

Journal of the House

Friday, May 4, 2012

At nine o'clock and thirty minutes in the forenoon the Speaker called the House to order.

Devotional Exercises

Devotional exercises were conducted by Rep. Eldred French of Shrewsbury, VT.

Pages Honored

In appreciation of their many services to the members of the General Assembly, the Speaker recognized the following named Pages who are completing their service today and presented them with commemorative pins:

Danielle Bachand of Starksboro

Ben Kaplan of Montpelier

Kirby Occaso of Kirby

Layla Paine of Bristol

Andrew Platt of Warren

Marisa Sylvester of Burlington

Alex Ventriss of South Burlington

Lily Weissogold of Burlington

Abigail Zani of Brookfield

Elise Zilius of Morrisville

Katherine Manley of Milton

Report of Committee of Conference Adopted

H. 559

The Speaker placed before the House the following Committee of Conference report:

To the Senate and House of Representatives:

The Committee of Conference to which were referred the disagreeing votes of the two Houses upon House bill, entitled

An act relating to health care reform implementation

Respectfully reported that it has met and considered the same and recommended that the Senate recede from its proposal of amendment and that the bill be amended by striking all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 33 V.S.A. § 1802 is amended to read:

§ 1802. DEFINITIONS

For purposes of this subchapter:

* * *

(5) “Qualified employer” ~~means an employer that:~~

(A) means an entity which employed an average of not more than 50 employees on working days during the preceding calendar year and which:

(i) has its principal place of business in this state and elects to provide coverage for its eligible employees through the Vermont health benefit exchange, regardless of where an employee resides; or

~~(B)(ii)~~ (ii) elects to provide coverage through the Vermont health benefit exchange for all of its eligible employees who are principally employed in this state.

(B) on and after January 1, 2016, shall include an entity which:

(i) employed an average of not more than 100 employees on working days during the preceding calendar year; and

(ii) meets the requirements of subdivisions (A)(i) and (A)(ii) of this subdivision (5).

(C) on and after January 1, 2017, shall include all employers meeting the requirements of subdivisions (A)(i) and (ii) of this subdivision (5), regardless of size.

* * *

Sec. 2. 33 V.S.A. § 1804 is amended to read:

§ 1804. QUALIFIED EMPLOYERS

~~[Reserved.]~~

(a)(1) Until January 1, 2016, a qualified employer shall be an employer which, on at least 50 percent of its working days during the preceding calendar year, employed at least one and no more than 50 employees, and the term “qualified employer” includes self-employed persons. Calculation of the number of employees of a qualified employer shall not include a part-time employee who works fewer than 30 hours per week.

(2) An employer with 50 or fewer employees that offers a qualified health benefit plan to its employees through the Vermont health benefit exchange may continue to participate in the exchange even if the employer’s

size grows beyond 50 employees as long as the employer continuously makes qualified health benefit plans in the Vermont health benefit exchange available to its employees.

(b)(1) From January 1, 2016 until January 1, 2017, a qualified employer shall be an employer which, on at least 50 percent of its working days during the preceding calendar year, employed at least one and no more than 100 employees, and the term “qualified employer” includes self-employed persons. Calculation of the number of employees of a qualified employer shall not include a part-time employee who works fewer than 30 hours per week.

(2) An employer with 100 or fewer employees that offers a qualified health benefit plan to its employees through the Vermont health benefit exchange may continue to participate in the exchange even if the employer’s size grows beyond 100 employees as long as the employer continuously makes qualified health benefit plans in the Vermont health exchange available to its employees.

(c) On and after January 1, 2017, a qualified employer shall be an employer of any size which elects to make all of its full-time employees eligible for one or more qualified health plans offered in the Vermont health benefit exchange, and the term “qualified employer” includes self-employed persons. A full-time employee shall be an employee who works more than 30 hours per week.

Sec. 2a. 33 V.S.A. § 1806(b) is amended to read:

(b) A qualified health benefit plan shall provide the following benefits:

(1)(A) The essential benefits package required by Section 1302(a) of the Affordable Care Act and any additional benefits required by the secretary of human services by rule after consultation with the advisory committee established in section 402 of this title and after approval from the Green Mountain Care board established in 18 V.S.A. chapter 220.

(B) Notwithstanding subdivision (1)(A) of this subsection, a health insurer or a stand-alone dental insurer, including a nonprofit dental service corporation, may offer a plan that provides only limited dental benefits, either separately or in conjunction with a qualified health benefit plan, if it meets the requirements of Section 9832(c)(2)(A) of the Internal Revenue Code and provides pediatric dental benefits meeting the requirements of Section 1302(b)(1)(J) of the Affordable Care Act. Said plans may include child-only policies or family policies. If permitted under federal law, a qualified health benefit plan offered in conjunction with a stand-alone dental plan providing pediatric dental benefits meeting the requirements of Section 1302(b)(1)(J) of

the Affordable Care Act shall be deemed to meet the requirements of this subsection.

(2) At least the ~~silver~~ bronze level of coverage as defined by Section 1302 of the Affordable Care Act and the cost-sharing limitations for individuals provided in Section 1302 of the Affordable Care Act, as well as any more restrictive cost-sharing requirements specified by the secretary of human services by rule after consultation with the advisory committee established in section 402 of this title and after approval from the Green Mountain Care board established in 18 V.S.A. chapter 220.

* * *

Sec. 2b. 33 V.S.A. § 1807(b) is amended to read:

(b) Navigators shall have the following duties:

* * *

(7) Provide information about and facilitate employers' establishment of cafeteria or premium-only plans under Section 125 of the Internal Revenue Code that allow employees to pay for health insurance premiums with pretax dollars.

Sec. 2c. EXCHANGE OPTIONS

In approving benefit packages for the Vermont health benefit exchange pursuant to 18 V.S.A. § 9375(b)(7), the Green Mountain Care board shall approve a full range of cost-sharing structures for each level of actuarial value. To the extent permitted under federal law, the board shall also allow health insurers to establish rewards, premium discounts, split benefit designs, rebates, or otherwise waive or modify applicable co-payments, deductibles, or other cost-sharing amounts in return for adherence by an insured to programs of health promotion and disease prevention pursuant to 33 V.S.A. § 1811(f)(2)(B).

Sec. 2d. 33 V.S.A. § 1805 is amended to read:

§ 1805. DUTIES AND RESPONSIBILITIES

The Vermont health benefit exchange shall have the following duties and responsibilities consistent with the Affordable Care Act:

* * *

(17) Establishing procedures, including payment mechanisms and standard fee or compensation schedules, that allow licensed insurance agents and brokers to be appropriately compensated outside the navigator program established in section 1807 of this title for:

(A) assisting with the enrollment of qualified individuals and qualified employers in any qualified health plan offered through the exchange for which the individual or employer is eligible; and

(B) assisting qualified individuals in applying for premium tax credits and cost-sharing reductions for qualified health benefit plans purchased through the exchange.

Sec. 2e. 8 V.S.A. § 4085 is amended to read:

§ 4085. REBATES AND COMMISSIONS PROHIBITED FOR NONGROUP AND SMALL GROUP POLICIES AND PLANS OFFERED THROUGH THE VERMONT HEALTH BENEFIT EXCHANGE

(a) No insurer doing business in this state and no insurance agent or broker shall offer, promise, allow, give, set off, or pay, directly or indirectly, any rebate of or part of the premium payable on the policy, or on any policy or agent's commission thereon a plan issued pursuant to section 4080g of this title or 33 V.S.A. § 1811 or earnings, profits, dividends, or other benefits founded, arising, accruing or to accrue thereon or therefrom, or any special advantage in date of policy or age of issue, or any paid employment or contract for services of any kind or any other valuable consideration or inducement to or for insurance on any risk in this state, now or hereafter to be written, or for or upon any renewal of any such insurance, which is not specified in the policy contract of insurance, or offer, promise, give, option, sell, purchase any stocks, bonds, securities, or property or any dividends or profits accruing or to accrue thereon, or other thing of value whatsoever as inducement to insurance or in connection therewith, or any renewal thereof, which is not specified in the policy plan.

(b) No insured person insured under a plan issued pursuant to section § 4080g of this title or 33 V.S.A. § 1811 or party or applicant for insurance such plan shall directly or indirectly receive or accept, or agree to receive or accept any rebate of premium or of any part thereof or all or any part of any agent's or broker's commission thereon, or any favor or advantage, or share in any benefit to accrue under any policy of insurance plan issued pursuant to section 4080g of this title or 33 V.S.A. § 1811, or any valuable consideration or inducement, other than such as is specified in the policy plan.

(c) Nothing in this section shall be construed as prohibiting the payment of commission or other compensation to any duly licensed agent or broker; or as prohibiting any insurer from allowing or returning to its participating policyholders dividends, savings, or unused premium deposits; or as prohibiting any insurer from returning or otherwise abating, in full or in part, the premiums of its policyholders out of surplus accumulated from

nonparticipating insurance, or as prohibiting the taking of a bona fide obligation, with interest ~~at~~ not exceeding six percent per annum, in payment of any premium.

(d)(1) No insurer shall pay any commission, fee, or other compensation, directly or indirectly, to a licensed or unlicensed agent, broker, or other individual in connection with the sale of a health insurance plan issued pursuant to section 4080g of this title or 33 V.S.A. § 1811, nor shall an insurer include in an insurance rate for a health insurance plan issued pursuant to section 4080g of this title or 33 V.S.A. § 1811 any sums related to services provided by an agent, broker, or other individual. A health insurer may provide to its employees wages, salary, and other employment-related compensation in connection with the sale of health insurance plans, but may not structure any such compensation in a manner that promotes the sale of particular health insurance plans over other plans offered by that insurer.

(2) Nothing in this subsection shall be construed to prohibit the Vermont health benefit exchange established in 33 V.S.A. chapter 18, subchapter 1 from structuring compensation for agents or brokers in the form of an additional commission, fee, or other compensation outside insurance rates or from compensating agents, brokers, or other individuals through the procedures and payment mechanisms established pursuant to 33 V.S.A. § 1805(17).

Sec. 2f. 8 V.S.A. § 4085a is added to read:

§ 4085a. REBATES PROHIBITED FOR GROUP INSURANCE POLICIES

(a) As used in this section, “group insurance” means any policy described in section 4079 of this title, except that it shall not include any small group policy issued pursuant to section 4080a or 4080g of this title or to 33 V.S.A. § 1811.

(b) No insurer doing business in this state and no insurance agent or broker shall offer, promise, allow, give, set off, or pay, directly or indirectly, any rebate of or part of the premium payable on a group insurance policy, or on any group insurance policy or agent’s commission thereon or earnings, profits, dividends, or other benefits founded, arising, accruing or to accrue thereon or therefrom, or any special advantage in date of policy or age of issue, or any paid employment or contract for services of any kind or any other valuable consideration or inducement to or for insurance on any risk in this state, now or hereafter to be written, or for or upon any renewal of any such insurance, which is not specified in the policy contract of insurance, or offer, promise, give, option, sell, purchase any stocks, bonds, securities, or property or any dividends or profits accruing or to accrue thereon, or other thing of value

whatsoever as inducement to insurance or in connection therewith, or any renewal thereof, which is not specified in the policy.

(c) No insured person under a group insurance policy or party or applicant for group insurance shall directly or indirectly receive or accept or agree to receive or accept any rebate of premium or of any part thereof or all or any part of any agent's or broker's commission thereon, or any favor or advantage, or share in any benefit to accrue under any policy of insurance, or any valuable consideration or inducement, other than such as is specified in the policy.

(d) Nothing in this section shall be construed as prohibiting the payment of commission or other compensation to any duly licensed agent or broker; or as prohibiting any insurer from allowing or returning to its participating policyholders dividends, savings, or unused premium deposits; or as prohibiting any insurer from returning or otherwise abating, in full or in part, the premiums of its policyholders out of surplus accumulated from nonparticipating insurance, or as prohibiting the taking of a bona fide obligation, with interest not exceeding six percent per annum, in payment of any premium.

(e) An insurer that pays a commission, fee, or other compensation, directly or indirectly, to a licensed or unlicensed agent, broker, or other individual other than a bona fide employee of the insurer in connection with the sale of a group insurance policy shall clearly disclose to the purchaser of such group policy the amount of any such commission, fee, or compensation paid or to be paid.

Sec. 2g. DISCLOSURE OF COMMISSIONS FOR NONGROUP AND SMALL GROUP POLICIES

(a) An insurer that pays any commissions, fees, or other compensation, directly or indirectly, to licensed or unlicensed agents, brokers, or other individuals other than bona fide employees of the insurer in connection with the sale of nongroup or small group insurance policies, or both, shall clearly disclose to the purchaser of any nongroup or small group policy the amount of the premium for the policy attributable to the insurer's payment of commissions, fees, and other compensation.

(b) The disclosure requirement in subsection (a) of this section shall apply to all health insurers offering nongroup or small group insurance policies, or both, beginning July 1, 2012, until the insurer no longer pays any commission, fee, or other compensation in connection with the sale of a nongroup or small group insurance policy in compliance with the provisions of 8 V.S.A. § 4085.

* * * Bronze plans * * *

Sec. 2h. 33 V.S.A. § 1806(g) is added to read:

(g) The Vermont health benefit exchange shall clearly indicate to any prospective purchaser of a bronze-level plan, and of other plans as appropriate, the potential for significant out-of-pocket costs, in addition to the premium, associated with the plan.

Sec. 3. 33 V.S.A. § 1811 is added to read:

§ 1811. HEALTH BENEFIT PLANS FOR INDIVIDUALS AND SMALL EMPLOYERS

(a) As used in this section:

(1) “Health benefit plan” means a health insurance policy, a nonprofit hospital or medical service corporation service contract, or a health maintenance organization health benefit plan offered through the Vermont health benefit exchange and issued to an individual or to an employee of a small employer. The term does not include coverage only for accident or disability income insurance, liability insurance, coverage issued as a supplement to liability insurance, workers’ compensation or similar insurance, automobile medical payment insurance, credit-only insurance, coverage for on-site medical clinics, or other similar insurance coverage in which benefits for health services are secondary or incidental to other insurance benefits as provided under the Affordable Care Act. The term also does not include stand-alone dental or vision benefits; long-term care insurance; specific disease or other limited benefit coverage, Medicare supplemental health benefits, Medicare Advantage plans, and other similar benefits excluded under the Affordable Care Act.

(2) “Registered carrier” means any person, except an insurance agent, broker, appraiser, or adjuster, who issues a health benefit plan and who has a registration in effect with the commissioner of financial regulation as required by this section.

(3)(A) Until January 1, 2016, “small employer” means an employer which, on at least 50 percent of its working days during the preceding calendar year, employs at least one and no more than 50 employees. The term includes self-employed persons. Calculation of the number of employees of a small employer shall not include a part-time employee who works fewer than 30 hours per week. An employer may continue to participate in the exchange even if the employer’s size grows beyond 50 employees as long as the employer continuously makes qualified health benefit plans in the Vermont health benefit exchange available to its employees.

(B) Beginning on January 1, 2016, “small employer” means an employer which, on at least 50 percent of its working days during the

preceding calendar year, employs at least one and no more than 100 employees. The term includes self-employed persons. Calculation of the number of employees of a small employer shall not include a part-time employee who works fewer than 30 hours per week. An employer may continue to participate in the exchange even if the employer's size grows beyond 100 employees as long as the employer continuously makes qualified health benefit plans in the Vermont health benefit exchange available to its employees.

(b) No person may provide a health benefit plan to an individual or small employer unless the plan is offered through the Vermont health benefit exchange and complies with the provisions of this subchapter.

(c) No person may provide a health benefit plan to an individual or small employer unless such person is a registered carrier. The commissioner of financial regulation shall establish, by rule, the minimum financial, marketing, service and other requirements for registration. Such registration shall be effective upon approval by the commissioner and shall remain in effect until revoked or suspended by the commissioner for cause or until withdrawn by the carrier. A carrier may withdraw its registration upon at least six months prior written notice to the commissioner. A registration filed with the commissioner shall be deemed to be approved unless it is disapproved by the commissioner within 30 days of filing.

(d) A registered carrier shall guarantee acceptance of all individuals, small employers, and employees of small employers, and each dependent of such individuals and employees, for any health benefit plan offered by the carrier.

(e) A registered carrier shall offer a health benefit plan rate structure which at least differentiates between single person, two person, and family rates.

(f)(1) A registered carrier shall use a community rating method acceptable to the commissioner of of financial regulation for determining premiums for health benefit plans. Except as provided in subdivision (2) of this subsection, the following risk classification factors are prohibited from use in rating individuals, small employers, or employees of small employers, or the dependents of such individuals or employees:

(A) demographic rating, including age and gender rating;

(B) geographic area rating;

(C) industry rating;

(D) medical underwriting and screening;

(E) experience rating;

(F) tier rating; or

(G) durational rating.

(2)(A) The commissioner shall, by rule, adopt standards and a process for permitting registered carriers to use one or more risk classifications in their community rating method, provided that the premium charged shall not deviate above or below the community rate filed by the carrier by more than 20 percent and provided further that the commissioner's rules may not permit any medical underwriting and screening and shall give due consideration to the need for affordability and accessibility of health insurance.

(B) The commissioner's rules shall permit a carrier, including a hospital or medical service corporation and a health maintenance organization, to establish rewards, premium discounts, split benefit designs, rebates, or otherwise waive or modify applicable co-payments, deductibles, or other cost-sharing amounts in return for adherence by a member or subscriber to programs of health promotion and disease prevention. The commissioner shall consult with the commissioner of health, the director of the Blueprint for Health, and the commissioner of Vermont health access in the development of health promotion and disease prevention rules that are consistent with the Blueprint for Health. Such rules shall:

(i) limit any reward, discount, rebate, or waiver or modification of cost-sharing amounts to not more than a total of 15 percent of the cost of the premium for the applicable coverage tier, provided that the sum of any rate deviations under subdivision (A) of this subdivision (2) does not exceed 30 percent;

(ii) be designed to promote good health or prevent disease for individuals in the program and not be used as a subterfuge for imposing higher costs on an individual based on a health factor;

(iii) provide that the reward under the program is available to all similarly situated individuals and shall comply with the nondiscrimination provisions of the federal Health Insurance Portability and Accountability Act of 1996; and

(iv) provide a reasonable alternative standard to obtain the reward to any individual for whom it is unreasonably difficult due to a medical condition or other reasonable mitigating circumstance to satisfy the otherwise applicable standard for the discount and disclose in all plan materials that describe the discount program the availability of a reasonable alternative standard.

(C) The commissioner's rules shall include:

(i) standards and procedures for health promotion and disease prevention programs based on the best scientific, evidence-based medical practices as recommended by the commissioner of health;

(ii) standards and procedures for evaluating an individual's adherence to programs of health promotion and disease prevention; and

(iii) any other standards and procedures necessary or desirable to carry out the purposes of this subdivision (2).

(D) The commissioner may require a registered carrier to identify that percentage of a requested premium increase which is attributed to the following categories: hospital inpatient costs, hospital outpatient costs, pharmacy costs, primary care, other medical costs, administrative costs, and projected reserves or profit. Reporting of this information shall occur at the time a rate increase is sought and shall be in the manner and form directed by the commissioner. Such information shall be made available to the public in a manner that is easy to understand.

(g) A registered carrier shall file with the commissioner an annual certification by a member of the American Academy of Actuaries of the carrier's compliance with this section. The requirements for certification shall be as the commissioner prescribes by rule.

(h) A registered carrier shall provide, on forms prescribed by the commissioner, full disclosure to a small employer of all premium rates and any risk classification formulas or factors prior to acceptance of a plan by the small employer.

(i) A registered carrier shall guarantee the rates on a health benefit plan for a minimum of 12 months.

(j) The commissioner shall disapprove any rates filed by any registered carrier, whether initial or revised, for insurance policies unless the anticipated medical loss ratios for the entire period for which rates are computed are at least 80 percent, as required by the Patient Protection and Affordable Care Act (Public Law 111-148).

(k) The guaranteed acceptance provision of subsection (d) of this section shall not be construed to limit an employer's discretion in contracting with his or her employees for insurance coverage.

Sec. 4. 8 V.S.A. § 4080g is added to read:

§ 4080g. GRANDFATHERED PLANS

(a) Application. Notwithstanding the provisions of 33 V.S.A. § 1811, on and after January 1, 2014, the provisions of this section shall apply to an individual, small group, or association plan that qualifies as a grandfathered health plan under Section 1251 of the Patient Protection and Affordable Care Act (Public Law 111-148), as amended by the Health Care and Education Reconciliation Act of 2010 (Public Law 111-152) (“Affordable Care Act”). In the event that a plan no longer qualifies as a grandfathered health plan under the Affordable Care Act, the provisions of this section shall not apply and the provisions of 33 V.S.A. § 1811 shall govern the plan.

(b) Small group plans.

(1) Definitions. As used in this subsection:

(A) “Small employer” means an employer who, on at least 50 percent of its working days during the preceding calendar quarter, employs at least one and no more than 50 employees. The term includes self-employed persons. Calculation of the number of employees of a small employer shall not include a part-time employee who works fewer than 30 hours per week. The provisions of this subsection shall continue to apply until the plan anniversary date following the date that the employer no longer meets the requirements of this subdivision.

(B) “Small group” means:

(i) a small employer; or

(ii) an association, trust, or other group issued a health insurance policy subject to regulation by the commissioner under subdivision 4079(2), (3), or (4) of this title.

(C) “Small group plan” means a group health insurance policy, a nonprofit hospital or medical service corporation service contract, or a health maintenance organization health benefit plan offered or issued to a small group, including but not limited to common health care plans approved by the commissioner under subdivision (5) of this subsection. The term does not include disability insurance policies, accident indemnity or expense policies, long-term care insurance policies, student or athletic expense or indemnity policies, dental policies, policies that supplement the Civilian Health and Medical Program of the Uniformed Services, or Medicare supplemental policies.

(D) “Registered small group carrier” means any person except an insurance agent, broker, appraiser, or adjuster who issues a small group plan and who has a registration in effect with the commissioner as required by this subsection.

(2) No person may provide a small group plan unless the plan complies with the provisions of this subsection.

(3) No person may provide a small group plan unless such person is a registered small group carrier. The commissioner, by rule, shall establish the minimum financial, marketing, service and other requirements for registration. Such registration shall be effective upon approval by the commissioner and shall remain in effect until revoked or suspended by the commissioner for cause or until withdrawn by the carrier. A small group carrier may withdraw its registration upon at least six months prior written notice to the commissioner. A registration filed with the commissioner shall be deemed to be approved unless it is disapproved by the commissioner within 30 days of filing.

(4)(A) A registered small group carrier shall guarantee acceptance of all small groups for any small group plan offered by the carrier. A registered small group carrier shall also guarantee acceptance of all employees or members of a small group and each dependent of such employees or members for any small group plan it offers.

(B) Notwithstanding subdivision (A) of this subdivision (b)(4), a health maintenance organization shall not be required to cover:

(i) a small employer which is not physically located in the health maintenance organization's approved service area; or

(ii) a small employer or an employee or member of the small group located or residing within the health maintenance organization's approved service area for which the health maintenance organization:

(I) is not providing coverage; and

(II) reasonably anticipates and demonstrates to the satisfaction of the commissioner that it will not have the capacity within its network of providers to deliver adequate service because of its existing group contract obligations, including contract obligations subject to the provisions of this subsection and any other group contract obligations.

(5) A registered small group carrier shall offer one or more common health care plans approved by the commissioner. The commissioner, by rule, shall adopt standards and a process for approval of common health care plans that ensure that consumers may compare the costs of plans offered by carriers and that ensure the development of an affordable common health care plan, providing for deductibles, coinsurance arrangements, managed care, cost containment provisions, and any other term, not inconsistent with the provisions of this title, deemed useful in making the plan affordable. A health

maintenance organization may add limitations to a common health care plan if the commissioner finds that the limitations do not unreasonably restrict the insured from access to the benefits covered by the plans.

(6) A registered small group carrier shall offer a small group plan rate structure which at least differentiates between single-person, two-person and family rates.

(7)(A) A registered small group carrier shall use a community rating method acceptable to the commissioner for determining premiums for small group plans. Except as provided in subdivision (B) of this subdivision (7), the following risk classification factors are prohibited from use in rating small groups, employees or members of such groups, and dependents of such employees or members:

- (i) demographic rating, including age and gender rating;
- (ii) geographic area rating;
- (iii) industry rating;
- (iv) medical underwriting and screening;
- (v) experience rating;
- (vi) tier rating; or
- (vii) durational rating.

(B)(i) The commissioner shall, by rule, adopt standards and a process for permitting registered small group carriers to use one or more risk classifications in their community rating method, provided that the premium charged shall not deviate above or below the community rate filed by the carrier by more than 20 percent and provided further that the commissioner's rules may not permit any medical underwriting and screening.

(ii) The commissioner's rules shall permit a carrier, including a hospital or medical service corporation and a health maintenance organization, to establish rewards, premium discounts, split benefit designs, rebates, or otherwise waive or modify applicable co-payments, deductibles, or other cost-sharing amounts in return for adherence by a member or subscriber to programs of health promotion and disease prevention. The commissioner shall consult with the commissioner of health, the director of the Blueprint for Health, and the commissioner of Vermont health access in the development of health promotion and disease prevention rules that are consistent with the Blueprint for Health. Such rules shall:

(I) limit any reward, discount, rebate, or waiver or modification of cost-sharing amounts to not more than a total of 15 percent of the cost of the premium for the applicable coverage tier, provided that the sum of any rate deviations under subdivision (i) of this subdivision (7)(B) does not exceed 30 percent;

(II) be designed to promote good health or prevent disease for individuals in the program and not be used as a subterfuge for imposing higher costs on an individual based on a health factor;

(III) provide that the reward under the program is available to all similarly situated individuals and complies with the nondiscrimination provisions of the federal Health Insurance Portability and Accountability Act of 1996; and

(IV) provide a reasonable alternative standard to obtain the reward to any individual for whom it is unreasonably difficult due to a medical condition or other reasonable mitigating circumstance to satisfy the otherwise applicable standard for the discount and disclose in all plan materials that describe the discount program the availability of a reasonable alternative standard.

(iii) The commissioner's rules shall include:

(I) standards and procedures for health promotion and disease prevention programs based on the best scientific, evidence-based medical practices as recommended by the commissioner of health;

(II) standards and procedures for evaluating an individual's adherence to programs of health promotion and disease prevention; and

(III) any other standards and procedures necessary or desirable to carry out the purposes of this subdivision (7)(B).

(C) The commissioner may require a registered small group carrier to identify that percentage of a requested premium increase which is attributed to the following categories: hospital inpatient costs, hospital outpatient costs, pharmacy costs, primary care, other medical costs, administrative costs, and projected reserves or profit. Reporting of this information shall occur at the time a rate increase is sought and shall be in the manner and form as directed by the commissioner. Such information shall be made available to the public in a manner that is easy to understand.

(D) The commissioner may exempt from the requirements of this subsection an association as defined in subdivision 4079(2) of this title which:

(i) offers a small group plan to a member small employer which is community rated in accordance with the provisions of subdivisions (A) and (B) of this subdivision (b)(7). The plan may include risk classifications in accordance with subdivision (B) of this subdivision (7);

(ii) offers a small group plan that guarantees acceptance of all persons within the association and their dependents; and

(iii) offers one or more of the common health care plans approved by the commissioner under subdivision (5) of this subsection.

(E) The commissioner may revoke or deny the exemption set forth in subdivision (D) of this subdivision (7) if the commissioner determines that:

(i) because of the nature, size, or other characteristics of the association and its members, the employees or members are in need of the protections provided by this subsection; or

(ii) the association exemption has or would have a substantial adverse effect on the small group market.

(8) A registered small group carrier shall file with the commissioner an annual certification by a member of the American Academy of Actuaries of the carrier's compliance with this subsection. The requirements for certification shall be as the commissioner by rule prescribes.

(9) A registered small group carrier shall provide, on forms prescribed by the commissioner, full disclosure to a small group of all premium rates and any risk classification formulas or factors prior to acceptance of a small group plan by the group.

(10) A registered small group carrier shall guarantee the rates on a small group plan for a minimum of six months.

(11)(A) A registered small group carrier may require that 75 percent or less of the employees or members of a small group with more than 10 employees participate in the carrier's plan. A registered small group carrier may require that 50 percent or less of the employees or members of a small group with 10 or fewer employees or members participate in the carrier's plan. A small group carrier's rules established pursuant to this subdivision shall be applied to all small groups participating in the carrier's plans in a consistent and nondiscriminatory manner.

(B) For purposes of the requirements set forth in subdivision (A) of this subdivision (11), a registered small group carrier shall not include in its calculation an employee or member who is already covered by another group health benefit plan as a spouse or dependent or who is enrolled in Catamount

Health, Medicaid, the Vermont health access plan, or Medicare. Employees or members of a small group who are enrolled in the employer's plan and receiving premium assistance under 33 V.S.A. chapter 19 shall be considered to be participating in the plan for purposes of this subsection. If the small group is an association, trust, or other substantially similar group, the participation requirements shall be calculated on an employer-by-employer basis.

(C) A small group carrier may not require recertification of compliance with the participation requirements set forth in this subdivision (11) more often than annually at the time of renewal. If, during the recertification process, a small group is found not to be in compliance with the participation requirements, the small group shall have 120 days to become compliant prior to termination of the plan.

(12) This subsection shall apply to the provisions of small group plans. This subsection shall not be construed to prevent any person from issuing or obtaining a bona fide individual health insurance policy; provided that no person may offer a health benefit plan or insurance policy to individual employees or members of a small group as a means of circumventing the requirements of this subsection. The commissioner shall adopt, by rule, standards and a process to carry out the provisions of this subsection.

(13) The guaranteed acceptance provision of subdivision (4) of this subsection shall not be construed to limit an employer's discretion in contracting with his or her employees for insurance coverage.

(14) Registered small group carriers, except nonprofit medical and hospital service organizations and nonprofit health maintenance organizations, shall form a reinsurance pool for the purpose of reinsuring small group risks. This pool shall not become operative until the commissioner has approved a plan of operation. The commissioner shall not approve any plan which he or she determines may be inconsistent with any other provision of this subsection. Failure or delay in the formation of a reinsurance pool under this subsection shall not delay implementation of this subdivision. The participants in the plan of operation of the pool shall guarantee, without limitation, the solvency of the pool, and such guarantee shall constitute a permanent financial obligation of each participant, on a pro rata basis.

(c) Nongroup health benefit plans.

(1) Definitions. As used in this subsection:

(A) "Individual" means a person who is not eligible for coverage by group health insurance as defined by section 4079 of this title.

(B) “Nongroup plan” means a health insurance policy, a nonprofit hospital or medical service corporation service contract, or a health maintenance organization health benefit plan offered or issued to an individual, including but not limited to common health care plans approved by the commissioner under subdivision (5) of this subsection. The term does not include disability insurance policies, accident indemnity or expense policies, long-term care insurance policies, student or athletic expense or indemnity policies, Medicare supplemental policies, and dental policies. The term also does not include hospital indemnity policies or specified disease indemnity or expense policies, provided such policies are sold only as supplemental coverage when a common health care plan or other comprehensive health care policy is in effect.

(C) “Registered nongroup carrier” means any person, except an insurance agent, broker, appraiser, or adjuster, who issues a nongroup plan and who has a registration in effect with the commissioner as required by this subsection.

(2) No person may provide a nongroup plan unless the plan complies with the provisions of this subsection.

(3) No person may provide a nongroup plan unless such person is a registered nongroup carrier. The commissioner, by rule, shall establish the minimum financial, marketing, service, and other requirements for registration. Registration under this subsection shall be effective upon approval by the commissioner and shall remain in effect until revoked or suspended by the commissioner for cause or until withdrawn by the carrier. A nongroup carrier may withdraw its registration upon at least six months’ prior written notice to the commissioner. A registration filed with the commissioner shall be deemed to be approved unless it is disapproved by the commissioner within 30 days of filing.

(4)(A) A registered nongroup carrier shall guarantee acceptance of any individual for any nongroup plan offered by the carrier. A registered nongroup carrier shall also guarantee acceptance of each dependent of such individual for any nongroup plan it offers.

(B) Notwithstanding subdivision (A) of this subdivision, a health maintenance organization shall not be required to cover:

(i) an individual who is not physically located in the health maintenance organization’s approved service area; or

(ii) an individual residing within the health maintenance organization's approved service area for which the health maintenance organization:

(I) is not providing coverage; and

(II) reasonably anticipates and demonstrates to the satisfaction of the commissioner that it will not have the capacity within its network of providers to deliver adequate service because of its existing contract obligations, including contract obligations subject to the provisions of this subsection and any other group contract obligations.

(5) A registered nongroup carrier shall offer two or more common health care plans approved by the commissioner. The commissioner, by rule, shall adopt standards and a process for approval of common health care plans that ensure that consumers may compare the cost of plans offered by carriers. At least one plan shall be a low-cost common health care plan that may provide for deductibles, coinsurance arrangements, managed care, cost-containment provisions, and any other term not inconsistent with the provisions of this title that are deemed useful in making the plan affordable.

A health maintenance organization may add limitations to a common health care plan if the commissioner finds that the limitations do not unreasonably restrict the insured from access to the benefits covered by the plan.

(6) A registered nongroup carrier shall offer a nongroup plan rate structure which at least differentiates between single-person, two-person and family rates.

(7) For a 12-month period from the effective date of coverage, a registered nongroup carrier may limit coverage of preexisting conditions which exist during the 12-month period before the effective date of coverage; provided that a registered nongroup carrier shall waive any preexisting condition provisions for all individuals and their dependents who produce evidence of continuous health benefit coverage during the previous nine months substantially equivalent to the carrier's common health care plan approved by the commissioner. If an individual has a preexisting condition excluded under a subsequent policy, such exclusion shall not continue longer than the period required under the original contract or 12 months, whichever is less. Credit shall be given for prior coverage that occurred without a break in coverage of 63 days or more. For an eligible individual as such term is defined in Section 2741 of Title XXVII of the Public Health Service Act, a registered nongroup carrier shall not limit coverage of preexisting conditions.

(8)(A) A registered nongroup carrier shall use a community rating method acceptable to the commissioner for determining premiums for nongroup plans. Except as provided in subdivision (B) of this subsection, the following risk classification factors are prohibited from use in rating individuals and their dependents:

- (i) demographic rating, including age and gender rating;
- (ii) geographic area rating;
- (iii) industry rating;
- (iv) medical underwriting and screening;
- (v) experience rating;
- (vi) tier rating; or
- (vii) durational rating.

(B)(i) The commissioner shall, by rule, adopt standards and a process for permitting registered nongroup carriers to use one or more risk classifications in their community rating method, provided that the premium charged shall not deviate above or below the community rate filed by the carrier by more than 20 percent and provided further that the commissioner's rules may not permit any medical underwriting and screening and shall give due consideration to the need for affordability and accessibility of health insurance.

(ii) The commissioner's rules shall permit a carrier, including a hospital or medical service corporation and a health maintenance organization, to establish rewards, premium discounts, and rebates or otherwise waive or modify applicable co-payments, deductibles, or other cost-sharing amounts in return for adherence by a member or subscriber to programs of health promotion and disease prevention. The commissioner shall consult with the commissioner of health and the commissioner of Vermont health access in the development of health promotion and disease prevention rules. Such rules shall:

(I) limit any reward, discount, rebate, or waiver or modification of cost-sharing amounts to not more than a total of 15 percent of the cost of the premium for the applicable coverage tier, provided that the sum of any rate deviations under subdivision (B)(i) of this subdivision (8) does not exceed 30 percent;

(II) be designed to promote good health or prevent disease for individuals in the program and not be used as a subterfuge for imposing higher costs on an individual based on a health factor;

(III) provide that the reward under the program is available to all similarly situated individuals; and

(IV) provide a reasonable alternative standard to obtain the reward to any individual for whom it is unreasonably difficult due to a medical condition or other reasonable mitigating circumstance to satisfy the otherwise applicable standard for the discount and disclose in all plan materials that describe the discount program the availability of a reasonable alternative standard.

(iii) The commissioner's rules shall include:

(I) standards and procedures for health promotion and disease prevention programs based on the best scientific, evidence-based medical practices as recommended by the commissioner of health;

(II) standards and procedures for evaluating an individual's adherence to programs of health promotion and disease prevention; and

(III) any other standards and procedures necessary or desirable to carry out the purposes of this subdivision (8)(B).

(iv) The commissioner may require a registered nongroup carrier to identify that percentage of a requested premium increase which is attributed to the following categories: hospital inpatient costs, hospital outpatient costs, pharmacy costs, primary care, other medical costs, administrative costs, and projected reserves or profit. Reporting of this information shall occur at the time a rate increase is sought and shall be in the manner and form directed by the commissioner. Such information shall be made available to the public in a manner that is easy to understand.

(9) Notwithstanding subdivision (8)(B) of this subsection, the commissioner shall not grant rate increases, including increases for medical inflation, for individuals covered pursuant to the provisions of this subsection that exceed 20 percent in any one year; provided that the commissioner may grant an increase that exceeds 20 percent if the commissioner determines that the 20 percent limitation will have a substantial adverse effect on the financial safety and soundness of the insurer. In the event that this limitation prevents implementation of community rating to the full extent provided for in subdivision (8) of this subsection, the commissioner may permit insurers to limit community rating provisions accordingly as applicable to individuals who would otherwise be entitled to rate reductions.

(10) A registered nongroup carrier shall file with the commissioner an annual certification by a member of the American Academy of Actuaries of the carrier's compliance with this subsection. The requirements for certification shall be as the commissioner by rule prescribes.

(11) A registered nongroup carrier shall guarantee the rates on a nongroup plan for a minimum of 12 months.

(12) Registered nongroup carriers, except nonprofit medical and hospital service organizations and nonprofit health maintenance organizations, shall form a reinsurance pool for the purpose of reinsuring nongroup risks. This pool shall not become operative until the commissioner has approved a plan of operation. The commissioner shall not approve any plan which he or she determines may be inconsistent with any other provision of this subsection. Failure or delay in the formation of a reinsurance pool under this subsection shall not delay implementation of this subdivision. The participants in the plan of operation of the pool shall guarantee, without limitation, the solvency of the pool, and such guarantee shall constitute a permanent financial obligation of each participant, on a pro rata basis.

(13) The commissioner shall disapprove any rates filed by any registered nongroup carrier, whether initial or revised, for nongroup insurance policies unless the anticipated loss ratios for the entire period for which rates are computed are at least 70 percent. For the purpose of this subdivision, "anticipated loss ratio" shall mean a comparison of earned premiums to losses incurred plus a factor for industry trend where the methodology for calculating trend shall be determined by the commissioner by rule.

* * * Green Mountain Care Board * * *

Sec. 5. 18 V.S.A. § 9374 is amended to read:

§ 9374. BOARD MEMBERSHIP; AUTHORITY

* * *

(g) The chair of the board or designee may apply for grant funding, if available, to advance or support any responsibility within the board's jurisdiction.

(h)(1) Expenses incurred to obtain information, analyze expenditures, review hospital budgets, and for any other contracts authorized by the board shall be borne as follows:

(A) 40 percent by the state from state monies;

(B) 15 percent by the hospitals;

(C) 15 percent by nonprofit hospital and medical service corporations licensed under 8 V.S.A. chapter 123 or 125;

(D) 15 percent by health insurance companies licensed under 8 V.S.A. chapter 101; and

(E) 15 percent by health maintenance organizations licensed under 8 V.S.A. chapter 139.

(2) Expenses under subdivision (1) of this subsection shall be billed to persons licensed under Title 8 based on premiums paid for health care coverage, which for the purposes of this section shall include major medical, comprehensive medical, hospital or surgical coverage, and comprehensive health care services plans, but shall not include long-term care or limited benefits, disability, credit or stop loss, or excess loss insurance coverage.

(i) In addition to any other penalties and in order to enforce the provisions of this chapter and empower the board to perform its duties, the chair of the board may issue subpoenas, examine persons, administer oaths, and require production of papers and records. Any subpoena or notice to produce may be served by registered or certified mail or in person by an agent of the chair. Service by registered or certified mail shall be effective three business days after mailing. Any subpoena or notice to produce shall provide at least six business days' time from service within which to comply, except that the chair may shorten the time for compliance for good cause shown. Any subpoena or notice to produce sent by registered or certified mail, postage prepaid, shall constitute service on the person to whom it is addressed. Each witness who appears before the chair under subpoena shall receive a fee and mileage as provided for witnesses in civil cases in superior courts; provided, however, any person subject to the board's authority shall not be eligible to receive fees or mileage under this section.

(j) A person who fails or refuses to appear, to testify, or to produce papers or records for examination before the chair upon properly being ordered to do so may be assessed an administrative penalty by the chair of not more than \$2,000.00 for each day of noncompliance and proceeded against as provided in the Administrative Procedure Act, and the chair may recommend to the appropriate licensing entity that the person's authority to do business be suspended for up to six months.

Sec. 5a. BILL-BACK REPORT

No later than February 1, 2013, the department of financial regulation and the Green Mountain Care board shall report to the house committees on health care and on ways and means and the senate committees on health and welfare

and on finance regarding the allocation of expenses among hospitals and health insurers to finance the department's and the board's regulatory activities pursuant to 18 V.S.A. §§ 9374(h) and 9415. The report shall address the basis for the formula and how it is applied and shall contain the department's and the board's recommendations for alternate expense allocation formulas or models.

* * * Unified Health Care Budget * * *

Sec. 6. 18 V.S.A. § 9373 is amended to read:

§ 9373. DEFINITIONS

* * *

(14) “Unified health care budget” means the budget established in accordance with section 9375a of this title.

(15) “Wellness services” means health services, programs, or activities that focus on the promotion or maintenance of good health.

