.
- The Department of Tax would be directed to negotiate a contract for tax collection from Airbnb-type companies that offer short term rentals over the internet.

An annual assessment would be enacted for each ambulance agency of 3.3 percent of the ambulance agency's annual net patient revenues for services delivered to patients. The intent of the section is to increase Medicaid reimbursement rates to ambulance service providers and also comply with federal law. Several representatives agreed to this provision to ensure that the issue of ambulances receiving inadequate Medicaid reimbursement rates is addressed as the bill moves to the Senate, but they stated that the proposed annual assessment might not be the correct way to achieve that end.

The bill now moves to the Senate where it will be taken up in the Finance Committee. Local officials with concerns about the bill's provisions should contact their senators.

—Karen Horn

Law Enforcement Issues

H.130. This week, the House passed [H.130](#), a bill that would create an Agency of Public Safety Study Committee. The official name of the study committee is a little misleading because the committee would do much more than just look into whether to recommend elevating the Department of Public Safety to an Agency of Public Safety.

The committee would also examine the current coordination of law enforcement across the state and determine if an agency rather than a department structure would enhance coordination. The committee would consider the types of crimes committed in the state, how the crimes have evolved, and how that evolution has affected roles and duties of law enforcement officers. It would also examine dispatch services and their funding, as well as the overarching structure and operations of the potential agency.

The study committee would examine the manner in which state, county, and municipal law enforcement entities share and coordinate services, whether the Vermont State Police's provision of general municipal and regional law enforcement services is sustainable, and whether any municipalities should be required to maintain their own police department or contract for regional policing with other municipalities or with sheriffs. The committee would also be charged with making recommendation about general law enforcement officer regulations in the state, including:

1. whether law enforcement regulation should be transferred from the Vermont Criminal Justice Training Council to the Officer of Professional Regulation;
2. whether each law enforcement agency should be required to have an effective internal affairs program and, if so, what the program should include;
3. when and under what circumstances a law enforcement agency should report alleged unprofessional conduct to the council or the office;
4. when the council or the office should be able to investigate and take further action on reports of alleged misconduct; and
5. the types of discipline to impose on law enforcement officers' certification.

The report of the study committees' findings and any recommendations for legislative action would be due by December 1, 2016.

Currently, the study committee is made up of 13 individuals, including a sheriff, a chief of a municipal police department, and a law enforcement officer. VLCT hopes that the Senate Government Operations Committee will include an additional committee member from VLCT, given the serious implications that the committee's report will have on municipalities, municipal budgets, and local law enforcement.

H.434. This week, the Senate Government Operations Committee began taking testimony on [H.434](#), a bill that would create a Training Safety Council. Comprising ten individuals from the municipal, law enforcement, and firefighting communities, the council would review the safety records of the Vermont Police Academy and the Vermont Fire Academy and annually submit to them recommendations regarding how training safety at those academies could be improved.

Thereafter, the Executive Director of the Vermont Criminal Justice Training Council and the Chief Fire Service Training Officer of the Vermont Fire Service Training Council would have to review and consider the council's recommendations. Each year, the director and chief would report to the legislature regarding:

- any training safety issues he or she has discovered at the academies, as applicable, and any steps he or she has taken to remedy those issues; and
- whether the councils, as applicable, have instituted any of the Training Safety Council’s recommendations for training safety and, if not, the reason why.

Contact your senators to voice any suggestions or concerns you have with either bill up for consideration.

—Gwynn Zakov

Town Service Officers

The Senate Health and Welfare Committee passed out [H.575](#), which made one very basic but significant change to the role of town service officers – it eliminated the role the town service officer plays in administering General Assistance benefits on behalf of the state.

Town service officers currently are responsible for assisting individuals within the town who require emergency food, fuel, or shelter under Vermont’s Economic Services Divisions General Assistance Program, generally, after normal business hours. As state services have modernized and technology has progressed, specifically with the services Vermont’s 2-1-1 information and referral services, the need for the town service officer to administer the General Assistance Program has essentially been eliminated.

