WLR Mar 15: Crossover, Public Safety & Transportation, School Budgets, and Short-Term Rentals

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Read more about what happened this week (it's crossover week!) below, and don't miss our latest post to Advocacy Updates: Public Safety and Transportation. The update contains important information including

- **House Transportation Budget Increases Town Highway Aid**
- **Progress on Public Safety Bills**

This week VLCT provided testimony to:

- **House Government Operations Regarding Uniform Municipal Code of Ethics**
- **House Environment and Energy Regarding Changes to Act 250 and Location Based Jurisdiction**

The content of the Weekly Legislative Report *below is provided by our advocacy partners. For more detail and commentary from VLCT Advocacy staff, visit the* ***Legislative Reports*** *webpage to access our topical Advocacy Updates.*

This Week Is Crossover Week

It's crossover today, a crucial deadline for all pieces of legislation that must pass out of their committee(s) of jurisdiction, or else they are dropped for the session.

- Next Friday is crossover for the money committees and bills involving the expenditure or collection of funds.
- This, of course, isn't an inelastic rule and is stretched or broken all of the time; to the well-acquainted, everything can still move if given the right opportunity.

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- That said, it is an important milestone, and you'll see committees start working on legislation sent to them by the other chamber now that they've dedicated 11 weeks to their own priorities to make the deadline.
- And a clock is set on adjournment, from here, folks have until the budget is done to complete their work.

Inventory of Bills Clearing the Crossover Deadline

Here's a quick view of where things have landed;

- A bill addressing **violations of conditions of release**, bail, and supervision of those awaiting trial, S.195, passed out of the Senate Committee on Judiciary this morning.
    - The bill is a promising opportunity to address some of Vermont's most egregious re-offenders who commit many crimes while still awaiting trial. Most importantly, the bill allows judges to consider public safety rather than just flight risk when considering a defendant's pre-trial status. Read the version as passed here. (opens in a new tab)
- The Senate Committee on Health and Welfare passed S.197 in a suitable state, requiring a report on November 1st on the **who, what, when, and where PFAS should be regulated in the state**. The bill originally would have implemented a ban.
- A bill aimed at extracting from large fossil fuel corporations the funding needed to respond to, and mitigate, climate-fueled severe weather

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passed the Senate Judiciary Committee unanimously this morning.

- A study on **regional and county governance**, S.159, passed out of the Senate Committee on Government Operations on a unanimous vote. Later additions to the bill created a legislative committee and a technical advisory committee.
- A bill requiring the **disclosure of salaries in job postings**, H.704, passed the House Committee on General and Housing. The bill is similar to that which was passed in Colorado, which resulted in national employers not hiring residents of that state.
- The House Committee on Energy and the Environment passed H.687 this week, a bill proposing **major changes to Act 250 and land use regulation**. The bill has been pitted against S.311 in the Senate.
    - Both bills seek to create a tiered structure of Act 250 jurisdiction, however, the Senate version has a focus on housing creation while the House version has an emphasis on environmental protection.
    - The House version is more prescriptive of these new tiers with an aggressive timeline that means the state will need to wait years to clear the way for urban areas, while the Senate version creates interim tiers to more rapidly deploy housing in areas that require less Act 250 jurisdiction.
- The House Ways and Means Committee passed their miscellaneous tax bill which officially pours cold water on any effort to add a **tax on unrealized capital gains**, as the issue is kicked to a study committee. We'll deal with that in the next legislative session.
- Both the House and the Senate moved legislation on the **Vermont Employment Growth Incentive Program** this week with different aims.

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    - The House, in H.10, looked to extend the sunset on the program two years, reduce the number of individuals on the governing committee, and required a study on what a future iteration of it might be.
    - The Senate sought to eliminate the sunset and allow the program to exist in perpetuity. It also established language to proceed with a VEGI application as a forgivable loan instead of its current tax award.
- The Senate Government Operations Committee passed S.183, creating a **study tasked with reenvisioning the Agency of Human Services structure,** analyzing options, and proposing recommendations by February 1, 2025. This amends the original bill, which aimed to divide the agency into two separate entities.
- The House Committee on Commerce and Economic Development is still looking to wrap up work on a **data privacy bill** this week. The Committee has heard numerous concerns from a vast array of stakeholders that were not addressed, primarily concerns around a private right of action.

Housing Crisis Enters New, More Dire, Phase

As of today, the State of Vermont will cease to house the vast majority of the 1,500 individuals that it currently houses in hotel rooms.

- The policy, which previously allowed access to hotels for housing during adverse weather conditions, will now only be available for temperatures

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below 20 degrees.

- However, certain vulnerable populations, such as those 65+, with disabilities, or with children, can still stay in hotels until June 30th.
- The state's plan is to provide four step-down, congregate living shelters staffed by the National Guard, medical, and security personnel across the state
    - The sites will be at 108 Cherry St. in Burlington, the Agency of Natural Resources Annex building in Berlin, and the Asa Bloomer building in Rutland. The state was still working to secure a location in either Bennington or Brattleboro.
- Mayor Weinberger expressed concerns about the rapid implementation of the program and its potential impact on businesses and homeless individuals. He requested a delay in the program's implementation and emphasized the need for a sustainable solution to address homelessness.
- Watch a recording of a virtual town hall with Burlington's mayor here.

