



VAR is Built on a Foundation of Partnership with the Local Boards and Members.

VAR Members are Highly Engaged and Involved throughout all Levels of the Association.

End of the 2019 Legislative Session Report June 2019

Highlighted below are the bills that passed into law during the 2019 legislative session that have the most impact on our membership and Vermont's property owners. In addition, VAR also worked with the Office of Professional Regulation on their Omnibus Bill and others. The results include:

- A required 8-hour post-licensure requirement was moved to be a pre-licensure requirement.
- Fees for many professions went up including for our industry.
- The town clerks were allowed to increase their copying and recording fees with the understanding that they will start or continue their work on digitizing records. VAR worked with other stakeholders to come up with a compromise that all could accept.

Overall, we were successful in our attempts to protect our members and property owner's interests.

- [H.547](#), however, escaped us (and pretty much everyone else, except its backers). This bill is a Charter Change to the city of Montpelier to allow them to continue to work toward "**Regulation and enforcement of energy efficiency disclosure requirements for existing and new commercial and residential properties at the time a property is listed for sale.**" We will be working with the city to minimize the effects on current homeowners looking to sell their property and will be following this very closely to see if this effort has any negative, unintended consequences to the Montpelier housing market.

Please note that I have used some of the information provided by the Vermont Chamber of Commerce for this report and have included at the end a 30,000 ft. overview of the session that was created by them. It gives a great synopsis of the political underpinnings of this session and reports out on the three most important pieces of legislation that the majority had hoped to pass this year: Minimum Wage, Paid Family Leave and Taxation and Regulation of Cannabis, but couldn't move them across the finish line. There is no doubt that party leaders will be working on these issues over the summer and fall, with plans to pass them next year.

[H.513](#) Broadband Deployment

In an effort to expand broadband service to over 16,000 Vermonters, the legislature increased the Universal Service Fund (USF) tax on retail telephone service from two percent to 2.4 percent. The additional revenue of approximately \$1.2 million will be used to fund broadband expansion grants through the state's High Cost Program and Connectivity Initiative and to create a Rural Broadband Technical Assistance Specialist within the Department of Public Service.

The legislature imposed minimum speed requirements for most broadband grants of 25 Mbps download and 3 Mbps upload, despite data submitted by Consolidated Communications, Inc. that these speed requirements would cost as much as ten times more than speeds of 10 Mbps/1 Mbps and would reach only 10-20 percent as many unserved Vermonters.

This bill also opportunities for REALTORS to get involved in their local municipalities/communities by:

- **Creating a Broadband Innovation Grant Program to fund studies related to broadband deployment in rural areas;**
- **Authorizing municipalities to form partnerships with telecommunication companies and bond for communications plants;**
- **Creating a broadband loan expansion program within the Vermont Economic Development Authority with lending authority of \$10.8 million to expand service in underserved areas;**
- **Creating a Public, Educational and Government (PEG) Access Study Committee to consider changes to the state’s cable franchising authority; and**
- **Authorizing the DPS to spend up to \$100,000 to assist municipalities that seek to acquire existing 2G microcells to provide emergency communications in remote areas.**

S.96 Clean Water Investments and Governance

S.96 creates a new structure for Vermont’s clean water investments that has been missing since the passage of Act 64 in 2014 and approval of the Lake Champlain TMDL in 2015. The bill also increases funding for clean water, although it relies on projections that surplus state revenues will continue beyond this year. **It does not increase the amount of the PTT surcharge that currently is earmarked for clean water.**

H.541 Revenues of the State

In the waning days of the session, lawmakers agreed to this year’s Revenue Bill. Here are the salient points for REALTORS:

HOUSING RELATED - Capital Gains, Property Transfer, Estate Tax, Down Payment Assistance, Downtown and Village Tax Credits

- Retains the capital gains exclusion of 40 percent for certain assets, but caps the total amount of gains that can be excluded at \$350,000; effective July 1, 2019.
- Makes changes to the Property Transfer Tax law by adding a “controlling interest (50% or more)” in a legal entity that holds real property triggers the property tax transfer (***)However, it keeps the exemptions for family member transfers that are in existing statute).
- Increases the estate tax exclusion to \$4.25 million on Jan. 1, 2020 and then to \$5 million by Jan. 1, 2021;
- Increases down payment assistance credits by \$125,000 for affordable housing tax credits and extends the program to 2026.
- Increases the credit cap for the downtown and village center tax to \$2.6 million;

H.63 Weatherization, Public Utility Commission and Unclaimed Beverage Container Deposits

This started out as the bill that would increase the fuel tax from .02 cents to .04 cents, but that was virtually abandoned, and the language from S.171 (The Weatherization Bill) was inserted in its place. VAR was able to work with Senator Ann Cummings, Chair of the Senate Finance Committee to remove the first 5 sections of the bill by a vote of 5-1-1 that:

- Removed the reviving of the Energy Labeling Residential and Commercial Working Groups completely.

This left H.63 as a pure weatherization bill as it was in its original form.

Unfortunately, with 36 hours left in the session, both the Senate and House Natural Resources Committees reviewed the amended bill and added the groups back in. This meant that we had to act quickly to:

- Ensure that a Commercial REALTOR was added to the Commercial Working Group
- Require that any recommendations made by these two groups included a report of how the housing market would be affected by their recommendations.

With the relentless assistance of Representative Heidi Scheuermann from Stowe, we accomplished a Hail Mary and were able to amend the bill to an acceptable level. Many thanks go to both Senator Cummings, the Chair of Senate Finance, and Representative Scheuermann, member of the House Energy and Technology Committee, for their work on VAR's behalf.