H.575 would relieve the town service officer from the administration of the benefits program and the position would become an office that a municipality may choose to fill, but it would not be mandatory. The bill would move the town service officer from Title 33 to Title 24 (specifically 24 V.S.A. § 871), and the selectboard would have the discretion on whether or not to appoint a town service officer at its organizational meeting. The town may then decide what, if any, roles and responsibilities the town service officer would have.

VLCT has supported the bill from the onset and believes that the states’ General Assistance Program is best administered by the Economic Services Division. Additionally, a town should be given the power to determine whether to have a town service officer, and if it so chooses, the legislative body would be able to determine the town service officer’s powers and job description.

The bill is expected to pass out of the Senate as soon as next Tuesday, and make its way to the governor’s desk for signature in the near future.

—Gwynn Zakov

Public Hearing on S.241

The House Judiciary and Government Operations committees will hold a public hearing on [S.241](#), the marijuana regulation bill, on Thursday, March 31, 2016, starting at 5 p.m. in the House Chamber at the State House. Members of the public who want to testify may sign up 30 minutes prior to the hearing outside the House Chamber. Each person will have two minutes to testify, and the hearing will adjourn at 7 p.m. (Due to the two-hour time frame, not everyone may be able to testify.)

Municipal Funding Priorities in FY17 Budget (in millions), House Appropriations Recommend (H.875)

H.875 Budget Line Item and Section Number	FY16 Approved	FY17 Governor's Recommend	FY 17 House Appropriations Recommend	FY17 House Approps. Recommend \$ Change from FY16 Final	FY17 House Approps. Recommend \$ Change from FY17 Gov. Rec.
(GF) Homeowner Rebate, Municipal ¹ (B 137)	\$18.20	\$16.20	\$16.20	(\$2.0)	\$0
(GF) Renter Rebate, Municipal ² (B 138)	2.91	3.12	3.12	0.21	0
(EF) Reappraisal and Listing Payments ³ (B 139)	3.43	3.43	3.43	0	0
(GF) Current Use – Municipal ⁴ (B 140)	14.98	15.32	15.32	0.34	0
(LOT) PILOT State Buildings ⁵ (B 142, E 142)	6.40	6.40	7.10	0.7	0.7
(LOT) PILOT Montpelier ⁵ (B 143, E 143))	0.18	0.18	0.27	0.09	0.09
(LOT) PILOT Corrections Facilities ⁵ (B 144, E 144)	0.04	0.04	0.07	0.03	0.03
(GF) Special Investigative Units (B 206)	1.68	1.84	1.84	0.02	0
(GF) Transfer to Education Fund ⁶ (B 513, E 513)	303.34	305.90	305.90	2.56	0
(GF) Teachers' Retirement System (B 514)	73.10	82.66	82.66	9.56	0
(GF) Retired Teachers' Health Benefits (B 515)	15.58	18.32	18.32	2.74	0
(GF, inter-dept. transfer) PILOT – ANR Lands (B 701, E 701)	2.29	2.38	2.34	0.05	0.04
Municipal Planning Grants (D 100)	0.46 ⁷	0.46	0.46	0	0
(TF) Town Highway Structures ⁷ (B 911)	9.48	6.33	6.33	(3.15)	0
(TF, federal funds) Local Technical Assistance Program (Vt. Better Roads) (B 912)	0.39	0.39	0.39	0	0
(TF) Class 2 Paving and Rehabilitation (B 913)	7.25	7.25	7.25	0	0
(TF, TIB, federal funds) Town Bridge Grants ⁸ (B 914)	21.63	18.82	18.82	(2.81)	0
(TF) Town Highway Aid Program (B 915)	25.98	25.98	25.98	0	0
(TF) Town Highway Aid Program – Class 1 Supplemental (B 916)	0.13	0.13	0.13	0	0
(TF) State Aid for Nonfederal Disasters ⁹ (B 917)	1.15	1.15	1.15	0	0
(federal funds) State Aid for Federal Disasters ¹⁰ (B 918)	1.44	1.28	1.28	(0.16)	0
(TF, special, federal funds, inter-dept. transfers) Municipal Mitigation Grant Program	0.65	2.91	2.91	2.26	0
Total Local Highway Aid	68.10	64.24	64.24	(3.86)	0
TOTAL	503.66	520.49	521.27	17.61	0.78

Sources of funds noted are General Fund (GF), Education Fund (EF), Local Option Taxes (LOT), Transportation Fund (TF), and Transportation Infrastructure Bond (TIB).