Sec. 7. [DELETED.]

Sec. 8. 18 V.S.A. § 9403 is amended to read:

§ 9403. DIVISION OF HEALTH CARE ADMINISTRATION; PURPOSES

The division of health care administration is created in the department of financial regulation. The division shall assist the commissioner in carrying out the policies of the state regarding health care delivery, cost, and quality, by providing oversight of health care quality and expenditures through the ~~certificate of need program and the unified health care budget for the state or with respect to Vermont residents~~, establishment and maintenance of consumer protection functions, and oversight of quality assurance within the health care system. The division shall also establish and maintain a data base with information needed to carry out the commissioner's duties and obligations under this chapter and Title 8.

Sec. 9. 18 V.S.A. § 9405(b) is amended to read:

(b) On or before July 1, 2005, the commissioner, in consultation with the secretary of human services, shall submit to the governor a four-year health resource allocation plan. The plan shall identify Vermont needs in health care services, programs, and facilities; the resources available to meet those needs; and the priorities for addressing those needs on a statewide basis.

(1) The plan shall include:

* * *

(C) Consistent with the principles set forth in subdivision (A) of this subdivision (1), recommendations for the appropriate supply and distribution of resources, programs, and services identified in subdivision (B) of this subdivision (1), options for implementing such recommendations and mechanisms which will encourage the appropriate integration of these services on a local or regional basis. To arrive at such recommendations, the commissioner shall consider at least the following factors: the values and goals reflected in the state health plan; the needs of the population on a statewide basis; the needs of particular geographic areas of the state, as identified in the state health plan; the needs of uninsured and underinsured populations; the use of Vermont facilities by out-of-state residents; the use of out-of-state facilities by Vermont residents; the needs of populations with special health care needs; the desirability of providing high quality services in an economical and efficient manner, including the appropriate use of midlevel practitioners; the cost impact of these resource requirements on health care expenditures; the services appropriate for the four categories of hospitals described in subdivision 9402(12) of this title; the overall quality and use of health care services as reported by the Vermont program for quality in health care and the Vermont ethics network; the overall quality and cost of services as reported in the annual hospital community reports; individual hospital four-year capital budget projections; ~~the unified health care budget~~; and the four-year projection of health care expenditures prepared by the division.

* * *

Sec. 10. 18 V.S.A. § 9406 is amended to read:

~~§ 9406. EXPENDITURE ANALYSIS; UNIFIED HEALTH CARE BUDGET~~

~~(a) Annually, the commissioner shall develop a unified health care budget and develop an expenditure analysis to promote the policies set forth in section 9401 of this title.~~

~~(1) The budget shall:~~

~~(A) Serve as a guideline within which health care costs are controlled, resources directed, and quality and access assured.~~

~~(B) Identify the total amount of money that has been and is projected to be expended annually for all health care services provided by health care facilities and providers in Vermont, and for all health care services provided to residents of this state.~~

~~(C) Identify any inconsistencies with the state health plan and the health resource allocation plan.~~

~~(D) Analyze health care costs and the impact of the budget on those who receive, provide, and pay for health care services.~~

~~(2) The commissioner shall enter into discussions with health care facilities and with health care provider bargaining groups created under section 9409 of this title concerning matters related to the unified health care budget.~~

~~(b)(1) Annually the division shall prepare a three year projection of health care expenditures made on behalf of Vermont residents, based on the format of the health care budget and expenditure analysis adopted by the commissioner under this section, projecting expenditures in broad sectors such as hospital, physician, home health, or pharmacy. The projection shall include estimates for:~~

~~(A) expenditures for the health plans of any hospital and medical service corporation, health maintenance organizations, Medicaid program, or other health plan regulated by this state which covers more than five percent of the state population; and~~

~~(B) expenditures for Medicare, all self insured employers, and all other health insurance.~~

~~(2) Each health plan payer identified under subdivision (1)(A) of this subsection may comment on the division's proposed projections, including comments concerning whether the plan agrees with the proposed projection, alternative projections developed by the plan, and a description of what mechanisms, if any, the plan has identified to reduce its health care expenditures. Comments may also include a comparison of the plan's actual expenditures with the applicable projections for the prior year, and an evaluation of the efficacy of any cost containment efforts the plan has made.~~

~~(3) The division's projections prepared under this subsection shall be used as a tool in the evaluation of health insurance rate and trend filings with the department and shall be made available in connection with the hospital budget review process under subchapter 7 of this chapter, the certificate of need process under subchapter 5 of this chapter, and the development of the health resource allocation plan.~~

~~(4) The division shall prepare a report of the final projections made under this subsection, and file the report with the general assembly on or before January 15 of each year. [Repealed.]~~

Sec. 11. 18 V.S.A. 9375a is added to read:

§ 9375a. EXPENDITURE ANALYSIS; UNIFIED HEALTH CARE BUDGET

(a) Annually, the board shall develop a unified health care budget and develop an expenditure analysis to promote the policies set forth in sections 9371 and 9372 of this title.

(1) The budget shall:

(A) Serve as a guideline within which health care costs are controlled, resources directed, and quality and access assured.

(B) Identify the total amount of money that has been and is projected to be expended annually for all health care services provided by health care facilities and providers in Vermont and for all health care services provided to residents of this state.

(C) Identify any inconsistencies with the state health plan and the health resource allocation plan.

(D) Analyze health care costs and the impact of the budget on those who receive, provide, and pay for health care services.

(2) The board shall enter into discussions with health care facilities and with health care provider bargaining groups created under section 9409 of this title concerning matters related to the unified health care budget.

(b)(1) Annually the board shall prepare a three-year projection of health care expenditures made on behalf of Vermont residents, based on the format of the health care budget and expenditure analysis adopted by the board under this section, projecting expenditures in broad sectors such as hospital, physician, home health, or pharmacy. The projection shall include estimates for:

(A) expenditures for the health plans of any hospital and medical service corporation, health maintenance organization, Medicaid program, or other health plan regulated by this state which covers more than five percent of the state population; and

(B) expenditures for Medicare, all self-insured employers, and all other health insurance.

(2) Each health plan payer identified under subdivision (1)(A) of this subsection may comment on the board's proposed projections, including comments concerning whether the plan agrees with the proposed projection, alternative projections developed by the plan, and a description of what mechanisms, if any, the plan has identified to reduce its health care expenditures. Comments may also include a comparison of the plan's actual expenditures with the applicable projections for the prior year and an evaluation of the efficacy of any cost containment efforts the plan has made.

(3) The board's projections prepared under this subsection shall be used as a tool in the evaluation of health insurance rate and trend filings with the department of financial regulation, and shall be made available in connection with the hospital budget review process under subchapter 7 of this chapter, the certificate of need process under subchapter 5 of this chapter, and the development of the health resource allocation plan.

(4) The board shall prepare a report of the final projections made under this subsection and file the report with the general assembly on or before January 15 of each year.

* * * Claims Edit Standards * * *

Sec. 11a. 18 V.S.A. § 9418a is amended to read:

§ 9418a. PROCESSING CLAIMS, DOWNCODING, AND ADHERENCE TO CODING RULES

(a) Health plans, contracting entities, covered entities, and payers shall accept and initiate the processing of all health care claims submitted by a health care provider pursuant to and consistent with the current version of the American Medical Association's Current Procedural Terminology (CPT) codes, reporting guidelines, and conventions; the Centers for Medicare and Medicaid Services Healthcare Common Procedure Coding System (HCPCS); American Society of Anesthesiologists; the National Correct Coding Initiative (NCCI); the National Council for Prescription Drug Programs coding; or other appropriate nationally recognized standards, guidelines, or conventions approved by the commissioner.

(b) When editing claims, health plans, contracting entities, covered entities, and payers shall adhere to edit standards ~~that are no more restrictive than the following~~, except as provided in subsection (c) of this section:

(1) The CPT, HCPCS, and NCCI;

(2) National specialty society edit standards; or

(3) Other appropriate nationally recognized edit standards, guidelines, or conventions approved by the commissioner.

(c) Adherence to the edit standards in subdivision (b)(1) or (2) of this section is not required:

(1) When necessary to comply with state or federal laws, rules, regulations, or coverage mandates; or

(2) For ~~services not addressed by NCCI standards or national specialty society edit standards~~ edits that the payer determines are more favorable to

providers than the edit standards in subdivisions (b)(1) through (3) of this section or to address new codes not yet incorporated by a payer's edit management software, provided the edit standards are developed with input from the relevant Vermont provider community and national provider organizations and provided the edits are available to providers on the plan's websites and in their newsletters.

(d) Nothing in this section shall preclude a health plan, contracting entity, covered entity, or payer from determining that any such claim is not eligible for payment in full or in part, based on a determination that:

(1) The claim is contested as defined in subdivision 9418(a)(2) of this title;

(2) The service provided is not a covered benefit under the contract, including a determination that such service is not medically necessary or is experimental or investigational;

(3) The insured did not obtain a referral, prior authorization, or precertification, or satisfy any other condition precedent to receiving covered benefits from the health care provider;

(4) The covered benefit exceeds the benefit limits of the contract;

(5) The person is not eligible for coverage or is otherwise not compliant with the terms and conditions of his or her coverage agreement;

(6) The health plan has a reasonable belief that fraud or other intentional misconduct has occurred; or

(7) The health plan, contracting entity, covered entity, or payer determines through coordination of benefits that another entity is liable for the claim.

(e) Nothing in this section shall be deemed to require a health plan, contracting entity, covered entity, or payer to pay or reimburse a claim, in full or in part, or to dictate the amount of a claim to be paid by a health plan, contracting entity, covered entity, or payer to a health care provider.

(f) No health plan, contracting entity, covered entity, or payer shall automatically reassign or reduce the code level of evaluation and management codes billed for covered services (downcoding), except that a health plan, contracting entity, covered entity, or payer may reassign a new patient visit code to an established patient visit code based solely on CPT codes, CPT guidelines, and CPT conventions.

(g) Notwithstanding the provisions of subsection (d) of this section, and other than the edits contained in the conventions in subsections (a) and (b) of this section, health plans, contracting entities, covered entities, and payers shall continue to have the right to deny, pend, or adjust claims for services on other bases and shall have the right to reassign or reduce the code level for selected claims for services based on a review of the clinical information provided at the time the service was rendered for the particular claim or a review of the information derived from a health plan's fraud or abuse billing detection programs that create a reasonable belief of fraudulent or abusive billing practices, provided that the decision to reassign or reduce is based primarily on a review of clinical information.

(h) Every health plan, contracting entity, covered entity, and payer shall publish on its provider website and in its provider newsletter if applicable:

(1) The name of any commercially available claims editing software product that the health plan, contracting entity, covered entity, or payer utilizes;

(2) The standard or standards, pursuant to subsection (b) of this section, that the entity uses for claim edits;

(3) The payment percentages for modifiers; and

(4) Any significant edits, as determined by the health plan, contracting entity, covered entity, or payer, added to the claims software product after the effective date of this section, which are made at the request of the health plan, contracting entity, covered entity, or payer.

(i) Upon written request, the health plan, contracting entity, covered entity, or payer shall also directly provide the information in subsection (h) of this section to a health care provider who is a participating member in the health plan's, contracting entity's, covered entity's, or payer's provider network.

(j) For purposes of this section, "health plan" includes a workers' compensation policy of a casualty insurer licensed to do business in Vermont.

(k) ~~Prior to the effective date of subsections (b) and (c) of this section, MVP Healthcare is requested to convene~~ BlueCross and BlueShield of Vermont and the Vermont Medical Society are requested to continue convening a work group consisting of health plans, health care providers, state agencies, and other interested parties to study the edit standards in subsection (b) of this section, the edit standards in national class action settlements, and edit standards and edit transparency standards established by other states to determine the most appropriate way to ensure that health care providers can access information about the edit standards applicable to the health care

services they provide. ~~No later than January 1, 2012, the~~ The work group is requested to report its findings and recommendations, including any recommendations for legislative changes to subsections (b) and (c) of this section, provide an annual progress report to the house committee on health care and the senate ~~committee~~ committees on health and welfare and on finance.

(l) With respect to the work group established under subsection (k) of this section and to the extent required to avoid violations of federal antitrust laws, the department shall facilitate and supervise the participation of members of the work group.

* * * Mental Health and Substance Abuse * * *

Sec. 11b. 18 V.S.A. chapter 221, subchapter 8 is added to read:

Subchapter 8. Mental Health and Substance Abuse Treatment Quality Assurance

§ 9461. QUALITY INDICATORS

(a) The department of financial regulation shall develop performance quality indicators to evaluate and ensure that health insurers, including managed care organizations that contract with health insurers to administer the insurers' mental health benefits, comply with the provisions of 8 V.S.A. § 4089b and related rules.

(b) The departments of health and of mental health shall develop clinical and performance quality measures to evaluate and ensure that health care professionals and health care facilities in Vermont provide high quality mental health and substance abuse treatment services to their patients.

§ 9462. QUALITY IMPROVEMENT PROJECTS

In addition to reviewing mental health and substance abuse treatment data pursuant to subdivision 9375(b)(12) of this title, the Green Mountain Care board shall consider the results of any quality improvement projects not otherwise confidential or privileged undertaken by managed care organizations for mental health and substance abuse care and treatment pursuant to 8 V.S.A. § 4089b(d)(1)(B)(vii) and subsection 9414(i) of this title.

Sec. 11c. PARITY FOR PRIMARY MENTAL HEALTH CARE SERVICES; RECOMMENDATIONS

No later than January 15, 2013, the commissioner of financial regulation or designee shall recommend to the house committee on health care and the senate committees on health and welfare and on finance guidelines for

distinguishing between primary and specialty mental health services, taking into consideration factors such as mental health care providers' scope of practice and patterns of patient visitation. In addition, the commissioner or designee shall provide the committees with an estimate of the impact on health insurance premiums if such guidelines are enacted into law.

Sec. 11d. 8 V.S.A. § 4089b(c) is amended to read:

(c) A health insurance plan shall provide coverage for treatment of a mental health condition and shall:

(1) not establish any rate, term, or condition that places a greater burden on an insured for access to treatment for a mental health condition than for access to treatment for other health conditions, including no greater co-payment for primary mental health care or services than the co-payment applicable to care or services provided by a primary care provider under an insured's policy and no greater co-payment for specialty mental health care or services than the co-payment applicable to care or services provided by a specialist provider under an insured's policy;

* * *

Sec. 11e. PARITY FOR MENTAL HEALTH CO-PAYMENTS;
RULEMAKING

No later than October 1, 2013, the commissioner of financial regulation shall adopt rules pursuant to 3 V.S.A. chapter 25 establishing the guidelines for distinguishing between primary and specialty mental health services developed pursuant to Sec. 11c of this act, taking into account any recommendations received from the committees of jurisdiction.

Sec. 11f. 18 V.S.A. § 7259 is added to chapter 174 to read:

§ 7259. MENTAL HEALTH CARE OMBUDSMAN

(a) The department of mental health shall establish the office of the mental health care ombudsman within the agency designated by the governor as the protection and advocacy system for the state pursuant to 42 U.S.C. § 10801 et seq. The agency may execute the duties of the office of the mental health care ombudsman, including authority to assist individuals with mental health conditions and to advocate for policy issues on their behalf; provided, however, that nothing in this section shall be construed to impose any additional duties on the agency in excess of the requirements under federal law.

(b) The agency may provide a report annually to the general assembly regarding the implementation of this section.

(c) In the event the protection and advocacy system ceases to provide federal funding to the agency for the purposes described in this section, the general assembly may allocate sufficient funds to maintain the office of the mental health care ombudsman.

Sec. 11g. 18 V.S.A. § 9418 is amended to read:

§ 9418. PAYMENT FOR HEALTH CARE SERVICES

(a) Except as otherwise specified, as used in this subchapter:

* * *

(15) “Prior authorization” means the process used by a health plan to determine the medical necessity, medical appropriateness, or both, of otherwise covered drugs, medical procedures, medical tests, and health care services. The term “prior authorization” includes preadmission review, pretreatment review, and utilization review.

(16) “Procedure codes” means a set of descriptive codes indicating the procedure performed by a health care provider and includes the American Medical Association’s Current Procedural Terminology codes (CPT), the Healthcare Common Procedure Coding System Level II Codes (HCPCS), the American Society of Anesthesiologists’ (ASA) current procedural terminology, and the American Dental Association’s current dental terminology.

~~(16)~~(17) “Product” means, to the extent permitted by state and federal law, one of the following types of categories of coverage for which a participating provider may be obligated to provide health care services pursuant to a health care contract:

* * *

* * * Prior Authorization * * *

Sec. 11h. 18 V.S.A. § 9418b is amended to read:

§ 9418b. PRIOR AUTHORIZATION

* * *

(g)(1)(A) Notwithstanding any provision of law to the contrary, on and after March 1, 2014, when requiring prior authorization for prescription drugs, medical procedures, and medical tests, a health plan shall accept for each prior authorization request either:

(i) The national standard transaction information, such as HIPAA 278 standards, for sending or receiving authorizations electronically; or

(ii) a uniform prior authorization form developed pursuant to subdivisions (2) and (3) of this subsection.

(B) A health plan shall have the capability to accept both the national standard transaction information and the uniform prior authorization forms developed pursuant to subdivisions (2) and (3) of this subsection.

(2)(A) No later than September 1, 2013, the department of financial regulation shall develop a clear, uniform, and readily accessible prior authorization form for prior authorization requests for medical procedures and medical tests.

(B) No later than September 1, 2013, the department of financial regulation shall develop clear, uniform, and readily accessible forms for prior authorization requests for prescription drugs after determining the appropriate number of forms.

(3) Each uniform prior authorization form developed pursuant to subdivision (2) of this subsection shall meet the following criteria, where applicable:

(A) The form shall include the core set of common data requirements for nonclinical information for prior authorization included in the HIPAA 278 standard transaction, national standards for prior authorization and electronic prescriptions, or both. The department shall revise the form as needed to ensure that national standards are adopted and incorporated as soon as such standards are available and final.

(B) The form shall be made available electronically by the department and by the health plan.

(C) The completed form or its data elements may be submitted electronically from the prescribing health care provider to the health plan.

(D) The department shall develop the form in consultation with the department of Vermont health access and with input from interested parties from at least one public meeting.

(E) The department shall consider input on the proposed form from the national ASC X-12 workgroup, if available.

(F) In developing the uniform prior authorization forms, the department shall take into consideration the following:

(i) existing prior authorization forms established by the federal Centers for Medicare and Medicaid Services, by the department of Vermont

health access, and by insurance and Medicaid departments and agencies in other states; and

(ii) national standards related to electronic prior authorization.

(4) A health plan shall respond to a completed prior authorization request from a prescribing health care provider within 48 hours for urgent requests and within 120 hours for non-urgent requests. The health plan shall notify a health care provider of or make available to a health care provider a receipt of the request for prior authorization and any needed missing information within 24 hours of receipt. If a health plan does not, within the time limits set forth in this section, respond to a completed prior authorization request, acknowledge receipt of the request for prior authorization, or request missing information, the prior authorization request shall be deemed to have been granted.

* * * Certificate of Need * * *

Sec. 12. 18 V.S.A. § 9375(b) is amended to read:

(b) The board shall have the following duties:

(1) Oversee the development and implementation, and evaluate the effectiveness, of health care payment and delivery system reforms designed to control the rate of growth in health care costs and maintain health care quality in Vermont, including ensuring that the payment reform pilot projects set forth in this chapter 13, subchapter 2 of this title are consistent with such reforms.

* * *

~~(6) Review and approve recommendations from the commissioner, within 10 business days~~ Approve, modify, or disapprove requests for health insurance rates pursuant to 8 V.S.A. § 4062 within 30 days of receipt of such recommendations and a request for approval from the commissioner of financial regulation, taking into consideration the requirements in the underlying statutes, changes in health care delivery, changes in payment methods and amounts, and other issues at the discretion of the board; ~~on:~~

~~(A) any insurance rate increases pursuant to 8 V.S.A. chapter 107, beginning January 1, 2012;~~

~~(B)(7) Review and establish hospital budgets pursuant to chapter 221, subchapter 7 of this title, beginning July 1, 2012; and~~

~~(C)(8) Review and approve, approve with conditions, or deny applications for certificates of need pursuant to chapter 221, subchapter 5 of this title, beginning July 1, 2012~~ January 1, 2013.

~~(7)~~(9) Prior to the adoption of rules, review and approve, with recommendations from the commissioner of Vermont health access, the benefit package or packages for qualified health benefit plans pursuant to 33 V.S.A. chapter 18, subchapter 1 no later than January 1, 2013. The board shall report to the house committee on health care and the senate committee on health and welfare within 15 days following its approval of the initial benefit package and any subsequent substantive changes to the benefit package.

~~(8)~~(10) Develop and maintain a method for evaluating systemwide performance and quality, including identification of the appropriate process and outcome measures:

* * *

(11) Develop the unified health care budget pursuant to section 9375a of this title.

(12) Review data regarding mental health and substance abuse treatment reported to the department of financial regulation pursuant to 8 V.S.A. § 4089b(g)(1)(G) and discuss such information, as appropriate, with the mental health technical advisory group established pursuant to subdivision 9374(e)(2) of this title.

Sec. 13. 18 V.S.A. § 9402 is amended to read:

§ 9402. DEFINITIONS

As used in this chapter, unless otherwise indicated:

* * *

(5) “Expenditure analysis” means the expenditure analysis developed pursuant to section ~~9406~~ 9375a of this title.

(6) “Health care facility” means all institutions, whether public or private, proprietary or nonprofit, which offer diagnosis, treatment, inpatient, or ambulatory care to two or more unrelated persons, and the buildings in which those services are offered. The term shall not apply to any facility operated by religious groups relying solely on spiritual means through prayer or healing, but includes all institutions included in subdivision ~~9432(10)~~ 9432(8) of this title, except health maintenance organizations.

* * *

(10) “Health resource allocation plan” means the plan adopted by the commissioner ~~of banking, insurance, securities, and health care administration~~ of financial regulation under section 9405 of this title.

* * *

(15) “Unified health care budget” means the budget established in accordance with section ~~9406~~ 9375a of this title.

(16) “State health plan” means the plan developed under section 9405 of this title.

(17) “Green Mountain Care board” or “board” means the Green Mountain Care board established in chapter 220 of this title.

Sec. 14. 18 V.S.A. § 9412 is amended to read:

§ 9412. ENFORCEMENT

(a) In order to carry out the duties under this chapter, ~~the commissioner~~, in addition to the powers provided in this chapter, in chapter 220 of this title, and in Title 8, the commissioner and the board may examine the books, accounts, and papers of health insurers, health care providers, health care facilities, health plans, contracting entities, covered entities, and payers, as defined in section 9418 of this title, and may administer oaths and may issue subpoenas to a person to appear and testify or to produce documents or things.

* * *

Sec. 14a. 18 V.S.A. § 9431(b) is amended to read:

(b) In order to carry out the policy goals of this subchapter, ~~the department board~~ shall adopt by rule by ~~October 1, 2005~~ January 1, 2013, certificate of need procedural guidelines to assist in its decision-making. The guidelines shall be consistent with the state health plan and the health resource allocation plan.

Sec. 15. 18 V.S.A. § 9433 is amended to read:

§ 9433. ADMINISTRATION

(a) The ~~commissioner~~ board shall exercise such duties and powers as shall be necessary for the implementation of the certificate of need program as provided by and consistent with this subchapter. The ~~commissioner~~ board shall issue or deny certificates of need.

(b) The ~~commissioner~~ board may adopt rules governing the review of certificate of need applications consistent with and necessary to the proper administration of this subchapter. All rules shall be adopted pursuant to 3 V.S.A. chapter 25 of Title 3.

(c) The ~~commissioner~~ board shall consult with hospitals, nursing homes and professional associations and societies, the secretary of human services, and other interested parties in matters of policy affecting the administration of this subchapter.

(d) The ~~commissioner~~ board shall administer the certificate of need program.

Sec. 16. 18 V.S.A. § 9434 is amended to read:

§ 9434. CERTIFICATE OF NEED; GENERAL RULES

(a) A health care facility other than a hospital shall not develop, or have developed on its behalf a new health care project without issuance of a certificate of need by the ~~commissioner~~ board. For purposes of this subsection, a “new health care project” includes the following:

* * *

(3) The offering of any home health service, or the transfer or conveyance of more than a 50 percent ownership interest ~~of a home health agency in a health care facility other than a hospital.~~

(4) The purchase, lease, or other comparable arrangement of a single piece of diagnostic and therapeutic equipment for which the cost, or in the case of a donation the value, is in excess of \$1,000,000.00. For purposes of this subdivision, the purchase or lease of one or more articles of diagnostic or therapeutic equipment which are necessarily interdependent in the performance of their ordinary functions or which would constitute any health care facility included under subdivision ~~9432(7)(B)~~9432(8)(B) of this title, as determined by the ~~commissioner~~ board, shall be considered together in calculating the amount of an expenditure. The ~~commissioner's~~ board's determination of functional interdependence of items of equipment under this subdivision shall have the effect of a final decision and is subject to appeal under ~~this subchapter section 9381 of this title.~~

* * *

(b) A hospital shall not develop or have developed on its behalf a new health care project without issuance of a certificate of need by the ~~commissioner~~ board. For purposes of this subsection, a “new health care project” includes the following:

* * *

(2) The purchase, lease, or other comparable arrangement of a single piece of diagnostic and therapeutic equipment for which the cost, or in the case of a donation the value, is in excess of \$1,000,000.00. For purposes of this subdivision, the purchase or lease of one or more articles of diagnostic or therapeutic equipment which are necessarily interdependent in the performance of their ordinary functions or which would constitute any health care facility included under subdivision ~~9432(7)(B)~~9432(8)(B) of this title, as determined

by the ~~commissioner~~ board, shall be considered together in calculating the amount of an expenditure. The ~~commissioner's~~ board's determination of functional interdependence of items of equipment under this subdivision shall have the effect of a final decision and is subject to appeal under ~~this subchapter~~ section 9381 of this title.

* * *

(c) In the case of a project which requires a certificate of need under this section, expenditures for which are anticipated to be in excess of \$30,000,000.00, the applicant first shall secure a conceptual development phase certificate of need, in accordance with the standards and procedures established in this subchapter, which permits the applicant to make expenditures for architectural services, engineering design services, or any other planning services, as defined by the ~~commissioner~~ board, needed in connection with the project. Upon completion of the conceptual development phase of the project, and before offering or further developing the project, the applicant shall secure a final certificate of need, in accordance with the standards and procedures established in this subchapter. Applicants shall not be subject to sanctions for failure to comply with the provisions of this subsection if such failure is solely the result of good faith reliance on verified project cost estimates issued by qualified persons, which cost estimates would have led a reasonable person to conclude the project was not anticipated to be in excess of \$30,000,000.00 and therefore not subject to this subsection. The provisions of this subsection notwithstanding, expenditures may be made in preparation for obtaining a conceptual development phase certificate of need, which expenditures shall not exceed \$1,500,000.00 for non-hospitals or \$3,000,000.00 for hospitals.

(d) If the ~~commissioner~~ board determines that a person required to obtain a certificate of need under this subchapter has separated a single project into components in order to avoid cost thresholds or other requirements under this subchapter, the person shall be required to submit an application for a certificate of need for the entire project, and the ~~commissioner~~ board may proceed under section 9445 of this title. The ~~commissioner's~~ board's determination under this subsection shall have the effect of a final decision and is subject to appeal under ~~this subchapter~~ section 9381 of this title.

(e) Beginning January 1, ~~2005~~ 2013, and biannually thereafter, the ~~commissioner~~ board may by rule adjust the monetary jurisdictional thresholds contained in this section. In doing so, the ~~commissioner~~ board shall reflect the same categories of health care facilities, services, and programs recognized in

this section. Any adjustment by the ~~commissioner~~ board shall not exceed the consumer price index rate of inflation.

Sec. 16a. 18 V.S.A. § 9435 is amended to read:

§ 9435. EXCLUSIONS

* * *

(b) Excluded from this subchapter are community mental health or developmental disability center health care projects proposed by a designated agency and supervised by the commissioner of mental health or the commissioner of disabilities, aging, and independent living, or both, depending on the circumstances and subject matter of the project, provided the appropriate commissioner or commissioners make a written approval of the proposed health care project. The designated agency shall submit a copy of the approval with a letter of intent to the ~~commissioner~~ board.

* * *

(e) Upon request under 8 V.S.A. § 5102(f) by a Program for All-Inclusive Care for the Elderly (PACE) authorized under federal Medicare law, or by a Prepaid Inpatient Health Plan (PIHP) or Prepaid Ambulatory Health Plan (PAHP) established in accordance with federal Medicare or Medicaid laws and regulations, the ~~commissioner~~ board may approve the exemption of the PACE program, PIHP, or PAHP from the provisions of this subchapter and from any other provisions of this chapter if the ~~commissioner~~ board determines that the purposes of this subchapter and the purposes of any other provision of this chapter will not be materially and adversely affected by the exemption. In approving an exemption, the ~~commissioner~~ board may prescribe such terms and conditions as the ~~commissioner~~ board deems necessary to carry out the purposes of this subchapter and this chapter.

Sec. 17. 18 V.S.A. § 9437 is amended to read:

§ 9437. CRITERIA

A certificate of need shall be granted if the applicant demonstrates and the ~~commissioner~~ board finds that:

- (1) the application is consistent with the health resource allocation plan;
- (2) the cost of the project is reasonable, because:

(A) the applicant's financial condition will sustain any financial burden likely to result from completion of the project;

(B) the project will not result in an undue increase in the costs of medical care. In making a finding under this subdivision, the ~~commissioner~~ board shall consider and weigh relevant factors, including:

* * *

Sec. 18. 18 V.S.A. § 9439 is amended to read:

§ 9439. COMPETING APPLICATIONS

(a) The ~~commissioner~~ board shall provide by rule a process by which any person wishing to offer or develop a new health care project may submit a competing application when a substantially similar application is pending. The competing application must be filed and completed in a timely manner, and the original application and all competing applications shall be reviewed concurrently. A competing applicant shall have the same standing for administrative and judicial review under this subchapter as the original applicant.

(b) When a letter of intent to compete has been filed, the review process is suspended and the time within which a decision must be made as provided in subdivision 9440(d)(4) of this title is stayed until the competing application has been ruled complete or for a period of 55 days from the date of notification under subdivision 9440(c)(8) as to the original application, whichever is shorter.

(c) Nothing in this subchapter shall be construed to restrict the ~~commissioner~~ board to granting a certificate of need to only one applicant for a new health care project.

(d) The ~~commissioner~~ board may, by rule, establish regular review cycles for the addition of beds for skilled nursing or intermediate care.

(e) In the case of proposals for the addition of beds for skilled nursing or intermediate care, the ~~commissioner~~ board shall identify in advance of the review the number of additional beds to be considered in that cycle or the maximum additional financial obligation to be incurred by the agencies of the state responsible for financing long-term care. The number of beds shall be consistent with the number of beds determined to be necessary by the health resource management plan or state health plan, whichever applies, and shall take into account the number of beds needed to develop a new, efficient facility.

(f) Unless an application meets the requirements of subsection 9440(e) of this title, the ~~commissioner~~ board shall consider disapproving a certificate of need application for a hospital if a project was not identified prospectively as

needed at least two years prior to the time of filing in the hospital's four-year capital plan required under subdivision 9454(a)(6) of this title. The ~~commissioner~~ board shall review all hospital four-year capital plans as part of the review under subdivision 9437(2)(B) of this title.

Sec. 19. 18 V.S.A. § 9440 is amended to read:

§ 9440. PROCEDURES

(a) Notwithstanding 3 V.S.A. chapter 25 ~~of Title 3~~, a certificate of need application shall be in accordance with the procedures of this section.

(b)(1) The application shall be in such form and contain such information as the ~~commissioner~~ board establishes. In addition, the ~~commissioner~~ board may require of an applicant any or all of the following information that the ~~commissioner~~ board deems necessary:

(A) institutional utilization data, including an explanation of the unique character of services and a description of case mix;

(B) a population based description of the institution's service area;

(C) the applicant's financial statements;

(D) third party reimbursement data;

(E) copies of feasibility studies, surveys, designs, plans, working drawings, or specifications developed in relation to the proposed project;

(F) annual reports and four-year long range plans;

(G) leases, contracts, or agreements of any kind that might affect quality of care or the nature of services provided;

(H) the status of all certificates issued to the applicant under this subchapter during the three years preceding the date of the application. As a condition to deeming an application complete under this section, the ~~commissioner~~ board may require that an applicant meet with the ~~commissioner~~ board to discuss the resolution of the applicant's compliance with those prior certificates; and

(I) additional information as needed by the ~~commissioner~~ board, including information from affiliated corporations or other persons in the control of or controlled by the applicant.

(2) In addition to the information required for submission, an applicant may submit, and the ~~commissioner~~ board shall consider, any other information relevant to the application or the review criteria.

(c) The application process shall be as follows:

(1) Applications shall be accepted only at such times as the ~~commissioner~~ board shall establish by rule.

(2)(A) Prior to filing an application for a certificate of need, an applicant shall file an adequate letter of intent with the ~~commissioner~~ board no less than 30 days or, in the case of review cycle applications under section 9439 of this title, no less than 45 days prior to the date on which the application is to be filed. The letter of intent shall form the basis for determining the applicability of this subchapter to the proposed expenditure or action. A letter of intent shall become invalid if an application is not filed within six months of the date that the letter of intent is received or, in the case of review cycle applications under section 9439 of this title, within such time limits as the ~~commissioner~~ board shall establish by rule. Except for requests for expedited review under subdivision (5) of this subsection, public notice of such letters of intent shall be provided in newspapers having general circulation in the region of the state affected by the letter of intent. The notice shall identify the applicant, the proposed new health care project, and the date by which a competing application or petition to intervene must be filed. In addition, a copy of the public notice shall be sent to the clerk of the municipality in which the health care facility is located. Upon receipt, the clerk shall post the notice in or near the clerk's office and in at least two other public places in the municipality.

(B) Applicants who agree that their proposals are subject to jurisdiction pursuant to section 9434 of this title shall not be required to file a letter of intent pursuant to subdivision (A) of this subdivision (2) and may file an application without further process. Public notice of the application shall be provided upon filing as provided for in subdivision (A) of this subdivision (2) for letters of intent.

(3) The ~~commissioner~~ board shall review each letter of intent and, if the letter contains the information required for letters of intent as established by the ~~commissioner~~ board by rule, within 30 days, determine whether the project described in the letter will require a certificate of need. If the ~~commissioner~~ board determines that a certificate of need is required for a proposed expenditure or action, an application for a certificate of need shall be filed before development of the project begins.

(4) Within 90 days of receipt of an application, the ~~commissioner~~ board shall notify the applicant that the application contains all necessary information required and is complete, or that the application review period is complete notwithstanding the absence of necessary information. The ~~commissioner~~ board may extend the 90-day application review period for an additional 60 days, or for a period of time in excess of 150 days with the consent of the

applicant. The time during which the applicant is responding to the ~~commissioner's~~ board's notice that additional information is required shall not be included within the maximum review period permitted under this subsection. The ~~commissioner~~ board may determine that the certificate of need application shall be denied if the applicant has failed to provide all necessary information required to review the application.

(5) An applicant seeking expedited review of a certificate of need application may simultaneously file a letter of intent and an application with the ~~commissioner~~ board. Upon making a determination that the proposed project may be uncontested and does not substantially alter services, as defined by rule, or upon making a determination that the application relates to a health care facility affected by bankruptcy proceedings, the ~~commissioner~~ board shall issue public notice of the application and the request for expedited review and identify a date by which a competing application or petition for interested party status must be filed. If a competing application is not filed and no person opposing the application is granted interested party status, the ~~commissioner~~ board may formally declare the application uncontested and may issue a certificate of need without further process, or with such abbreviated process as the ~~commissioner~~ board deems appropriate. If a competing application is filed or a person opposing the application is granted interested party status, the applicant shall follow the certificate of need standards and procedures in this section, except that in the case of a health care facility affected by bankruptcy proceedings, the ~~commissioner~~ board after notice and an opportunity to be heard may issue a certificate of need with such abbreviated process as the ~~commissioner~~ board deems appropriate, notwithstanding the contested nature of the application.

(6) If an applicant fails to respond to an information request under subdivision (4) of this subsection within six months or, in the case of review cycle applications under section 9439 of this title, within such time limits as the ~~commissioner~~ board shall establish by rule, the application will be deemed inactive unless the applicant, within six months, requests in writing that the application be reactivated and the ~~commissioner~~ board grants the request. If an applicant fails to respond to an information request within 12 months or, in the case of review cycle applications under section 9439 of this title, within such time limits as the ~~commissioner~~ board shall establish by rule, the application will become invalid unless the applicant requests, and the ~~commissioner~~ board grants, an extension.

(7) For purposes of this section, "interested party" status shall be granted to persons or organizations representing the interests of persons who demonstrate that they will be substantially and directly affected by the new

health care project under review. Persons able to render material assistance to the ~~commissioner~~ board by providing nonduplicative evidence relevant to the determination may be admitted in an amicus curiae capacity but shall not be considered parties. A petition seeking party or amicus curiae status must be filed within 20 days following public notice of the letter of intent, or within 20 days following public notice that the application is complete. The ~~commissioner~~ board shall grant or deny a petition to intervene under this subdivision within 15 days after the petition is filed. The ~~commissioner~~ board shall grant or deny the petition within an additional 30 days upon finding that good cause exists for the extension. Once interested party status is granted, the ~~commissioner~~ board shall provide the information necessary to enable the party to participate in the review process.—~~Such information includes,~~ including information about procedures, copies of all written correspondence, and copies of all entries in the application record.

(8) Once an application has been deemed to be complete, public notice of the application ~~will~~ shall be provided in newspapers having general circulation in the region of the state affected by the application. The notice shall identify the applicant, the proposed new health care project, and the date by which a competing application under section 9439 of this title or a petition to intervene must be filed.

(9) The health care ombudsman's office established under 8 V.S.A. chapter 107, subchapter ~~1A of chapter 107 of Title 8~~ or, in the case of nursing homes, the long-term care ombudsman's office established under 33 V.S.A. § 7502, is authorized but not required to participate in any administrative or judicial review of an application under this subchapter and shall be considered an interested party in such proceedings upon filing a notice of intervention with the ~~commissioner~~ board.

(d) The review process shall be as follows:

(1) The ~~commissioner~~ board shall review:

(A) The application materials provided by the applicant.

(B) Any information, evidence, or arguments raised by interested parties or amicus curiae, and any other public input.

(2) ~~The department~~ Except as otherwise provided in subdivision (c)(5) and subsection (e) of this section, the board shall hold a public hearing during the course of a review.

(3) The ~~commissioner~~ board shall make a final decision within 120 days after the date of notification under subdivision (c)(4) of this section. Whenever it is not practicable to complete a review within 120 days, the ~~commissioner~~

board may extend the review period up to an additional 30 days. Any review period may be extended with the written consent of the applicant and all other applicants in the case of a review cycle process.

(4) After reviewing each application, the ~~commissioner~~ board shall make a decision either to issue or to deny the application for a certificate of need. The decision shall be in the form of an approval in whole or in part, or an approval subject to such conditions as the ~~commissioner~~ board may impose in furtherance of the purposes of this subchapter, or a denial. In granting a partial approval or a conditional approval the ~~commissioner~~ board shall not mandate a new health care project not proposed by the applicant or mandate the deletion of any existing service. Any partial approval or conditional approval must be directly within the scope of the project proposed by the applicant and the criteria used in reviewing the application.

(5) If the ~~commissioner~~ board proposes to render a final decision denying an application in whole or in part, or approving a contested application, the ~~commissioner~~ board shall serve the parties with notice of a proposed decision containing proposed findings of fact and conclusions of law, and shall provide the parties an opportunity to file exceptions and present briefs and oral argument to the ~~commissioner~~ board. The ~~commissioner~~ board may also permit the parties to present additional evidence.

(6) Notice of the final decision shall be sent to the applicant, competing applicants, and interested parties. The final decision shall include written findings and conclusions stating the basis of the decision.

(7) The ~~commissioner~~ board shall establish rules governing the compilation of the record used by the ~~commissioner~~ board in connection with decisions made on applications filed and certificates issued under this subchapter.

(e) The ~~commissioner~~ board shall adopt rules governing procedures for the expeditious processing of applications for replacement, repair, rebuilding, or reequipping of any part of a health care facility or health maintenance organization destroyed or damaged as the result of fire, storm, flood, act of God, or civil disturbance, or any other circumstances beyond the control of the applicant where the ~~commissioner~~ board finds that the circumstances require action in less time than normally required for review. If the nature of the emergency requires it, an application under this subsection may be reviewed by the ~~commissioner~~ board only, without notice and opportunity for public hearing or intervention by any party.

(f) Any applicant, competing applicant, or interested party aggrieved by a final decision of the ~~commissioner~~ board under this section may appeal ~~the~~

~~decision to the supreme court~~ pursuant to the provisions of section 9381 of this title.

(g) If the ~~commissioner~~ board has reason to believe that the applicant has violated a provision of this subchapter, a rule adopted pursuant to this subchapter, or the terms or conditions of a prior certificate of need, the ~~commissioner~~ board may take into consideration such violation in determining whether to approve, deny, or approve the application subject to conditions. The applicant shall be provided an opportunity to contest whether such violation occurred, unless such an opportunity has already been provided. The ~~commissioner~~ board may impose as a condition of approval of the application that a violation be corrected or remediated before the certificate may take effect.