In addition to the aforementioned portions of this bill, H.63 also:

- Creates a Joint Energy Carbon Emissions Reduction Committee.
- Creates within the State Treasury a fund to be known as the Home Weatherization Assistance Fund to be expended by the Director of the State Office of Economic Opportunity
 - In fiscal years 2019, and 2020, and 2021 the State Treasurer is authorized to invest up to \$5,000,000.00 of funds from the credit facility for an accelerated weatherization and housing improvement program, provided that:
 - **(1) for owner-occupied homes, the funds shall be used to support weatherization efforts and housing improvement efforts for homeowners with a family income that is not more than 120 percent of the area or statewide median family income, whichever is higher,** as reported by the U.S. Department of Housing and Urban Development for the most recent year for which data are available owner-occupied homes and multi-family homes
 - **(2) for multi-family rental homes, the funds shall be used in conjunction with other State programs, and that not less than 50 percent of the tenant households residing in properties to be rehabilitated shall have an annual household income that is not more than 80 percent of the area or statewide median family income,** whichever is higher, as reported by the U.S. Department of Housing and Urban Development for the most recent year for which data are available
 - **(3) weatherization efforts are included in the improvements to any housing unit funded from the credit facility**
 - In fiscal year 2020, \$350,000.00 is appropriated from the General Fund to Efficiency Vermont for weatherization programs and services

- Allows up to \$2,250,000.00 of any balances in the Electric Efficiency Fund that are allocated to Efficiency Vermont and that are carried forward from prior calendar years to be used.
 - Allows use of any funds that are allocated to Efficiency Vermont and that, as a result of operational efficiencies, are not spent on, or committed to, another project or purpose in calendar years 2019 and 2020.
 - Funds shall not be used to supplant existing programs and services and shall only be used to supplement existing programs and services.
- Creates of an all-fuels energy efficiency program.

From the Chamber:

This legislative session ended in a very odd and chaotic finish. The House adjourned on Friday, May 24th, without concurrence from the Senate, and the Senate came back on Wednesday, May 29th to adjourn. Up until the very end, the session was orderly and uncontentious, but in a surprising turn of events, the disorderly conclusion was virtually entirely the result of a communication breakdown between Democratic leaders in the House and Senate. Republican Governor Phil Scott abandoned the somewhat confrontational approach he pursued in the prior two sessions, this year seemingly content to watch Democrats battle among themselves.

Despite holding supermajorities in both the House and Senate, Democrats were unable to even pass – much less override anticipated vetoes of – their two signature priorities: paid family leave and an increase in the minimum wage. Several other priority bills also failed to make it out of the legislature, or did so in a form that was greatly diminished from the high expectations of January. The failures of paid family leave and minimum wage legislation were months in the making, but the collapse occurred in spectacular fashion in the final week. The Senate’s priority was a higher minimum wage; the House’s was paid family leave. The House struggled to pass a minimum wage bill in the face of growing opposition from small businesses and provider organizations that rely heavily on Medicaid. In the meantime, the Senate held hostage the House-passed paid leave bill. As adjournment pressure mounted, legislative leaders worked behind the scenes to negotiate a compromise involving both bills. A combination of miscommunication, impatience and bruised egos led to a collapse in negotiations. The House abruptly adjourned at the end of last week, while the Senate recessed for nearly a week, hoping the House would reconsider. They didn’t, and the Senate returned on Wednesday only for the formality of calling it quits for the year.

Oddly and inexplicably, the legislature failed to set a date for a veto session, which has been common practice since the Dean Administration. **As a result, any vetoed bills will not be taken up again until January.** Democrats had high hopes in January that they would be able to parlay their supermajorities into legislative realities. Virtually everyone assumed the paid leave and minimum wage bills were faits accomplis, but those weren’t the only bills left in the Statehouse at adjournment. Most observers believed Vermont would become the next state to establish a cannabis tax-and-regulate system, but the bill, S.54, failed to make it out of the House. To the dismay of House Government Operations Chair Sarah Copeland-Hanzas – whose committee spent dozens of hours crafting a bill – Speaker Mitzi Johnson pulled the plug on the effort in the waning days of the session.

Two other priority bills made it to the governor’s desk, but one, creating a new cause of action for medical monitoring for exposure to toxic chemicals, faces a near-certain gubernatorial veto. A veto has been expected since

Gov. Scott vetoed a similar bill last year, but Democrats had hoped for the votes to override it this year. Even if a veto session had been scheduled, supporters of S.37 are unlikely to have gathered the two-thirds votes needed to override the veto. In a bit of irony, the more conservative House likely had the votes to override, given the 100-42 vote in favor of the bill. But an override in the Senate was likely to fail, where the final vote was 19-11.

The only major Democratic priority legislation that will likely become law is a bill to fund the cleanup of Lake Champlain. But S.96 lacks the one thing that environmentalists most sought: a long-term dedicated funding mechanism. Both chambers demurred on that goal, relying instead on a surprising last-minute bump in surplus revenues at the end of the session to backfill the transfer of rooms and meals tax receipts to the Clean Water Fund. There are likely many explanations for the Democrats' inability to meet expectations, but the most obvious is the lack of trust between House Speaker Johnson and Senate President Pro Tem, Tim Ashe. Both leaders will have to work hard next year to set aside the ill will that accumulated during the final weeks of the session.