Legislature Grapples with Failed Schools Budgets

Heading into Town Meeting day, there was a great deal of agitation around school budgets, as the state faces a deficit of ~$216 million in the education fund and an average property tax increase of nearly 20% on average and exceeding that for some.

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- Statewide, a third (31 of 93) of the budgets were voted down, which is unprecedented, and the closest experience to this the state has had was 14% in 2014.
- Half of Chittenden County budgets failed, with those that lost per-pupil weighted enrollment from Act 127 representing the half that failed, and those that gained per-pupil weighting enrollment being approved.
    - While much of the hand-wringing has been about the perverse incentives created by Act 127, it has also soured voter sentiment.
- However, it is still unclear what impact this will have on property tax rates.
    - These 29 schools will need to revote their budgets before the beginning of the state's next fiscal year, July 1st, or they bump into the little-known and seldom used "87 percent rule," in which they can borrow 87% of their previous year's budget.
    - Ten school districts postponed their vote, utilizing the grace period until April 15th provided in H.850, which also scrapped the 5% cap on taxes so long as a district did not exceed 10% growth in spending, which provided perverse incentives.
- These results will make the Ways and Means Committee's work on a property tax yield bill difficult.
    - This Committee, and the Senate Finance Committee, are scrambling for revenue ideas taxing higher earning Vermonters, cloud tax, and many other taxes to raise at least $100 million and contain a property tax increase to about 10-14%.
- While the money committees debate this, it would behoove the Education committees to start looking at how to cut some spending and what to do about Vermont's unsustainable education system.



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- It's also unclear what can be done in many instances. Much of the cost overflow is negotiated salaries and benefits, though some of it is positions started with pandemic-era dollars that remain, as well as programs such as universal school meals that were started yet never funded.
- They'll need to find efficiencies of scale in an education system that reflects this century.
    - For example, CVU voted down its $105 million budget for 4,212 students (~$ $25,000/student), while Cabot passed its $4.49 million budget for 40 ($112,000/student). One school district resulted from merging five schools for efficiency, while the other has consistently resisted. Many of the voted-down budgets were those of union districts.
    - The mantra swirling around Montpelier lately is "newer and fewer" schools, as the state looks at $6 billion in needed school capital projects over the next decade.
    - Still, it's difficult when the larger union schools are the only ones that are reacting to the cost pressures, as evidenced by Mountain Views School District rejecting their recent bond vote.

- Finally, let us not forget that the root of all of this is that the state has only seen growth in costs and expenditures such as healthcare, education spending, and state spending over the last two decades. At the same time, Vermont's economy and housing stock have not grown.

With our population only aging and our taxpaying and working populations only shrinking, things will only get worse, as SevenDays highlighted this week.

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Legislators Look to Short-Term Rentals to Bail Out the Education Fund

While the issues with the education fund should be dealt with at a systemic level, not by just adding new revenue streams, legislators seemed to have landed on the most politically viable way to tax their way out of this crisis and raise a substantial amount of money to buy down the property tax rate.

- The House Ways and Means Committee spent the week discussing a 10% surcharge on rooms and meals tax applicable to short-term rentals (STRs), which could provide the state with between $42 and $48 million in new revenue.
- Many legislators blame the STR market for our housing crisis, perhaps a convenient scapegoat. While STRs may not help our housing problem, they did not cause it. An analysis by VHFA has previously shown that there are not enough STRs in the state that, if they were converted, could close our housing gap.
- There is also a general consensus that STRs have lower overhead and regulatory costs than traditional lodging, which has led many to see the surcharge as not disproportionately impacting them compared to their alternative.

The legislation seems likely to pass, given every other tax source is politically or logistically fraught.

Elsewhere In The State House

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Hundreds of hours of committee discussion each week culminate into our advocacy update, so not everything makes it into the overall update; however, we often cover what is left on the cutting-room floor here for our most dedicated readers.

- Read updates from Week 1, Week 2, Week 3, Week 4, Week 5, Week 6, Week 7, Week 8, Week 9, and the last session's recap.
- A problematic amendment was introduced to the miscellaneous alcohol bill that would create set-backs for alcohol and other products in retail spaces. Email us for more information.
- We've been talking for over a decade about how Vermont's demographic trends are putting basic functions of our state at risk, however, maybe people will listen now that Vermont's quirky weekly publication has covered it.
- This week, Senator Sanders' office announced that Congressionally Directed Spending applications are now open. Past projects have had a significant impact across a wide range of issues, many long-neglected, including child care, sustainable energy, dental care, housing, and wastewater infrastructure. **If you would like your project to be considered for federal funding, please fill out an appropriations request application here by 5:00 p.m. on April 8, 2024.**
- The House passed H.534, a bill to aggregate **retail theft violations t**hat occur in a single county within 14 days to become a felony charge.
- The National Association of Realtors recently reached a settlement of $418 million due to the Sitzer-Burnett verdict and the copycat cases filed across the country have raised questions about the way real estate professionals do their jobs and how consumers can hire and

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compensate real estate agents. It's not clear what effects this will have on the housing market. Read more here.

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