Sec. 20. 18 V.S.A. § 9440a is amended to read:

§ 9440a. APPLICATIONS, INFORMATION, AND TESTIMONY; OATH REQUIRED

(a) Each application filed under this subchapter, any written information required or permitted to be submitted in connection with an application or with the monitoring of an order, decision, or certificate issued by the ~~commissioner~~ board, and any testimony taken before the ~~commissioner~~ board or a hearing officer appointed by the ~~commissioner~~ board shall be submitted or taken under oath. The form and manner of the submission shall be prescribed by the ~~commissioner~~ board. The authority granted to the ~~commissioner~~ board under this section is in addition to any other authority granted to the ~~commissioner~~ board under law.

(b) Each application shall be filed by the applicant's chief executive officer under oath, as provided by subsection (a) of this section. The ~~commissioner~~ board may direct that information submitted with the application be submitted under oath by persons with personal knowledge of such information.

(c) A person who knowingly makes a false statement under oath or who knowingly submits false information under oath to the ~~commissioner~~ board or a hearing officer appointed by the ~~commissioner~~ board or who knowingly testifies falsely in any proceeding before the ~~commissioner~~ board or a hearing officer appointed by the ~~commissioner~~ board shall be guilty of perjury and punished as provided in 13 V.S.A. § 2901.

Sec. 20a. 18 V.S.A. § 9440b is amended to read:

§ 9440b. INFORMATION TECHNOLOGY; REVIEW PROCEDURES

Notwithstanding the procedures in section 9440 of this title, upon approval by the general assembly of the health information technology plan developed under section 9351 of this title, the ~~commissioner~~ board shall establish by rule standards and expedited procedures for reviewing applications for the purchase or lease of health care information technology that otherwise would be subject to review under this subchapter. Such applications may not be granted or approved unless they are consistent with the health information technology plan and the health resource allocation plan. The ~~commissioner's~~ board's rules may include a provision requiring that applications be reviewed by the health information advisory group authorized under section 9352 of this title. The advisory group shall make written findings and a recommendation to the ~~commissioner~~ board in favor of or against each application.

Sec. 20b. 18 V.S.A. § 9441 is amended to read:

§ 9441. FEES

(a) The ~~commissioner~~ board shall charge a fee for the filing of certificate of need applications. The fee shall be calculated at the rate of 0.125 percent of project costs.

(b) The maximum fee shall not exceed \$20,000.00 and the minimum filing fee is \$250.00 regardless of project cost. No fee shall be charged on projects amended as part of the review process.

(c) The ~~commissioner~~ board may retain such additional professional or other staff as needed to assist in particular proceedings under this subchapter and may assess and collect the reasonable expenses for such additional staff from the applicant. The ~~commissioner~~ board, on petition by the applicant and opportunity for hearing, may reduce such assessment upon a proper showing by the applicant that such expenses were excessive or unnecessary. The authority granted to the ~~commissioner~~ board under this section is in addition to any other authority granted to the ~~commissioner~~ board under law.

Sec. 20c. 18 V.S.A. § 9442 is amended to read:

§ 9442. BONDS

In any circumstance in which bonds are to be or may be issued in connection with a new health care project subject to the provisions of this subchapter, the certificate of need shall include the requirement that all information required to be provided to the bonding agency shall be provided also to the ~~commissioner~~ board within a reasonable period of time. The ~~commissioner~~ board shall be authorized to obtain any information from the bonding agency deemed necessary to carry out the duties of monitoring and oversight of a certificate of need. The bonding agency shall consider the

recommendations of the ~~commissioner~~ board in connection with any such proposed authorization.

Sec. 20d. 18 V.S.A. § 9443 is amended to read:

§ 9443. EXPIRATION OF CERTIFICATES OF NEED

(a) Unless otherwise specified in the certificate of need, a project shall be implemented within five years or the certificate shall be invalid.

(b) No later than 180 days before the expiration date of a certificate of need, an applicant that has not yet implemented the project approved in the certificate of need may petition the ~~commissioner~~ board for an extension of the implementation period. The ~~commissioner~~ board may grant an extension in ~~his or her~~ its discretion.

(c) Certificates of need shall expire on the date the ~~commissioner~~ board accepts the final implementation report filed in connection with the project implemented pursuant to the certificate.

* * *

Sec. 21. 18 V.S.A. § 9444 is amended to read:

§ 9444. REVOCATION OF CERTIFICATES; MATERIAL CHANGE

(a) The ~~commissioner~~ board may revoke a certificate of need for substantial noncompliance with the scope of the project as designated in the application, or for failure to comply with the conditions set forth in the certificate of need granted by the ~~commissioner~~ board.

(b)(1) In the event that after a project has been approved, its proponent wishes to materially change the approved project, all such changes are subject to review under this subchapter.

(2) Applicants shall notify the ~~commissioner~~ board of a nonmaterial change to the approved project. If the ~~commissioner~~ board decides to review a nonmaterial change, ~~he or she~~ the board may provide for any necessary process, including a public hearing, before approval. Where the ~~commissioner~~ board decides not to review a change, such change will be deemed to have been granted a certificate of need.

Sec. 21a. 18 V.S.A. § 9445 is amended to read:

§ 9445. ENFORCEMENT

(a) Any person who offers or develops any new health care project within the meaning of this subchapter without first obtaining a certificate of need as required herein, or who otherwise violates any of the provisions of this

subchapter, may be subject to the following administrative sanctions by the ~~commissioner~~ board, after notice and an opportunity to be heard:

(1) The ~~commissioner~~ board may order that no license or certificate permitted to be issued by the department or any other state agency may be issued to any health care facility to operate, offer, or develop any new health care project for a specified period of time, or that remedial conditions be attached to the issuance of such licenses or certificates.

(2) The ~~commissioner~~ board may order that payments or reimbursements to the entity for claims made under any health insurance policy, subscriber contract, or health benefit plan offered or administered by any public or private health insurer, including the Medicaid program and any other health benefit program administered by the state be denied, reduced, or limited, and in the case of a hospital that the hospital's annual budget approved under subchapter 7 of this chapter be adjusted, modified, or reduced.

(b) In addition to all other sanctions, if any person offers or develops any new health care project without first having been issued a certificate of need or certificate of exemption therefore, or violates any other provision of this subchapter or any lawful rule or regulation promulgated thereunder, the board, the commissioner, the state health care ombudsman, the state long-term care ombudsman, and health care providers ~~or~~ and consumers located in the state shall have standing to maintain a civil action in the superior court of the county wherein such alleged violation has occurred, or wherein such person may be found, to enjoin, restrain, or prevent such violation. Upon written request by the ~~commissioner~~ board, it shall be the duty of the attorney general of the state to furnish appropriate legal services and to prosecute an action for injunctive relief to an appropriate conclusion, which shall not be reimbursed under subdivision (2) of this subsection.

(c) After notice and an opportunity for hearing, the ~~commissioner~~ board may impose on a person who knowingly violates a provision of this subchapter, or a rule or order adopted pursuant to this subchapter or 8 V.S.A. § 15, a civil administrative penalty of no more than \$40,000.00, or in the case of a continuing violation, a civil administrative penalty of no more than \$100,000.00 or one-tenth of one percent of the gross annual revenues of the health care facility, whichever is greater, which shall not be reimbursed under subdivision (a)(2) of this section, and the ~~commissioner~~ board may order the entity to cease and desist from further violations, and to take such other actions necessary to remediate a violation. A person aggrieved by a decision of the ~~commissioner~~ board under this subdivision may appeal ~~the commissioner's decision to the supreme court~~ under section 9381 of this title.

(d) The ~~commissioner~~ board shall adopt by rule criteria for assessing the circumstances in which a violation of a provision of this subchapter, a rule adopted pursuant to this subchapter, or the terms or conditions of a certificate of need require that a penalty under this section shall be imposed, and criteria for assessing the circumstances in which a penalty under this section may be imposed.

Sec. 22. 18 V.S.A. § 9446 is amended to read:

§ 9446. HOME HEALTH AGENCIES; GEOGRAPHIC SERVICE AREAS

The terms of a certificate of need relating to the boundaries of the geographic service area of a home health agency may be modified by the ~~commissioner~~ board, in consultation with the commissioner of disabilities, aging, and independent living, after notice and opportunity for hearing, or upon written application to the ~~commissioner~~ board by the affected home health agencies or consumers, demonstrating a substantial need therefor. Service area boundaries may be modified by the ~~commissioner~~ board to take account of natural or physical barriers that may make the provision of existing services uneconomical or impractical, to prevent or minimize unnecessary duplication of services or facilities, or otherwise to promote the public interest. The ~~commissioner~~ board shall issue an order granting such application only upon a finding that the granting of such application is consistent with the purposes of 33 V.S.A. chapter 63, subchapter 1A ~~of chapter 63 of Title 33~~ and the health resource allocation plan established under section 9405 of this title and after notice and an opportunity to participate on the record by all interested persons, including affected local governments, pursuant to rules adopted by the ~~commissioner~~ board.

* * * Hospital Budgets * * *

Sec. 23. 18 V.S.A. chapter 221, subchapter 7 is amended to read:

Subchapter 7. Hospital Budget Review

* * *

§ 9453. POWERS AND DUTIES

(a) The ~~commissioner~~ board shall:

* * *

(b) To effectuate the purposes of this subchapter the ~~commissioner~~ board may adopt rules under 3 V.S.A. chapter 25 ~~of Title 3~~.

 § 9454. HOSPITALS; DUTIES

(a) Hospitals shall file the following information at the time and place and in the manner established by the ~~commissioner~~ board:

* * *

(7) such other information as the ~~commissioner~~ board may require.

* * *

§ 9456. BUDGET REVIEW

(a) The ~~commissioner~~ board shall conduct reviews of each hospital's proposed budget based on the information provided pursuant to this subchapter, and in accordance with a schedule established by the ~~commissioner~~ board. The ~~commissioner~~ board shall require the submission of documentation certifying that the hospital is participating in the Blueprint for Health if required by section 708 of this title.

(b) In conjunction with budget reviews, the ~~commissioner~~ board shall:

* * *

(10) require each hospital to provide information on administrative costs, as defined by the ~~commissioner~~ board, including specific information on the amounts spent on marketing and advertising costs.

(c) Individual hospital budgets established under this section shall:

(1) be consistent with the health resource allocation plan;

(2) take into consideration national, regional, or instate peer group norms, according to indicators, ratios, and statistics established by the ~~commissioner~~ board;

* * *

(d)(1) Annually, the ~~commissioner~~ board shall establish a budget for each hospital by September 15, followed by a written decision by October 1. Each hospital shall operate within the budget established under this section.

(2)(A) It is the general assembly's intent that hospital cost containment conduct is afforded state action immunity under applicable federal and state antitrust laws, if:

(i) the ~~commissioner~~ board requires or authorizes the conduct in any hospital budget established by the ~~commissioner~~ board under this section;

(ii) the conduct is in accordance with standards and procedures prescribed by the ~~commissioner~~ board; and

(iii) the conduct is actively supervised by the ~~commissioner~~ board.

(B) A hospital's violation of the ~~commissioner's~~ board's standards and procedures shall be subject to enforcement pursuant to subsection (h) of this section.

(e) The ~~commissioner~~ board may establish, ~~by rule,~~ a process to define, on an annual basis, criteria for hospitals to meet, such as utilization and inflation benchmarks. The ~~commissioner~~ board may waive one or more of the review processes listed in subsection (b) of this section.

(f) The ~~commissioner~~ board may, upon application, adjust a budget established under this section upon a showing of need based upon exceptional or unforeseen circumstances in accordance with the criteria and processes established under section 9405 of this title.

(g) The ~~commissioner~~ board may request, and a hospital shall provide, information determined by the ~~commissioner~~ board to be necessary to determine whether the hospital is operating within a budget established under this section. For purposes of this subsection, subsection (h) of this section, and subdivision 9454(a)(7) of this title, the ~~commissioner's~~ board's authority shall extend to an affiliated corporation or other person in the control of or controlled by the hospital to the extent that such authority is necessary to carry out the purposes of this subsection, subsection (h) of this section, or subdivision 9454(a)(7) of this title. As used in this subsection, a rebuttable presumption of "control" is created if the entity, hospital, or other person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing 20 percent or more of the voting securities or membership interest or other governing interest of the hospital or other controlled entity.

(h)(1) If a hospital violates a provision of this section, the ~~commissioner~~ board may maintain an action in the superior court of the county in which the hospital is located to enjoin, restrain or prevent such violation.

(2)(A) After notice and an opportunity for hearing, the ~~commissioner~~ board may impose on a person who knowingly violates a provision of this subchapter, or a rule adopted pursuant to this subchapter, a civil administrative penalty of no more than \$40,000.00, or in the case of a continuing violation, a civil administrative penalty of no more than \$100,000.00 or one-tenth of one percent of the gross annual revenues of the hospital, whichever is greater. This subdivision shall not apply to violations of subsection (d) of this section caused by exceptional or unforeseen circumstances.

(B)(i) The ~~commissioner~~ board may order a hospital to:

(I)(aa) cease material violations of this subchapter or of a regulation or order issued pursuant to this subchapter; or

(bb) cease operating contrary to the budget established for the hospital under this section, provided such a deviation from the budget is material; and

(II) take such corrective measures as are necessary to remediate the violation or deviation and to carry out the purposes of this subchapter.

(ii) Orders issued under this subdivision (2)(B) shall be issued after notice and an opportunity to be heard, except where the ~~commissioner~~ board finds that a hospital's financial or other emergency circumstances pose an immediate threat of harm to the public or to the financial condition of the hospital. Where there is an immediate threat, the ~~commissioner~~ board may issue orders under this subdivision (2)(B) without written or oral notice to the hospital. Where an order is issued without notice, the hospital shall be notified of the right to a hearing at the time the order is issued. The hearing shall be held within 30 days of receipt of the hospital's request for a hearing, and a decision shall be issued within 30 days after conclusion of the hearing. The ~~commissioner~~ board may increase the time to hold the hearing or to render the decision for good cause shown. Hospitals may appeal any decision in this subsection to superior court. Appeal shall be on the record as developed by the ~~commissioner~~ board in the administrative proceeding and the standard of review shall be as provided in 8 V.S.A. § 16.

(3)(A) The ~~commissioner~~ board shall require the officers and directors of a hospital to file under oath, on a form and in a manner prescribed by the commissioner, any information designated by the ~~commissioner~~ board and required pursuant to this subchapter. The authority granted to the ~~commissioner~~ board under this subsection is in addition to any other authority granted to the ~~commissioner~~ board under law.

(B) A person who knowingly makes a false statement under oath or who knowingly submits false information under oath to the ~~commissioner~~ board or to a hearing officer appointed by the ~~commissioner~~ board or who knowingly testifies falsely in any proceeding before the ~~commissioner~~ board or a hearing officer appointed by the ~~commissioner~~ board shall be guilty of perjury and punished as provided in 13 V.S.A. § 2901.

* * *

* * * Provider Bargaining Groups * * *

Sec. 24. 18 V.S.A. § 9409 is amended to read:

§ 9409. HEALTH CARE PROVIDER BARGAINING GROUPS

(a) The commissioner may approve the creation of one or more health care provider bargaining groups, consisting of health care providers who choose to participate. A bargaining group is authorized to negotiate, on behalf of all participating providers with the commissioner, the secretary of administration, the secretary of human services, the Green Mountain Care Board, or the commissioner of labor with respect to any matter in this chapter; chapter 13, 219, 220, or 222 of this title; chapters 21 V.S.A. chapter 9 and 11 of Title 21; and chapter 33 V.S.A. chapters 18 and 19 of Title 33, in regard with respect to provider regulation, provider reimbursement, administrative simplification, information technology, workforce planning, or quality of health care.

* * *

(c) The rules relating to negotiations shall include a nonbinding arbitration process to assist in the resolution of disputes. Nothing in this section shall be construed to limit the authority of the commissioner, the commissioner of labor, the secretary of administration, the Green Mountain Care board, or the secretary of human services to reject the recommendation or decision of the arbiter.

* * * Medical Malpractice Reform * * *

Sec. 24a. 12 V.S.A. § 1051 is added to read:

§ 1051. CERTIFICATE OF MERIT

(a) No civil action shall be filed to recover damages resulting from personal injury or wrongful death occurring on or after February 1, 2013, in which it is alleged that such injury or death resulted from the negligence of a health care provider, unless the attorney or party filing the action files a certificate of merit simultaneously with the filing of the complaint. In the certificate of merit, the attorney or plaintiff shall certify that he or she has consulted with a health care provider qualified pursuant to the requirements of Rule 702 of the Vermont Rules of Evidence and any other applicable standard, and that, based on the information reasonably available at the time the opinion is rendered, the health care provider has:

- (1) Described the applicable standard of care;

(2) Indicated that based on reasonably available evidence, there is a reasonable likelihood that the plaintiff will be able to show that the defendant failed to meet that standard of care; and

(3) Indicated that there is a reasonable likelihood that the plaintiff will be able to show that the defendant's failure to meet the standard of care caused the plaintiff's injury.

(b) A plaintiff may satisfy this requirement through multiple consultations that collectively meet the requirements of subsection (a) of this section.

(c) A plaintiff must certify to having consulted with a health care provider as set forth in subsection (a) of this section with respect to each defendant identified in the complaint.

(d) Upon petition to the clerk of the court where the civil action will be filed, an automatic 90-day extension of the statute of limitations shall be granted to allow the reasonable inquiry required by this section.

(e) The failure to file the certificate of merit as required by this section shall be grounds for dismissal of the action without prejudice, except in the rare instances in which a court determines that expert testimony is not required to establish a case for medical malpractice.

(f) The requirements set forth in this section shall not apply to claims where the sole allegation against the health care provider is failure to obtain informed consent.

Sec. 24b. [DELETED.]

Sec. 24c. 12 V.S.A. chapter 215, subchapter 2 is added to read:

Subchapter 2. Mediation Prior to Filing a Complaint of Malpractice

§ 7011. PURPOSE

The purpose of mediation prior to filing a medical malpractice case is to identify and resolve meritorious claims and reduce areas of dispute prior to litigation, which will reduce the litigation costs, reduce the time necessary to resolve claims, provide fair compensation for meritorious claims, and reduce malpractice-related costs throughout the system.

§ 7012. PRE-SUIT MEDIATION; SERVICE

(a) A potential plaintiff may serve upon each known potential defendant a request to participate in pre-suit mediation prior to filing a civil action in tort or in contract alleging that an injury or death resulted from the negligence of a health care provider and to recover damages resulting from the personal injury or wrongful death.

(b) Service of the request required in subsection (a) of this section shall be in letter form and shall be served on all known potential defendants by certified mail. The date of mailing such request shall toll all applicable statutes of limitations.

(c) The request to participate in pre-suit mediation shall name all known potential defendants, contain a brief statement of the facts that the potential plaintiff believes are grounds for relief, and be accompanied by a certificate of merit prepared pursuant to section 1051 of this title, and may include other documents or information supporting the potential plaintiff's claim.

(d) Nothing in this chapter precludes potential plaintiffs and defendants from pre-suit negotiation or other pre-suit dispute resolution to settle potential claims.

§ 7013. MEDIATION RESPONSE

(a) Within 60 days of service of the request to participate in pre-suit mediation, each potential defendant shall accept or reject the potential plaintiff's request for pre-suit mediation by mailing a certified letter to counsel or if the party is unrepresented to the potential plaintiff.

(b) If the potential defendant agrees to participate, within 60 days of the service of the request to participate in pre-suit mediation, each potential defendant shall serve a responsive certificate on the potential plaintiff by mailing a certified letter indicating that he or she, or his or her counsel, has consulted with a qualified expert within the meaning of section 1643 of this title and that expert is of the opinion that there are reasonable grounds to defend the potential plaintiff's claims of medical negligence. Notwithstanding the potential defendant's acceptance of the request to participate, if the potential defendant does not serve such a responsive certificate within the 60-day period, then the potential plaintiff need not participate in the pre-suit mediation under this title and may file suit. If the potential defendant is willing to participate, pre-suit mediation may take place without a responsive certificate of merit from the potential defendant at the plaintiff's election.

§ 7014. PROCESS; TIME FRAMES

(a) The mediation shall take place within 60 days of the service of all potential defendants' acceptance of the request to participate in pre-suit mediation. The parties may agree to an extension of time. If in good faith the mediation cannot be scheduled within the 60-day time period, the potential plaintiff need not participate and may proceed to file suit.

(b) If pre-suit mediation is not agreed to, the mediator certifies that mediation is not appropriate, or mediation is unsuccessful, the potential

plaintiff may initiate a civil action as provided in the Vermont Rules of Civil Procedure. The action shall be filed:

(1) within 90 days of the potential plaintiff's receipt of the potential defendant's letter refusing mediation, the failure of the potential defendant to file a responsive certificate of merit within the specified time period, or the mediator's signed letter certifying that mediation was not appropriate or that the process was complete; or

(2) prior to the expiration of the applicable statute of limitations, whichever is later.

(c) If pre-suit mediation is attempted unsuccessfully, the parties shall not be required to participate in mandatory mediation under Rule 16.3 of the Vermont Rules of Civil Procedure.

§ 7015. CONFIDENTIALITY

All written and oral communications made in connection with or during the mediation process set forth in this chapter shall be confidential. The mediation process shall be treated as a settlement negotiation under Rule 408 of the Vermont Rules of Evidence.

Sec. 24d. SUNSET

12 V.S.A. chapter 215, subchapter 2 shall be repealed on February 1, 2015.

Sec. 24e. REPORT

On or before September 1, 2014, the secretary of administration or designee shall report to the senate committees on health and welfare and on judiciary and the house committees on health care and on judiciary on the impacts of Secs. 24a (certificate of merit) and 24c (pre-suit mediation) of this act. The report shall address the impacts that these reforms have had on:

(1) consumers, physicians, and the provision of health care services;

(2) the rights of consumers to due process of law and to access to the court system; and

(3) any other service, right, or benefit that was or may have been affected by the establishment of the medical malpractice reforms in Secs. 24a and 24c of this act.

Sec. 24f. 18 V.S.A. § 1919 is amended to read:

§ 1919. INCLUSION OF DATA IN HOSPITAL COMMUNITY REPORTS

The commissioner shall consult with the commissioner of ~~banking, insurance, securities, and health care administration~~ financial regulation, and

with patient safety experts, hospitals, health care professionals, and members of the public and shall make recommendations to the commissioner of ~~banking, insurance, securities, and health care administration~~ financial regulation concerning which data should be included in the hospital community reports required by section 9405b of this title. Beginning in 2013, the community reports shall include at a minimum data from all Vermont hospitals of reportable adverse events aggregated in a manner that protects the privacy of the patients involved and does not identify the individual hospitals in which an event occurred together with analysis and explanatory comments about the information contained in the report to facilitate the public's understanding of the data. The commissioner shall make such recommendations no more than 18 months after data collection is initiated.

* * * Insurance Rate Reviews * * *

Sec. 25. 8 V.S.A. § 4062 is amended to read:

§ 4062. FILING AND APPROVAL OF POLICY FORMS AND PREMIUMS

(a)(1) No policy of health insurance or certificate under a policy filed by an insurer offering health insurance as defined in subdivision 3301(a)(2) of this title, a nonprofit hospital or medical service corporation, health maintenance organization, or a managed care organization and not exempted by subdivision 3368(a)(4) of this title shall be delivered or issued for delivery in this state, nor shall any endorsement, rider, or application which becomes a part of any such policy be used, until:

(A) a copy of the form, premium rates, and rules for the classification of risks pertaining thereto have been filed with the commissioner of ~~banking, insurance, securities, and health care administration~~ financial regulation; nor shall any such form, premium rate, or rule be so used until the expiration of 30 days after having been filed, or in the case of a request for a rate increase, until and

(B) a decision by the Green Mountain Care board has been applied by the commissioner as provided herein, unless the commissioner shall sooner give his or her written approval thereto in subdivision (2) of this subsection.

(2)(A) Prior to approving a rate increase pursuant to this subsection, the commissioner shall seek approval for such rate increase from the Green Mountain Care board established in 18 V.S.A. chapter 220, which. The commissioner shall make a recommendation to the Green Mountain Care board about whether to approve, modify, or disapprove the rate within 30 days of receipt of a completed application from an insurer. In the event that the commissioner does not make a recommendation to the board within the 30-day

period, the commissioner shall be deemed to have recommended approval of the rate, and the Green Mountain Care board shall review the rate request pursuant to subdivision (B) of this subdivision (2).

(B) The Green Mountain Care board shall review rate requests forwarded by the commissioner pursuant to subdivision (A) of this subdivision (2) and shall approve, modify, or disapprove the a rate increase request within 10 business 30 days of receipt of the commissioner's recommendation or, in the absence of a recommendation from the commissioner, the expiration of the 30-day period following the department's receipt of the completed application. In the event that the board does not approve or disapprove a rate within 30 days, the board shall be deemed to have approved the rate request.

(C) The commissioner shall apply the decision of the Green Mountain Care board as to rates referred to the board within five business days of the board's decision.

~~(2)~~(3) The commissioner shall review policies and rates to determine whether a policy or rate is affordable, promotes quality care, promotes access to health care, and is not unjust, unfair, inequitable, misleading, or contrary to the laws of this state. The commissioner shall notify in writing the insurer which has filed any such form, premium rate, or rule if it contains any provision which does not meet the standards expressed in this section. In such notice, the commissioner shall state that a hearing will be granted within 20 days upon written request of the insurer.

~~(3) After the expiration of the review period provided herein or at any time after having given written approval, the~~

(b) The commissioner may, after a hearing of which at least 20 days' written notice has been given to the insurer using such form, premium rate, or rule, withdraw approval on any of the grounds stated in this section. For premium rates, such withdrawal may occur at any time after applying the decision of the Green Mountain Care board pursuant to subdivision (a)(2)(C) of this section. Such disapproval Disapproval pursuant to this subsection shall be effected by written order of the commissioner which shall state the ground for disapproval and the date, not less than 30 days after such hearing when the withdrawal of approval shall become effective.

~~(b)~~(c) In conjunction with a rate filing required by subsection (a) of this section, an insurer shall file a plain language summary of any requested rate increase of five percent or greater. If, during the plan year, the insurer files for rate increases that are cumulatively five percent or greater, the insurer shall file a summary applicable to the cumulative rate increase. All summaries shall include a brief justification of any rate increase requested, the information that

the Secretary of the U.S. Department of Health and Human Services (HHS) requires for rate increases over 10 percent, and any other information required by the commissioner. The plain language summary shall be in the format required by the Secretary of HHS pursuant to the Patient Protection and Affordable Care Act of 2010, Public Law 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Public Law 111-152, and shall include notification of the public comment period established in subsection ~~(e)~~ (d) of this section. In addition, the insurer shall post the summaries on its website.

~~(e)~~(d)(1) The commissioner shall provide information to the public on the department's website about the public availability of the filings and summaries required under this section.

(2) Beginning no later than January 1, 2012, the commissioner shall post the rate filings pursuant to subsection (a) of this section and summaries pursuant to subsection ~~(b)~~(c) of this section on the department's website within five days of filing. The department shall provide an electronic mechanism for the public to comment on proposed rate increases over five percent. The public shall have 21 days from the posting of the summaries and filings to provide public comment. The department shall review and consider the public comments prior to ~~the expiration of the review period~~ submitting the policy or rate for the Green Mountain Care board's approval pursuant to subsection (a) of this section. The department shall provide the Green Mountain Care board with the public comments for their consideration in approving any ~~rate increases~~ rates.

~~(d)~~(e)(1) The following provisions of this section shall not apply to policies for specific disease, accident, injury, hospital indemnity, dental care, vision care, disability income, long-term care, or other limited benefit coverage, ~~but shall apply to long-term care policies~~:

(A) the requirement in ~~subdivision~~ subdivisions (a)(1) and (2) of this section for the Green Mountain Care board's approval ~~for any on~~ rate increase requests;

(B) the review standards in subdivision ~~(a)(2)~~ (a)(3) of this section as to whether a policy or rate is affordable, promotes quality care, and promotes access to health care; and

(C) subsections ~~(b) and (c)~~ and (d) of this section.

(2) The exemptions from the provisions described in subdivisions (1)(A) through (C) of this subsection shall also apply to benefit plans that are paid directly to an individual insured or to his or her assigns and for which the

amount of the benefit is not based on potential medical costs or actual costs incurred.

(3) Medicare supplemental insurance policies shall be exempt only from the requirement in subdivisions (a)(1) and (2) of this section for the Green Mountain Care board's approval on rate requests and shall be subject to the remaining provisions of this section.

Sec. 25a. 8 V.S.A. § 5104 is amended to read:

§ 5104. FILING AND APPROVAL OF RATES AND FORMS;
SUPPLEMENTAL ORDERS

(a)(1) A health maintenance organization which has received a certificate of authority under section 5102 of this title shall file and obtain approval of all policy forms and rates as provided in sections 4062 and 4062a of this title. This requirement shall include the filing of administrative retentions for any business in which the organization acts as a third party administrator or in any other administrative processing capacity. The commissioner may request and shall receive any information that ~~is needed to determine whether to approve the policy form or rate~~ the commissioner deems necessary to evaluate the filing. In addition to any other information requested, the commissioner shall require the filing of information on costs for providing services to the organization's Vermont members affected by the policy form or rate, including ~~but not limited to~~ Vermont claims experience, and administrative and overhead costs allocated to the service of Vermont members. Prior to approval, there shall be a public comment period pursuant to section 4062 of this title. A health maintenance organization shall file a summary of rate filings pursuant to section 4062 of this title.

(2) The commissioner shall refuse to approve, or to seek the Green Mountain Care board's approval of, the form of evidence of coverage, filing, or rate if it contains any provision which is unjust, unfair, inequitable, misleading, or contrary to the law of the state or plan of operation, or if the rates are excessive, inadequate or unfairly discriminatory, or fail to meet the standards of affordability, promotion of quality care, and promotion of access pursuant to section 4062 of this title. No evidence of coverage shall be offered to any potential member unless the person making the offer has first been licensed as an insurance agent in accordance with chapter 131 of this title.

(b) In connection with a rate decision, the commissioner may also, with the prior approval of the Green Mountain Care board established in 18 V.S.A. chapter 220, make reasonable supplemental orders and may attach reasonable conditions and limitations to such orders as the commissioner finds, on the basis of competent and substantial evidence, necessary to insure that benefits

and services are provided at reasonable cost under efficient and economical management of the organization. The commissioner shall not set the rate of payment or reimbursement made by the organization to any physician, hospital or health care provider.

Sec. 26. 18 V.S.A. § 9381 is amended to read:

§ 9381. APPEALS

(a)(1) The Green Mountain Care board shall adopt procedures for administrative appeals of its actions, orders, or other determinations. Such procedures shall provide for the issuance of a final order and the creation of a record sufficient to serve as the basis for judicial review pursuant to subsection (b) of this section.

(2) Only decisions by the board shall be appealable under this subsection. Recommendations to the board by the commissioner of financial regulation pursuant to 8 V.S.A. § 4062(a) shall not be subject to appeal.

* * *

(c) If an appeal or other petition for judicial review of a final order is not filed in connection with an order of the Green Mountain Care board pursuant to subsection (b) of this section, the chair may file a certified copy of the final order with the clerk of a court of competent jurisdiction. The order so filed has the same effect as a judgment of the court and may be recorded, enforced, or satisfied in the same manner as a judgment of the court.

Sec. 26a. CONSUMER PROTECTION REPORT

No later than January 15, 2013, the department of financial regulation, in collaboration with the state health care ombudsman and the agency of human services, shall report to the house committee on health care and the senate committees on health and welfare and on finance regarding:

(1) recommendations on how best to represent the public interest before the Green Mountain Care board and other regulatory agencies and estimates of resource needs;

(2) recommendations on how best to coordinate, consolidate, or both the consumer protection efforts of the ombudsman's office, the department, and the agency; and

(3) the ombudsman's current and projected funding and resource needs to meet existing statutory responsibilities and suggestions for funding mechanisms to meet those needs.

* * * Payment Reform Pilots * * *

Sec. 27. 18 V.S.A. § 9377 is amended to read:

§ 9377. PAYMENT REFORM; PILOTS

* * *

(b)(1) The board shall be responsible for payment and delivery system reform, including ~~setting the overall policy goals for the pilot projects established in chapter 13, subchapter 2 of this title~~ this section.

~~(2) The director of payment reform in the department of Vermont health access shall develop and implement the payment reform pilot projects in accordance with policies established by the board, and the board shall evaluate the effectiveness of such pilot projects in order to inform the payment and delivery system reform.~~

~~(3)~~ Payment reform pilot projects shall be developed and implemented to manage the costs of the health care delivery system, improve health outcomes for Vermonters, provide a positive health care experience for patients and health care professionals, and further the following objectives:

* * *

~~(4)(3)~~ In addition to the objectives identified in subdivision ~~(a)(3)~~ (a)(2) of this section, the design and implementation of payment reform pilot projects may consider:

* * *

(e) The board or designee shall convene a broad-based group of stakeholders, including health care professionals who provide health services, health insurers, professional organizations, community and nonprofit groups, consumers, businesses, school districts, the state health care ombudsman, and state and local governments, to advise the board in developing and implementing the pilot projects and to advise the Green Mountain Care board in setting overall policy goals.

(f) The first pilot project shall become operational no later than July 1, 2012, and two or more additional pilot projects shall become operational no later than October 1, 2012.

(g)(1) Health insurers shall participate in the development of the payment reform strategic plan for the pilot projects and in the implementation of the pilot projects, including providing incentives, fees, or payment methods, as required in this section. This requirement may be enforced by the department of financial regulation to the same extent as the requirement to participate in the Blueprint for Health pursuant to 8 V.S.A. § 4088h.

(2) The board may establish procedures to exempt or limit the participation of health insurers offering a stand-alone dental plan or specific disease or other limited-benefit coverage or participation by insurers with a minimal number of covered lives as defined by the board, in consultation with the commissioner of financial regulation. Health insurers shall be exempt from participation if the insurer offers only benefit plans which are paid directly to the individual insured or the insured's assigned beneficiaries and for which the amount of the benefit is not based upon potential medical costs or actual costs incurred.

(3) In the event that the secretary of human services is denied permission from the Centers for Medicare and Medicaid Services to include financial participation by Medicare in the pilot projects, health insurers shall not be required to cover the costs associated with individuals covered by Medicare.

(4) After implementation of the pilot projects described in this subchapter, health insurers shall have appeal rights pursuant to section 9381 of this title.

* * * Blueprint for Health * * *

Sec. 28. 18 V.S.A. § 702 is amended to read:

§ 702. BLUEPRINT FOR HEALTH; STRATEGIC PLAN

(a)(1) The department of Vermont health access shall be responsible for the Blueprint for Health.

(2) The director of the Blueprint, in collaboration with the ~~commissioner~~ commissioners of health ~~and the commissioner, of mental health,~~ of Vermont health access, ~~and of disabilities, aging, and independent living,~~ shall oversee the development and implementation of the Blueprint for Health, including a strategic plan describing the initiatives and implementation time lines and strategies. Whenever private health insurers are concerned, the director shall collaborate with the commissioner of ~~banking, insurance, securities, and health care administration~~ financial regulation and the chair of the Green Mountain Care board.

(b)(1)(A) The commissioner of Vermont health access shall establish an executive committee to advise the director of the Blueprint on creating and implementing a strategic plan for the development of the statewide system of chronic care and prevention as described under this section. The executive committee shall include the commissioner of health; the commissioner of mental health; a representative from the ~~department of banking, insurance, securities, and health care administration~~ Green Mountain Care board; a

representative from the department of Vermont health access; an individual appointed jointly by the president pro tempore of the senate and the speaker of the house of representatives; a representative from the Vermont medical society; a representative from the Vermont nurse practitioners association; a representative from a statewide quality assurance organization; a representative from the Vermont association of hospitals and health systems; two representatives of private health insurers; a consumer; a representative of the complementary and alternative medicine professions; a primary care professional serving low income or uninsured Vermonters; a licensed mental health professional with clinical experience in Vermont; a representative of the Vermont council of developmental and mental health services; a representative of the Vermont assembly of home health agencies who has clinical experience; a representative from a self-insured employer who offers a health benefit plan to its employees; and a representative of the state employees' health plan, who shall be designated by the commissioner of human resources and who may be an employee of the third-party administrator contracting to provide services to the state employees' health plan.

* * *

Sec. 28a. BLUEPRINT PARTICIPATION; LEGISLATIVE INTENT

It is the intent of the general assembly that:

(1) Health insurer and Medicaid payments for a community health team and access by patients and medical practices to the team should begin at least six months prior to the scheduled date to score a medical practice for Blueprint recognition.

(2) The director of the Blueprint use the statutory discretion afforded by 18 V.S.A. § 706(c)(2) to increase payments to medical home practices in recognition of the efforts needed to satisfy the updated National Committee for Quality Assurance scoring requirements.

(3) To the extent permitted under federal law, all health insurance plans, including the multistate plans, will be active participants in the Blueprint for Health.

* * * HMO Reporting Requirement * * *

Sec. 29. 8 V.S.A. § 5106(a) is amended to read:

(a) Every organization subject to this chapter, annually, within ~~120~~ 90 days of the close of its fiscal year, shall file a report with the commissioner, said report verified by an appropriate official of the organization, showing its financial condition on the last day of the preceding fiscal year. The report shall

be prepared in accordance with the National Association of Insurance Commissioners' Accounting Practices and Procedures Manual for health maintenance organizations and shall be in such general form and context, as approved by, and shall contain any other information required by the National Association of Insurance Commissioners together with any useful or necessary modifications or adaptations thereof required, approved or accepted by the commissioner for the type of organization to be reported upon, and as supplemented by additional information required by the commissioner.

* * * Vermont Program for Quality in Health Care * * *

Sec. 30. 18 V.S.A. § 9416 is amended to read:

§ 9416. VERMONT PROGRAM FOR QUALITY IN HEALTH CARE

(a) The commissioner of health shall contract with the Vermont Program for Quality in Health Care, Inc. to implement and maintain a statewide quality assurance system to evaluate and improve the quality of health care services rendered by health care providers of health care facilities, including managed care organizations, to determine that health care services rendered were professionally indicated or were performed in compliance with the applicable standard of care, and that the cost of health care rendered was considered reasonable by the providers of professional health services in that area. The commissioner of health shall ensure that the information technology components of the quality assurance system ~~are incorporated into and~~ comply with, and the commissioner of Vermont health access shall ensure such components are incorporated into, the statewide health information technology plan developed under section 9351 of this title and any other information technology initiatives coordinated by the secretary of administration pursuant to 3 V.S.A. § 2222a.

(b) The Vermont Program for Quality in Health Care, Inc. shall file an annual report with the commissioner of health. The report shall include an assessment of progress in the areas designated by the commissioner of health, including comparative studies on the provision and outcomes of health care and professional accountability.

* * *

* * * Discretionary Clauses * * *

Sec. 31. 8 V.S.A. § 4062f is added to read:

§ 4062f. DISCRETIONARY CLAUSES PROHIBITED

(a) The purpose of this section is to ensure that health insurance benefits, disability income protection coverage, and life insurance benefits are

contractually guaranteed and to avoid the conflict of interest that may occur when the carrier responsible for providing benefits has discretionary authority to decide what benefits are due. Nothing in this section shall be construed to impose any requirement or duty on any person other than a health insurer or an insurer offering disability income protection coverage or life insurance.

(b) As used in this section:

(1) "Disability income protection coverage" means a policy, contract, certificate, or agreement that provides for weekly, monthly, or other periodic payments for a specified period during the continuance of disability resulting from illness, injury, or a combination of illness and injury.

(2) "Health care services" means services for the diagnosis, prevention, treatment, cure, or relief of a health condition, illness, injury, or disease.

(3) "Health insurer" means an insurance company that provides health insurance as defined in subdivision 3301(a)(2) of this title, a nonprofit hospital or medical service corporation, a managed care organization, a health maintenance organization, and, to the extent permitted under federal law, any administrator of an insured, self-insured, or publicly funded health care benefit plan offered by a public or private entity; as well as entities offering policies for specific disease, accident, injury, hospital indemnity, dental care, disability income, long-term care, and other limited benefit coverage.

(4) "Life insurance" means a policy, contract, certificate, or agreement that provides life insurance as defined in subdivision 3301(a)(1) of this title.

(c) No policy, contract, certificate, or agreement offered or issued in this state by a health insurer to provide, deliver, arrange for, pay for, or reimburse any of the costs of health care services may contain a provision purporting to reserve discretion to the health insurer to interpret the terms of the contract or to provide standards of interpretation or review that are inconsistent with the laws of this state, and on and after July 1, 2012, any such provision in a policy, contract, certificate, or agreement shall be null and void.

(d) No policy, contract, certificate, or agreement offered or issued in this state providing for disability income protection coverage may contain a provision purporting to reserve discretion to the insurer to interpret the terms of the contract or to provide standards of interpretation or review that are inconsistent with the laws of this state, and on and after July 1, 2012, any such provision in a policy, contract, certificate, or agreement shall be null and void.

(e) No policy, contract, certificate, or agreement of life insurance offered or issued in this state may contain a provision purporting to reserve discretion to the insurer to interpret the terms of the contract or to provide standards of

interpretation or review that are inconsistent with the laws of this state, and any such provision in a policy, contract, certificate, or agreement shall be null and void.

* * * Prescription Drug Cost-Sharing * * *

Sec. 32. 8 V.S.A. § 4089i is amended to read:

§ 4089i. PRESCRIPTION DRUG COVERAGE

(a) A health insurance or other health benefit plan offered by a health insurer shall provide coverage for prescription drugs purchased in Canada, and used in Canada or reimported legally or purchased through the I-SaveRx program on the same benefit terms and conditions as prescription drugs purchased in this country. For drugs purchased by mail or through the internet, the plan may require accreditation by the Internet and Mailorder Pharmacy Accreditation Commission (IMPAC/tm) or similar organization.