- Homeowner Rebate as passed in 2016 equaled \$18.2 million, GF. That number was reduced in Act 68 (Budget Adjustment Act) to \$15.3 million.
- Renter Rebate as passed in 2016 equaled \$2.9 million, GF. That number was reduced in Act 68 to \$2.78 million.
- Reappraisal and Listing Payments as passed in 2016 equaled \$3.43 million, EF. That number was increased in Act 68 to \$3.68 million.
- Municipal Current Use as passed in 2016 equaled \$14.98 million, GF. That number was reduced in Act 68 to \$14.65.
- Figures for all years are all from local options tax sharing and no state monies.
- Required by statute to increase by New England economic project cumulative price index for government purchases (16 V.S.A. § 4025(a)(2)). In 2010 and 2011, the legislature reduced this with "Notwithstanding" language. The 2011 legislature re-calibrated the amount of aid to be adjusted annually that will cost an additional \$27.5 million in property taxes having to be raised in FY13 and each succeeding year.
- House Appropriations figure in H.490 actually states \$9.48 million, but that is only higher than what is reported because the state "borrowed" \$3.15 million from last year's appropriation that has yet to be spent to cover a Transportation Fund shortfall. The extra \$3.15 million in H.490 only "pays back" the amount borrowed.
- Includes state and federal aid only, no local match.
- State Aid for nonfederal disasters as passed in 2016 equaled \$1.15 million, TF. That number was increased in Act 68 to \$2.84 million.
- State Aid for federal disasters as passed in 2016 equaled \$1.44 million, TF. That number was reduced in Act 68 to \$1.28 million.

BILL NUMBER	SUMMARY OF NEW BILLS	CURRENT LOCATION
H.856	Would require the Secretary of State to coordinate with his or her counterparts in New England and the Eastern Canadian provinces the continuity of government operations if the U.S. government should cease to function as a result of any natural disaster; economic, political, or constitutional crisis; or other catastrophic event.	House Government Operations
H.867	Would amend definitions related to independent contractors in the workers' compensation and unemployment compensation statutes to (1) provide for notice of the requirements regarding employee classification at worksites, (2) permit the Department of Labor to enter an employer's premises to investigate compliance with the workers' compensation and unemployment compensation statutes, (3) permit the department to obtain an injunction to enforce a stop-work order related to a violation of the workers' compensation statute, (4) clarify the requirements for consultation regarding debarment of employers that have violated the wage and hour, workers' compensation, and unemployment compensation statutes, and (5) create an Employee Classification Task Force.	House Commerce & Econ. Development
H.868	Would adopt miscellaneous economic development provisions relating to the Vermont Economic Development Authority; cooperatives, the Vermont Training Program, regional planning and development; corporate conversions, the Vermont State Treasurer, the Vermont Creative Network, and other groups.	House Ways and Means
H.870	Would make various amendments to Vermont law concerning telecommunications.	House Corrections and Institutions
H.871	Would approve amendments to the charter of the City of Montpelier.	House Government Operations
H.872	Would adjust certain Executive Branch fees.	House Ways and Means
H.873	Would make miscellaneous tax changes.	House Ways and Means
H.874	Would amend the settlement patterns criterion of Act 250 (10 V.S.A. chapter 151), known as Criterion 9L.	House Natural Resources & Energy
H.875	Would make appropriations in support of government for the fiscal year beginning on July 1, 2016.	Passed House; in Senate
H.876	(T. bill) Would adopt the State's annual transportation capital program and make miscellaneous changes to laws related to transportation.	House Appropriations