(b) A health insurance or other health benefit plan offered by a health insurer or pharmacy benefit manager shall not include an annual dollar limit on prescription drug benefits.

(c) A health insurance or other health benefit plan offered by a health insurer or pharmacy benefit manager shall limit a beneficiary's out-of-pocket expenditures for prescription drugs, including specialty drugs, to no more for self-only and family coverage per year than the minimum dollar amounts in effect under Section 223(c)(2)(A)(i) of the Internal Revenue Code of 1986 for self-only and family coverage, respectively.

(d) For prescription drugs benefits offered in conjunction with a high-deductible health plan (HDHP), the plan may not provide prescription drug benefits until the expenditures applicable to the deductible under the HDHP have met the amount of the minimum annual deductibles in effect for self-only and family coverage under Section 223(c)(2)(A)(i) of the Internal Revenue Code of 1986 for self-only and family coverage, respectively. Once the foregoing expenditure amount has been met under the HDHP, coverage for prescription drug benefits shall begin, and the limit on out-of-pocket expenditures for prescription drug benefits shall be as specified in subsection (c) of this section.

(e) As used in this section:

(1) "Health insurer" shall have the same meaning as in 18 V.S.A. § 9402.

(2) "Out-of-pocket expenditure" means a co-payment, coinsurance, deductible, or other cost-sharing mechanism.

(3) “Pharmacy benefit manager” shall have the same meaning as in section 4089j of this title.

(f) The department of financial regulation shall enforce this section and may adopt rules as necessary to carry out the purposes of this section.

Sec. 32a. 18 V.S.A. § 4631a is amended to read:

§ 4631a. EXPENDITURES BY MANUFACTURERS OF PRESCRIBED PRODUCTS

(a) As used in this section:

* * *

(12) “Prescribed product” means a drug or device as defined in section 201 of the federal Food, Drug and Cosmetic Act, 21 U.S.C. § 321, a compound drug or drugs, ~~or~~ a biological product as defined in section 351 of the Public Health Service Act, 42 U.S.C. § 262, for human use, or a combination product as defined in 21 C.F.R. § 3.2(e), but shall not include prescription eyeglasses, prescription sunglasses, or other prescription eyewear.

* * *

(b)(1) It is unlawful for any manufacturer of a prescribed product or any wholesale distributor of medical devices, or any agent thereof, to offer or give any gift to a health care provider or to a member of the Green Mountain Care board established in chapter 220 of this title.

(2) The prohibition set forth in subdivision (1) of this subsection shall not apply to any of the following:

(A) Samples of a prescribed product or reasonable quantities of an over-the-counter drug, a nonprescription medical device, ~~or~~ an item of nonprescription durable medical equipment, an item of medical food as defined in the federal Orphan Drug Act, as amended, 21 U.S.C. § 360ee(b)(3), or infant formula as defined in Section 201(z) of the federal Food, Drug, and Cosmetic Act, 21 U.S.C. § 321, provided to a health care provider for free distribution to patients.

* * *

(H) ~~The provision of free prescription drugs or over the counter drugs, medical devices, biological products, medical equipment or supplies, or financial donations to a free clinic~~ of financial donations or of free:

(i) prescription drugs;

(ii) over-the-counter drugs;

- (iii) medical devices;
- (iv) biological products;
- (v) combination products;
- (vi) medical food;
- (vii) infant formula; or
- (viii) medical equipment or supplies.

* * *

(d) The attorney general may bring an action in ~~Washington superior court~~ the civil division of the Washington unit of the superior court for injunctive relief, costs, and attorney's fees and may impose on a manufacturer that violates this section a civil penalty of no more than \$10,000.00 per violation. Each unlawful gift shall constitute a separate violation. In any action brought pursuant to this section, the attorney general shall have the same authority to investigate and to obtain remedies as if the action were brought under the Consumer Fraud Act, 9 V.S.A. chapter 63.

Sec. 32b. 18 V.S.A. § 4632 is amended to read:

§ 4632. DISCLOSURE OF ALLOWABLE EXPENDITURES AND GIFTS BY MANUFACTURERS OF PRESCRIBED PRODUCTS

(a)(1)(A) Annually on or before April 1 of each year, every manufacturer of prescribed products shall disclose to the office of the attorney general for the preceding calendar year the value, nature, purpose, and recipient information of any allowable expenditure or gift permitted under subdivision 4631a(b)(2) of this title to any health care provider or to a member of the Green Mountain Care board established in chapter 220 of this title, except:

* * *

(B) Annually on or before April 1 of each year, every manufacturer of prescribed products shall disclose to the office of the attorney general for the preceding calendar year if the manufacturer is reporting other allowable expenditures or permitted gifts pursuant to subdivision (a)(1)(A) of this section, the product, dosage, number of units, and recipient information of over-the-counter drugs, nonprescription medical devices, ~~and~~ items of nonprescription durable medical equipment, medical food, and infant formula provided to a health care provider for free distribution to patients pursuant to subdivision 4631a(b)(2)(A) of this title; provided that any public reporting of such information shall not include information that allows for the identification

of individual recipients of ~~samples~~ such products or connects individual recipients with the monetary value of the ~~samples~~ products provided.

* * *

(D) Any public reporting of the provision of free prescription or over-the-counter drugs, medical devices, biological products, medical equipment, combination products, medical food, infant formula, or supplies to a free clinic shall not include information that allows for the identification of individual recipients of such products or that connects individual recipients with the monetary value of the products provided.

(2)(A)(i) Subject to the provisions of subdivision (B) of this subdivision (a)(2) and to the extent allowed under federal law, annually on or before April 1 of each year beginning in 2012, each manufacturer of prescribed products shall disclose to the office of the attorney general all ~~samples of~~ prescribed products provided to health care providers during the preceding calendar year, identifying for each sample the product, recipient, number of units, and dosage.

* * *

(5) The office of the attorney general shall report annually on the disclosures made under this section to the general assembly and the governor on or before October 1. The report shall include:

(A) Information on allowable expenditures and permitted gifts required to be disclosed under this section, which shall present information in aggregate form by selected types of health care providers or individual health care providers, as prioritized each year by the office; and showing the amounts expended on the Green Mountain Care board established in chapter 220 of this title. In accordance with subdivisions (1)(B), (1)(D), and (2)(A) of this subsection, information on samples and donations to free clinics of prescribed products and of over-the-counter drugs, nonprescription medical devices, ~~and~~ items of nonprescription durable medical equipment, medical food, and infant formula shall be presented in aggregate form.

* * *

(c) The attorney general may bring an action in ~~Washington superior court~~ the civil division of the Washington unit of the superior court for injunctive relief, costs, and attorney's fees, and to impose on a manufacturer of prescribed products that fails to disclose as required by subsection (a) of this section a civil penalty of no more than \$10,000.00 per violation. Each unlawful failure to disclose shall constitute a separate violation. In any action brought pursuant to this section, the attorney general shall have the same authority to investigate

and to obtain remedies as if the action were brought under the Consumer Fraud Act, 9 V.S.A. chapter 63.

(d) The terms used in this section shall have the same meanings as they do in section 4631a of this title.

* * * Medicaid Waiver Approval * * *

Sec. 33. DUAL ELIGIBLE PROJECT PROPOSAL

(a) It is the intent of the general assembly to provide the agency of human services with the authority to enter into negotiations with the Centers for Medicare and Medicaid Services (CMS) to seek waivers as needed to operate an integrated system of coverage for individuals who are eligible for Medicare and Medicaid, and to provide the agency of human services with the authority to implement the program approved by CMS. Any waivers sought pursuant to this section shall promote the health care reform goals established in No. 48 of the Acts of 2011, including universal coverage; integration of health, mental health, and substance abuse treatment; administrative simplification; and payment reform.

(b)(1) The agency of human services may seek a waiver or waivers from CMS to enable the agency to better serve individuals who are eligible for both Medicare and Medicaid (“dual eligibles”) through a consolidated program operated by the agency of human services or by a department of the agency of human services. The waiver or waivers sought pursuant to this section may be consolidated with or filed in conjunction with Vermont’s Medicaid Section 1115 Global Commitment to Health waiver renewal, any Choices for Care waiver modifications, or a state children’s health insurance program (SCHIP) waiver. Any modifications of the Choices for Care waiver shall be consistent with No. 56 of the Acts of 2005.

(2) The agency may seek permission to serve the dual eligibles population through a public managed care organization or through another administrative mechanism that enables the agency to integrate services for the dual eligibles, pursue administrative flexibility and simplification, or otherwise align health coverage programs. The agency shall seek permission to implement payment mechanisms that ensure the health coverage provided under the waiver or waivers is consistent with and supportive of the payment reform initiatives established by the Green Mountain Care board.

(3) The agency shall seek a waiver to create a consolidated program which:

(A) includes eligibility standards, methodologies, and procedures that are neither more restrictive than the standards, methodologies, and procedures

in effect as of January 1, 2012 nor more restrictive than the standards, methodologies, and procedures for dual eligible individuals who are not enrolled in this consolidated program.

(B) does not reduce the amount, duration, or scope of services covered by Medicaid and Medicare or impose limits on enrollment or access to services that are more restrictive than those for individuals not enrolled in the consolidated program.

(C) ensures that an individual in the consolidated program receives a level of service that is equivalent to or greater than the individual would have received if he or she were not in the consolidated program.

(D) provides reasonable opportunity for an individual to disenroll from the consolidated program and transition to traditional Medicaid and Medicare coverage.

(E) as provided in the terms and conditions for the Choices for Care Section 1115 waiver, includes an independent advocacy system for all participants and applicants in the consolidated program which includes, at a minimum, access to area agency on aging advocacy, legal services, and the long-term care and health care ombudsmen.

(F) if the agency contracts with an integrated care provider (ICP) then, at a minimum, as required under 42 U.S.C. § 1395a(a), guarantees individuals a choice of health care providers who offer the same service or services within the individual's ICP and a choice of providers for services that are not offered through the individual's ICP.

(G) unless otherwise appropriated by the general assembly, and after reconciling savings as required by the federal government, invests at least 50 percent of the remaining funds at the end of the state fiscal year to enhance the consolidated program.

(H) maintains state provider payment rates in the consolidated program that:

(i) permit providers to deliver services, on a solvent basis, that are consistent with efficiency, economy, access, and quality of care; and

(ii) are at least comparable to the average weighted payment rates that eligible providers would have received from Medicaid and Medicare in the absence of the consolidated program, subject to modifications as a result of:

(I) changes to federal Medicare rates;

(II) provider rates set by the Green Mountain Care board pursuant to 18 V.S.A. § 9376;

(III) rate negotiations between the integrated care provider and the public managed care organization; or

(IV) meeting or failing to meet specified performance measures.

(4) The agency of human services shall enter into a waiver only if it provides individuals enrolled in the consolidated program who become ineligible for Medicaid or Medicare or who choose to opt out of the program with a seamless transition process between coverage provided by the consolidated program and traditional Medicaid coverage, Medicare coverage, or both to ensure that the process does not result in a reduction or loss of services during the transition.

(5) If the agency of human services contracts with an ICP on a risk-sharing basis for services other than care coordination, the following provisions shall be included in the ICP contract:

(A) A broad range of services for individuals, to be provided by the ICP or through contracts between the ICP and other service providers, and coordination between the ICP and other service or health care providers who are not participants in the ICP, as appropriate. Examples of entities that are unlikely to be part of an ICP include the individual's medical home and the Blueprint for Health community health teams.

(B) An enforcement mechanism to ensure that the ICP and any subcontractors provide integrated services as required by the waiver and the contract provisions.

(C) Transparent quality assurance measures for evaluating the performance of the ICP and any subcontractors and a method for making the measures public.

(6) The agency of human services shall provide dual eligible individuals with meaningful information about their care options, including services through Medicaid, Medicare, and the consolidated program established in this section. The agency shall develop enrollee materials and notices that are accessible and understandable to those individuals who will be enrolled in the consolidated program, including individuals with disabilities, speech and vision limitations, or limited English proficiency.

(7) The agency of human services shall establish by rule a comprehensive and accessible appeals process, including an opportunity for an

individual to request an independent clinical assessment of medical or functional limitations when appealing an eligibility determination, a denial in services, or a reduction in services.

(c)(1) The agency of human services shall implement the program approved by CMS by rule.

(2) Prior to filing proposed rules, the agency shall seek input on the proposed rules from a workgroup that includes providers, beneficiaries, and advocates for beneficiaries.

Sec. 34. GLOBAL COMMITMENT; CHOICES FOR CARE; SCHIP

(a) It is the intent of the general assembly to provide the agency of human services with the authority to renew and implement Vermont's Medicaid Section 1115 Global Commitment to Health ("Global Commitment") waiver or to request a new waiver from the Centers for Medicare and Medicaid Services (CMS) with similar terms and conditions as Global Commitment. It is also the intent of the general assembly to provide the agency with the authority to modify or renew the Choices for Care waiver consistent with the provisions of No. 56 of the Acts of 2005 and to seek a state children's health insurance program (SCHIP) waiver to allow for greater administrative flexibility and simplification, as well as to seek advantageous financial terms similar to those in the Global Commitment waiver. Any waivers sought pursuant to this section shall promote the health care reform goals established in No. 48 of the Acts of 2011, including universal coverage; administrative simplification; integration of health, mental health, and substance abuse; and payment reform.

(b) The secretary of human services or designee shall seek to renew the Global Commitment waiver, seek a new Medicaid or SCHIP waiver, modify the Choices for Care waiver, or a combination thereof, to enable the agency to:

(1) Maintain the public managed care entity structure, financial provisions, and flexibility provided in the Global Commitment terms and conditions and extend these provisions and flexibility to the Choices for Care and Dr. Dinosaur programs.

(2) Maintain the waiver terms for special demonstration populations, such as individuals with traumatic brain injury and others currently provided for in Global Commitment, as well as for any special demonstration populations covered and services provided to eligible individuals under Choices for Care.

(3) Eliminate terms and conditions which are outdated or for which state options are now available.

(4) Eliminate Catamount Health Assistance in order to comply with the insurance provisions in this act and in the federal Affordable Care Act.

(5) Obtain federal matching funds for any state financial assistance provided to individuals purchasing insurance through the Vermont health benefit exchange in order to promote seamless health coverage for eligible individuals and to achieve universal coverage, affordability, and administrative simplification. The secretary or designee shall analyze the impacts of offering state financial assistance to individuals with incomes below 350 percent of the federal poverty level.

(6) Ensure a streamlined transition between Medicaid and the Vermont health benefit exchange.

(7) Modify payment mechanisms to ensure that the health coverage provided under any waiver program is consistent with and supportive of the payment reform initiatives established by the Green Mountain Care board.

(8) Ensure affordable coverage for individuals who are eligible for Medicare but who are responsible for paying the full cost of Medicare coverage due to inadequate work history or for another reason. The agency shall align the upper income eligibility limitation with other populations, such as individuals receiving state assistance in the Vermont health benefit exchange or individuals receiving coverage as part of a Medicaid expansion population.

(c) Any waiver or waivers sought pursuant to this section may be consolidated or filed in conjunction with Vermont's Global Commitment to Health waiver renewal, Choices for Care waiver modifications, SCHIP waiver, or combination thereof. The secretary of human services or designee shall implement the program or programs approved by CMS by rule.

Sec. 34a. Sec. 17 of No. 128 of the Acts of the 2009 Adj. Sess. (2010) is amended to read:

Sec. 17. FEDERAL HEALTH CARE REFORM; DEMONSTRATION PROGRAMS

(a)(1) Medicare waivers. Upon establishment by the secretary of the U.S. Department of Health and Human Services (HHS) of an advanced practice primary care medical home demonstration program or a community health team demonstration program pursuant to Sec. 3502 of the Patient Protection and Affordable Care Act, Public Law 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Public Law 111-152, the secretary of human services may apply to the secretary of HHS to enable Vermont to

include Medicare as a participant in the Blueprint for Health as described in 18 V.S.A. chapter 13 of Title 18.

(2) Upon establishment by the secretary of HHS of a shared savings program pursuant to Sec. 3022 of the Patient Protection and Affordable Care Act, Public Law 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Public Law 111-152 or other federal authority established to allow for payment and delivery system reform, the secretary of human services may apply to the secretary of HHS to enable ~~Vermont~~ the state's Medicaid and SCHIP programs, including any waiver programs under Global Commitment to Health or Choices for Care, to participate in the program by establishing engage in payment reform ~~pilot projects as provided for by Sec. 14 of this act~~ activities consistent with the payment reform initiatives established by the Green Mountain Care board pursuant to 18 V.S.A. chapter 220. The chair of the Green Mountain Care board or designee may apply to the secretary of HHS to enable Vermont to advance the payment reform goals established in No. 48 of the Acts of 2011 and consistent with the board's authority.

(b)(1) Medicaid waivers. The intent of this section is to provide the secretary of human services with the authority to pursue Medicaid and SCHIP participation in the Blueprint for Health and new payment reform initiatives established by the Green Mountain Care board through any existing or new waiver.

(2) Upon establishment by the secretary of HHS of a health home demonstration program pursuant to Sec. 3502 of the Patient Protection and Affordable Care Act, Public Law 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Public Law 111-152; Section 1115 or 2107 of the Social Security Act; or other federal authority, the secretary of human services may apply to the secretary of HHS to include Medicaid or SCHIP as a participant in the Blueprint for Health as described in 18 V.S.A. chapter 13 of Title 18 and other payment reform initiatives established by the Green Mountain Care board pursuant to 18 V.S.A. chapter 220. ~~In the alternative, under Section 1115 of the Social Security Act, the secretary of human services may apply for an amendment to an existing Section 1115 waiver or may include in the renegotiation of the Global Commitment for Health Section 1115 waiver a request to include Medicaid as a participant in the Blueprint for Health as described in chapter 13 of Title 18.~~

Sec. 35. WAIVER UPDATES AND INFORMATION

(a) The secretary of human services or designee shall present information and updates on the waiver proposal and transition planning to the house

committees on appropriations, on human services, and on health care and the senate committees on appropriations and on health and welfare as requested, no later than January 30, 2013. When the general assembly is not in session, the secretary or designee shall present information and updates to the health care oversight committee upon request. The secretary or designee shall be available to the health care oversight committee on a monthly basis to provide an update in person or by telephone on the status of the waiver and transition planning, applications, and negotiations, including updates on the substantive provisions and issues provided for in Secs. 33–35a of this act. If the health care oversight committee elects not to meet in person or by telephone during any one month, the secretary or designee shall provide a monthly update by telephone conference call to interested parties and stakeholders, including a time for questions from the public. In addition, the secretary or designee shall provide updates at each meeting of the Medicaid and exchange advisory board and to other advisory committees upon request.

(b) The secretary of human services or designee shall present a transition plan for individuals eligible for or enrolled in the Vermont health access plan, the employer-sponsored insurance premium assistance program, and Catamount Health to the house committees on appropriations, on human services, and on health care and the senate committees on appropriations and on health and welfare by January 15, 2013.

Sec. 35a. WAIVERS AND TRANSITION PLANNING; INTENT

(a) It is the intent of the general assembly to ensure continued legislative oversight after adjournment through the health care oversight committee and the committees of jurisdiction of the transition from Vermont's current Medicaid expansion programs to new coverage options, including the Vermont health benefit exchange, for individuals and families in 2014. Because of federal time lines and the need to negotiate a waiver with the Centers for Medicare and Medicaid Services, continued development of the transition plan by the administration is expected during the summer and fall of 2012. It is the intent of the general assembly that the secretary of human services or designee not implement a basic health program without the approval of the general assembly. It is also the intent of the general assembly to continue to oversee the development of the transition plan during the 2013 legislative session.

(b) It is the intent of the general assembly that the transition from Catamount Health and the Vermont health access plan to the Vermont health benefit exchange should be accomplished in such a way that it minimizes the financial exposure of low income Vermonters, including the amounts of their premiums and out-of-pocket costs; ensures that health care providers receive

compensation that is sufficient to enlist enough providers to ensure that health services are available to all Vermonters and are distributed equitably; and recognizes the need to limit the financial exposure of the state of Vermont.

(c) The department of Vermont health access, in consultation with the Medicaid and exchange advisory committee established by 33 V.S.A. § 402, shall evaluate the options available under Section 1115 of the Social Security Act and under the Patient Protection and Affordable Care Act (Public Law 111-148), as amended by the Health Care and Education Reconciliation Act of 2010 (Public Law 111-152), for ensuring affordable coverage for individuals above 133 percent of the federal poverty level. The department shall consider financial implications to Vermonters, health care providers, and the state; administrative simplification of health care; continuity of coverage and reduction of churn; consistency with and promotion of other state health care reform efforts; and the likelihood of receiving approval from the U.S. Department of Health and Human Services, where necessary.

Sec. 35b. 33 V.S.A. § 402(b) is amended to read:

(b)(1) The commissioner of Vermont health access shall appoint members of the advisory committee established by this section, who shall serve staggered three-year terms. The total membership of the advisory committee shall be at least 22 members. The commissioner may remove members of the committee who fail to attend three consecutive meetings and may appoint replacements. The commissioner may reappoint members to serve more than one term.

(2)(A) The commissioner of Vermont health access shall appoint one representative of health insurers licensed to do business in Vermont to serve on the advisory committee. The commissioner of health shall also serve on the advisory committee.

(B) Of the remaining members of the advisory committee, one-quarter of the members shall be from each of the following constituencies:

(i) beneficiaries of Medicaid or Medicaid-funded programs.

(ii) individuals, self-employed individuals, health insurance brokers and agents, and representatives of ~~small~~ businesses eligible for or enrolled in the Vermont health benefit exchange.

(iii) advocates for consumer organizations.

(iv) health care professionals and representatives from a broad range of health care professionals.

* * *

Sec. 35c. EXCHANGE IMPLEMENTATION AND TRANSITION PLANNING; UPDATES

(a) The house committee on health care and the senate committees on health and welfare and on finance may meet while the legislature is not in session during 2012 to receive updates on issues related to health care reform, including waivers, transition planning, health information technology, the Vermont Information Technology Leaders, Inc., and implementation of the Vermont health benefit exchange. The committees shall meet at the call of the chairs of the committees, with the approval of the speaker of the house of representatives and the president pro tempore of the senate. To the extent practicable, such meetings shall coincide with scheduled meetings of the health care oversight committee.

(b) If the secretary of human services or designee receives the results of the federal government's review of Vermont's plan to implement its health benefit exchange while the general assembly is not in session, the members of the administration team responsible for exchange implementation shall present the results to the health care oversight committee and to a joint meeting of the standing committees pursuant to subsection (a) of this section. If the secretary or designee receives the results of the federal review when the general assembly is in session, the members of the administration team shall present the results to the house committees on health care and on appropriations and the senate committees on health and welfare, on finance, and on appropriations.

(c) No later than February 1, 2013, the administration team responsible for exchange implementation shall present to the house committees on health care and on appropriations and the senate committees on health and welfare, on finance, and on appropriations the exchange certification application the secretary of human services or designee submitted to the federal government.

* * * Health Access Eligibility Unit * * *

Sec. 36. 33 V.S.A. § 401 is amended to read:

§ 401. COMPOSITION OF DEPARTMENT

The department of Vermont health access, created under 3 V.S.A. § 3088, shall consist of the commissioner of Vermont health access, the medical director, ~~a health care eligibility unit~~; and all divisions within the department, including the divisions of managed care; health care reform; the Vermont health benefit exchange; and Medicaid policy, fiscal, and support services.

* * * Preconditions for Green Mountain Care * * *

Sec. 36a. 33 V.S.A. § 1822 is amended to read:

§ 1822. IMPLEMENTATION; WAIVER

(a) Green Mountain Care shall be implemented 90 days following the last to occur of:

* * *

(5) A determination by the Green Mountain Care ~~Board~~ board, as the result of a detailed and transparent analysis, that each of the following conditions will be met:

(A) Each Vermont resident covered by Green Mountain Care will receive benefits with an actuarial value of 80 percent or greater.

(B) When implemented, Green Mountain Care will not have a negative aggregate impact on Vermont's economy. This determination shall include an analysis of the impact of implementation on economic growth.

(C) The financing for Green Mountain Care is sustainable. In this analysis, the board shall consider at least a five-year revenue forecast using the consensus process established in 32 V.S.A. § 305a, projections of federal and other funds available to support Green Mountain Care, and estimated expenses for Green Mountain Care for an equivalent time period.

(D) Administrative expenses in Vermont's health care system for which data are available will be reduced below 2011 levels, adjusted for inflation and other factors as necessary to reflect the present value of 2011 dollars at the time of the analysis.

(E) Cost-containment efforts will result in a reduction in the rate of growth in Vermont's per-capita health care spending without reducing access to necessary care or resulting in excessive wait times for services.

(F) Health care professionals will be reimbursed at levels sufficient to allow Vermont to recruit and retain high-quality health care professionals.

* * *

(c) The Green Mountain Care board's analysis prepared pursuant to subdivision (a)(5) of this section shall be made available to the general assembly and the public and shall include:

(1) a complete fiscal projection of revenues and expenses, as described in subdivision (a)(5) of this section, including reserves, if recommended, and other costs in addition to the cost of services, over at least a five-year period for a public-private universal health care system providing benefits with an actuarial value of 80 percent or greater;

(2) the financing plans provided to the general assembly in January 2013 pursuant to Sec. 9 of No. 48 of the Acts of 2011;

(3) an analysis of how implementing Green Mountain Care will further the principles of health care reform expressed in 18 V.S.A. § 9371 beyond the reforms established through the Blueprint for Health; and

(4) a comparison of best practices for reducing health care costs in self-funded plans, if available.

Sec. 36b. JOINT FISCAL OFFICE REVIEW

(a) Within 90 days following a determination by the Green Mountain Care board pursuant to 33 V.S.A. § 1822 that the preconditions for Green Mountain Care have been met, the joint fiscal committee shall direct the legislative joint fiscal office to prepare a review of the board's findings, including an evaluation of the assumptions that formed the basis for the board's analysis. The joint fiscal office shall present its review to the house committees on health care and on appropriations, the senate committees on health and welfare and on appropriations, the governor, and the Green Mountain Care board; provided, however, that if the general assembly is not in session at the time the office completes its review, the office shall present the review to the joint fiscal committee in lieu of the committees of jurisdiction.

(b) The joint fiscal office may hire consultants as necessary to carry out its duties under this section.

* * * Technical and Clarifying Changes * * *

Sec. 37. 18 V.S.A. § 701 is amended to read:

§ 701. DEFINITIONS

For the purposes of this chapter:

* * *

(8) "Health benefit plan" shall have the same meaning as health insurance plan in 8 V.S.A. § 4088h.

* * *

(11) "Hospital" shall have the same meaning as in section ~~9456~~ 9451 of this title.

* * *

Sec. 38. 18 V.S.A. § 9391 is amended to read:

§ 9391. NOMINATION AND APPOINTMENT PROCESS

* * *

(b) The committee shall submit to the governor the names of the persons it deems qualified to be appointed to fill the position or positions and the name of any incumbent who declares that he or she wishes to be a candidate to succeed himself or herself.

(c) The governor shall make an appointment to the Green Mountain Care board from the list of qualified candidates submitted pursuant to subsection (b) of this section. The appointment shall be subject to the consent of the senate. The names of candidates submitted and not selected shall remain confidential.

* * *

Sec. 39. Sec. 31(a) of No. 48 of the Acts of 2011 is amended to read:

(a) Notwithstanding the provisions of 18 V.S.A. § 9390(b)(2), no later than June 1, 2011, the governor, the speaker of the house of representatives, and the president pro tempore of the senate shall appoint the members of the Green Mountain Care board nominating committee. The members shall serve until their replacements are appointed pursuant to 18 V.S.A. § 9390 between January 1, 2013 and February 1, 2013, as provided in 3 V.S.A. § 259.

* * * Sports Injuries * * *

Sec. 39a. 16 V.S.A. § 1431(d) is amended to read:

(d) Participation in athletic activity.

(1) A coach shall not permit a youth athlete to continue to participate in any training session or competition associated with a school athletic team if the coach has reason to believe that the athlete has sustained a concussion or other head injury during the training session or competition.

(2) A coach shall not permit a youth athlete who has been prohibited from training or competing pursuant to subdivision (1) of this subsection to train or compete with a school athletic team if the athlete has been removed or prohibited from participating in a training session or competition associated with the school athletic team due to symptoms of a concussion or other head injury until the athlete has been examined by and received written permission to participate in athletic activities from a health care provider licensed pursuant to Title 26 and trained in the evaluation and management of concussions and other head injuries.

*** Rulemaking Authority ***

Sec. 40. HOSPITAL BUDGET REVIEW RULES

For the purposes of hospital budget reviews pursuant to 18 V.S.A. chapter 221, subchapter 7, the Green Mountain Care board shall apply Rule 7.500 of the department of financial regulation, as that rule exists on the effective date of this section, until March 1, 2013 or the board's adoption of a permanent rule on hospital budget reviews pursuant to Sec. 40a of this act, whichever is earlier.

Sec. 40a. RULEMAKING

No later than January 1, 2013, the Green Mountain Care board shall adopt rules pursuant to 3 V.S.A. chapter 25 implementing the amendments in this act to 8 V.S.A. § 4062 (insurance rate review) and to 18 V.S.A. chapter 221, subchapters 5 (certificate of need) and 7 (hospital budget review).

*** Position Transfer ***

Sec. 40b. TRANSFER OF POSITION

On or before January 1, 2013, one health care administrator position shall be transferred from the department of financial regulation to the Green Mountain Care board.

*** Maximizing Federal Funds ***

Sec. 40c. MAXIMIZING PREMIUM TAX CREDITS AND COST-SHARING SUBSIDIES

No later than January 15, 2013, the secretary of administration or designee shall recommend to the house committees on health care and on ways and means and the senate committees on health and welfare and on finance strategies for maximizing the number of Vermont residents who will be eligible to receive federal premium tax credits or cost-sharing subsidies, or both, in the Vermont health benefit exchange and for maximizing the amount of the federal credits and subsidies that eligible Vermonters will receive.

*** Health Care Oversight Committee ***

Sec. 40d. 2 V.S.A. chapter 24 is amended to read:

CHAPTER 24. HEALTH ~~ACCESS~~ CARE OVERSIGHT COMMITTEE

§ 851. CREATION OF COMMITTEE

(a) A legislative health ~~access~~ care oversight committee is created. The committee shall be appointed biennially and consist of ten members: five members of the house appointed by the speaker, not all from the same political

party, and five members of the senate appointed by the senate committee on committees, not all from the same political party. The house appointees shall include ~~two members~~ one member from the house committee on human services, ~~two members~~ one member from the house committee on health care, ~~and one member~~ from the house committee on appropriations, ~~and two at-large members~~. The senate appointees shall include ~~three members~~ one member from the senate committee on health and welfare, one member from the senate committee on finance, ~~and one member~~ from the senate committee on appropriations, ~~and two at-large members~~.

(b) The committee may adopt rules of procedure to carry out its duties.

§ 852. FUNCTIONS AND DUTIES

(a) The health ~~access~~ care oversight committee shall ~~carry on~~ monitor, oversee, and provide a continuing review of ~~the operation of the Medicaid program and all Medicaid waiver programs that may affect the administration and beneficiaries of these programs~~ health care and human services programs in Vermont when the general assembly is not in session, including programs and initiatives related to mental health, substance abuse treatment, and health care reform.

(b) In conducting its review oversight and in order to fulfill its duties, the committee shall may consult ~~the following~~:

~~(1) Consumers and advocacy groups regarding their satisfaction and complaints.~~

~~(2) Health care providers regarding their satisfaction and complaints.~~

~~(3) The department of Vermont health access.~~

~~(4) The department of banking, insurance, securities, and health care administration.~~

~~(5) The agency of human services.~~

~~(6) The attorney general.~~

~~(7) The health care ombudsman.~~

~~(8) The Vermont program for quality in health care.~~

~~(9) Any other person or entity as determined by the committee with consumers, providers, advocates, administrative agencies and departments, and other interested parties.~~

(c) The committee shall work with, assist, and advise other committees of the general assembly, members of the executive branch, and the public on

matters relating to ~~the state Medicaid program and other state~~ health care and human services programs. Annually, no later than January 15, the committee shall report its recommendations to the governor and the ~~general assembly~~ committees of jurisdiction.

§ 853. MEETINGS AND STAFF SUPPORT

(a) The committee may meet during a session of the general assembly at the call of the chair or by a majority of the members of the committee. The committee may meet during adjournment subject to the approval of the speaker of the house and the president pro tempore of the senate.

(b) For attendance at meetings which are held when the general assembly is not in session, the members of the committee shall be entitled to the same per diem compensation and reimbursement for necessary expenses as those provided to members of standing committees under section 406 of this title.

(c) The staff of the legislative council and the joint fiscal office shall provide professional and administrative support to the committee. The department of ~~banking, insurance, securities, and health care administration~~ financial regulation, the agency of human services, and other agencies of the state shall provide information, assistance, and support upon request of the committee.

* * * Repeals * * *

Sec. 41. REPEALS

(a) 8 V.S.A. § 4089b(h) (insurance quality task force) is repealed July 1, 2012.

(b) 18 V.S.A. § 9409a (provider reimbursement survey) is repealed on passage.

(c) 8 V.S.A. § 4080c (safety net) is repealed January 1, 2014, except that plans issued or renewed in 2013 shall remain in effect until their anniversary date in calendar year 2014 to the extent consistent with the provisions of the Affordable Care Act and related guidance and regulations.

(d) Sec. 6 (health access eligibility unit transfer) of No. 48 of the Acts of 2011 is repealed on passage.

(e) 33 V.S.A. chapter 13, subchapter 2 (payment reform pilots) is repealed on passage.

(f) 18 V.S.A. § 4632(a)(7) (DVHA prescribed product report) is repealed on passage.

(g) No. 2 of the Acts of 2005 (I-SaveRx prescription drug program) is repealed on passage. Notwithstanding any provision of Sec. 2 of No. 2 of the Acts of 2005 to the contrary, repeal of such act shall constitute Vermont's withdrawal from the I-SaveRx agreement and terminate its related cooperative relationship with the state of Illinois.

(h) 33 V.S.A. chapter 19, subchapter 3 (Vermont Health Access Plan; employer-sponsored insurance assistance) is repealed January 1, 2014, except that current enrollees may continue to receive transitional coverage by the department of Vermont health access as authorized by the Centers on Medicare and Medicaid Services.

(i) 8 V.S.A. §§ 4080a (small group market) and 4080b (nongroup market) are repealed January 1, 2014, except that plans issued or renewed in 2013 shall remain in effect until their anniversary date in calendar year 2014 to the extent consistent with the provisions of the Affordable Care Act and related guidance and regulations.

(j) 8 V.S.A. §§ 4062d (market security trust), 4077 (industrial policies), and 4078 (franchise plan policies) are repealed on July 1, 2012.

Sec. 41a. TRANSITIONAL PROVISIONS; IMPLEMENTATION

(a)(1) Except as otherwise provided in subsection (c) of this section, small employers may enroll in health insurance plans offered through the Vermont health benefit exchange beginning at the earliest on October 1, 2013 and at the latest on the renewal date of any small group plan the employer purchased that took effect prior to January 1, 2014.

(2) Notwithstanding subdivision (1) of this subsection, the commissioner of financial regulation may, in his or her discretion, allow for the extension of a small group or association plan beyond the plan's renewal date in order to ensure a smooth and orderly transition from health plans offered in the small group and association markets in 2013 to health plans offered in the small group market through the Vermont health benefit exchange in 2014.

(b) Except as otherwise provided in subsections (c) and (d) of this section, individuals in the nongroup market may enroll in health insurance plans offered through the Vermont health benefit exchange beginning at the earliest on October 1, 2013 and at the latest on March 31, 2014, pursuant to federal law.

(c) Notwithstanding Sec. 41(i) of this act, repealing 8 V.S.A. §§ 4080a and 4080b, the department of financial regulation and the Green Mountain Care board may continue to approve rates and forms for nongroup and small group

health insurance plans under the statutes and rules in effect prior to the date of repeal if the Vermont health benefit exchange is not operational by January 1, 2014 and the department of Vermont health access or a health insurer is unable to facilitate enrollment in health benefit plans through another mechanism, including paper enrollment. In the alternative, the department of financial regulation may allow individuals and small employers to extend coverage under an existing health insurance plan. The department of financial regulation and the Green Mountain Care board shall maintain their authority pursuant to this subsection until the exchange is able to enroll all qualified individuals and small employers who apply for coverage through the exchange.

(d) Notwithstanding Sec. 41(h) of this act, repealing the Vermont health access plan and employer-sponsored insurance assistance, the department of Vermont health access may continue to provide employer-sponsored insurance assistance and coverage through the Vermont health access plan to eligible individuals beyond the date of repeal if the Vermont health benefit exchange is not operational by January 1, 2014 and the department of Vermont health access or a health insurer is unable to facilitate enrollment in health benefit plans through another mechanism, including paper enrollment. The department of Vermont health access shall maintain its authority to administer these programs until the exchange is able to enroll all qualified applicants who apply for coverage through the exchange.

(e) Notwithstanding the provisions of 8 V.S.A. §§ 4080a(d)(1) and 4080b(d)(1), a health insurer shall not be required to guarantee acceptance of any individual, employee, or dependent on or after January 1, 2014 for a small group plan offered pursuant to 8 V.S.A. § 4080a or a nongroup plan offered pursuant to 8 V.S.A. § 4080b except as required by the department of financial regulation or the Green Mountain Care board, or both, pursuant to subsection (c) of this section.

(f) To the extent permitted under the Affordable Care Act, in implementing the Vermont health benefit exchange, it is the intent of the general assembly not to impair the health care coverage provided to Vermonters through collective bargaining agreements entered into prior to January 1, 2013 and in effect on January 1, 2014 until the date that any such collective bargaining agreement relating to such health care coverage terminates.

41b. MEDICARE SUPPLEMENTAL INSURANCE; WEB PORTAL

Nothing in this act shall be construed to prohibit the department of Vermont health access from allowing Medicare supplemental insurance to be offered on the web portal for the Vermont health benefit exchange, nor to require that the cost of providing such offerings on the web portal be paid in whole or in part

with federal funds. Prior to allowing Medicare supplemental insurance to be offered on the Vermont health benefit exchange web portal, the department shall seek the input of consumers, insurers, and other stakeholders.

Sec. 41c. STATUTORY REVISION

The legislative council, in its statutory revision authority under 2 V.S.A. § 424, is directed to replace the term “health access oversight committee” in the Vermont Statutes Annotated wherever it appears with the term “health care oversight committee.”

Sec. 42. EFFECTIVE DATES

(a) Secs. 5 (Green Mountain Care board authority), 5a (bill-back report), 6–11 (unified health care budget), 11a (claims edit standards), 11c (parity for primary mental health care services), 12–14 (Green Mountain Care board duties, health care administration), 23 (hospital budgets), 24 (provider bargaining groups), 25–26 (insurance rate reviews), 26a (consumer protection report), 27 (payment reform pilot projects), 28 (Blueprint for Health), 28a (Blueprint intent), 29 (HMO reporting requirements), 33–35a (waivers), 35c (transition planning and exchange updates), 36 (health access eligibility unit), 36a (preconditions for Green Mountain Care), 36b (JFO review), 37–39 (technical/clarifying changes), 40b (transfer of position), 40c (maximizing federal funds), 41 (repeals), 41a (transitional provisions), and 41b (Medicare supplemental policies) of this act and this section shall take effect on passage.

(b) Secs. 40 (hospital budget rules) and 40a (rulemaking) of this act shall take effect on passage, provided that in order to comply with the deadlines contained in this act, the Green Mountain Care board may begin the rulemaking process prior to passage.

(c) Secs. 1 and 2 (50 employees or fewer), 2a (qualified health benefit plans), 2b (navigators), 2c (exchange options), 2d (brokers and agents), 2f and 2g (brokers’ fee disclosure), and 2h (bronze plan disclosures) shall take effect on July 1, 2012.

(d) Sec. 30 (VPQHC) shall take effect on July 1, 2013.

(e) Sec. 31 (prohibition on discretionary clauses) shall take effect on July 1, 2012 and shall apply to all policies, contracts, certificates, and agreements renewed, offered, or issued in this state with effective dates on or after such date.

(f)(1) Secs. 32(a), (e), and (f) (prescription drug coverage); 32a and 32b (prescribed products); 35b (Medicaid and exchange advisory committee); 39a

(sports injuries); 40d (health care oversight committee); and 41c (statutory revision) shall take effect on July 1, 2012.

(2) Sec. 32(b), (c), and (d) (prescription drug cost-sharing) shall take effect on October 1, 2012 and shall apply to all health insurance plans and health benefit plans on and after October 1, 2012 on such date as a health insurer issues, offers, or renews the plan, but in no event later than October 1, 2013.

(g) Secs. 3 (merged insurance market) and 4 (grandfathered plans) shall take effect on January 1, 2013, provided that:

(1) the department of financial regulation and the Green Mountain Care board may adopt rules as needed before that date to ensure that enrollment in the health insurance plans will be available no later than October 1, 2013; and

(2) January 1, 2014 shall be the earliest date that coverage may begin under a plan offered in the merged market.

(h) Secs. 14a–22 (certificates of need) shall take effect on January 1, 2013, and the Green Mountain Care board shall have sole jurisdiction over all applications for new certificates of need and over the administration of all existing certificates of need on and after that date, provided that for applications already in process on that date, the rules and procedures in place at the time the application was filed shall continue to apply until a final decision is made on the application.

(i) Secs. 11b (mental health and substance abuse quality assurance), 11e (rulemaking; mental health co-payment parity), 11f (mental health care ombudsman), 11g (payment; definitions), and 11h (prior authorization) of this act shall take effect on July 1, 2012.

(j) Secs. 24a–24f (medical malpractice reform) shall take effect on February 1, 2013.

(k) Sec. 11d (parity for mental health co-payments) of this act shall take effect on January 1, 2014, and shall apply to health insurance plans on and after January 1, 2014 on such date as a health insurer issues, offers, or renews the health insurance plan, but in no event later than January 1, 2015.

(l) Sec. 2e (ban on brokers' fees inside insurance rates) of this act shall take effect on January 1, 2014 and shall apply to all health insurers on and after January 1, 2014 on such date as a health insurer issues, offers, or renews a health insurance policy, but in no event later than January 1, 2015.

*CLAIRE D. AYER
KEVIN J. MULLIN
SALLY G. FOX*

Committee on the part of the Senate

*MICHAEL FISHER
LEIGH J. DAKIN
SARAH L. COPELAND-HANZAS*

Committee on the part of the House

Pending the question, Shall the House adopt the Committee of Conference Report? **Rep. Savage of Swanton** demanded the Yeas and Nays, which demand was sustained by the Constitutional number. The Clerk proceeded to call the roll and the question, Shall the House adopt the Committee of Conference Report? was decided in the affirmative. Yeas, 94. Nays, 46.

Those who voted in the affirmative are:

Ancel of Calais	French of Randolph	Mook of Bennington
Andrews of Rutland City	Grad of Moretown	Moran of Wardsboro
Aswad of Burlington	Greshin of Warren	Mrowicki of Putney
Atkins of Winooski	Haas of Rochester	Munger of South Burlington
Bartholomew of Hartland	Head of South Burlington	Nuovo of Middlebury
Bissonnette of Winooski	Heath of Westford	O'Sullivan of Burlington
Bohi of Hartford	Hooper of Montpelier	Pearson of Burlington
Botzow of Pownal	Howrigan of Fairfield	Peltz of Woodbury
Burke of Brattleboro	Jerman of Essex	Poirier of Barre City
Buxton of Tunbridge	Johnson of South Hero	Potter of Clarendon
Campion of Bennington	Keenan of St. Albans City	Pugh of South Burlington
Cheney of Norwich	Kitzmiller of Montpelier	Ralston of Middlebury
Christie of Hartford	Klein of East Montpelier	Ram of Burlington
Clarkson of Woodstock	Krebs of South Hero	Russell of Rutland City
Conquest of Newbury	Krowinski of Burlington	Shand of Weathersfield
Consejo of Sheldon	Kupersmith of South Burlington	Sharpe of Bristol
Copeland-Hanzas of Bradford	Lanpher of Vergennes	South of St. Johnsbury
Courcelle of Rutland City	Lenes of Shelburne	Spengler of Colchester
Dakin of Chester	Leriche of Hardwick	Stevens of Waterbury
Davis of Washington	Lippert of Hinesburg	Stuart of Brattleboro
Deen of Westminster	Lorber of Burlington	Sweaney of Windsor
Devereux of Mount Holly	Macaig of Williston	Taylor of Barre City
Donovan of Burlington	Malcolm of Pawlet	Toll of Danville
Edwards of Brattleboro	Manwaring of Wilmington	Townsend of Randolph
Ellis of Waterbury	Marek of Newfane	Trieber of Rockingham
Emmons of Springfield	Martin of Springfield	Waite-Simpson of Essex
Evans of Essex	Martin of Wolcott	Webb of Shelburne
Fisher of Lincoln	Masland of Thetford	Wilson of Manchester
Frank of Underhill	McCullough of Williston	Wizowaty of Burlington
French of Shrewsbury	Miller of Shaftsbury	Woodward of Johnson
		Wright of Burlington

Yantachka of Charlotte Young of Glover Zagar of Barnard

Those who voted in the negative are:

Acinapura of Brandon	Hebert of Vernon	Morrissey of Bennington
Batchelor of Derby	Helm of Fair Haven	Myers of Essex
Bouchard of Colchester	Higley of Lowell	Olsen of Jamaica
Branagan of Georgia	Howard of Cambridge	Pearce of Richford
Brennan of Colchester	Hubert of Milton	Peaslee of Guildhall
Browning of Arlington	Johnson of Canaan	Perley of Enosburgh
Burditt of West Rutland	Kilmartin of Newport City	Reis of St. Johnsbury
Canfield of Fair Haven	Koch of Barre Town	Savage of Swanton
Clark of Vergennes	Komline of Dorset	Scheuermann of Stowe
Condon of Colchester	Larocque of Barnet	Shaw of Pittsford
Corcoran of Bennington	Lawrence of Lyndon	Smith of New Haven
Crawford of Burke	Lewis of Berlin	Stevens of Shoreham
Dickinson of St. Albans Town	Lewis of Derby	Strong of Albany
Donahue of Northfield	Marcotte of Coventry	Turner of Milton
Eckhardt of Chittenden	McAllister of Highgate	Winters of Williamstown
	McFaun of Barre Town	

Those members absent with leave of the House and not voting are:

Degree of St. Albans City	Gilbert of Fairfax	Partridge of Windham
Donaghy of Poultney	McNeil of Rutland Town	Smith of Morristown
Fagan of Rutland City	O'Brien of Richmond	Till of Jericho

Report of Committee of Conference Adopted

H. 464

The Speaker placed before the House the following Committee of Conference report:

To the Senate and House of Representatives:

The Committee of Conference to which were referred the disagreeing votes of the two Houses upon House bill, entitled

An act relating to a moratorium on hydraulic fracturing wells for natural gas and oil production

Respectfully reported that it has met and considered the same and recommended that the House accede to the Senate proposal of amendment and that the bill be amended by striking all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. FINDINGS

The general assembly finds and declares that:

(1) The drilling practice of hydraulic fracturing for natural gas exploration and production uses a variety of chemicals that are pumped into natural gas or oil wells.

(2) During hydraulic fracturing, chemicals and waste fluid pumped into wells may be introduced into and contaminate drinking water aquifers.

(3) To ensure that the state's underground sources of drinking water remain free of contamination, the general assembly should prohibit hydraulic fracturing for the purpose of the recovery of oil or natural gas in order to:

(A) allow the state time to review, develop, and establish potential requirements for regulation of hydraulic fracturing; and

(B) allow the agency of natural resources to review the environmental impacts of hydraulic fracturing.

(4) When hydraulic fracturing can be conducted without risk of contamination to the groundwater of Vermont, the general assembly should repeal the prohibition on hydraulic fracturing for oil and natural gas recovery.

Sec. 2. 29 V.S.A. § 503 is amended to read:

§ 503. DEFINITIONS

As used in this chapter:

* * *

(8) "Gas" means all natural gas, whether hydrocarbon or nonhydrocarbon, including hydrogen sulfide, helium, carbon dioxide, nitrogen, hydrogen, casinghead gas, and all other fluid hydrocarbons not defined as oil.

* * *

(15) "Oil" means crude petroleum, oil, and all hydrocarbons, regardless of specific gravity, that are in the liquid phase in the reservoir and are produced at the wellhead in liquid form.

(16) "Oil and gas" means both oil and gas, or either oil or gas, as the context may require to give effect to the purposes of this chapter.

* * *

(29) "Fluid" means any material or substance which flows or moves whether in semi-solid, liquid, sludge, gas, or any other form or state.

(30) "Hydraulic fracturing" means the process of pumping a fluid into or under the surface of the ground in order to create fractures in rock for the purpose of the production or recovery of oil or gas.

Sec. 3. 29 V.S.A. chapter 14, subchapter 8 is added to read:

Subchapter 8. Hydraulic Fracturing for Oil or Gas Recovery

§ 571. HYDRAULIC FRACTURING; PROHIBITION

(a) No person may engage in hydraulic fracturing in the state.

(b) No person within the state may collect, store, or treat wastewater from hydraulic fracturing.

Sec. 4. 10 V.S.A. § 1259 is amended to read:

§ 1259. PROHIBITIONS

(a) No person shall discharge any waste, substance, or material into waters of the state, nor shall any person discharge any waste, substance, or material into an injection well or discharge into a publicly owned treatment works any waste which interferes with, passes through without treatment, or is otherwise incompatible with those works or would have a substantial adverse effect on those works or on water quality, without first obtaining a permit for that discharge from the secretary. This subsection shall not prohibit the proper application of fertilizer to fields and crops, nor reduce or affect the authority or policy declared in joint house resolution 7 of the 1971 session of the general assembly.

* * *

(c) No person shall cause a direct discharge into Class A waters of any wastes that, prior to treatment, contained organisms pathogenic to human beings. Except within a waste management zone, no person shall cause a direct discharge into Class B waters of any wastes that prior to treatment contained organisms pathogenic to human beings.

(d) No person shall cause a discharge of wastes into Class A waters, except for on-site disposal of sewage from systems with a capacity of 1,000 gallons per day (gpd), or less, that are either exempt from or comply with the environmental protection rules, or existing systems, which shall require a permit according to the provisions of subsection 1263(f) of this title.

* * *

(j) No person shall discharge waste from hydraulic fracturing, as that term is defined in 29 V.S.A. § 503, into or from a pollution abatement facility, as that term is defined in section 1571 of this title.

Sec. 5. AGENCY OF NATURAL RESOURCES REPORT; REGULATION OF HYDRAULIC FRACTURING FOR OIL OR NATURAL GAS RECOVERY

(a) On or before January 15, 2015, the secretary of natural resources shall submit to the senate and house committees on natural resources and energy and the house committee on fish, wildlife and water resources a report recommending how hydraulic fracturing should be regulated in the state. The report shall include:

(1) A recommendation of what state agency, board, or instrumentality should be authorized by the general assembly to regulate hydraulic fracturing in the state;

(2) A summary of how the agency recommends that hydraulic fracturing be regulated in the state, including how hydraulic fracturing should be permitted, where and how hydraulic fracturing should be sited, how waste from the hydraulic fracturing should be disposed of, how groundwater and surface water withdrawal for hydraulic fracturing should be regulated, and how to regulate land use practices and traffic associated with hydraulic fracturing; and

(3) Whether the agency of natural resources recommends that additional statutory or regulatory authority be enacted or adopted for the regulation of hydraulic fracturing and, if additional authority is recommended, a summary of the recommended authority.

(b) In preparing the report required by this section, the secretary of natural resources shall consult with interested parties, including representatives of: environmental groups, the oil and gas board, the oil and gas industry, and the U.S. Environmental Protection Agency.

Sec. 6. ANR REPORT ON SAFETY OF HYDRAULIC FRACTURING

On or before January 15, 2016, the secretary of natural resources shall report to the senate and house committees on natural resources and energy and the house committee on fish, wildlife and water resources regarding the environmental impacts of hydraulic fracturing and the potential impact of the practice on the public health and environment of Vermont. The report shall include:

(1) A summary of the findings of the U.S. Environmental Protection Agency studies of the environmental impacts of hydraulic fracturing, including the effects of hydraulic fracturing on ground water and air quality;

(2) A summary of additional relevant peer review studies related to the environmental impacts of hydraulic fracturing when, in the discretion of the secretary of natural resources, they are determined to be instructive or relevant to the potential environmental impacts of hydraulic fracturing in Vermont; and

(3) A recommendation as to whether the prohibition on hydraulic fracturing under 29 V.S.A § 571 should be repealed.

Sec. 7. AGENCY OF NATURAL RESOURCES; UNDERGROUND INJECTION CONTROL RULEMAKING

On or before July 15, 2015, the secretary of natural resources shall amend the rules regulating the discharge of waste into an injection well, including those discharges into an injection well for oil and gas recovery for which the agency of natural resources has jurisdiction, in order to update the rules to reflect existing requirements under federal and state law and to address practices not contemplated by the existing rules. In amending the rules regulating the discharge of waste into an injection well, the agency of natural resources shall provide that no permit shall be issued under 10 V.S.A. chapter 47 for a discharge of waste into an injection well when such a discharge would endanger an underground source of drinking water.

Sec. 8. EFFECTIVE DATE

This act shall take effect on passage.

and that after passage the title of the bill be amended to read: “An act relating to hydraulic fracturing wells for natural gas and oil production”

*VIRGINIA V. LYONS
JOSEPH C. BENNING
MARK A. MACDONALD*

Committee on the part of the Senate

*JAMES M. MCCULLOUGH
KATHRYN L. WEBB*

Committee on the part of the House

Pending the question, Shall the House adopt the Committee of Conference Report? **Rep. Deen of Westminster** demanded the Yeas and Nays, which demand was sustained by the Constitutional number. The Clerk proceeded to call the roll and the question, Shall the House adopt the Committee of Conference Report? was decided in the affirmative. Yeas, 103. Nays, 36.

Those who voted in the affirmative are:

Acinapura of Brandon	French of Randolph	Mrowicki of Putney *
Ancel of Calais	Grad of Moretown	Munger of South Burlington
Andrews of Rutland City	Greshin of Warren	Nuovo of Middlebury
Aswad of Burlington	Haas of Rochester	O'Brien of Richmond
Bartholomew of Hartland	Head of South Burlington	Olsen of Jamaica
Bissonnette of Winooski	Heath of Westford	O'Sullivan of Burlington
Bohi of Hartford	Hooper of Montpelier	Pearce of Richford
Botzow of Pownal	Howard of Cambridge	Pearson of Burlington
Branagan of Georgia	Howrigan of Fairfield	Peltz of Woodbury
Browning of Arlington	Jerman of Essex	Poirier of Barre City
Burke of Brattleboro	Johnson of South Hero	Potter of Clarendon
Buxton of Tunbridge	Johnson of Canaan	Pugh of South Burlington
Campion of Bennington	Keenan of St. Albans City	Ralston of Middlebury
Cheney of Norwich	Kitzmiller of Montpelier	Ram of Burlington
Christie of Hartford	Klein of East Montpelier	Russell of Rutland City
Clark of Vergennes	Krebs of South Hero	Shand of Weathersfield
Clarkson of Woodstock	Krowinski of Burlington	Sharpe of Bristol
Conquest of Newbury	Kupersmith of South Burlington	Shaw of Pittsford
Copeland-Hanzas of Bradford	Lanpher of Vergennes	Spengler of Colchester *
Corcoran of Bennington	Lenes of Shelburne	Stevens of Waterbury
Courcelle of Rutland City	Leriche of Hardwick	Stevens of Shoreham
Dakin of Chester	Lippert of Hinesburg	Stuart of Brattleboro
Davis of Washington	Lorber of Burlington	Sweaney of Windsor
Deen of Westminster	Macaig of Williston	Taylor of Barre City
Devereux of Mount Holly	Malcolm of Pawlet	Toll of Danville
Donahue of Northfield	Manwaring of Wilmington	Townsend of Randolph
Donovan of Burlington	Marek of Newfane	Trieber of Rockingham
Edwards of Brattleboro	Martin of Springfield	Waite-Simpson of Essex
Ellis of Waterbury	Martin of Wolcott	Webb of Shelburne
Emmons of Springfield	Masland of Thetford	Wilson of Manchester
Evans of Essex	McCullough of Williston	Wizowaty of Burlington
Fisher of Lincoln	Miller of Shaftsbury	Woodward of Johnson
Frank of Underhill	Mook of Bennington	Yantachka of Charlotte
French of Shrewsbury	Moran of Wardsboro	Young of Glover
		Zagar of Barnard

Those who voted in the negative are:

Atkins of Winooski	Eckhardt of Chittenden	Lewis of Derby
Batchelor of Derby	Hebert of Vernon	Marcotte of Coventry
Bouchard of Colchester	Helm of Fair Haven	McAllister of Highgate
Brennan of Colchester	Higley of Lowell	McFaun of Barre Town
Burditt of West Rutland	Hubert of Milton	Morrissey of Bennington
Canfield of Fair Haven	Kilmartin of Newport City	Myers of Essex
Consejo of Sheldon	Koch of Barre Town	Peaslee of Guildhall
Crawford of Burke	Larocque of Barnet	Perley of Enosburgh
Dickinson of St. Albans Town	Lawrence of Lyndon	Reis of St. Johnsbury
	Lewis of Berlin	Savage of Swanton

Scheuermann of Stowe *	Strong of Albany	Wright of Burlington
Smith of New Haven	Turner of Milton	
South of St. Johnsbury	Winters of Williamstown	

Those members absent with leave of the House and not voting are:

Condon of Colchester	Gilbert of Fairfax	Smith of Morristown
Degree of St. Albans City	Komline of Dorset	Till of Jericho
Donaghy of Poultney	McNeil of Rutland Town	
Fagan of Rutland City	Partridge of Windham	

Rep. Courcelle of Rutland City explained her vote as follows:

“Mr. Speaker:

Two sessions ago I voted to protect our ground water. We made it a public trust! This bill protects our state’s ground water (thus our wells and drinking water) for future generations.”

Rep. Donahue of Northfield explained her vote as follows:

“Mr. Speaker:

If my floor comments were misleading, I apologize. I support this bill overall and only hope that if there is litigation on the issue of interstate transport, we will revoke that section. For now it appears we are acting appropriately.”

Rep. Ellis of Waterbury explained her vote as follows:

“Mr. Speaker:

Protecting our ground water is not only good for the environment, it will save us millions of dollars in clean-up costs.”

Rep. Kitzmiller of Montpelier explained his vote as follows:

“Mr. Speaker:

Fracking is a deep and rocky subject infused with many impenetrable issues which have fractured our membership. I voted for this report to give us more time to drill down on the subject and not see it simply watered down with a mere moratorium.”

Rep. Lorber of Burlington explained his vote as follows:

“Mr. Speaker:

May this be the start of a nationwide movement to protect our environment.”

Rep. Mrowicki of Putney explained his vote as follows:

“Mr. Speaker:

A big thank you to your Fish, Wildlife & Water Resources Committee. Fracking is not only fracturing the earth and endangering our environment above and underground, it is also fracturing communities, pitting neighbor against neighbor. We don’t need this in VT.

My vote is for protecting our environment and our communities, now and for the future generations deserving of a clean earth and clean water.”

Rep. Scheuermann of Stowe explained her vote as follows:

“Mr. Speaker:

I vote ‘no’ on this ban for two reasons. First, we have absolutely no idea whether or not our state has any gas deposits worth mining and if these deposits might offer some economic opportunity to our state’s farmers and other Vermonters.

Second, there is no study included in the bill that would determine if we had these assets.

As the Burlington Free Press editorial says: ‘Vermonters deserve a policy on fracking that protects the state’s environment and water supply without unnecessarily hindering economic opportunity’.”

Rep. Spengler of Colchester explained her vote as follows:

“Mr. Speaker:

I can not be more pleased with the results of this conference committee unless we could ensure this ban on fracking in perpetuity. Safeguarding our state’s water and air for present and future generations is my duty as a Representative to the State of Vermont.”

Rep. Turner of Milton explained his vote as follows:

“Mr. Speaker:

My ‘no’ vote today reflects my disapproval and disappointment with the process on this bill. It is the custom of this body to appoint a member of the minority party to the committee of conference when they support passage of the bill. This did not happen on this bill. The outcome of this bill was predetermined and did not reflect the position of the bill as it passed the House with bipartisan support.”

Report of Committee of Conference Adopted**H. 771**

The Speaker placed before the House the following Committee of Conference report:

To the Senate and House of Representatives:

The Committee of Conference to which were referred the disagreeing votes of the two Houses upon House bill, entitled

An act relating to making technical corrections and other miscellaneous changes to education law

Respectfully reported that it has met and considered the same and recommended that the House accede to the Senate proposal of amendment with the following amendment thereto:

First: By striking out Secs. 33 and 34 in their entirety and inserting in lieu thereof the following:

Sec. 33. [Deleted.]

Sec. 34. 16 V.S.A. § 822a is added to read:

§ 822a. PUBLIC HIGH SCHOOL CHOICE

(a) Definitions. In this section:

(1) "High school" means a public school or that portion of a public school that offers grades 9 through 12 or some subset of those grades.

(2) "Student" means a student's parent or guardian if the student is a minor or under guardianship and means a student himself or herself if the student is not a minor.

(b) Limits on transferring students. A sending high school board may limit the number of resident students who transfer to another high school under this section in each year; provided that in no case shall it limit the potential number of new transferring students to fewer than five percent of the resident students enrolled in the sending high school as of October 1 of the academic year in which the calculation is made or 10 students, whichever is fewer; and further provided that in no case shall the total number of transferring students in any year exceed 10 percent of all resident high school students or 40 students, whichever is fewer.

(c) Capacity. On or before February 1 each year, the board of a high school district shall define and announce its capacity to accept students under this section. The commissioner shall develop, review, and update guidelines to

assist high school district boards to define capacity limits. Guidelines may include limits based on the capacity of the program, class, grade, school building, measurable adverse financial impact, or other factors, but shall not be based on the need to provide special education services.

(d) Lottery.

(1) Subject to the provisions of subsection (f) of this section, if more than the allowable number of students wish to transfer to a school under this section, then the board of the receiving high school district shall devise a nondiscriminatory lottery system for determining which students may transfer.

(2) Subject to the provisions of subsection (f) of this section, if more than the allowable number of students wish to transfer from a school under this section, then the board of the sending high school district shall devise a nondiscriminatory lottery system for determining which students may transfer; provided, however:

(A) a board shall give preference to the transfer request of a student whose request to transfer from the school was denied in a prior year; and

(B) a board that has established limits under subsection (b) of this section may choose to waive those limits in any year.

(e) Application and notification.

(1) A high school district shall accept applications for enrollment until March 1 of the school year preceding the school year for which the student is applying.

(2) A high school district shall notify each student of acceptance or rejection of the application by April 1 of the school year preceding the school year for which the student is applying.

(3) An accepted student shall notify both the sending and the receiving high schools of his or her decision to enroll or not to enroll in the receiving high school by April 15 of the school year preceding the school year for which the student has applied.

(4) After sending notification of enrollment, a student may enroll in a school other than the receiving high school only if the student, the receiving high school, and the high school in which the student wishes to enroll agree. If the student becomes a resident of a different school district, the student may enroll in the high school maintained by the new district of residence.

(5) If a student who is enrolled in a high school other than in the school district of residence notifies the school district of residence by July 15 of the

intent to return to that school for the following school year, the student shall be permitted to return to the high school in the school district of residence without requiring agreement of the receiving district or the sending district.

(f) Continued enrollment. An enrolled nonresident student shall be permitted to remain enrolled in the receiving high school without renewed applications in subsequent years unless:

(1) the student graduates;

(2) the student is no longer a Vermont resident; or

(3) the student is expelled from school in accordance with adopted school policy.

(g) Tuition and other costs.

(1) Unless the sending and receiving schools agree to a different arrangement, no tuition or other cost shall be charged by the receiving district or paid by the sending district for a student transferring to a different high school under this section; provided, however, a sending high school district shall pay special education and technical education costs for resident students pursuant to the provisions of this title.

(2) A student transferring to a different high school under this section shall pay no tuition, fee, or other cost that is not also paid by students residing in the receiving district.

(3) A district of residence shall include within its average daily membership any student who transfers to another high school under this section; a receiving school district shall not include any student who transfers to it under this section.

(h) Special education. If a student who is eligible for and receiving special education services chooses to enroll in a high school other than in the high school district of residence, then the receiving high school shall carry out the individualized education plan, including placement, developed by the sending high school district. If the receiving high school believes that a student not on an individualized education plan may be eligible for special education services or that an existing individualized education plan should be altered, it shall notify the sending high school district. When a sending high school district considers eligibility, development of an individualized education plan, or changes to a plan, it shall give notice of meetings to the receiving high school district and provide an opportunity for representatives of that district to attend the meetings and participate in making decisions.

(i) Suspension and expulsion. A sending high school district is not required to provide services to a resident student during a period of suspension or expulsion imposed by another high school district.

(j) Transportation. Jointly, the superintendent of each supervisory union shall establish and update a statewide clearinghouse providing information to students about transportation options among the high school districts.

(k) Nonapplicability of other laws. The provisions of subsections 824(b) and (c) (amount of tuition), 825(b) and (c) (maximum tuition rate), and 826(a) (notice of tuition change) and section 836 (tuition overcharge and undercharge) of this chapter shall not apply to enrollment in a high school pursuant to this section.

(l) Waiver. If a high school board determines that participation under this section would adversely affect students in its high school, then it may petition the commissioner for an exemption. The commissioner's decision shall be final.

(m) Report. Notwithstanding 2 V.S.A. § 20(d), the commissioner shall report annually in January to the senate and house committees on education on the implementation of public high school choice as provided in this section, including a quantitative and qualitative evaluation of the program's impact on the quality of educational services available to students and the expansion of educational opportunities.

Second: By striking out Sec. 38 in its entirety and inserting in lieu thereof a new Sec. 38 to read:

Sec. 38. EFFECTIVE DATE; IMPLEMENTATION

(a) Secs. 18–31 (audits) of this act shall take effect on July 1, 2013.

(b) Secs. 34, 35, and 37 of this act (statewide high school choice) shall take effect on July 1, 2012; provided, however, that Sec. 34 shall apply to enrollment in the 2013–2014 academic year and after.

(c) Sec. 36 (repeal of regional high school choice) of this act shall take effect on July 1, 2013; provided, however, that 16 V.S.A. § 1622 shall apply to enrollment in the 2012–2013 academic year and shall not apply to the process for determining enrollment in the 2013–2014 academic year.

(d) This section and all other sections of this act shall take effect on passage.

*KEVIN J. MULLIN
ROBERT A. STARR
WILLIAM T. DOYLE*

Committee on the part of the Senate

*JOHANNAH L. DONOVAN
HOWARD T. CRAWFORD
PHILIP PELTZ*

Committee on the part of the House

Which was considered and adopted on the part of the House.

Report of Committee of Conference Adopted

S. 116

The Speaker placed before the House the following Committee of Conference report:

To the Senate and House of Representatives:

The Committee of Conference to which were referred the disagreeing votes of the two Houses upon Senate bill, entitled

An act relating to probate proceedings

Respectfully reported that it has met and considered the same and recommended that it has met and considered the same and recommend that the House recede from its proposals of amendment, and that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. Rule 4(e) of the Vermont Rules of Probate Procedure is amended to read:

(e) Service by publication. When service by publication is required by this rule or by order of the court, the person directed by the court shall cause the substance of the notice prescribed by subdivision (a) of this rule, and a brief statement of the object of the petition, to be published ~~once a week for two successive weeks and at least seven days apart~~ in a ~~designated~~ newspaper of general circulation in the probate district where the petition was filed, or such other location as the court may direct. The ~~first~~ publication of the notice shall be made within 20 days after the petition is filed or the order is granted. Service by publication is complete on the day of ~~the last~~ publication.

Sec. 2. Rule 17 of the Vermont Rules of Probate Procedure is amended to read:

 Rule 17. PARTIES GENERALLY

(a) Parties at commencement. At the commencement of a probate proceeding all interested persons shall be considered parties and shall be served with notice pursuant to Rule 4.

(1)(A) Decedent's estates. At commencement of a probate proceeding involving a decedent's estate, the term "interested person" includes heirs, devisees, legatees, children, spouses, and such other persons as the court directs. The term "interested person" also includes the trustees of any trusts to which assets of the decedent's estate may be distributed. Notice to a trustee shall be sufficient to notify the trust's beneficiaries. It also includes persons having priority for appointment as executor or administrator, and other fiduciaries representing interested persons.

(B) The court, on motion, may order that an interested party need not be served with notice pursuant to Rule 4:

(i) if after due diligence the interested party cannot be located; or

(ii) for other good cause shown if the court finds that not providing such notice serves the interests of justice and the efficient administration of the estate.

* * *

Sec. 3. 14 V.S.A. § 3504 is amended to read:

§ 3504. SCOPE OF AUTHORITY

(a)(1) The agent shall have the authority to act on the principal's behalf as to all lawful subjects and purposes, but only to the extent such authority is given under the terms of the power of attorney, subject to section 3506 of this title and subsections (b) through (g) of this section.

(2) A general power of attorney created under this subchapter shall be construed to grant powers that are not expressly delineated in the terms of the power of attorney if it appears from the relevant facts and circumstances that the principal intended the agent to have general authority to act on the principal's behalf with respect to all lawful subjects and purposes. The specific inclusion or exclusion of one or more powers shall not, by itself, prevent a determination that the principal intended to grant general authority to the agent with respect to subjects not specifically included or excluded.

* * *

Sec. 4. 14 V.S.A. § 3516 is amended to read:

§ 3516. EFFECTIVE DATE; EFFECT ON EXISTING POWERS OF
ATTORNEY

(a) A power of attorney shall be valid if it:

- (1) complies with the terms of this subchapter; or
- (2) is executed before July 1, 2002 and valid under common law or statute existing at the time of execution.

(b) If a power of attorney executed before July 1, 2002 was valid under common law or statute existing at the time of execution, any exercise of authority under the power of attorney, whether before or after July 1, 2002, shall be deemed valid if the exercise complies with common law or statute existing at the time of execution.

Sec. 5. 24 V.S.A. § 133 is amended to read:

§ 133. COUNTY TAX; AMOUNT; ASSESSMENT

* * *

(e) The proposed budget shall contain any cost estimates and preliminary plans for capital construction in the county pursuant to subchapter 2 of chapter 3 of this title, estimates of the indebtedness of the county, estimates of the probable ordinary expenses of the county for the ensuing year, and any and all other expenses and obligations of the county. The budget may contain provision for additions to a an operations reserve fund and the accumulated total reserve fund shall not at any time exceed an amount equal to ~~ten~~ 15 percent of the current budget presented. Pursuant to a capital program, as described in section 4426 of this title, the budget may also include a provision for a separate reserve fund for capital construction, reconstruction, remodeling, repairs, renovation, design, or redesign which shall not at any time exceed an amount equal to ~~50~~ 75 percent of the current budget presented. However, if capital construction, reconstruction, remodeling, repairs, renovation, design, or redesign is necessitated by an insured loss or damage to a county building, the separate reserve fund may also include the amount of insurance proceeds received as a result of the loss or damage. All county budgets shall be presented on the form prescribed by the auditor of accounts, after consultation with the association of assistant judges, and shall include the amounts currently budgeted for each item included in the proposed budget.

Sec. 6. MINOR GUARDIANSHIP STUDY COMMITTEE

The minor guardianship study committee created by Sec. 23 of No. 56 of the Acts of 2011 shall continue to meet during 2012 and shall report any

additional findings and recommendations to the house and senate committees on judiciary, the house committee on human services, and the senate committee on health and welfare on or before December 15, 2012, whereupon it shall cease to exist.

Sec. 7. EFFECTIVE DATE

This act shall take effect on passage.

and that after passage the title of the bill be amended to read: “An act relating to probate proceedings, powers of attorney, and county budget reserve funds”

COMMITTEE ON THE PART OF THE SENATE	COMMITTEE ON THE PART OF THE HOUSE
SEN. ALICE W. NITKA	REP. THOMAS F. KOCH
SEN. RICHARD W. SEARS	REP. WILLIAM J. LIPPERT
SEN. MARGARET K. FLORY	REP. RICHARD J. MAREK

Which was considered and adopted on the part of the House.

Report of Committee of Conference Adopted

S. 200

The Speaker placed before the House the following Committee of Conference report:

To the Senate and House of Representatives:

The Committee of Conference to which were referred the disagreeing votes of the two Houses upon Senate bill, entitled

An act relating to the reporting requirements of health insurers

Respectfully reported that it has met and considered the same and recommended that the Senate accede to the House proposal of amendment, and that the bill be further amended:

First: In Sec. 1, 18 V.S.A. § 9414a, subsection (a), in the first sentence, by striking the number “5,000” and inserting in lieu thereof “2,000”

Second: In Sec. 1, 18 V.S.A. § 9414a, subdivision (a)(9)(A), by striking “names, positions,” and inserting in lieu thereof “titles”

COMMITTEE ON THE PART OF THE SENATE	COMMITTEE ON THE PART OF THE HOUSE
SEN. RICHARD J. McCORMACK	REP. SARAH L. COPELAND- HANZAS
SEN. RICHARD A. WESTMAN	REP. CHRISTOPHER A. PEARSON
SEN. ANTHONY POLLINA	REP. PATRICIA C. KOMLINE

Which was considered and adopted on the part of the House.

Report of Committee of Conference Adopted

S. 217

The Speaker placed before the House the following Committee of Conference report:

To the Senate and House of Representatives:

The Committee of Conference to which were referred the disagreeing votes of the two Houses upon Senate bill, entitled

An act relating to closely held benefit corporations

Respectfully reported that it has met and considered the same and recommended that the House recede from its proposal of amendment and that the bill be amended in Sec. 1, in 11A V.S.A. § 21.10(e)(1), by striking "one million dollars" and inserting in lieu thereof "five million dollars"

COMMITTEE ON THE PART OF
THE SENATE

SEN. RANDOLPH D. BROCK

SEN. RICHARD J. McCORMACK

SEN. WILLIAM H. CARRIS

COMMITTEE ON THE PART OF
THE HOUSE

REP. MICHELE FERLAND

KUPERSMITH

REP. EILEEN G. DICKINSON

REP. SAMUEL R. YOUNG

Which was considered and adopted on the part of the House.

Report of Committee of Conference Adopted

S. 251

The Speaker placed before the House the following Committee of Conference report:

To the Senate and House of Representatives:

The Committee of Conference to which were referred the disagreeing votes of the two Houses upon Senate bill, entitled

An act relating to miscellaneous amendments to laws pertaining to motor vehicles

Respectfully reported that it has met and considered the same and recommended that the Senate accede to the House's proposal of amendment to add Sec. 12 to the bill and to renumber the remaining section to be numerically correct, and that the House recede from its proposal of amendment to add Secs. 13-15 to the bill.

COMMITTEE ON THE PART OF
THE SENATE

SEN. ROBERT M. HARTWELL
SEN. RICHARD A. WESTMAN
SEN. RICHARD T. MAZZA

COMMITTEE ON THE PART OF
THE HOUSE

REP. DIANE M. LANPHER
REP. CLEMENT J. BISSONNETTE
REP. CHARLES W. BOHI

Which was considered and adopted on the part of the House.

**Senate Proposal of Amendment to
House Proposal of Amendment Agreed to**

H. 485

The Senate concurred in the House proposal of amendment to the Senate proposal of amendment, on House bill, entitled

An act relating to establishing universal recycling of solid waste

First: In Sec. 2, 10 V.S.A. § 6604, in subdivision (a)(1), by adding a new subdivision (B) to read:

~~(ii)(B)~~ materials management, which furthers the development of products that will generate less waste;

and by relettering the subsequent subdivisions of subdivision (a)(1) to be alphabetically correct

Second: In Sec. 12 (ANR report on solid waste), in subdivision (a)(1)(A) by striking out “and” after the semicolon and in subdivision (a)(1)(B), by striking out the period and inserting in lieu thereof ; and and by adding subdivision (a)(1)(C) to read:

(C) an analysis of the effectiveness of the existing, statutory beverage container deposit and return requirements and the effectiveness of the existing, statutory requirements in 10 V.S.A. chapters 164 (mercury management), 164A (collection and disposal of mercury containing lamps), and 166 (collection and recycling of electronic devices) in achieving the priorities and goals established by the state solid waste management plan.

Which proposal of amendment was considered and concurred in.

Report of Committee of Conference Adopted

S. 245

The Speaker placed before the House the following Committee of Conference report:

To the Senate and House of Representatives:

The Committee of Conference to which were referred the disagreeing votes of the two Houses upon Senate bill, entitled

An act relating to requiring cardiovascular care instruction in public and independent schools

Respectfully reported that it has met and considered the same and recommended that the House recede from its proposals of amendment and that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 16 V.S.A. § 131 is amended to read:

§ 131. DEFINITIONS

For the purposes of this subchapter, “comprehensive health education” means a systematic and extensive elementary and secondary educational program designed to provide a variety of learning experiences based upon knowledge of the human organism as it functions within its environment. The term includes the study of:

* * *

(3) Safety including:

(A) first aid, disaster prevention, and accident prevention; and

(B) information regarding and practice of compression-only cardiopulmonary resuscitation and the use of automated external defibrillators;

* * *

Sec. 2. 16 V.S.A. § 212 is amended to read:

§ 212. COMMISSIONER’S DUTIES GENERALLY

The commissioner shall execute those policies adopted by the state board in the legal exercise of its powers and shall:

* * *

(18) Annually inform superintendents and principals of regional resources available to assist schools to provide instruction in cardiopulmonary resuscitation and the use of automated external defibrillators and provide updated information to the education community regarding the provision of a comprehensive health education.

Sec. 3. REPORT

The commissioner of education shall electronically query superintendents and principals regarding whether and to what extent the instruction of

cardiopulmonary resuscitation and the use of automated external defibrillators is offered in the schools of the state. Specifically, the commissioner shall determine in what grades, for what periods of time, and in connection with what underlying courses instruction is offered. The commissioner shall report the results of this data collection to the senate and house committees on education on or before February 1, 2013.

Sec. 4. EFFECTIVE DATE

This act shall take effect on passage.

COMMITTEE ON THE PART OF
THE SENATE

SEN. WILLIAM T. DOYLE
SEN. VIRGINIA V. LYONS
SEN. PHILIP E. BARUTH

COMMITTEE ON THE PART OF
THE HOUSE

REP. JOHANNAH L. DONOVAN
REP. KEVIN B. CHRISTIE
REP. BRIAN A. CAMPION

Which was considered and adopted on the part of the House.

**Senate Proposal of Amendment Concurred in
with a Further Amendment Thereto**

H. 78

The Senate proposed to the House to amend House bill, entitled
An act relating to wages for laid-off employees

By striking all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 9 V.S.A. § 1971 is amended to read:

§ 1971. ~~EXTENT OF LIEN UNPAID WAGES; STATUTORY LIEN; PRIORITY OVER SUBSEQUENT MORTGAGE OR LIEN~~

(a) A statutory lien is created on the real and personal property of a corporation for up to 30 days of unpaid wages.

(b) The liability of a corporation to ~~wage earners~~ an employee for unpaid wages which were earned ~~in the three months next~~ for a 30-day period prior to the filing of a new mortgage or other lien upon the property ~~and franchise of such corporation of the corporation~~, in all cases, shall be a first lien thereon, notwithstanding any mortgage or other lien thereon recorded after such wages were earned. ~~An individual who works for wages, salary or hire at a rate of compensation not exceeding \$3,000.00 a year shall be deemed to be a wage earner within the meaning of this section.~~ Notice of the lien if on personal property shall be filed with the secretary of state's office and, if on real

property, in the land records, by the employee or the department of labor acting on behalf of one or more employees. An employee who is owed wages or the department of labor acting on behalf of one or more employees may file an action to execute on the lien in the civil division of the superior court in the county in which the corporation has its principal place of business in the state, or in the civil division of the Washington County superior court.

Sec. 2. 11A V.S.A. § 14.03 is amended to read:

§ 14.03. ARTICLES OF DISSOLUTION; CONTENT OF NOTICE; NOTICE TO DEPARTMENT OF LABOR REGARDING UNPAID WAGES

(a) At any time after dissolution is authorized, the corporation may dissolve by delivering to the secretary of state for filing articles of dissolution setting forth:

- (1) the name of the corporation;
- (2) the date dissolution was authorized;
- (3) if dissolution was approved by the shareholders:

(A) the number of votes entitled to be cast on the proposal to dissolve; and

(B) either the total number of votes cast for and against dissolution or the total number of undisputed votes cast for dissolution and a statement that the number cast for dissolution was sufficient for approval;

(4) if voting by voting groups was required, the information required by subdivision (3) of this subsection ~~must be~~, separately provided for each voting group entitled to vote separately on the plan to dissolve;

(5) a statement as to the settlement of debts, the distribution of property, and the status of pending litigation;

(6) a statement whether the corporation owes any unpaid wages to its employees.

(b) Subject to the provisions of section 14.09 of this title, a corporation is dissolved upon the effective date of its articles of dissolution.

(c) If a corporation owes unpaid wages to its employees, it shall also file a statement to that effect with the department of labor.

Thereupon, **Rep. O'Sullivan of Burlington** moved to concur in the Senate proposal of amendment with a further amendment thereto, as follows:

First: By striking out Sec. 2 in its entirety and inserting in lieu thereof a new Sec. 2 to read:

Sec. 2. 11A V.S.A. § 14.03 is amended to read:

§ 14.03. ARTICLES OF DISSOLUTION

(a) At any time after dissolution is authorized, the corporation may dissolve by delivering to the secretary of state for filing articles of dissolution setting forth:

- (1) the name of the corporation;
- (2) the date dissolution was authorized;
- (3) if dissolution was approved by the shareholders:

(A) the number of votes entitled to be cast on the proposal to dissolve; and

(B) either the total number of votes cast for and against dissolution or the total number of undisputed votes cast for dissolution and a statement that the number cast for dissolution was sufficient for approval;

(4) if voting by voting groups was required, the information required by subdivision (3) of this subsection ~~must be~~, separately provided for each voting group entitled to vote separately on the plan to dissolve;

(5) a statement as to the settlement of debts, wages, the distribution of property, and the status of pending litigation.

(b) Subject to the provisions of section 14.09 of this title, a corporation is dissolved upon the effective date of its articles of dissolution.

(c) A corporation shall stipulate to the department of labor whether and in what amount it owes unpaid wages to its employees. The secretary of state shall certify the articles of dissolution only after receiving confirmation from the department of labor that the corporation has paid the stipulated wages.

Second: By adding a Sec. 3 to read:

Sec. 3. EFFECTIVE DATE

Sec. 2 of this act shall take effect on October 1, 2012.

Which was agreed to.

Message from the Senate No. 74

A message was received from the Senate by Mr. Marshall, its Assistant Secretary, as follows:

Mr. Speaker:

I am directed to inform the House that:

The Senate has considered a bill originating in the House of the following title:

H. 766. An act relating to the national guard.

And has passed the same in concurrence with proposals of amendment in the adoption of which the concurrence of the House is requested.

Senate Proposal of Amendment Concurred in

H. 290

The Senate proposed to the House to amend House bill, entitled

An act relating to adult protective services

By striking all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. ADULT PROTECTIVE SERVICES REPORTS

(a) Beginning September 15, 2012 and by the 15th day of each month thereafter through September 2014, the commissioner of disabilities, aging, and independent living shall provide the information described in subsection (b) of this section to the general assembly. When the general assembly is in session, the commissioner shall provide the information to the house committees on human services and on judiciary and to the senate committees on health and welfare and on judiciary. When the general assembly is not in session, the commissioner shall provide the information to the chairs of the committees of jurisdiction, the health access oversight committee, and the office of legislative council.

(b) The commissioner shall provide the following information relating to the department's adult protective services activities during the preceding calendar month and for the calendar year to date:

(1) The number of:

(A) unduplicated intakes.

(B) cases open and under investigation.

(C) cases in which there was no personal contact with the alleged victim.

(2) The number of times a reporter was not contacted by the department within 48 hours after making a report.

(3) The number of cases that were not investigated pursuant to 33 V.S.A. § 6906 because:

(A) the alleged victim did not meet the statutory definition of a vulnerable adult.

(B) the allegation did not meet the statutory definition of abuse, neglect, or exploitation.

(C) the report was based on self-neglect.

(D) the report was based on "resident on resident" abuse.

(4) Of the cases not investigated pursuant to 33 V.S.A. § 6906 because the alleged victim did not meet the statutory definition of a vulnerable adult, whether any involved an alleged victim who was a resident of a facility, as defined in 33 V.S.A. § 6902(14)(A); a resident of a psychiatric hospital, as defined in 33 V.S.A. § 6902(14)(B); or receiving personal care services, as defined in 33 V.S.A. § 6902(14)(C).

(5) Of the cases not investigated pursuant to 33 V.S.A. § 6906 because the report was based on self-neglect, the services to which the reporter was referred.

(6) Reasons other than those listed in subdivision (2) for which a case was not investigated pursuant to 33 V.S.A. § 6906, such as no allegation of mistreatment, and the number of reports in each category.

(7) The number of cases in which there was no contact with the alleged victim or the reporter after the initial screening.

(8) The number of substantiations, pending substantiations, unsubstantiations, and completed investigations.

(9) For cases in which a decision was made not to investigate, the number of times the required letters were not sent to the victim or the reporter within five business days.

(10) For cases in which an investigation was completed, the number of times the required letters were not sent to the alleged victim, reporter, or alleged perpetrator within five business days.

(11) The length of time between when:

(A) the department received a report and when a decision was made regarding whether or not to investigate.

(B) the department received a report and when the investigator contacted the alleged victim.

(C) the department received a report and when the investigation was completed.

(12) As of the last day of the month, the number of permanent full-time equivalent employees and vacancies, the number of temporary full-time equivalent employees and vacancies, the position titles of all employees and vacant positions, and the employees' caseloads.

(13) The number of:

(A) cases that resulted in a written coordinated treatment plan pursuant to 33 V.S.A. § 6907(a), protective services as defined in 33 V.S.A. § 6902(9), or a plan of care as defined in 33 V.S.A. § 6902(8).

(B) individuals put on the abuse and neglect registry as a result of a substantiation.

(C) referrals to law enforcement agencies.

(D) times a penalty was imposed pursuant to 33 V.S.A. § 6913.

(E) actions for intermediate sanctions brought pursuant to 33 V.S.A. § 7111.

(c) Beginning in September 2013, the commissioner shall also include in each monthly report all of the information described in subsection (b) of this section for the same month of the preceding calendar year in order to allow for year-to-year comparison.

Sec. 2. DATA ANALYSIS

The secretary of human services and the commissioner of disabilities, aging, and independent living shall examine the accuracy and consistency of the August 2012 data provided to the chairs of the committees of jurisdiction, the health access oversight committee, and the office of legislative council pursuant to Sec. 1 of this act. The secretary and commissioner shall submit a report to the chairs of the committees of jurisdiction, the health access oversight committee, and the office of legislative council by September 30, 2012 summarizing their findings regarding the accuracy of the data and the extent to which the data are internally consistent.

Sec. 3. ADULT PROTECTIVE SERVICES EVALUATION

(a) The secretary of human services and the commissioner of disabilities, aging, and independent living shall jointly issue a request for proposals to conduct an independent evaluation of the adult protective services provided by the department of disabilities, aging, and independent living's division of licensing and protection.

(b) The evaluation shall examine:

(1) the effectiveness of the adult protective services provided;

- (2) the division's responsiveness to complaints;
- (3) the appropriateness of the level of investigation into complaints;
- (4) the adequacy of training for adult protective services staff;
- (5) the ability of vulnerable adults to access adult protective services;
- (6) the division's rules, protocols, and practices for prioritizing, responding to, and investigating complaints;
- (7) the sufficiency of adult protective services staffing levels in the division;
- (8) the number of reports, substantiations, and reversals by the commissioner or the human services board;
- (9) the role that the division does or should play in assessing and providing emergency protective services to vulnerable adults;
- (10) best practices from other states that would improve the division's ability to protect vulnerable adults from abuse and exploitation;
- (11) the scope and effectiveness of current adult protective services public education efforts;
- (12) public perception of and satisfaction with adult protective services;
- (13) the relationship between the units of survey and certification and adult protective services in the division of licensing and protection in the department of disabilities, aging, and independent living with respect to investigations of abuse, exploitation, and neglect; and
- (14) such other areas as the entity conducting the evaluation deems appropriate.

(c) No later than March 1, 2013, the entity conducting the evaluation shall provide an interim report regarding its work to date to the house committees on human services and on judiciary and the senate committees on health and welfare and on judiciary. No later than October 1, 2013, the entity conducting the evaluation shall provide the final report of its findings and recommendations to the chairs of the house committees on human services and on judiciary and the senate committees on health and welfare and on judiciary, to the health access oversight committee, and to the office of legislative council.

(d) The secretary of human services and the commissioner of disabilities, aging, and independent living shall report, upon request, on the status of the contract and the evaluation to the chairs of the house committees on human

services and on judiciary and the senate committees on health and welfare and on judiciary and to the health access oversight committee.

Sec. 4. TRANSFER

A transfer of up to \$75,000.00 is authorized from the department of Vermont health access long-term care program or the department of disabilities, aging, and independent living to the secretary of human services to implement the provisions of this act.

Sec. 5. REPEAL

Sec. 12 of No. 79 of the Acts of 2005 (adult protective services annual report) is repealed.

Sec. 6. EFFECTIVE DATE

This act shall take effect on passage.

Which proposal of amendment was considered and concurred in.

**Senate Proposal of Amendment to House Proposal
of Amendment Concurred in**

S. 214

The Senate concured with the House proposal of amendment with a further proposal of amendment thereto, on Senate bill, entitled

An act relating to customer rights regarding smart meters

By striking all after the enacting clause and insert in lieu thereof the following:

* * * Renewable Energy Goals, Definitions * * *

Sec. 1. 30 V.S.A. § 8001 is amended to read:

§ 8001. RENEWABLE ENERGY GOALS

(a) The general assembly finds it in the interest of the people of the state to promote the state energy policy established in section 202a of this title by:

(1) Balancing the benefits, lifetime costs, and rates of the state's overall energy portfolio to ensure that to the greatest extent possible the economic benefits of renewable energy in the state flow to the Vermont economy in general, and to the rate paying citizens of the state in particular.

(2) Supporting development of renewable energy that uses natural resources efficiently and related planned energy industries in Vermont, and the

jobs and economic benefits associated with such development, while retaining and supporting existing renewable energy infrastructure.

* * *

(5) Protecting and promoting air and water quality by means of renewable energy programs in the state and region through the displacement of those fuels, including fossil fuels, which are known to emit or discharge pollutants.

(6) Contributing to reductions in global climate change and anticipating the impacts on the state's economy that might be caused by federal regulation designed to attain those reductions.

(7) ~~Supporting and providing incentives for small, distributed renewable energy generation, including~~ Providing support and incentives that support locating such generation to locate renewable energy plants of small and moderate size in a manner that is distributed across the state's electric grid, including locating such plants in areas that will provide benefit to the operation and management of the state's electric that grid through such means as reducing line losses and addressing transmission and distribution constraints.

(8) Promoting the inclusion, in Vermont's electric supply portfolio, of renewable energy plants that are diverse in plant capacity and type of renewable energy technology.

(b) The board shall provide, by order or rule, the regulations and procedures that are necessary to allow the board and the department to implement and supervise programs pursuant to this chapter.

Sec. 2. 30 V.S.A. § 8002 is amended to read:

§ 8002. DEFINITIONS

For purposes of this chapter:

* * *

(2) "Renewable energy" means energy produced using a technology that relies on a resource that is being consumed at a harvest rate at or below its natural regeneration rate.

(A) For purposes of this subdivision (2), methane gas and other flammable gases produced by the decay of sewage treatment plant wastes or landfill wastes and anaerobic digestion of agricultural products, byproducts, or wastes shall be considered renewable energy resources, but no form of solid waste, other than agricultural or silvicultural waste, shall be considered renewable.

(B) For purposes of this subdivision (2), no form of nuclear fuel shall be considered renewable.

(C) The only portion of electricity produced by a system of generating resources that shall be considered renewable is that portion generated by a technology that qualifies as renewable under this subdivision (2).

(D) After conducting administrative proceedings, the board may add technologies or technology categories to the definition of “renewable energy,” provided that technologies using the following fuels shall not be considered renewable energy supplies: coal, oil, propane, and natural gas.

(E) For the purposes of this chapter, renewable energy refers to either “existing renewable energy” or “new renewable energy.”

(3) ~~“Existing renewable energy” means all types of renewable energy sold from the supply portfolio of a Vermont retail electricity provider that is not considered to be from a new renewable energy sourcee~~ produced by a plant that came into service prior to or on December 31, 2004.

(4) ~~“New renewable energy” means renewable energy produced by a generating resourcee~~ specific and identifiable plant coming into service after December 31, 2004.

~~(A) With respect to Energy from within a system of generating resources plants that includes renewable energy, the percentage of the system that constitutes shall not constitute new renewable energy shall be determined through dividing the plant capacity of the system’s generating resources coming into service after December 31, 2004 that produce renewable energy by the total plant capacity of the system, regardless of whether the system includes specific plants that came or come into service after December 31, 2004.~~

(B) “New renewable energy” also may include the additional energy from an existing renewable facility energy plant retrofitted with advanced technologies or otherwise operated, modified, or expanded to increase the kWh output of the facility plant in excess of an historical baseline established by calculating the average output of that facility plant for the 10-year period that ended December 31, 2004. If the production of new renewable energy through changes in operations, modification, or expansion involves combustion of the resource, the system also must result in an incrementally higher level of energy conversion efficiency or significantly reduced emissions. For the purposes of this chapter, renewable energy refers to either “existing renewable energy” or “new renewable energy.”

(5) ~~“Qualifying SPEED resources”~~ means contracts for ~~in-state~~ resources in the SPEED program established under section 8005 of this title that meet the definition of ~~new~~ renewable energy under this section, whether or not ~~renewable energy credits~~ environmental attributes are attached.

(6) ~~“Nonqualifying SPEED resources”~~ means ~~contracts for in-state resources in the SPEED program established under section 8005 of this title that are fossil fuel based, combined heat and power (CHP) facilities that sequentially produce both electric power and thermal energy from a single source or fuel. In addition, at least 20 percent of a facility’s fuel’s total recovered energy must be thermal and at least 13 percent must be electric, the design system efficiency (the sum of full load design thermal output and electric output divided by the heat input) must be at least 65 percent, and the facility must meet air quality standards established by the agency of natural resources.~~

(7) ~~“Energy conversion efficiency”~~ means the effective use of energy and heat from a combustion process.

(7) “Environmental attributes” means the characteristics of a plant that enable the energy it produces to qualify as renewable energy and include any and all benefits of the plant to the environment such as avoided emissions or other impacts to air, water, or soil that may occur through the plant’s displacement of a nonrenewable energy source.

(8) “Tradeable renewable energy credits” means all of the environmental attributes associated with a single unit of energy generated by a renewable energy source where:

(A) those attributes are transferred or recorded separately from that unit of energy;

(B) the party claiming ownership of the tradeable renewable energy credits has acquired the exclusive legal ownership of all, and not less than all, the environmental attributes associated with that unit of energy; and

(C) exclusive legal ownership can be verified through an auditable contract path or pursuant to the system established or authorized by the board or any program for tracking and verification of the ownership of environmental attributes of energy legally recognized in any state and approved by the board.

(9) “Retail electricity provider” or “provider” means a company engaged in the distribution or sale of electricity directly to the public.

(10) “Board” means the public service board under section 3 of this title, except when used to refer to the clean energy development board.

(11) “Commissioned” or “commissioning” means the first time a plant is put into operation following initial construction or modernization if the costs of modernization are at least 50 percent of the costs that would be required to build a new plant including all buildings and structures technically required for the new plant’s operation. However, these terms shall not include activities necessary to establish operational readiness of a plant.

(12) “Plant” means ~~any~~ an independent technical facility that generates electricity from renewable energy. A group of newly constructed facilities, such as wind turbines, shall be considered one plant if the group is part of the same project and uses common equipment and infrastructure such as roads, control facilities, and connections to the electric grid.

* * *

(21) “Vermont composite electric utility system” means the combined generation, transmission, and distribution resources along with the combined retail load requirements of the Vermont retail electricity providers.

(22) “CPI” means the Consumer Price Index for all urban consumers, designated as “CPI-U,” in the northeast region, as published by the U.S. Department of Labor, Bureau of Labor Statistics.

(23) “Greenhouse gas reduction credits” shall be as defined in section 8006a of this title.

* * * SPEED Program; General * * *

Sec. 3. 30 V.S.A. § 8005 is amended to read:

§ 8005. SUSTAINABLY PRICED ENERGY ENTERPRISE DEVELOPMENT (SPEED) PROGRAM; TOTAL RENEWABLES TARGETS

(a) ~~In order to~~ Creation. To achieve the goals of section 8001 of this title, there is created the Sustainably Priced Energy Enterprise Development (SPEED) program. ~~The SPEED program shall have two categories of projects: qualifying SPEED resources and nonqualifying SPEED resources.~~

(b) Board; powers and duties. The SPEED program shall be established, by rule, order, or contract, by the board. As part of the SPEED program, the board may, and in the case of subdivisions (1), (2), and (5) of this subsection, shall:

(1) Name one or more entities to become engaged in the purchase and resale of electricity generated within the state by means of qualifying SPEED resources ~~or nonqualifying SPEED resources, and shall implement the standard~~

~~offer required by subdivision (2) of this subsection through this entity or entities. An entity appointed under this subdivision shall be known as a SPEED facilitator.~~

~~(2) Issue standard offers for qualifying SPEED resources with a plant capacity of 2.2 MW or less in accordance with section 8005a of this title. These standard offers shall be available until the cumulative plant capacity of all such resources commissioned in the state that have accepted a standard offer under this subdivision (2) equals or exceeds 50 MW; provided, however, that a plant owned and operated by a Vermont retail electricity provider shall count toward this 50 MW ceiling if the plant has a plant capacity of 2.2 MW or less and is commissioned on or after September 30, 2009. The term of a standard offer required by this subdivision (2) shall be 10 to 20 years, except that the term of a standard offer for a plant using solar power shall be 10 to 25 years. The price paid to a plant owner under a standard offer required by this subdivision shall include an amount for each kWh generated that shall be set as follows:~~

~~(A) Until the board determines the price to be paid to a plant owner in accordance with subdivision (2)(B) of this subsection, the price shall be:~~

~~(i) For a plant using methane derived from a landfill or an agricultural operation, \$0.12 per kWh.~~

~~(ii) For a plant using wind power that has a plant capacity of 15 kW or less, \$0.20 per kWh.~~

~~(iii) For a plant using solar power, \$0.30 per kWh.~~

~~(iv) For a plant using hydropower, wind power with a plant capacity greater than 15 kW, or biomass power that is not subject to subdivision (2)(A)(i) of this subsection, a price equal, at the time of the plant's commissioning, to the average residential rate per kWh charged by all of the state's retail electricity providers weighted in accordance with each such provider's share of the state's electric load.~~

~~(B) In accordance with the provisions of this subdivision, the board by order shall set the price to be paid to a plant owner under a standard offer, including the owner of a plant described in subdivisions (2)(A)(i) (iv) of this subsection.~~

~~(i) The board shall use the following criteria in setting a price under this subdivision:~~

~~(I) The board shall determine a generic cost, based on an economic analysis, for each category of generation technology that constitutes renewable energy. In conducting such an economic analysis the board shall:~~

~~(aa) Include a generic assumption that reflects reasonably available tax credits and other incentives provided by federal and state governments and other sources applicable to the category of generation technology. For the purpose of this subdivision (2)(B), the term "tax credits and other incentives" excludes tradeable renewable energy credits.~~

~~(bb) Consider different generic costs for subcategories of different plant capacities within each category of generation technology.~~

~~(II) The board shall include a rate of return on equity not less than the highest rate of return on equity received by a Vermont investor-owned retail electric service provider under its board-approved rates as of the date a standard offer goes into effect.~~

~~(III) The board shall include such adjustment to the generic costs and rate of return on equity determined under subdivisions (2)(B)(i)(I) of this subsection as the board determines to be necessary to ensure that the price provides sufficient incentive for the rapid development and commissioning of plants and does not exceed the amount needed to provide such an incentive.~~

~~(ii) No later than September 15, 2009, the board shall open and complete a noncontested case docket to accomplish each of the following tasks:~~

~~(I) Determine whether there is a substantial likelihood that one or more of the prices stated in subdivision (2)(A) of this subsection do not constitute a reasonable approximation of the price that would be paid applying the criteria of subdivision (2)(B)(i).~~

~~(II) If the board determines that one or more of the prices stated in subdivision (2)(A) of this subsection do not constitute such an approximation, set interim prices that constitute a reasonable approximation of the price that would be paid applying the criteria of subdivision (2)(B)(i). Once the board sets such an interim price, that interim price shall be used in subsequent standard offers until the board sets prices under subdivision (2)(B)(iii) of this subsection.~~

~~(iii) Regardless of its determination under subdivision (2)(B)(ii) of this subsection, the board shall proceed to set, no later than January 15, 2010, the price to be paid to a plant owner under a standard offer applying the criteria of subdivision (2)(B)(i) of this subsection.~~

~~(C) On or before January 15, 2012 and on or before every second January 15 after that date, the board shall review the prices set under subdivision (2)(B) of this subsection and determine whether such prices are providing sufficient incentive for the rapid development and commissioning of plants. In the event the board determines that such a price is inadequate or excessive, the board shall reestablish the price, in accordance with the requirements of subdivision (2)(B)(i) of this subsection, for effect on a prospective basis commencing two months after the price has been reestablished.~~

~~(D) Once the board determines, under subdivision (2)(B) or (C) of this subsection, the generic cost and rate of return elements for a category of renewable energy, the price paid to a plant owner under a subsequently executed standard offer contract shall comply with that determination.~~

~~(E) A plant owner who has executed a contract for a standard offer under this section prior to a determination by the board under subdivision (2)(B) or (C) of this subsection shall continue to receive the price agreed on in that contract.~~

~~(F) Notwithstanding any other provision of this section, on and after June 8, 2010, a standard offer shall be available for a qualifying existing plant.~~

~~(i) For the purpose of this subdivision, "qualifying existing plant" means a plant that meets all of the following:~~

~~(I) The plant was commissioned on or before September 30, 2009.~~

~~(II) The plant generates electricity using methane derived from an agricultural operation and has a plant capacity of 2.2 MW or less.~~

~~(III) On or before September 30, 2009, the plant owner had a contract with a Vermont retail electricity provider to supply energy or attributes, including tradeable renewable energy credits from the plant, in connection with a renewable energy pricing program approved under section 8003 of this title.~~

~~(ii) Plant capacity of a plant accepting a standard offer pursuant to this subdivision (2)(F) shall not be counted toward the 50 MW amount under this subsection (b).~~

~~(iii) Award of a standard offer under this subdivision (2)(F) shall be on condition that the plant owner and the retail electricity provider agree to modify any existing contract between them described under subdivision (i)(III) of this subdivision (2)(F) so that the contract no longer requires energy from~~

~~the plant to be provided to the retail electricity provider. Those provisions of such a contract that concern tradeable renewable energy credits associated with the plant may remain in force.~~

~~(iv) The price and term of a standard offer contract under this subdivision (2)(F) shall be the same, as of the date such a contract is executed, as the price and term otherwise in effect under this subsection (b) for a plant that uses methane derived from an agricultural operation.~~

~~(G) Notwithstanding the requirement of this subsection (b) that a standard offer be available for qualifying SPEED resources, the board shall make a standard offer available under this subdivision (2) to an existing hydroelectric plant that does not exceed the 2.2 MW plant capacity limit of this subsection. To such plants, the board shall not allocate more of the cumulative 50 MW plant capacity under this subdivision (2) than exceeds the amount of such capacity that is unsubscribed as of January 1, 2012. Before making this standard offer available, the board shall notify potentially eligible plants known to it and shall publish broad public notice of the future availability of the standard offer. The notice shall direct that all potentially eligible plants shall file with the board a statement of interest in the standard offer by a date to be no less than 30 days from the date of the notice. No plant may participate in this standard offer unless it timely files such a statement. The filing of such a statement shall constitute the consent of the plant owner to produce such information as the board may reasonably require to carry out this subdivision (2)(G), including information the board deems necessary to determine a generic cost in setting the price. The board shall have authority to require the production of such information from a plant that files a statement of interest. For the purpose of this subdivision (2)(G):~~

~~(i) “Existing hydroelectric plant” means a hydroelectric plant located in the state that was in service as of January 1, 2009 and does not, as of the effective date of this subdivision (2)(G), have an agreement with the board’s purchasing agent for the purchase of its power pursuant to subdivision 209(a)(8) of this title and board rules adopted under that subdivision. The term includes hydroelectric plants that have never had such an agreement and hydroelectric plants for which such an agreement expired prior to May 25, 2011.~~

~~(ii) The provisions of subdivisions (2)(B)(i)(I) (III) of this subsection (standard offer pricing criteria) shall apply, except that:~~

~~(I) The term “generic cost,” when applied by the board to determine the price of a standard offer for an existing hydroelectric plant, shall mean the cost to own, reliably operate, and maintain such a plant for the~~

~~duration of the standard offer contract. In determining this cost, the board shall consider including a generic assumption with respect to rehabilitation costs based on relevant factors such as the age of the potentially eligible plants; recently constructed or currently proposed rehabilitations to such plants; the investment that a reasonably prudent person would have made in such a plant to date under the circumstances of the plant, including the price received for power; and the availability for such a plant of improved technology.~~

~~(II) The incentive described under subdivision (2)(B)(i)(III) of this subsection shall be an incentive for continued safe, efficient, and reliable operation of existing hydroelectric plants.~~

* * *

(5) ~~Require~~ In accordance with section 8005a of this section, require all Vermont retail electricity providers to purchase from the SPEED facilitator, ~~in accordance with subdivision (g)(2) of this section,~~ the power generated by the plants that accept the standard offer required to be issued under ~~subdivision (2) of this subsection~~ section 8005a. For the purpose of this subdivision (5), the board and the SPEED facilitator constitute instrumentalities of the state.

* * *

~~(7) Create a mechanism by which a retail electricity provider may establish that it has a sufficient amount of renewable energy, or resources that would otherwise qualify under the provisions of subsection (d) of this section, in its portfolio so that equity requires that the retail electricity provider be relieved, in whole or in part, from requirements established under this subsection that would require a retail electricity provider to purchase SPEED power, provided that this mechanism shall not apply to the requirement to purchase power under subdivision (5) of this subsection. However, a retail electricity provider that establishes that it receives at least 25 percent of its energy from qualifying SPEED resources that were in operation on or before September 30, 2009, shall be exempt and wholly relieved from the requirements of subdivisions (b)(5) (requirement to purchase standard offer power) and (g)(2) (allocation of standard offer electricity and costs) of this section. [Repealed.]~~

(8) Provide that in any proceeding under subdivision 248(a)(2)(A) of this title for the construction of a renewable energy plant, a demonstration of compliance with subdivision 248(b)(2) of this title, relating to establishing need for the facility plant, shall not be required if the facility plant is a SPEED resource and if no part of the facility plant is financed directly or indirectly through investments, other than power contracts, backed by Vermont electricity ratepayers.

(9) Take such other measures as the board finds necessary or appropriate to implement SPEED.

(c) VEDA; eligible facilities. Developers of ~~qualifying and nonqualifying in-state~~ SPEED resources shall be entitled to classification as an eligible facility under ~~chapter 12 of Title 10 V.S.A. chapter 12,~~ relating to the Vermont Economic Development Authority.

(d) Goals and targets. To advance the goals stated in section 8001 of this title, the following goals and targets are established.

(1) 2012 SPEED goal. The board shall meet on or before January 1, 2012 and open a proceeding to determine the total amount of ~~qualifying~~ SPEED resources that have been supplied to Vermont retail electricity providers or have been issued a certificate of public good. If the board finds that the amount of ~~qualifying~~ SPEED resources coming into service or having been issued a certificate of public good after January 1, 2005 and before July 1, 2012 equals or exceeds total statewide growth in electric retail sales during that time, and in addition, at least five percent of the 2005 total statewide electric retail sales is provided by ~~qualified~~ SPEED resources or would be provided by ~~qualified~~ SPEED resources that have been issued a certificate of public good, or if it finds that the amount of ~~qualifying~~ SPEED resources equals or exceeds 10 percent of total statewide electric retail sales for calendar year 2005, the portfolio standards established under this chapter shall not be in force. The board shall make its determination by January 1, 2013. If the board finds that the goal established has not been met, one year after the board's determination the portfolio standards established under subsection 8004(b) of this title shall take effect.

(2) 2017 SPEED goal. A state goal is to assure that 20 percent of total statewide electric retail sales ~~before July 1, 2017~~ during the year commencing January 1, 2017 shall be generated by SPEED resources that constitute new renewable energy. ~~The board shall report to the house and senate committees on natural resources and energy and to the joint energy committee by December 31, 2011 with regard to the state's progress in meeting this goal. In addition, the board shall report to the house and senate committees on natural resources and energy and to the joint energy committee by December 31, 2013 with regard to the state's progress in meeting this goal and, if necessary, shall include any appropriate recommendations for measures that will make attaining the goal more likely. On or before January 31, 2018, the board shall meet and open a proceeding to determine, for the calendar year 2017, the total amount of SPEED resources that were supplied to Vermont retail electricity providers and the total amount of statewide retail electric sales.~~

(3) Determinations. For the purposes of the ~~determination~~ determinations to be made under ~~this subsection,~~ subdivisions (1) and (2) of this subsection (d), the total amount of SPEED resources shall be the amount of electricity produced at ~~all facilities~~ SPEED resources owned by or under long-term contract to Vermont retail electricity providers, ~~whether it is generated inside or outside Vermont,~~ that is new renewable energy ~~shall be counted in the calculations under subdivisions (1) and (2) of this subsection.~~

(4) Total renewables targets. This subdivision establishes, as percentages of annual electric sales, target amounts of total renewable energy within the supply portfolio of each renewable electricity provider.

(A) The target amounts of total renewable energy established by this subsection shall be 55 percent of each retail electricity provider's annual electric sales during the year beginning January 1, 2017, increasing by an additional four percent each third January 1 thereafter, until reaching 75 percent on and after January 1, 2032.

(B) Each retail electricity provider shall manage its supply portfolio to be reasonably consistent with the target amounts established by this subdivision (2). The board shall consider such consistency during the course of reviewing a retail electricity provider's charges and rates under this title, integrated resource plans under section 218c of this title, and petitions under section 248 (new gas and electric purchases, investments, and facilities) of this title. However, nothing in this subdivision (2) shall relieve a retail electricity provider from the obligations of section 8004 (renewable portfolio standards) of this title.

(e) Regulations and procedures. The board shall provide, by order or rule, the regulations and procedures that are necessary to allow the board and the department to implement, and to supervise further the implementation and maintenance of the SPEED program. These rules shall assure that decisions with respect to certificate of public good applications for construction of SPEED resources shall be made in a timely manner.

(f) Preapproval. In order to encourage joint efforts on the part of regulated companies to purchase power that meets or exceeds the SPEED standards and to secure stable, long-term contracts beneficial to Vermonters, the board may establish standards for pre-approving the recovery of costs incurred on a SPEED project that is the subject of that joint effort.

(g) ~~With respect to executed contracts for standard offers under this section:~~

~~(1) Such a contract shall be transferable. The contract transferee shall notify the SPEED facilitator of the contract transfer within 30 days of transfer.~~

~~(2) The SPEED facilitator shall distribute the electricity purchased to the Vermont retail electricity providers at the price paid to the plant owners, allocated to the providers based on their pro rata share of total Vermont retail kWh sales for the previous calendar year, and the Vermont retail electricity providers shall accept and pay the SPEED facilitator for the electricity.~~

~~(3) The SPEED facilitator shall transfer any tradeable renewable energy credits attributable to electricity purchased under standard offer contracts to the Vermont retail electricity providers in accordance with their pro rata share of the costs for such electricity as determined under subdivision (2) of this subsection, except that in the case of a plant using methane from agricultural operations, the plant owner shall retain such credits to be sold separately at the owner's discretion.~~

~~(4) The SPEED facilitator shall transfer all capacity rights attributable to the plant capacity associated with the electricity purchased under standard offer contracts to the Vermont retail electricity providers in accordance with their pro rata share of the costs for such electricity as determined under subdivision (2) of this subsection.~~

~~(5) All reasonable costs of a Vermont retail electricity provider incurred under this subsection shall be included in the provider's revenue requirement for purposes of ratemaking under sections 218, 218d, 225, and 227 of this title. In including such costs, the board shall appropriately account for any credits received under subdivisions (2) and (3) of this subsection. Costs included in a retail electricity provider's revenue requirement under this subdivision shall be allocated to the provider's ratepayers as directed by the board.~~

~~(h) With respect to standard offers under this section, the board shall by rule or order:~~

~~(1) Determine a SPEED facilitator's reasonable expenses arising from its role and the allocation of such expenses among plant owners and Vermont retail electricity providers.~~

~~(2) Determine the manner and timing of payments by a SPEED facilitator to plant owners for energy purchased under an executed contract for a standard offer.~~

~~(3) Determine the manner and timing of payments to the SPEED facilitator by the Vermont retail electricity providers for energy distributed to them under executed contracts for standard offers.~~

~~(4) Establish reporting requirements of a SPEED facilitator, a plant owner, and a Vermont retail electricity provider.~~

~~(i) With respect to standard offers under this section, the board shall determine whether its existing rules sufficiently address metering and the allocation of metering costs, and make such rule revisions as needed to implement the standard offer requirements of this section.~~

~~(j) Wood biomass resources that would otherwise constitute qualifying SPEED resources may receive a standard offer under subdivision (b)(2) of this section only if they have a design system efficiency (the sum of full load design thermal output and electric output divided by the heat input) of at least 50 percent.~~

~~(k) A Vermont retail electricity provider shall not be eligible for a standard offer contract under subdivision (b)(2) of this section. However, under subdivision (g)(1) of this section, a plant owner may transfer to such a provider all rights associated with a standard offer contract that has been offered to the plant without affecting the plant's status under the standard offer program. In the case of such a transfer of rights, the plant shall not be considered a utility-owned and operated plant under subdivisions (b)(2) and (g)(2) of this section.~~

~~(l) The existence of a standard offer under subdivision (b)(2) of this section shall not preclude a voluntary contract between a plant owner and a Vermont retail electricity provider on terms that may be different from those under the standard offer. A plant owner who declines a voluntary contract may still accept a standard offer under this section.~~

~~(m) State; nonliability. The state and its instrumentalities shall not be liable to a plant owner or retail electricity provider with respect to any matter related to SPEED, including costs associated with a standard offer contract under this section or section 8005a of this title or any damages arising from breach of such a contract, the flow of power between a plant and the electric grid, or the interconnection of a plant to that grid.~~

~~(n) On or before January 15, 2011 and every second January 15 afterward, the board shall report to the house and senate committees on natural resources and energy concerning the status of the standard offer program under this section. In its report, the board at a minimum shall:~~

~~(1) Assess the progress made toward attaining the cumulative statewide capacity ceiling stated in subdivision (b)(2) of this section.~~

~~(2) If that cumulative statewide capacity ceiling has not been met, identify the barriers to attaining that ceiling and detail the board's recommendations for overcoming such barriers.~~

~~(3) If that cumulative statewide capacity has been met or is likely to be met within a year of the date of the board's report, recommend whether the standard offer program under this section should continue and, if so, whether there should be any modifications to the program.~~

* * * SPEED Program; Standard Offer * * *

Sec. 4. 30 V.S.A. § 8005a is added to read:

§ 8005a. SPEED; STANDARD OFFER PROGRAM

(a) Establishment. A standard offer program is established within the SPEED program. To achieve the goals of section 8001 of this title, the board shall issue standard offers for renewable energy plants that meet the eligibility requirements of this section. The board shall implement these standard offers through the SPEED facilitator.

(b) Eligibility. To be eligible for a standard offer under this section, a plant must constitute a qualifying small power production facility under 16 U.S.C. § 796(17)(C) and 18 C.F.R. part 292, must not be a net metering system under section 219a of this title, and must be a new standard offer plant. For the purpose of this section, "new standard offer plant" means a renewable energy plant that is located in Vermont, that has a plant capacity of 2.2 MW or less, and that is commissioned on or after September 30, 2009.

(c) Cumulative capacity. In accordance with this subsection, the board shall issue standard offers to new standard offer plants until a cumulative plant capacity amount of 127.5 MW is reached.

(1) Pace. Annually commencing April 1, 2013, the board shall increase the cumulative plant capacity of the standard offer program (the annual increase) until the 127.5-MW cumulative plant capacity of this subsection is reached.

(A) Annual amounts. The amount of the annual increase shall be five MW for the three years commencing April 1, 2013, 7.5 MW for the three years commencing April 1, 2016, and 10 MW commencing April 1, 2019.

(B) Blocks. Each year, a portion of the annual increase shall be reserved for new standard offer plants proposed by Vermont retail electricity providers (the provider block), and the remainder shall be reserved for new standard offer plants proposed by persons who are not providers (the independent developer block).

(i) The portion of the annual increase reserved for the provider block shall be 10 percent for the three years commencing April 1, 2013, 15

percent for the three years commencing April 1, 2016, and 20 percent commencing April 1, 2019.

(ii) If the provider block for a given year is not fully subscribed, any unsubscribed capacity within that block shall be added to the annual increase for each following year until that capacity is subscribed and shall be made available to new standard offer plants proposed by persons who are not providers.

(iii) If the independent developer block for a given year is not fully subscribed, any unsubscribed capacity within that block shall be added to the annual increase for each following year until that capacity is subscribed and:

(I) shall be made available to new standard offer plants proposed by persons who are not providers; and

(II) may be made available to a provider following a written request and specific proposal submitted to and approved by the board.

(C) Adjustment; greenhouse gas reduction credits. The board shall adjust the annual increase to account for greenhouse gas reduction credits by multiplying the annual increase by one minus the ratio of the prior year's greenhouse gas reduction credits to that year's statewide retail electric sales.

(i) The amount of the prior year's greenhouse gas reduction credits shall be determined in accordance with subdivision 8006a(a)(2) of this title.

(ii) During years in which the annual increase is 10 MW, the adjustment in the annual increase shall be applied proportionally to the independent developer block and the provider block.

(iii) Greenhouse gas reduction credits used to diminish a provider's obligation under section 8004 of this title may be used to adjust the annual increase under this subsection (c).

(2) Technology allocations. The board shall allocate the 127.5-MW cumulative plant capacity of this subsection among different categories of renewable energy technologies. These categories shall include at least each of the following: methane derived from a landfill; solar power; wind power with a plant capacity of 100 kW or less; wind power with a plant capacity greater than 100 kW; hydroelectric power; and biomass power using a fuel other than methane derived from an agricultural operation or landfill.

(d) Plants outside cumulative capacity. The following categories of plants shall not count toward the cumulative capacity amount of subsection (c) of this

section, and the board shall make standard offers available to them provided that they are otherwise eligible for such offers under this section:

(1) Plants using methane derived from an agricultural operation.

(2) New standard offer plants that the board determines will have sufficient benefits to the operation and management of the electric grid or a provider's portion thereof because of their design, characteristics, location, or any other discernible benefit. To enhance the ability of new standard offer plants to mitigate transmission and distribution constraints, the board shall require Vermont retail electricity providers and companies that own or operate electric transmission facilities within the state to make sufficient information concerning these constraints available to developers who propose new standard offer plants.

(A) By March 1, 2013, the board shall develop a screening framework or guidelines that will provide developers with adequate information regarding constrained areas in which generation having particular characteristics is reasonably likely to provide sufficient benefit to allow the generation to qualify for eligibility under this subdivision (2).

(B) Once the board develops the screening framework or guidelines under subdivision (2)(A) of this subsection (d), the board shall require Vermont transmission and retail electricity providers to make the necessary information publically available in a timely manner, with updates at least annually.

(C) Nothing in this subdivision shall require the disclosure of information in contravention of federal law.

(e) Term. The term of a standard offer required by this section shall be 10 to 20 years, except that the term of a standard offer for a plant using solar power shall be 10 to 25 years.

(f) Price. The categories of renewable energy for which the board shall set standard offer prices shall include at least each of the categories established pursuant to subdivision (c)(2) of this section. The board by order shall determine and set the price paid to a plant owner for each kWh generated under a standard offer required by this section, with a goal of ensuring timely development at the lowest feasible cost. The board shall not be required to make this determination as a contested case under 3 V.S.A. chapter 25.

(1) Market-based mechanisms. For new standard offer projects, the board shall use a market-based mechanism, such as a reverse auction or other procurement tool, to obtain up to the authorized amount of a category of renewable energy, if it first finds that use of the mechanism is consistent with:

(A) applicable federal law; and

(B) the goal of timely development at the lowest feasible cost.

(2) Avoided cost.

(A) The price paid for each category of renewable energy shall be the avoided cost of the Vermont composite electric utility system if the board finds either of the following:

(i) Use of the pricing mechanism described in subdivision (1) (market-based mechanisms) of this subsection (f) is inconsistent with applicable federal law.

(ii) Use of the pricing mechanism described in subdivision (1) (market-based mechanisms) of this subsection (f) is reasonably likely to result in prices higher than the prices that would apply under this subdivision (2).

(B) For the purpose of this subsection (f), the term “avoided cost” means the incremental cost to retail electricity providers of electric energy or capacity or both, which, but for the purchase through the standard offer, such providers would obtain from distributed renewable generation that uses the same generation technology as the category of renewable energy for which the board is setting the price. For the purpose of this subsection (f), the term “avoided cost” also includes the board’s consideration of each of the following:

(i) The relevant cost data of the Vermont composite electric utility system.

(ii) The terms of the contract, including the duration of the obligation.

(iii) The availability, during the system’s daily and seasonal peak periods, of capacity or energy purchased through the standard offer, and the estimated savings from mitigating peak load.

(iv) The relationship of the availability of energy or capacity purchased through the standard offer to the ability of the Vermont composite electric utility system or a portion thereof to avoid costs.

(v) The costs or savings resulting from variations in line losses and other impacts to the transmission or distribution system from those that would have existed in the absence of purchases through the standard offer.

(vi) The supply and cost characteristics of plants eligible to receive the standard offer.

(3) Price determinations. The board shall take all actions necessary to determine the pricing mechanism and implement the pricing requirements of this subsection (f) no later than March 1, 2013 for effect on April 1, 2013. Annually thereafter, the board shall review the determinations previously made under this subsection to decide whether they should be modified in any respect in order to achieve the goal and requirements of this subsection. Any such modification shall be effective on a prospective basis commencing one month after it has been made. Once a pricing determination made or modified under this subsection goes into effect, subsequently executed standard offer contracts shall comply with the most recently effective determination.

(4) Price stability. Once a plant owner has executed a contract for a standard offer under this section, the plant owner shall continue to receive the price agreed on in that contract regardless of whether the board subsequently changes the price applicable to the plant's category of renewable energy.

(g) Qualifying existing agricultural plants. Notwithstanding any other provision of this section, on and after June 8, 2010, a standard offer shall be available for a qualifying existing plant as defined in Sec. 3 of No. 159 of the Acts of the 2009 Adj. Sess. (2010) (Act 159). The provisions of 30 V.S.A. § 8005(b)(2), as they existed on June 4, 2010, the effective date of Act 159, shall govern a standard offer under this subsection. Standard offers for these plants shall not be subject to subsection (c) of this section (cumulative capacity; new standard offer plants).

(h) Application process. The board shall administer the process of applying for and obtaining a standard offer contract in a manner that ensures that the resources and capacity of the standard offer program are used for plants that are reasonably likely to achieve commissioning.

(i) Interconnection application. No contract under this section for a new standard offer plant shall be executed unless and until the plant owner submits a complete application to interconnect the plant to the subtransmission or distribution system of the applicable retail electricity provider.

(j) Termination; reallocation. In the event a proposed plant accepting a standard offer fails to meet the requirements of the program in a timely manner, the plant's standard offer contract shall terminate, and any capacity reserved for the plant within the program shall be reallocated to one or more eligible plants.

(1) For the purpose of this subsection, the requirements of the program shall include commissioning of all new standard offer plants, except plants using methane derived from an agricultural operation, within the following periods after execution of the plant's standard offer contract:

(A) 24 months if the plant is solar power or is wind power with a plant capacity of 100 kW or less; and

(B) 36 months if the plant uses a fuel source not described in subdivision 1(A) of this subsection (j) or is wind power of greater than 100 kW capacity.

(2) At the request of a plant owner, the board may extend a period described in subdivision (1) of this subsection (j) if it finds that the plant owner has proceeded diligently and in good faith and that commissioning of the plant has been delayed because of litigation or appeal or because of the need to obtain an approval the timing of which is outside the board's control.

(k) Executed standard offer contracts; transferability; allocation of benefits and costs. With respect to executed contracts for standard offers under this section:

(1) A contract shall be transferable. The contract transferee shall notify the SPEED facilitator of the contract transfer within 30 days of transfer.

(2) The SPEED facilitator shall distribute the electricity purchased to the Vermont retail electricity providers at the price paid to the plant owners, allocated to the providers based on their pro rata share of total Vermont retail kWh sales for the previous calendar year, and the Vermont retail electricity providers shall accept and pay the SPEED facilitator for the electricity. However, during any given calendar year:

(A) Calculation of pro rata shares under this subdivision (2) shall include an adjustment in the allocation to a provider if one or more of the provider's customers created greenhouse gas reduction credits under section 8006a of this title that are used to reduce the size of the annual increase under subdivision (c)(1)(D) (adjustment; greenhouse gas reduction credits) of this section. The adjustment shall ensure that any and all benefits or costs from the use of such credits flow to the provider whose customers created the credits. The savings that a provider realizes as a result of this application of greenhouse gas reduction credits shall be passed on proportionally to the customers that created the credits.

(B) A retail electricity provider shall be exempt and wholly relieved from the requirements of this subdivision and subdivision 8005(b)(5) (requirement to purchase standard offer power) of this title if, during the immediately preceding 12-month period ending October 31, the amount of renewable energy supplied to the provider by generation owned by or under contract to the provider, regardless of whether the provider owned the energy's

environmental attributes, was not less than the amount of energy sold by the provider to its retail customers.

(3) The SPEED facilitator shall transfer the environmental attributes, including any tradeable renewable energy credits, of electricity purchased under standard offer contracts to the Vermont retail electricity providers in accordance with their pro rata share of the costs for such electricity as determined under subdivision (2) of this subsection (k), except that in the case of a plant using methane from agricultural operations, the plant owner shall retain such attributes and credits to be sold separately at the owner's discretion.

(4) The SPEED facilitator shall transfer all capacity rights attributable to the plant capacity associated with the electricity purchased under standard offer contracts to the Vermont retail electricity providers in accordance with their pro rata share of the costs for such electricity as determined under subdivision (2) of this subsection (k).

(5) All reasonable costs of a Vermont retail electricity provider incurred under this subsection shall be included in the provider's revenue requirement for purposes of ratemaking under sections 218, 218d, 225, and 227 of this title. In including such costs, the board shall appropriately account for any credits received under subdivisions (3) and (4) of this subsection (k). Costs included in a retail electricity provider's revenue requirement under this subdivision shall be allocated to the provider's ratepayers as directed by the board.

(1) SPEED facilitator; expenses; payments. With respect to standard offers under this section, the board shall by rule or order:

(1) Determine a SPEED facilitator's reasonable expenses arising from its role and the allocation of the expenses among plant owners and Vermont retail electricity providers.

(2) Determine the manner and timing of payments by a SPEED facilitator to plant owners for energy purchased under an executed contract for a standard offer.

(3) Determine the manner and timing of payments to the SPEED facilitator by the Vermont retail electricity providers for energy distributed to them under executed contracts for standard offers.

(4) Establish reporting requirements of a SPEED facilitator, a plant owner, and a Vermont retail electricity provider.

(m) Metering. With respect to standard offers under this section, the board shall make rule revisions concerning metering and the allocation of metering costs as needed to implement the standard offer requirements of this section.

(n) Wood biomass. Wood biomass resources that would otherwise constitute qualifying SPEED resources may receive a standard offer under this section only if they have a design system efficiency (the sum of full load design thermal output and electric output divided by the heat input) of at least 50 percent.

(o) Voluntary contracts. The existence of a standard offer under this section shall not preclude a voluntary contract between a plant owner and a Vermont retail electricity provider on terms that may be different from those under the standard offer. A plant owner who declines a voluntary contract may still accept a standard offer under this section.

(p) Existing hydroelectric plants. Notwithstanding any contrary requirement of this section, no later than January 15, 2013, the board shall make a standard offer contract available to existing hydroelectric plants in accordance with this subsection.

(1) In this subsection:

(A) "Existing hydroelectric plant" means a hydroelectric plant of five MW plant capacity or less that is located in the state, that was in service as of January 1, 2009, that is a qualifying small power production facility under 16 U.S.C. § 796(17)(C) and 18 C.F.R. part 292, and that does not have an agreement with the board's purchasing agent for the purchase of its power pursuant to subdivision 209(a)(8) of this title and board rules adopted under subdivision (8). The term includes hydroelectric plants that have never had such an agreement and hydroelectric plants for which such an agreement has expired, provided that the expiration date is prior to December 31, 2015.

(B) "LIHI" means the Low-Impact Hydropower Institute of Portland, Maine.

(2) The term of a standard offer contract under this subsection shall be 10 or 20 years, at the election of the plant owner.

(3) Unless inconsistent with applicable federal law, the price of a standard offer contract shall be the lesser of the following:

(A) \$0.08 per kWh, adjusted for inflation annually commencing January 15, 2013 using the CPI; or

(B) The sum of the following elements:

(i) a two-year rolling average of the ISO New England Inc. (ISO-NE) Vermont zone hourly locational marginal price for energy;

(ii) a two-year rolling average of the value of the plant's capacity in the ISO-NE forward capacity market;

(iii) the value of avoided line losses due to the plant as a fixed increment of the energy and capacity values;

(iv) the value of environmental attributes, including renewable energy credits; and

(v) the value of a 10- or 20-year contract.

(4) The board shall determine the price to be paid under this section no later than January 15, 2013.

(A) Annually by January 15 commencing in 2014, the board shall recalculate and adjust the energy and capacity elements of the price under subdivisions (3)(B)(i) and (ii) of this subsection (p). The recalculated and adjusted energy and capacity elements shall apply to all contracts executed under this subdivision, whether or not the contracts were executed prior to the adjustments.

(B) With respect to the price elements specified in subdivisions (3)(B)(iii) (avoided line losses), (iv) (environmental attributes), and (v) (value of long-term contract) of this subsection (p):

(i) These elements shall remain fixed at their values at the time a contract is signed for the duration of the contract, except that the board may periodically adjust the value of environmental attributes that are applicable to an executed contract based upon whether the plant becomes certified by LIHI or loses such certification.

(ii) The board annually may adjust these elements for inclusion in contracts that are executed after the date any such adjustments are made.

(5) In addition to the limits specified in subdivision (3) of this subsection (p), in no event shall an existing hydroelectric plant receive a price in one year higher than its price in the previous year, adjusted for inflation using the CPI, except that if a plant becomes certified by LIHI, the board may add to the price any incremental increase in the value of the plant's environmental attributes resulting from such certification.

(6) Once a plant owner has executed a contract for a standard offer under this subsection (p), the plant owner shall continue to receive the pricing terms agreed on in that contract regardless of whether the board subsequently changes any pricing terms under this subsection.

(7) Capacity of existing hydroelectric plants executing a standard offer contract under this subsection shall not count toward the cumulative capacity amount of subsection (c) of this section.

(q) Allocation of regulatory costs. The board and department may authorize or retain legal counsel, official stenographers, expert witnesses, advisors, temporary employees, and research services in conjunction with implementing their responsibilities under this section. In lieu of allocating such costs pursuant to subsection 21(a) of this title, the board or department may allocate the expense in the same manner as the SPEED facilitator's costs under subdivision (l)(1) of this section.

Sec. 5. STANDARD OFFER; PRIOR CAPACITY; INTERCONNECTION APPLICATION; REPORT

(a) Prior capacity included. In Sec. 4 (SPEED; standard offer program) of this act, the cumulative capacity amount of 127.5 MW contained in 30 V.S.A. § 8005a(c) includes the 50 MW of capacity previously authorized for the standard offer program under 30 V.S.A. § 8005(b)(2) as it existed immediately prior to the effective date of Sec. 4. Portions of this previously authorized 50-MW capacity that become available after that effective date shall be made immediately available to other eligible new standard offer projects, as defined in Sec. 4 of this act, in addition to the annual increase under 30 V.S.A. § 8005a(c)(1) (standard offer; pace). Such capacity:

(1) Shall be made available to new standard offer plants proposed by persons who are not providers; and

(2) May be made available to a provider following a written request and specific proposal submitted to and approved by the board.

(b) Prior capacity; pricing. In a standard offer contract under 30 V.S.A. chapter 89, the board shall use the price that would apply under 30 V.S.A. § 8005(b)(2) as it existed immediately prior to the effective date of Sec. 4 (SPEED; standard offer program) of this act, if both of the following apply:

(1) The contract pertains to capacity within the standard offer program as it existed immediately prior to that effective date.

(2) The capacity becomes available and the contract is executed prior to April 1, 2013.

(c) Interconnection application.

(1) No later than September 1, 2012, each owner of a new standard offer plant, as defined in Sec. 4 of this act, that executed or executes a standard offer contract under 30 V.S.A. chapter 89 prior to the effective date of this section

shall submit a complete application to interconnect the plant to the subtransmission or distribution system of the applicable retail electricity provider. Failure to file such an application or to remit any required interconnection fees or deposits shall terminate the contract.

(2) The purpose of this subsection is to provide assurance that any reserved capacity within the standard offer program under 30 V.S.A. chapter 89 is allocated to proposed plants that are likely to be commissioned within the meaning of 30 V.S.A. § 8002.

(d) Prior to the first time that the pricing requirements under Sec. 4 of this act, 30 V.S.A. § 8005a(f) (SPEED; standard offer program; price), are implemented, the public service board in consultation with the department of public service shall review and publish a written report on any factors that have increased the cost to ratepayers, or caused delays in the commissioning, of projects that have accepted a standard offer, relative to other projects within the same category of renewable energy. The report shall include a corrective action plan to reduce costs by addressing these factors, and the implementation of those pricing requirements shall incorporate corrective actions contained in such plan as appropriate and otherwise authorized by law. Before final publication, the board shall conduct a process to receive public comment on the draft report.

* * * Renewable Energy; Reporting * * *

Sec. 6. 30 V.S.A. § 8005b is added to read:

§ 8005b. RENEWABLE ENERGY PROGRAMS; BIENNIAL REPORT

(a) On or before January 15, 2013 and no later than every second January 15 thereafter through January 15, 2033, the board shall file a report with the general assembly in accordance with this section. The board shall prepare the report in consultation with the department. The provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the report to be made under this subsection.

(b) The report under this section shall include at least each of the following:

(1) The retail sales, in kWh, of electricity in Vermont during the preceding calendar year. The report shall include the statewide total and the total sold by each retail electricity provider.

(2) The amount of SPEED resources owned by the Vermont retail electricity providers, expressed as a percentage of retail kWh sales. The report shall include the statewide total and the total owned by each retail electricity

provider and shall discuss the progress of each provider toward achieving the goals and targets of subsection 8005(d) (SPEED) of this title. The report to be filed under this subsection on or before January 15, 2019 shall discuss and attach the board's determination under subdivision 8005(d)(1) (2017 SPEED goal) of this title.

(3) A summary of the activities of the SPEED program under section 8005 of this title, including the name, location, plant capacity, and average annual energy generation, of each SPEED resource within the program.

(4) A summary of the activities of the standard offer program under section 8005a of this title, including the number of plants participating in the program, the prices paid by the program, and the plant capacity and average annual energy generation of the participating plants. The report shall present this information as totals for all participating plants and by category of renewable energy technology. The report also shall identify the number of applications received, the number of participating plants under contract, and the number of participating plants actually in service.

(5) An assessment of the energy efficiency and renewable energy markets and recommendations to the general assembly regarding strategies that may be necessary to encourage the use of these resources to help meet upcoming supply requirements.

(6) An assessment of whether Vermont retail electric rates are rising faster than inflation as measured by the CPI, and a comparison of Vermont's electric rates with electric rates in other New England states. If statewide average rates have risen more than 0.2 percentage points per year faster than inflation over the preceding two or more years, the report shall include an assessment of the contributions to rate increases from various sources, such as the costs of energy and capacity, costs due to construction of transmission and distribution infrastructure, and costs due to compliance with the requirements of section 8005a (SPEED program; standard offer) of this title. Specific consideration shall be given to the price of renewable energy and the diversity, reliability, availability, dispatch flexibility, and full life cycle cost, including environmental benefits and greenhouse gas reductions, on a net present value basis of renewable energy resources available from suppliers. The report shall include any recommendations for statutory change that arise from this assessment. If electric rates have increased primarily due to cost increases attributable to nonrenewable sources of electricity or to the electric transmission or distribution systems, the report shall include a recommendation regarding whether to increase the size of the annual increase described in

subdivision 8005a(c)(1) (standard offer; cumulative capacity; pace) of this title.

(7)(A) An assessment of whether strict compliance with the requirements of section 8005a (SPEED program; standard offer) of this title:

(i) Has caused one or more providers to raise its retail rates faster over the preceding two or more years than statewide average retail rates have risen over the same time period;

(ii) Will cause retail rate increases particular to one or more providers; or

(iii) Will impair the ability of one or more providers to meet the public's need for energy services in the manner set forth under subdivision 218c(a)(1) of this title (least-cost integrated planning).

(B) Based on this assessment, consideration of whether statutory changes should be made to grant providers additional flexibility in meeting requirements of section 8005a of this title.

(8) Any recommendations for statutory change related to sections 8005 and 8005a of this title.

* * * Renewable Energy; Further Study * * *

Sec. 7. RENEWABLE ENERGY; FURTHER STUDY; REPORT

(a) No later than January 15, 2013, the public service board, in consultation with the commissioner of public service, shall submit a further analysis and report to the general assembly on the following issues related to renewable energy:

(1) Building on its study and report submitted pursuant to Sec. 13a of No. 159 of the Acts of the 2009 Adj. Sess. (2010), further analysis of whether and how to establish a renewable portfolio standard in Vermont, including consideration of allocating such a standard among different categories of renewable energy technologies and of creating, for renewable energy plants, a tiered system of tradeable renewable energy credits as defined under 30 V.S.A. § 8002 or other incentives that reward increasing levels of efficiency.

(2) Examination of whether and how, either as part of a renewable portfolio standard or through other means, to provide incentives for renewable energy generation that avoids, reduces, or defers transmission or distribution investments, provides baseload power, reduces the overall costs of meeting the public's need for electric energy, or has other beneficial impacts.

(b) The report shall state the board's recommendations and the reasons for those recommendations and shall include the mechanisms that would be required to implement those recommendations.

(c) Prior to completing the report, the board shall afford an opportunity to submit information and comment to affected and interested persons such as business organizations, consumer advocates, energy efficiency entities appointed under Title 30, energy and environmental advocates, relevant state agencies, and Vermont electric and gas utilities. The board may open an investigation in order to meet the requirements of this section and, if so, need not conduct that proceeding as a contested case under 3 V.S.A. chapter 25.

* * * Greenhouse Gas Reduction Credits * * *

Sec. 8. 30 V.S.A. § 8006a is added to read:

§ 8006a. GREENHOUSE GAS REDUCTION CREDITS

(a) Standard offer adjustment. In accordance with this section, greenhouse gas reduction credits generated by an eligible ratepayer shall result in an adjustment of the standard offer under subdivision 8005a(c)(1) of this title (cumulative capacity; pace). For the purpose of adjusting the standard offer under subdivision 8005a(c)(1) of this title, the amount of a year's greenhouse gas reduction credits shall be the lesser of the following:

(1) The amount of greenhouse gas reduction credits created by the eligible ratepayers served by all providers.

(2) The providers' annual retail electric sales during that year to those eligible ratepayers creating greenhouse gas reduction credits.

(b) Definitions. In this section:

(1) "Eligible ratepayer" means a customer of a Vermont retail electricity provider who takes service at 115 kilovolts and has demonstrated to the board that it has a comprehensive energy and environmental management program. Provision of the customer's certification issued under standard 14001 (environmental management systems) of the International Organization for Standardization (ISO) shall constitute such a demonstration.

(2) "Eligible reduction" means a reduction in non-energy-related greenhouse gas emissions from manufacturing processes at an in-state facility of an eligible ratepayer, provided that each of the following applies:

(A) The reduction results from a specific project undertaken by the eligible ratepayer at the in-state facility after January 1, 2012.

(B) The specific project reduces or avoids greenhouse gas emissions above and beyond any reductions of such emissions required by federal and state statutes and rules.

(C) The reductions are quantifiable and verified by an independent third party as approved by the board. Such independent third parties shall be certified by a body accredited by the American National Standards Institute (ANSI) as having a certification program that meets the ISO standards applicable to verification and validation of greenhouse gas assertions.

(3) "Greenhouse gas" shall be as defined under 10 V.S.A. § 552.

(4) "Greenhouse gas reduction credit" means a credit for eligible reductions, calculated in accordance with subsection (c) of this section and expressed as a kWh credit.

(c) Calculation. Greenhouse gas reduction credits shall be calculated as follows:

(1) Eligible reductions shall be quantified in metric tons of CO₂ equivalent, in accordance with the methodologies specified under 40 C.F.R. part 98, and may be counted annually for the life of the specific project that resulted in the reduction.

(2) Metric tons of CO₂ equivalent quantified under subdivision (1) of this subsection shall be converted into units of energy through calculation of the equivalent number of kWh of generation by renewable energy plants, other than biomass, that would be required to achieve the same level of greenhouse gas emission reduction through the displacement of market power purchases. For the purpose of this subdivision, the value of the avoided greenhouse gas emissions shall be based on the aggregate greenhouse gas emission characteristics of system power in the regional transmission area overseen by the Independent System Operator of New England (ISO-NE).

(d) Reporting. An eligible ratepayer shall report to the board annually on each specific project undertaken to create eligible reductions. The board shall specify the required contents of such reports, which shall be publicly available.

(e) Savings. A provider shall pass on savings that it realizes through greenhouse gas reduction credits proportionally to the eligible ratepayers generating the credits.

* * * Renewable Energy Statutes; Technical Corrections * * *

Sec. 9. 30 V.S.A. § 8009 is amended to read:

§ 8009. BASELOAD RENEWABLE POWER PORTFOLIO REQUIREMENT

(a) In this section:

(1) “Baseload renewable power” means a plant that generates electricity from renewable energy; that, during normal operation, is capable of taking all or part of the minimum load on an electric transmission or distribution system; and that produces electricity essentially continuously at a constant rate.

(2) “Baseload renewable power portfolio requirement” means an annual average of 175,000 MWh of baseload renewable power from an in-state woody biomass plant that was commissioned prior to September 30, 2009, has a nominal capacity of 20.5 MW, and was in service as of January 1, 2011.

(3) “Biomass” means organic nonfossil material of biological origin constituting a source of renewable energy within the meaning of ~~30 V.S.A. § subdivision 8002(2) of this title.~~

(4) ~~“Vermont composite electric utility system” means the combined generation, transmission, and distribution resources along with the combined retail load requirements of the Vermont retail electricity providers.~~

* * *

Sec. 10. STATUTORY REVISION

(a) The office of legislative council shall reorganize 30 V.S.A. § 8002 (definitions) so that the definitions are in alphabetical order.

(b) In the Vermont Statutes Annotated, the office of legislative council shall revise each cross-reference to a definition contained in 30 V.S.A. § 8002 so that it refers to the definition as reorganized under subsection (a) of this section.

* * * Utility Planning and Implementation; Consistency with Renewable Energy Goals and Targets * * *

Sec. 11. 30 V.S.A. § 218c is amended to read:

§ 218c. LEAST COST INTEGRATED PLANNING

(a)(1) A “least cost integrated plan” for a regulated electric or gas utility is a plan for meeting the public’s need for energy services, after safety concerns are addressed, at the lowest present value life cycle cost, including environmental and economic costs, through a strategy combining investments

and expenditures on energy supply, transmission and distribution capacity, transmission and distribution efficiency, and comprehensive energy efficiency programs. Economic costs shall be ~~determined~~ assessed with due regard to:

- (A) the greenhouse gas inventory developed under the provisions of 10 V.S.A. § 582;
- (B) the state's progress in meeting its greenhouse gas reduction goals; ~~and~~
- (C) the value of the financial risks associated with greenhouse gas emissions from various power sources; and
- (D) consistency with section 8001 (renewable energy goals) of this title.

(2) "Comprehensive energy efficiency programs" shall mean a coordinated set of investments or program expenditures made by a regulated electric or gas utility or other entity as approved by the board pursuant to subsection 209(d) of this title to meet the public's need for energy services through efficiency, conservation or load management in all customer classes and areas of opportunity which is designed to acquire the full amount of cost effective savings from such investments or programs.

(b) Each regulated electric or gas company shall prepare and implement a least cost integrated plan for the provision of energy services to its Vermont customers. ~~Proposed plans shall be submitted~~ At least every third year on a schedule directed by the public service board, each such company shall submit a proposed plan to the department of public service and the public service board. The board, after notice and opportunity for hearing, may approve a company's least cost integrated plan if it determines that the company's plan complies with the requirements of subdivision (a)(1) of this section and is reasonably consistent with achieving the goals and targets of subsection 8005(d) (2017 SPEED goal; total renewables targets) of this title.

* * *

Sec. 12. 30 V.S.A. § 248 is amended to read:

§ 248. NEW GAS AND ELECTRIC PURCHASES, INVESTMENTS, AND FACILITIES; CERTIFICATE OF PUBLIC GOOD

* * *

(b) Before the public service board issues a certificate of public good as required under subsection (a) of this section, it shall find that the purchase, investment or construction:

* * *

(2) is required to meet the need for present and future demand for service which could not otherwise be provided in a more cost effective manner through energy conservation programs and measures and energy-efficiency and load management measures, including but not limited to those developed pursuant to the provisions of subsection 209(d), section 218c, and subsection 218(b) of this title. In determining whether this criterion is met, the board shall assess the environmental and economic costs of the purchase, investment, or construction in the manner set out under subdivision 218c(a)(1) (least cost integrated plan) of this title and, as to a generation facility, shall consider whether the facility will avoid, reduce, or defer transmission or distribution system investments;

* * *

(5) with respect to an in-state facility, will not have an undue adverse effect on esthetics, historic sites, air and water purity, the natural environment, the use of natural resources, and the public health and safety, with due consideration having been given to the criteria specified in 10 V.S.A. §§ 1424a(d) and 6086(a)(1) through (8) and (9)(K) and greenhouse gas impacts;

* * *

(9) with respect to a waste to energy facility, is included in a solid waste management plan adopted pursuant to 24 V.S.A. § 2202a, which is consistent with the state solid waste management plan; ~~and~~

(10) except as to a natural gas facility that is not part of or incidental to an electric generating facility, can be served economically by existing or planned transmission facilities without undue adverse effect on Vermont utilities or customers;

(11) with respect to an in-state generation facility that produces electric energy using woody biomass, will:

(A) comply with the applicable air pollution control requirements under the federal Clean Air Act, 42 U.S.C. § 7401 et seq.;

(B) incorporate commercially available and feasible designs to achieve a reasonable design system efficiency for the type and design of the proposed facility; and

(C) comply with harvesting guidelines and procurement standards that are consistent with the guidelines and standards developed by the secretary

of natural resources pursuant to 10 V.S.A. § 2750 (harvesting guidelines and procurement standards).

* * *

(p) An in-state generation facility receiving a certificate under this section that produces electric energy using woody biomass shall annually disclose to the board the amount, type, and source of wood acquired to generate energy.

* * * Total Energy * * *

Sec. 13. TOTAL ENERGY; REPORT

(a) The general assembly finds that, in the comprehensive energy plan issued in December 2011, the department of public service recommends that Vermont achieve, by 2050, a goal that 90 percent of the energy consumed in the state be renewable energy. This goal would apply across all energy sectors in Vermont, including electricity consumption, thermal energy, and transportation (total energy).

(b) The commissioner of public service shall convene an interagency and stakeholder working group to study and report to the general assembly on policies and funding mechanisms that would be designed to achieve the goal described in subsection (a) of this section and the goals of 10 V.S.A. § 578(a) (greenhouse gas emissions) in an integrated and comprehensive manner.

(1) The study and report shall include consideration of:

(A) A total energy standard that would work with and complement the mechanisms enacted in Secs. 3 (SPEED; total renewables targets) and 4 (SPEED; standard offer program) of this act.

(B) The development of an ongoing science-based education and public information campaign for residents of the state at all ages on climate change due to anthropogenic global warming, the potential consequences of climate change, and the ability to reduce or prevent those consequences by replacing greenhouse-gas-emitting energy sources with energy efficiency and renewable energy resources. The study and report shall also consider what specific programs and activities such a campaign would undertake.

(2) The group's report shall include its recommended policy and funding mechanisms and the reasons for the recommendations. The report shall be submitted to the general assembly by December 15, 2013.

(c) Prior to submitting the report to the general assembly, the group shall offer an opportunity to submit information and comment to affected and interested persons such as chambers of commerce or other groups representing

business interests, consumer advocates, energy efficiency entities appointed under Title 30, energy and environmental advocates, fuel dealers, educational institutions, relevant state agencies, transportation-related organizations, and Vermont electric and gas utilities.

* * * Greenhouse Gas Accounting * * *

Sec. 14. 10 V.S.A. § 582 is amended to read:

§ 582. GREENHOUSE GAS INVENTORIES; REGISTRY; ACCOUNTING

* * *

(e) Rules. The secretary may adopt rules to implement the provisions of this section and shall review existing and proposed international, federal, and state greenhouse gas emission reporting programs and make reasonable efforts to promote consistency among the programs established pursuant to this section and other programs, and to streamline reporting requirements on greenhouse gas emission sources. Nothing Except as provided in subsection (g) of this section, nothing in this section shall limit a state agency from adopting any rule within its authority.

(f) Participation by government subdivisions. The state and its municipalities may participate in the inventory for purposes of registering reductions associated with their programs, direct activities, or efforts, including the registration of emission reductions associated with the stationary and mobile sources they own, lease, or operate.

(g) Greenhouse gas accounting. In consultation with the department of public service created under 30 V.S.A. § 1, the secretary shall research and adopt by rule greenhouse gas accounting protocols that achieve transparent and accurate life cycle accounting of greenhouse gas emissions, including emissions of such gases from the use of fossil fuels and from renewable fuels such as biomass. On adoption, such protocols shall be the official protocols to be used by any agency or political subdivision of the state in accounting for greenhouse gas emissions.

* * * Smart Meters * * *

Sec. 15. 30 V.S.A. § 2811 is added to read:

§ 2811. SMART METERS; CUSTOMER RIGHTS; REPORTS

(a) Definitions. As used in this section, the following terms shall have the following meanings:

(1) “Smart meter” means a wired smart meter or a wireless smart meter.

(2) “Wired smart meter” means an advanced metering infrastructure device using a fixed wire for two-way communication between the device and an electric company.

(3) “Wireless smart meter” means an advanced metering infrastructure device using radio or other wireless means for two-way communication between the device and an electric company.

(b) Customer rights. Notwithstanding any law, order, or agreement to the contrary, an electric company may install a wireless smart meter on a customer’s premises, provided the company:

(1) provides prior written notice to the customer indicating that the meter will use radio or other wireless means for two-way communication between the meter and the company and informing the customer of his or her rights under subdivisions (2) and (3) of this subsection;

(2) allows a customer to choose not to have a wireless smart meter installed, at no additional monthly or other charge; and

(3) allows a customer to require removal of a previously installed wireless smart meter for any reason and at an agreed-upon time, without incurring any charge for such removal.

(c) Reports. On January 1, 2014 and again on January 1, 2016, the commissioner of public service shall publish a report on the savings realized through the use of smart meters, as well as on the occurrence of any breaches to a company’s cyber-security infrastructure. The reports shall be based on electric company data requested by and provided to the commissioner of public service and shall be in a form and in a manner the commissioner deems necessary to accomplish the purposes of this subsection. The reports shall be submitted to the senate committees on finance and on natural resources and energy and the house committees on commerce and economic development and on natural resources and energy.

(d) Health report.

(1) On or before January 15, 2013, the commissioner of health and the commissioner of public service shall jointly submit a report to the senate committee on finance and the house committee on commerce and economic development. The report shall include: an update of the department of health’s 2012 report entitled “Radio Frequency Radiation and Health: Smart Meters”; a summary of the department’s activities monitoring the deployment of wireless smart meters in Vermont, including a representative sample of postdeployment radio frequency level testing; and recommendations relating to

evidence-based surveillance on the potential health effects of wireless smart meters.

(2) The commissioner of public service, in consultation with the commissioner of health, shall select and retain an independent expert, not an employee of the state, to perform the research and writing of the report identified in subdivision (1) of this subsection. The commissioner of public service may allocate the costs of retaining the independent expert to electric utilities in accordance with sections 20 and 21 of this title (particular proceedings; personnel; assessment of costs).

Sec. 15a. INSTALLED WIRELESS SMART METERS

If an electric company has installed a wireless smart meter as defined in 30 V.S.A. § 2811(a)(3) prior to the effective date of this act, the company shall provide notice of the installation to the applicable customers, and such notice shall include a statement of customer rights as described under 30 V.S.A. § 2811(b).

* * * Energy Efficiency * * *

Sec. 16. 30 V.S.A. § 209(d)(7) is amended to read:

(7) Net revenues above costs associated with payments from the New England Independent System Operator (ISO-NE) for capacity savings resulting from the activities of the energy efficiency utility designated under subdivision (2) of this subsection shall be deposited into the electric efficiency fund established by this section. Any such net revenues not transferred to the state PACE reserve fund under 24 V.S.A. § 3270(c) shall be used by the entity appointed under subdivision (2) of this subsection to deliver heating and process-fuel energy efficiency services to Vermont consumers of such fuel on a whole-buildings basis to help meet the state's building efficiency goals established by 10 V.S.A. § 581. In delivering such services with respect to heating systems, the entity shall give priority to incentives for the installation of ~~woody~~ high efficiency biomass heating systems and shall have a goal of offering an incentive that is equal to 25 percent of the installed cost of such a system. For the purpose of this subdivision (7), "~~woody~~ biomass" means organic nonfossil material ~~from trees or woody plants~~ constituting a source of renewable energy within the meaning of subdivision 8002(2) of this title. Provision of an incentive under this subdivision (7) for a woody biomass heating system shall not be contingent on the making of other energy efficiency improvements at the property on which the system will be installed.

* * * Harvesting; procurement * * *

Sec. 16a. 10 V.S.A. chapter 87 is added to read:

CHAPTER 87. HARVESTING GUIDELINES
AND PROCUREMENT STANDARDS

§ 2750. HARVESTING GUIDELINES AND PROCUREMENT
STANDARDS

(a) The secretary of natural resources shall develop voluntary harvesting guidelines that may be used by private landowners to help ensure long-term forest health. These guidelines shall address harvesting that is specifically for wood energy purposes, as well as other harvesting. The secretary may also recommend monitoring regimes as part of these guidelines.

(b) The commissioner of forests, parks and recreation (the commissioner) shall adopt rules or procedures to modify the process of approving forest management plans and forest practices for lands enrolled in the use value appraisal program, established under 32 V.S.A. chapter 124, in order to address long-term forest health and sustainability. These modifications shall include requirements for preapproval by the commissioner or designee of whole-tree harvesting and for applying the guidelines developed under subsection (a) of this section to harvesting on lands enrolled in the use value appraisal program.

(c) For contracts to harvest wood products on state lands, the commissioner of forests, parks and recreation shall ensure all such harvests are consistent with the purpose of the guidelines developed under subsection (a) of this section, with the objective being long-term forest health in addition to other management objectives.

(d) The secretary of natural resources shall develop a procurement standard that shall be used by the commissioner of buildings and general services in procuring wood products, including biomass for energy in state buildings. All state agencies and departments that use wood energy shall comply with this procurement standard. The procurement standard shall include the voluntary forest health guidelines developed pursuant to subsection (a) of this section. The procurement standard shall recommend methods to:

(1) assure compliance with those forest health guidelines and applicable laws; and

(2) obtain review of potential impacts to natural resources such as rare, threatened, or endangered species, wetlands, wildlife habitat, natural communities, and forest health and sustainability as defined by the

commissioner of forest, parks and recreation in consultation with the commissioner of fish and wildlife.

(e) The procurement standard developed under subsection (d) of this section shall be made available to Vermont educational institutions and other users of biomass energy for their voluntary use.

(f) Working with regional governmental organizations, such as the New England Governors' Conference, Inc. and the Coalition of Northeastern Governors, the secretary of natural resources shall seek to develop and implement regional voluntary harvesting guidelines and a model procurement standard that can be implemented regionwide, consistent with the application of the guidelines, rules, procedures, and standards developed under subsections (a), (b), and (d) of this section.

Sec. 16b. INITIAL ADOPTION

(a) The secretary of natural resources and the commissioner of forests, parks and recreation respectively shall, by January 15, 2013, adopt initial guidelines, rules, procedures, and standards pursuant to Sec. 16m of this act, 10 V.S.A. § 2750(a) (voluntary forest health guidelines), (b) (forest management plans and practices; use value appraisal program), and (d) (procurement standards).

(b) In developing the initial voluntary harvesting guidelines and procurement standards under 10 V.S.A. § 2750(a) and (d), the secretary shall consider the recommendations outlined in the final report of the biomass energy working group, dated January 17, 2012.

(c) The procurement standard adopted under 10 V.S.A. § 2750(d) shall apply to wood product procurement by the commissioner of buildings and general services commencing with new or amended contracts executed after March 1, 2013.

Sec. 16c. 10 V.S.A. § 127 is added to read:

§ 127. RESOURCE MAPPING

(a) On or before January 15, 2013, the secretary of natural resources shall complete resource mapping based on the geographic information system (GIS). The mapping shall identify natural resources throughout the state that may be relevant to the consideration of energy projects. The center for geographic information shall be available to provide assistance to the secretary in carrying out the GIS-based resource mapping.

(b) The secretary of natural resources shall consider the GIS-based resource maps developed under subsection (a) of this section when providing evidence

and recommendations to the public service board under 30 V.S.A. § 248(b)(5) and when commenting on or providing recommendations under chapter 151 of this title to district commissions on other projects.

Sec. 16d. DEMONSTRATION PROJECT; COMMUNITY-SUPPORTED BIOMASS

There is hereby authorized a biomass energy demonstration project to be implemented in Chittenden County by The Vermont Community Supported Biomass Energy Co-op Corporation in order to explore and showcase the development of community-supported wood pellet harvesting and production in Vermont. This demonstration project is subject to the following requirements:

(1) Purchased biomass shall be subject to forest harvesting guidelines no less stringent than those required for participation in the use value appraisal program authorized under 32 V.S.A. § 3755.

(2) Purchased biomass shall be subject to procurement standards no less stringent than those outlined in the final report of the Biomass Energy Development Working Group dated January 17, 2012.

(3) Pellets produced by the demonstration project shall be labeled as meeting appropriate harvesting guidelines and procurement standards.

(4) Pellets shall be sold to customers, including schools and other institutions, that employ high-efficiency heating appliances.

(5) The Biomass Energy Resource Center's publication from August 2011, titled "A Feasibility Study of Pellet Manufacturing in Chittenden County, Vermont," shall inform design and implementation of the demonstration project.

(6) The demonstration project shall provide pellets at a reduced cost to households that meet the income eligibility requirements found in 33 V.S.A. § 2604(a) for home heating fuel assistance in Vermont.

Sec. 16e. 24 V.S.A. § 4412(6) is amended to read:

(6) Heights of renewable energy resource structures. The height of wind turbines with blades less than 20 feet in diameter, or rooftop solar collectors less than 10 feet high on sloped roofs, any of which are mounted on complying structures, shall not be regulated unless the bylaws provide specific standards for regulation. For the purpose of this subdivision, a sloped roof means a roof having a slope of more than five degrees. In addition, the regulation of antennae that are part of a telecommunications facility, as defined in 30 V.S.A.

§ 248a, may be exempt from review under this chapter according to the provisions of that section.

Sec. 16f. 24 V.S.A. § 4413(g) is amended to read:

(g) Notwithstanding any provision of law to the contrary, a bylaw adopted under this chapter shall not ~~prohibit~~:

(1) Regulate the installation, operation, and maintenance, on a flat roof of an otherwise complying structure, of a solar energy device that heats water or space or generates electricity. For the purpose of this subdivision, "flat roof" means a roof having a slope less than or equal to five degrees.

(2) Prohibit or have the effect of prohibiting the installation of solar collectors not exempted from regulation under subdivision (1) of this subsection, clotheslines, or other energy devices based on renewable resources.

Sec. 17. EFFECTIVE DATES; IMPLEMENTATION

(a) This section and Secs. 1 (renewable energy chapter; goals), 2 (renewable energy chapter; definitions), 3 (SPEED; total renewables targets), 4 (SPEED; standard offer program), 5 (standard offer; prior capacity; interconnection application; report), 7 (renewable energy; further study; report), 8 (greenhouse gas reduction credits), 12 (certificate of public good; findings), 13 (total energy; report), 15 (smart meters; customer rights; reports), 15a (installed wireless smart meters), 16a (harvesting and procurement standards), 16b (initial adoption), 16c (resource mapping) and 16d (community supported biomass) of this act shall take effect on passage.

(b) All sections of this act not referenced in subsections (a) and (e) of this section shall take effect on July 1, 2012.

(c) No later than March 1, 2013, the public service board shall adopt rules or orders sufficient to implement 30 V.S.A. § 8005a(d)(2) (new standard offer plants; transmission and distribution constraints).

(d) No later than September 1, 2013, the secretary of natural resources shall adopt rules pursuant to Sec. 14 of this act, 10 V.S.A. § 582(g) (greenhouse gas accounting).

(e) Secs. 16e (height of renewable energy structures) and 16f (bylaws; solar and other energy devices) of this act shall take effect on passage.

and that after passage the title of the bill be amended to read: "An act relating to the Vermont energy act of 2012"

Thereupon, **Rep. Olsen of Jamaica** moved that the House concur in the Senate proposal of amendment with a further amendment thereto, as follows:

First: In Sec. 3, 30 V.S.A. § 8005 (SPEED program; total renewable energy targets), in subdivision (d) (goals and targets), by striking subdivision (2) and inserting in lieu thereof a new subdivision (2) to read:

(2) Further SPEED goal. A state goal is to assure that 20 percent of total statewide annual electric retail sales ~~before July 1,~~ shall be generated by SPEED resources that constitute new renewable energy. ~~The board shall report to the house and senate committees on natural resources and energy and to the joint energy committee by December 31, 2011 with regard to the state's progress in meeting this goal. In addition, the board shall report to the house and senate committees on natural resources and energy and to the joint energy committee by December 31, 2013 with regard to the state's progress in meeting this goal and, if necessary, shall include any appropriate recommendations for measures that will make attaining the goal more likely.~~

(A) If this further goal is met within 30 days of the effective date of this section, then compliance with subsection 218(h) of this title shall not be required. Under this subdivision (A), the board shall determine whether this 20 percent goal is met based on the total amount of SPEED resources that were supplied to Vermont retail electricity providers and the total amount of statewide retail electric sales during the year ending 30 days after this section's effective date.

(B) If this further goal is not met within 30 days of this section's effective date:

(i) compliance with subsection 218(h) of this title shall be required;

(ii) the 20-percent goal shall apply to retail electric sales during the year commencing January 1, 2017; and

(iii) on or before January 31, 2018, the board shall meet and open a proceeding to determine, for the calendar year 2017, the total amount of SPEED resources that were supplied to Vermont retail electricity providers and the total amount of statewide retail electric sales.

Second: In Sec. 6, 30 V.S.A. § 8005b (renewable energy programs; reports), in subsection (b), in subdivision (2), by striking the last sentence and inserting in lieu thereof:

The report to be filed under this subsection on or before January 15, 2019 shall discuss and attach the board's determination under subdivision 8005(d)(2) (further SPEED goal) of this title.

Third: By inserting three new sections to be numbered Secs. 16g, 16h, and 16i to read as follows:

* * * Rate Recovery; Utility Energy Efficiency Investments * * *

Sec. 16g. 30 V.S.A. § 218 is amended to read:

§ 218. JURISDICTION OVER RATES AND CHARGES

* * *

(h) Notwithstanding any other provision of law, no electric distribution company subject to jurisdiction under section 203 of this title may recover in rates any investment or expenditure related to energy efficiency including weatherization, or a rate of return thereon, if the costs of the investment or expenditure exceed its benefits to the electric system. However, if the costs of the investment or expenditure do exceed its benefits to the electric system, an electric distribution company may recover an amount of those costs that is not greater than the amount of the benefits to the electric system from the investment or expenditure.

(1) For the purpose of this subsection, “benefits to the electric system” means benefits related to the generation, purchase, transmission, distribution, or consumption of electricity.

(2) This subsection shall apply to a company regardless of whether the company is under traditional or alternative regulation.

(3) This subsection does not apply to the costs of an electric energy efficiency program or measure implemented pursuant to subsections 209(d) and (e) of this title by an entity appointed under subdivision 209(d)(2) (energy efficiency utilities) of this title, if funded by a charge established under subdivision 209(d)(3) (energy efficiency charge) of this title.

(4) The provisions of subdivisions 8005(d)(2)(A) and (B)(i) (further SPEED goal) of this title shall govern whether compliance with this section is required.

Sec. 16h. APPLICATION; PROSPECTIVE REPEAL

(a) 30 V.S.A. § 218(h) shall apply to investments and expenditures by an electric distribution company made on and after the effective date of this act.

(b) 30 V.S.A. § 218(h) shall be repealed on July 1, 2013.

Sec. 16i. WORKING GROUP; REPORT

Within 30 days of this section’s effective date, the public service board shall convene an informal working group to research and make recommendations on

policy issues regarding the funding of thermal energy efficiency by electric distribution companies, including what relationship, if any, such measures should have to the consumption of electricity. The department of public service shall participate in the working group. By January 15, 2013, the public service board, in consultation with the department of public service, shall submit to the general assembly its report and recommendations on the funding of thermal energy efficiency by electric distribution companies.

Fourth: In Sec. 17(a), by striking the word “and” before “16d” and inserting “, 16g (jurisdiction over rates and charges), 16h (application; prospective repeal), and 16i (working group; report)” before “of this act shall take effect on passage.”

Thereupon, **Rep. Deen of Westminster** raised a Point of Order that the amendment was not germane to the Senate proposal of amendment, which Point of Order the Speaker ruled well taken in that the Senate proposal of amendment deals with renewable energy and the Olsen amendment deals with rate setting. **Rep. Olsen of Jamaica** moved to suspend the rules to permit consideration of a non-germane question, which was disagreed to.

Pending the question, Shall the House concur with the Senate proposal of amendment to the House proposal of amendment? **Rep. Bouchard of Colchester** demanded the Yeas and Nays, which demand was sustained by the Constitutional number. The Clerk proceeded to call the roll and the question, Shall the House concur with the Senate proposal of amendment to the House proposal of amendment? was decided in the affirmative. Yeas, 103. Nays, 34.

Those who voted in the affirmative are:

Ancel of Calais	Copeland-Hanzas of	French of Randolph
Andrews of Rutland City	Bradford	Grad of Moretown
Aswad of Burlington	Corcoran of Bennington	Greshin of Warren
Atkins of Winooski	Courcelle of Rutland City	Haas of Rochester
Bartholomew of Hartland	Crawford of Burke	Head of South Burlington
Bissonnette of Winooski	Dakin of Chester	Heath of Westford
Bohi of Hartford	Davis of Washington	Hooper of Montpelier
Botzow of Pownal	Deen of Westminster	Howard of Cambridge
Branagan of Georgia	Devereux of Mount Holly	Howrigan of Fairfield
Browning of Arlington	Donahue of Northfield	Jewett of Ripton
Burke of Brattleboro	Donovan of Burlington	Johnson of South Hero
Buxton of Tunbridge	Edwards of Brattleboro	Johnson of Canaan
Campion of Bennington	Ellis of Waterbury	Kitzmiller of Montpelier
Cheney of Norwich	Emmons of Springfield	Klein of East Montpelier
Christie of Hartford	Evans of Essex	Krebs of South Hero
Clarkson of Woodstock	Fisher of Lincoln	Krowinski of Burlington
Conquest of Newbury	Frank of Underhill	Kupersmith of South
Consejo of Sheldon	French of Shrewsbury	Burlington

Lanpher of Vergennes	Mrowicki of Putney	Spengler of Colchester
Lenes of Shelburne	Munger of South Burlington	Stevens of Waterbury
Leriche of Hardwick	Nuovo of Middlebury	Stevens of Shoreham
Lippert of Hinesburg	O'Brien of Richmond	Stuart of Brattleboro
Lorber of Burlington	Olsen of Jamaica	Sweaney of Windsor
Macaig of Williston	O'Sullivan of Burlington	Taylor of Barre City
Malcolm of Pawlet	Pearson of Burlington	Toll of Danville
Manwaring of Wilmington	Peaslee of Guildhall	Townsend of Randolph
Marek of Newfane	Peltz of Woodbury	Waite-Simpson of Essex
Martin of Springfield	Poirier of Barre City	Webb of Shelburne
Martin of Wolcott	Potter of Clarendon	Wilson of Manchester
Masland of Thetford	Ralston of Middlebury	Wizowaty of Burlington
McCullough of Williston	Ram of Burlington	Woodward of Johnson
McFaun of Barre Town	Russell of Rutland City	Wright of Burlington
Miller of Shaftsbury	Shand of Weathersfield	Yantachka of Charlotte
Mook of Bennington	Sharpe of Bristol	Young of Glover
Moran of Wardsboro	South of St. Johnsbury	Zagar of Barnard

Those who voted in the negative are:

Acinapura of Brandon	Helm of Fair Haven	Morrissey of Bennington
Batchelor of Derby	Higley of Lowell	Myers of Essex
Bouchard of Colchester	Hubert of Milton	Pearce of Richford
Brennan of Colchester	Keenan of St. Albans City	Perley of Enosburgh
Canfield of Fair Haven *	Kilmartin of Newport City	Savage of Swanton
Clark of Vergennes	Koch of Barre Town	Scheuermann of Stowe
Condon of Colchester	Komline of Dorset	Shaw of Pittsford
Degree of St. Albans City	Larocque of Barnet	Smith of New Haven
Dickinson of St. Albans Town	Lawrence of Lyndon	Strong of Albany
Eckhardt of Chittenden	Lewis of Derby	Turner of Milton
Hebert of Vernon	Marcotte of Coventry	Winters of Williamstown
	McAllister of Highgate	

Those members absent with leave of the House and not voting are:

Burditt of West Rutland	Jerman of Essex	Pugh of South Burlington
Donaghy of Poultney	Lewis of Berlin	Reis of St. Johnsbury
Fagan of Rutland City	McNeil of Rutland Town	Till of Jericho
Gilbert of Fairfax	Partridge of Windham	Trieber of Rockingham

Rep. Canfield of Fair Haven explained his vote as follows:

“Mr. Speaker:

So now biomass becomes part of yet another study with a report. Let’s remember that stakeholders neither work for the state nor remain objective. This is where former Rep. Joe Krawczyk would say we have the rabbits carrying the lettuce. I hope this group will look at and consider the view of the US EPA, Climate Policy Division’s accounting framework for biogenic CO2

emissions from stationary sources (of Sept., 2011). In this report they include that the biogenic accounting fact (CO2 emissions) for biomass waste is zero. I also hope, Mr. Speaker, that this report will consider the economic impact that a biomass electric generation plant would bring to a region.

While trying to accept the logic in the decision to make 77.5 more megawatts of standard offer available over an RPS including biomass electric generation, I can't help but think of the constrained (red zone) transmission area in West Rutland. An upgrade to this section of Velco transmission line is due in 2016 at a cost of \$157 million. The proposed Beaverwood Biomass electric generation and highly efficient wood pellet manufacturing facility in Fair Haven will interconnect through Velco's Blissville substation. The proximity of this substation would allow for indefinite postponement or termination of the need for these upgrades.

For all Vermont ratepayers, I vote 'no'."

Rep. Keenan of St. Albans City explained her vote as follows:

"Mr. Speaker:

I vote 'no' despite the great initiatives in this bill. I object that we are requiring three utilities to renegotiate tariffs already approved by the Public Service Board for smart meters. This will prove to be a disincentive for the use of smart meters."

Rep. Spengler of Colchester explained her vote as follows:

"Mr. Speaker:

Home-grown renewable energy generation creates good-paying Vermont jobs, moves Vermont toward energy independence and saves money by decreasing the need for transmission line expansion."

Recess

At twelve o'clock and fifty minutes in the afternoon, the Speaker declared a recess until two o'clock in the afternoon.

At two o'clock and twelve minutes in the afternoon, the Speaker called the House to order.

Rules Suspended; Report of Committee of Conference Adopted

H. 780

On motion of **Rep. Turner of Milton**, the rules were suspended and House bill, entitled

An act relating to compensation for certain state employees

Appearing on the Calendar for notice, was taken up for immediate consideration.

The Speaker placed before the House the following Committee of Conference report:

To the Senate and House of Representatives:

The Committee of Conference to which were referred the disagreeing votes of the two Houses upon House bill, entitled

Respectfully reported that it has met and considered the same and recommended that the Senate recede from its proposals of amendment and that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

* * * Exempt Employees in the Executive Branch * * *

Sec. 1. RESTORATION OF SALARY

(a) The amount equal to the three-percent reduction in salaries taken on July 1, 2010 by exempt employees in the executive branch who earned less than \$60,000.00 annually may be restored to those salaries in fiscal year 2013.

(b) The amount equal to the five-percent reduction in salaries taken on January 1, 2009 by exempt employees in the executive branch who earned \$60,000.00 or more annually may be restored to those salaries in fiscal year 2013.

(c) If the secretary of administration determines that the salary of an exempt employee in the executive branch who earns less than \$60,000.00 annually and was hired or promoted after July 1, 2010 reflects a three-percent reduction in pay, the secretary may restore the amount equal to the three-percent reduction to that salary in fiscal year 2013.

(d) If the secretary of administration determines that the salary of an exempt employee in the executive branch who earns \$60,000.00 or more annually and was hired or promoted after January 1, 2009 reflects a five-percent reduction in pay, the secretary may restore the amount equal to the five-percent reduction to that salary in fiscal year 2013.

Sec. 2. COST-OF-LIVING ADJUSTMENTS

(a) Exempt employees in the executive branch earning less than \$60,000.00 annually may receive a cost-of-living adjustment in fiscal year 2013 of two percent.

(b) Exempt employees in the executive branch earning \$60,000.00 or more annually may or may not receive a cost-of-living adjustment in fiscal year 2013.

(c) Exempt employees in the executive branch may receive a cost-of-living adjustment in fiscal year 2014.

Sec. 3. RATE OF ADJUSTMENT

For purposes of determining annual salary adjustments, special salary increases, and bonuses under 32 V.S.A. §§ 1003(b) and 1020(b), the “total rate of adjustment available to classified employees under the collective bargaining agreement” shall be deemed to be 2.85 percent in fiscal year 2013 and 3.7 percent in fiscal year 2014.

* * * Defender General and Veterans’ Home * * *

Sec. 4. 32 V.S.A. § 1003(b)(1) is amended to read:

(1) Heads of the following departments, ~~offices~~ and agencies:

	Base Salary as of July 8, 2007	Base Salary as of July 1, 2012
(A) Administration	\$90,745	<u>\$90,745</u>
(B) Agriculture, food and markets	90,745	<u>90,745</u>
(C) Banking, insurance, securities, and health care administration <u>Financial regulation</u>	84,834	<u>84,834</u>
(D) Buildings and general services	84,834	<u>84,834</u>
(E) Children and families	84,834	<u>84,834</u>
(F) Commerce and community development	90,745	<u>90,745</u>
(G) Corrections	84,834	<u>84,834</u>
(H) Defender general	76,953	<u>84,834</u>
(I) Disabilities, aging, and independent living	84,834	<u>84,834</u>

(J) <u>Economic, housing, and community</u> development	76,953	<u>76,953</u>
(K) Education	84,834	<u>84,834</u>
(L) Environmental conservation	84,834	<u>84,834</u>
(M) Finance and management	84,834	<u>84,834</u>
(N) Fish and wildlife	76,953	<u>76,953</u>
(O) Forests, parks and recreation	76,953	<u>76,953</u>
(P) Health	84,834	<u>84,834</u>
(Q) Housing and community affairs	76,953	<u>[Repealed.]</u>
(R) Human resources	84,834	<u>84,834</u>
(S) Human services	90,745	<u>90,745</u>
(T) Information and innovation	84,834	<u>84,834</u>
(U) Labor	84,834	<u>84,834</u>
(V) Libraries	76,953	<u>76,953</u>
(W) Liquor control	76,953	<u>76,953</u>
(X) Lottery	76,953	<u>76,953</u>
(Y) Mental Health	84,834	<u>84,834</u>
(Z) Military	84,834	<u>84,834</u>
(AA) Motor vehicles	76,953	<u>76,953</u>
(BB) Natural resources	90,745	<u>90,745</u>
(CC) Natural resources board chairperson	76,953	<u>76,953</u>
(DD) Public Safety	84,834	<u>84,834</u>
(EE) Public service	84,834	<u>84,834</u>
(FF) Taxes	84,834	<u>84,834</u>
(GG) Tourism and marketing	76,953	<u>76,953</u>
(HH) Transportation	90,745	<u>90,745</u>
(II) Vermont health access	84,834	<u>84,834</u>
(JJ) Veterans <u>Veterans' home</u>	76,953	<u>84,834</u>

* * * Judicial Branch * * *

Sec. 5. 32 V.S.A. § 1003(c) is amended to read:

(c) The annual salaries of the officers of the judicial branch named below shall be as follows:

	<u>Annual</u> <u>Salary</u> <u>as of</u> <u>July 8,</u> <u>2007</u>	<u>Annual</u> <u>Salary</u> <u>as of</u> <u>July 1,</u> <u>2012</u>	<u>Annual</u> <u>Salary</u> <u>as of</u> <u>July 14,</u> <u>2013</u>
(1) Chief justice of supreme court	\$135,421	\$139,280	\$144,434
(2) Each associate justice	129,245	<u>132,928</u>	<u>137,847</u>
(3) Administrative judge	129,245	<u>132,928</u>	<u>137,847</u>
(4) Each superior judge	122,867	<u>126,369</u>	<u>131,045</u>
(5) Each district judge	122,867	[Repealed.]	
(6) Each magistrate	92,644	<u>95,281</u>	<u>98,807</u>
(7) Each judicial bureau hearing officer	92,644	<u>95,281</u>	<u>98,807</u>

Sec. 6. 32 V.S.A. § 1141 is amended to read:

§ 1141. ASSISTANT JUDGES

(a)(1) The compensation of each assistant judge of the superior court shall be ~~\$142.04~~ \$146.09 a day as of ~~July 8, 2007,~~ July 1, 2012 and \$151.49 a day as of July 14, 2013 for time spent in the performance of official duties and necessary expenses as allowed to classified state employees. Compensation under this section shall be based on a two-hour minimum and hourly thereafter.

* * *

Sec. 7. 32 V.S.A. § 1142 is amended to read:

§ 1142. PROBATE JUDGES

(a) The annual salaries of the probate judges in the several probate districts, which shall be paid by the state in lieu of all fees or other compensation, shall be as follows:

		<u>Annual</u>	<u>Annual</u>
		<u>Salary</u>	<u>Salary</u>
		<u>as of</u>	<u>as of</u>
		<u>July 1,</u>	<u>July 14,</u>
		<u>2012</u>	<u>2013</u>
(1) Addison	\$48,439	\$49,820	\$51,663
(2) Bennington	61,235	62,980	65,310
(3) Caledonia	42,956	44,180	45,815
(4) Chittenden	91,395	105,104	108,993
(5) Essex	12,000	12,342	12,799
(6) Franklin	48,439	49,820	51,663
(7) Grand Isle	12,000	12,342	12,799
(8) Lamoille	33,816	34,780	36,067
(9) Orange	40,214	41,360	42,890
(10) Orleans	39,300	40,420	41,916
(11) Rutland	86,825	89,300	92,604
(12) Washington	66,718	68,619	71,158
(13) Windham	53,923	55,460	57,512
(14) Windsor	73,116	75,200	77,982

* * *

~~(c) A probate judge whose salary is less than 50 percent of the salary of the most highly paid probate judge shall be eligible only for the least expensive medical benefit plan option available to state employees or may apply the state share of the premium for which the judge is eligible toward the purchase of another state or private health insurance plan. A probate judge whose salary is less than 50 percent of the salary of the most highly paid probate judge may participate in other state employee benefit plans~~ All probate judges, regardless of the number of hours worked annually, shall be eligible to participate in all employee benefits that are available to exempt employees of the judicial department.

Sec. 8. COURT ADMINISTRATOR; WEIGHTED CASELOAD STUDY

The court administrator shall conduct a weighted caseload study of the probate division and report its findings to the senate and house committees on government operations by January 31, 2013.

* * * Sheriffs * * *

Sec. 9. 32 V.S.A. § 1182 is amended to read:

§ 1182. SHERIFFS

(a) The annual salaries of the sheriffs of all counties except Chittenden shall be ~~\$65,812.00~~ \$67,688.00 as of ~~July 8, 2007~~ July 1, 2012 and \$70,192.00 as of July 14, 2013. The annual salary of the sheriff of Chittenden County shall be ~~\$69,646.00~~ \$71,631.00 as of ~~July 8, 2007~~ July 1, 2012 and \$74,281.00 as of July 14, 2013.

(b) Compensation under subsection (a) of this section shall be reduced by 10 percent for any sheriff who has not completed the full-time training requirements under 20 V.S.A. § 2358.

* * * State's Attorneys * * *

Sec. 10. 32 V.S.A. § 1183 is amended to read:

§ 1183. STATE'S ATTORNEYS

(a) The annual salaries of state's attorneys shall be:

	<u>Annual</u> <u>Salary</u>	<u>Annual</u> <u>Salary</u>	<u>Annual</u> <u>Salary</u>
	<u>as of</u>	<u>as of</u>	<u>as of</u>
	<u>July 8,</u>	<u>July 1,</u>	<u>July 14,</u>
	<u>2007</u>	<u>2012</u>	<u>2013</u>
(1) Addison County	\$89,020	<u>\$91,557</u>	<u>\$94,945</u>
(2) Bennington County	89,020	<u>91,557</u>	<u>94,945</u>
(3) Caledonia County	89,020	<u>91,557</u>	<u>94,945</u>
(4) Chittenden County	93,069	<u>95,721</u>	<u>99,263</u>
(5) Essex County	66,766	<u>68,669</u>	<u>71,210</u>
(6) Franklin County	89,020	<u>91,557</u>	<u>94,945</u>
(7) Grand Isle County	66,766	<u>68,669</u>	<u>71,210</u>
(8) Lamoille County	89,020	<u>91,557</u>	<u>94,945</u>
(9) Orange County	89,020	<u>91,557</u>	<u>94,945</u>

(10) Orleans County	89,020	91,557	94,945
(11) Rutland County	89,020	91,557	94,945
(12) Washington County	89,020	91,557	94,945
(13) Windham County	89,020	91,557	94,945
(14) Windsor County	89,020	91,557	94,945

(b) In settlement of their accounts the commissioner of finance and management shall allow the state's attorneys the expense of printing briefs in cases in which the state's attorney has represented the state and their necessary and actual expenses under the rules and regulations pertaining to classified state employees.

* * * Appropriations * * *

Sec. 11. PAY ACT FUNDING

The compensation provided in this act shall be funded by appropriations made in H.781 of the 2011–2012 session of the general assembly in Sec. B.1200 for fiscal year 2013 and in Sec. BB.1200 for fiscal year 2014.

* * * Study * * *

Sec. 12. COMMISSIONER OF HUMAN RESOURCES; CASELOAD AND WORKLOAD STUDY; ATTORNEYS IN THE EXECUTIVE BRANCH; PAY PLANS

(a) The commissioner of human resources shall conduct a caseload and workload study that assesses the caseloads and workloads of deputy state's attorneys, public defenders, assistant attorneys general, and staff attorneys in the executive branch and shall report his or her findings to the general assembly on or before March 15, 2013.

(b) The secretary of administration shall create a new pay plan for all exempt attorneys in the executive branch employed by the state who perform legal services in order to create parity and equity in the compensation paid to these attorneys. In creating the pay plan, the secretary shall consider the results of the study in subsection (a) of this section and the relative caseloads and workloads of the attorneys. Notwithstanding any provision of law to the contrary, the secretary shall have final authority over and shall be required to approve all salaries paid to exempt attorneys employed by the state in the executive branch and shall administer the pay plan to ensure that parity and equity in compensation are maintained.

Sec. 13. EFFECTIVE DATE

This act shall take effect on July 1, 2012.

COMMITTEE ON THE PART OF
THE SENATE

SEN. MARGARET K. FLORY
SEN. ALICE W. NITKA
SEN. JEANETTE K. WHITE

COMMITTEE ON THE PART OF
THE HOUSE

REP. KENNETH W. ATKINS
REP. DENNIS J. DEVEREUX
REP. LINDA J. MARTIN

Which was considered and adopted on the part of the House.

**Rules Suspended; Report of Committee of Conference and Addendum to
the Committee of Conference Adopted;**

H. 769

On motion of **Rep. Turner of Milton**, the rules were suspended and House bill, entitled

An act relating to department of environmental conservation fees

Appearing on the Calendar for notice, was taken up for immediate consideration.

The Speaker placed before the House the following Committee of Conference report:

To the Senate and House of Representatives:

The Committee of Conference to which were referred the disagreeing votes of the two Houses upon the bill respectfully reported that it has met and considered the same and recommended that the Senate recede from its proposal of amendment and that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

* * * Department of environmental conservation * * *

* * * Environmental permits * * *

Sec. 1. 3 V.S.A. § 2822 is amended to read:

§ 2822. BUDGET AND REPORT; POWERS

* * *

(j) In accordance with subsection (i) of this section, the following fees are established for permits, licenses, certifications, approvals, registrations, orders, and other actions taken by the agency of natural resources.

(1) For air pollution control permits or registrations issued under 10 V.S.A. chapter 23 of Title 10:

(A) Any persons subject to the provisions of 10 V.S.A. § 556 shall submit with each permit application or with each request for a permit amendment, a base service fee in accordance with the base fee schedule in subdivision (i) of this subdivision (1)(A). Prior to taking final action under 10 V.S.A. § 556 on any application for a permit for a nonmajor stationary source or on any request for an amendment of a permit for such a source, the secretary shall assess each applicant for any additional fees due to the agency, assessed in accordance with the base fee schedule and the supplementary fee schedule in subdivision (ii) of this subdivision (1)(A). The applicant shall submit any fees so assessed to the secretary prior to issuance of the final permit, notwithstanding the provisions of subsection (i) of this section. The base fee schedule and the supplementary fee schedule are applicable to all applications on which the secretary makes a final decision on or after the date on which this section is operative.

(i) Base fee schedule

(I) Application for permit to construct

or modify source

(aa) Major stationary source ~~\$ 12,500.00~~ \$ 15,000.00

(bb) Nonmajor stationary source ~~\$ 1,000.00~~ \$ 2,000.00

(II) Amendments

Change in business name, division name

or plant name; mailing address; or

company stock designation; or other

administrative amendments ~~\$ 100.00~~ \$ 150.00

(ii) Supplementary fee schedule for nonmajor

stationary sources

(I) Engineering review ~~\$ 1,750.00~~ \$ 2,000.00

(II) Air quality impact analysis

Review refined modeling ~~\$ 1,250.00~~ \$ 2,000.00

(III) Observe and review source emission

testing ~~\$ 1,750.00~~ \$ 2,000.00

(IV) Audit performance of continuous

emissions monitors ~~\$ 1,750.00~~ \$ 2,000.00

- (V) Audit performance of ambient air monitoring ~~\$ 1,750.00~~ \$ 2,000.00
- (VI) Implement public comment requirement ~~\$ 500.00~~

(B) Any person required to register an air contaminant source under 10 V.S.A. § 555(c) shall submit an annual registration fee in accordance with the following registration fee schedule, where the sum of a source's emissions of the following air contaminants is greater than five tons per year: sulfur dioxide, particulate matter, carbon monoxide, nitrogen oxides, and hydrocarbons:

Registration: ~~\$0.024~~ \$0.0335 per pound of emissions of any of these contaminants. Where the sum of a source's emission of these contaminants is greater than ten tons per year, provided that a plant producing renewable energy as defined in 30 V.S.A. § 8002 shall pay an annual fee not exceeding \$64,000.00:

Base registration fee ~~\$1,000.00~~ \$1,500.00; and ~~\$0.024~~ \$0.0335 per pound of emissions of any of these contaminants.

(2) For discharge permits issued under 10 V.S.A. chapter 47 ~~of Title 10~~ and orders issued under 10 V.S.A. § 1272, an administrative processing fee of ~~\$100.00~~ \$120.00 shall be paid at the time of application for a discharge permit in addition to any application review fee and any annual operating fee, except for permit applications under subdivisions (2)(A)(iii)(III), ~~(IV)~~, and (V) of this subsection:

(A) Application review fee.

* * *

(iii) Stormwater discharges.

- (I) Individual operating permit ~~\$360.00~~ \$430.00 per acre or application to operate impervious area; under general operating minimum ~~\$180.00~~ \$220.00 permit for collected per application. stormwater runoff which is discharged to Class B waters: original application; amendment

for increased flows;
 amendment for change
 in treatment process.

- (II) Individual operating permit ~~\$1,170.00~~ \$1,400.00 per
 or application to operate acre impervious area;
 under general operating minimum ~~\$1,170.00~~
 permit for collected \$1,400.00 per
 stormwater runoff which is application.
 discharged to Class A
 waters; original
 application; amendment for
 increased flows;
 amendment for change in
 treatment process.
- (III) Individual permit or
 application to operate under
 general permit for
 construction activities;
 original application;
 amendment for increased
 acreage.
- (aa) Projects with low risk ~~\$36.00~~ \$50.00 per project;
 to waters of the state. original application.
- (bb) Projects with moderate ~~\$300.00~~ \$360.00 per
 risk to waters project original application.
 of the state.
- (cc) Projects that require an ~~\$600.00~~ \$720.00 per
 individual permit. project original application.
- (IV) Individual permit or ~~\$180.00~~ \$220.00 per

application to operate facility.

under general permit
for stormwater runoff
associated with industrial
activities with specified
SIC codes; original
application; amendment
for change in activities.

- (V) Individual permit or ~~\$1,000.00~~ \$1,200.00 per
application to operate system.
under general permit
for stormwater runoff
associated with municipal
separate storm sewer systems;
original application;
amendment for change
in activities.

(VI) Individual operating permit or application to operate under a general permit for a residually designated stormwater discharge original application; amendment; for increased flows amendment; for change in treatment process.

(aa) For discharges to Class B water; \$430.00 per acre of impervious area, minimum \$220.00.

(bb) For discharges to Class A water; \$1,400.00 per acre of impervious area, minimum \$1,400.00.

- (VII) Renewal, transfer, or \$0.00
minor amendment of
individual permit or
approval under general permit.

- (iv) Indirect discharge or

underground injection control,
excluding stormwater discharges.

* * *

(II) Nonsewage.

(aa) Individual permit: \$0.06 per gallon design
original application; capacity; minimum ~~\$235.00~~
amendment for increased \$400.00 per application.
flows; amendment for
modification or
replacement of system.

(bb) Renewal, transfer or \$0.00
minor amendment of
individual permit.

(cc) General permit \$0.00.

(B) Annual operating fee.

(i) Industrial, noncontact \$0.001 per gallon design
cooling water and capacity. \$150.00
thermal discharges. minimum; maximum
~~\$105,000.00.~~ \$210,000.00

* * *

(iv) Stormwater

* * *

(II) Individual operating permit ~~\$66.00~~ \$80.00 per acre
or approval under general impervious area;
operating permit for ~~\$60.00~~ \$80.00 minimum.
collected stormwater runoff
which is discharged to
Class B waters.

(III) Individual permit or ~~\$66.00~~ \$80.00 per

approval under general facility.
 permit for stormwater
 runoff from industrial
 facilities with
 specified SIC codes.

- (IV) Individual permit or ~~\$66.00~~ \$80.00 per system.
 application to operate
 under general permit for
 stormwater runoff
 associated with municipal separate
 storm sewer systems.

(V) Individual permit or approval under general permit for
 residually designated stormwater discharges.

(aa) For discharges to Class A water; \$255.00 per acre of
 impervious area, minimum \$255.00.

(bb) For discharges to Class B water; \$80.00 per acre of
 impervious area, minimum \$80.00.

- (v) Indirect discharge or underground
 injection control,
 excluding stormwater discharges:

* * *

(II) Nonsewage

- (aa) Individual permit \$0.013 per gallon of design
 capacity. ~~\$100.00~~ \$250.00
 minimum; maximum
 \$5,500.00.

* * *

(4) For potable water supply and wastewater permits issued under
10 V.S.A. chapter 64. Projects under this subdivision include: a wastewater
 system, including a sewerage connection; and a potable water supply,
 including a connection to a public water supply:

(A) ~~Subdivision of land~~~~(i) Original application; major amendments.~~

~~(I) Municipal or private sewerage system and public water supply. \$0.25 per gallon per lot of design flow of potable water or wastewater, whichever is greater. Minimum per lot \$105.00.~~

~~(II) All other projects. \$0.50 per gallon per lot of design flow of potable water or wastewater, whichever is greater. Minimum per lot \$210.00.~~

~~(ii) Minor amendments. \$50.00~~

Original applications, or major amendments for a project with the following proposed design flows. In calculating the fee, the highest proposed design flow whether wastewater or water shall be used:

(i) design flows 560 gpd or less: \$245.00 per application.

(ii) design flows greater than 560 and less than or equal to 2,000 gpd: \$580.00 per application.

(iii) design flows greater than 2,000 and less than or equal to 6,500 gpd: \$2,000.00 per application.

(iv) design flows greater than 6,500 and less than or equal to 10,000 gpd: \$5,000.00 per application.

(v) design flows greater than 10,000 gpd: \$9,500.00 per application.

(B) ~~Potable water supply or wastewater system~~

~~(i) Original application or major amendment when both potable water and wastewater are being constructed.~~

New or replacement systems.	
(I) Municipal or private sewerage system and public water supply.	\$0.25 per gallon of design flow of potable water or wastewater, whichever is greater. Minimum per application \$105.00. Maximum per application \$15,000.00.
(II) All other projects.	\$0.50 per gallon of design flow of potable water or wastewater, whichever is greater. Minimum per application \$210.00. Maximum per application \$15,000.00.
(ii) Original application or major amendment when either potable water or wastewater, but not both, is being constructed.	
New or replacement systems.	
(I) Municipal or private sewerage system and public water supply.	\$0.15 per gallon per application of design flow. Minimum per application \$105.00. Maximum per application \$15,000.00.
(II) All other projects.	\$0.30 per gallon of design flow. Minimum per application \$210.00.

	Maximum per application \$15,000.00.
(iii) Original application or major amendment when design flow of potable water or wastewater is increased but no construction is required.	
(I) Municipal or private sewerage system and public water supply.	\$0.25 per gallon of increased design flow of potable water or wastewater, whichever is greater. Minimum per application \$67.50. Maximum per application \$15,000.00.
(II) All other projects.	\$0.50 per gallon of increased design flow of potable water or wastewater, whichever is greater. Minimum per application \$135.00. Maximum per application \$15,000.00.
(iv) Minor amendments.	\$50.00 <u>\$100.00.</u>
(C) Special fees	
	* * *
(iv) Original application or amendment for subdivision of land where the lot or lots	\$35.00 per lot.

~~subject to the fee are owned or will be owned by the applicant or a person related to the applicant by blood, civil marriage, or civil union. If the lot or lots are subsequently transferred within a period of two years to an individual who is not related by blood, civil marriage, or civil union to the owner of the lot or lots, the full fee for the lots that were created shall be paid. (I) Minor projects: \$180.00.~~

(II) As used in this subdivision (j)(4)(C)(iv), “minor project” means a project that meets the following: there is an increase in design flow but no construction is required; there is no increase in design flow, but construction is required, excluding replacement potable water supplies and wastewater systems; or there is no increase in design flow and no construction is required, excluding applications that contain designs that require technical review.

(D) Notwithstanding the other provisions of this subdivision:

~~(i) when a wastewater system is subject to the fee provisions of this subdivision and subdivision (j)(2)(A)(iv)(I) of this section, only the higher of the two fees shall be assessed;~~

~~(ii) when a potable water supply is subject to the fee provisions of this subdivision and subdivision (j)(7)(A) of this section, only the fee required by subdivision (j)(7)(A) shall be assessed;~~

~~(iii) when a project is subject to the fee provision for the subdivision of land and the fee provision for potable water supplies and wastewater systems of this subdivision, only the higher of the two fees shall be assessed; and~~

~~(iv) when a project is located in a Vermont neighborhood, as designated under 24 V.S.A. chapter 76A, the fee shall be no more than \$50.00 in situations in which the application has received an allocation for sewer capacity from an approved municipal system. This limitation shall not apply in the case of fees charged as part of a duly delegated municipal program.~~

(5) For well drillers licenses issued under 10 V.S.A. chapter 48:

~~\$105.00~~ \$140.00 per year.

Fees shall be paid on an annual basis over the term of the license.

(6) For solid waste treatment, storage, transfer or disposal facility certifications issued under 10 V.S.A. chapter 159:

* * *

(D) original and renewal ~~\$0.00~~ \$100.00.

applications for

categorical disposal facilities

* * *

(G) insignificant waste management \$100.00 per event.

event approvals

(7) For public water supply and bottled water permits and approvals issued under 10 V.S.A. chapter 56 ~~of Title 10~~ and interim groundwater withdrawal permits and approvals issued under 10 V.S.A. chapter 48 ~~of Title 10~~:

(A) For public water supply construction permit applications:
~~\$275.00~~ \$375.00 per application plus \$0.0055 per gallon of design capacity.
Amendments ~~\$110.00~~ \$150.00 per application.

(B) For water treatment plant applications, except those applications submitted by a municipality as defined in 1 V.S.A. § 126 or a consolidated water district established under 24 V.S.A. § 3342: \$0.003 per gallon of design capacity. Amendments ~~\$110.00~~ \$150.00 per application.

(C) For source permit applications:

(i) Community water systems: ~~\$615.00~~ \$945.00 per source.

(ii) Transient noncommunity: ~~\$250.00~~ \$385.00 per source.

(iii) Nontransient, noncommunity: ~~\$500.00~~ \$770.00 per source.

(iv) Amendments. ~~\$110.00~~ \$150.00 per application.

(D) For public water supplies and bottled water facilities, annually:

(i) Transient noncommunity: ~~\$45.00~~ \$50.00

(ii) Nontransient, noncommunity: ~~\$0.0294~~ \$0.0355 per 1,000

- gallons of water produced annually or \$70.00, whichever is greater.
- (iii) Community: ~~\$0.0295 per 1,000 gallons of water produced annually for fiscal year 2005; \$0.0325 per 1,000 gallons of water produced annually for fiscal year 2006; and \$0.0359~~ \$0.0439 per 1,000 gallons of water produced annually for fiscal year ~~2007~~ and thereafter.
- (iv) Bottled water: ~~\$900.00~~ \$1,390.00 per permitted facility.

(E) Amendment to bottled water facility permit, ~~\$110.00~~ \$150.00 per application.

(F) For facilities permitted to withdraw groundwater pursuant to 10 V.S.A. § 1418: ~~\$1,500.00~~ \$2,300.00 annually per facility.

* * *

(8) For public water system operator certifications issued under 10 V.S.A. § 1674:

- | | |
|------------------------------|---|
| Class IA and IB | \$40.00 per initial certificate or renewal. Fee is waived for operators who are permittees under the transient noncommunity water system general permit. |
| All Other Classes | \$70.00 per initial certificate or renewal |

(A) For class IA and IB operators: \$45.00 per initial certificate or renewal. Operators who are also permittees under the transient noncommunity water system general permit are not subject to this fee.

(B) For all other classes: \$80.00 per initial certificate or renewal.

(9)(A) For a solid waste hauler permits issued under 10 V.S.A. § 6607a ~~\$35.00:~~ an annual operating fee of \$50.00 per vehicle used, by the commercial hauler that is permitted, for transporting waste. This fee shall be submitted with the permit application and each year thereafter for the duration of the permit, at the time of the filing of the annual statement required by 10 V.S.A. § 6605f(m).

(B) For a hazardous waste hauler permits issued under 10 V.S.A. § 6607a: ~~\$100.00:~~ an annual operating fee of \$125.00 per vehicle used, by the commercial hauler that is permitted, for transporting waste. This fee shall be submitted with the permit application and each year thereafter for the duration of the permit, at the time of the filing of the annual statement required by 10 V.S.A. § 6605f(m).

* * *

(16) For underground storage tank permits issued under 10 V.S.A. chapter 59:

~~\$100.00~~ \$125.00 per
tank per year.

* * *

(21) ~~For site technician certifications issued under 3 V.S.A. § 2827(f)~~
For class A and B designer licenses issued under 10 V.S.A. § 1975:

(A) ~~Type A site technicians~~ Class A:

- (i) original application ~~\$100.00~~ \$150.00
- (ii) renewal application ~~\$40.00~~ \$50.00 per year.
- (iii) provisional license \$50.00.

(B) ~~Type B site technicians~~ Class B:

- (i) original application ~~\$40.00~~ \$75.00
- (ii) renewal application ~~\$40.00~~ \$50.00 per year.
- (iii) provisional license \$50.00.

(C) Renewal late fee. The following fees shall be charged in addition to the renewal fees established in subdivisions (A) and (B) of this subdivision (21):

(i) application received within 30 days after expiration of license:
\$25.00.

(ii) application received 31 days or later after expiration of license: \$50.00.

(iii) application received two years or more after expiration of license shall be considered a new application for the designer license.

(D) Potable water supply exam fee: \$50.00.

* * *

(25) For hazardous waste generator registrations required by 10 V.S.A. § 6608(f).

(A) small quantity generators ~~\$100.00 per year~~ \$125.00 per year.

(B) large quantity generators ~~\$500.00 per year~~ \$600.00 per year.

(C) conditionally exempt generators \$75.00 per year.

(26) For individual conditional use determinations, for individual wetland permits, for general conditional use determinations issued under 10 V.S.A. § 1272, or for wetland authorizations issued under a general permit, an administrative processing fee assessed under subdivision (2) of this subsection (j) and an application fee of:

(A) ~~\$0.12~~ \$0.75 per square foot of proposed impact to Class I or II wetlands;

(B) ~~\$0.09~~ \$0.25 per square foot of proposed impact to Class I or II wetland buffers;

(C) maximum fee, for the conversion of Class II wetlands or wetland buffers to cropland use, \$200.00 per application. For purposes of this subdivision, "cropland" means land that is used for the production of agricultural crops, including row crops, fibrous plants, pasture, fruit-bearing bushes, trees, or vines and the production of Christmas trees;

(D) \$0.25 per square foot of proposed impact to Class I or II wetlands or Class I or II wetland buffer for utility line, pipeline, and ski trail projects when the proposed impact is limited to clearing forested wetlands in a corridor and maintaining a cleared condition in that corridor for the project life;

(E) minimum fee, \$50.00 per application.

* * *

(30) For review of a project requiring water quality certification under

Section 401 of the Clean Water Act: one percent of project costs; minimum fee \$200.00; maximum fee \$20,000.00. For an application seeking review of multiple projects under this subdivision, the fee shall apply to each project.

(k) Commencing with registration year 1993 and for each year thereafter, any person required to pay a fee to register an air contaminant source under 10 V.S.A. § 555(c) in addition shall pay fees for any emissions of the following types of hazardous air contaminants. The following fees shall not be assessed for emissions resulting from the combustion of any fuels, except solid waste, in fuel burning or manufacturing process equipment.

(1) Contaminants which cause short-term irritant effects — ~~\$0.008~~ \$0.012 per pound of emissions;

(2) Contaminants which cause chronic systemic toxicity (low potency) — ~~\$0.015~~ \$0.0225 per pound of emissions;

(3) Contaminants which cause chronic systemic toxicity (high potency) — ~~\$0.02~~ \$0.03 per pound of emissions;

(4) Contaminants known or suspected to cause cancer (low potency) — ~~\$0.55~~ \$0.825 per pound of emissions;

(5) Contaminants known or suspected to cause cancer (high potency) — ~~\$10.00~~ \$15.00 per pound of emissions.

(l) Commencing with registration year 1993 and for each year thereafter, any person required to pay a fee to register an air contaminant source under 10 V.S.A. § 555(c) in addition shall pay the following fees for emissions of hazardous air contaminants resulting from the combustion of any of the following fuels in fuel burning or manufacturing process equipment.

(1) Coal — ~~\$0.43~~ \$0.645 per ton burned;

(2)(A) Wood — ~~\$0.103~~ \$0.155 per ton burned; or

(B) Wood burned with an operational electrostatic precipitator and NOx reduction technologies — ~~\$0.025~~ \$0.0375 per ton burned;

(3) No. 6 grade fuel oil — ~~\$0.0005~~ \$0.00075 per gallon burned;

(4) No. 4 grade fuel oil — ~~\$0.0004~~ \$0.0006 per gallon burned;

(5) No. 2 grade fuel oil — ~~\$0.0002~~ \$0.0003 per gallon burned;

(6) Liquid propane gas — ~~\$0.0002~~ \$0.0003 per gallon burned;

(7) Natural gas — ~~0.87~~ \$1.305 per million cubic feet burned.

* * *

Sec. 2. 10 V.S.A. § 1922 is amended to read:

§ 1922. DEFINITIONS

For purposes of this chapter:

* * *

(16) “Acceptable piping” means:

(A) double-wall pressurized piping; or

(B) single-wall piping that operates under suction, is pitched evenly uphill from the tank top, and has only one check valve which is located at the dispenser, fuel burner, generator, or other piping termination point.

(17) “Double-wall tank system” means an underground storage tank system consisting of a double-wall tank and acceptable piping.

(18) “Combination tank system” means an underground storage tank system consisting of a single-wall tank and acceptable piping.

(19) “Single-wall tank system” means an underground storage tank system consisting of a single-wall tank and single-wall pressurized piping.

Sec. 3. 10 V.S.A. § 1943 is amended to read:

§ 1943. PETROLEUM TANK ASSESSMENT

(a) Each owner of a category one tank used for storage of petroleum products shall remit to the secretary on October 1 of each year ~~beginning October 1, 1988,~~ \$100.00 per double-wall tank system; \$150.00 per combination tank system; and \$200.00 per single-wall tank system, which shall be deposited to the petroleum cleanup fund established by section 1941 of this title, except that:

(1) ~~The fee shall be \$50.00 per tank for~~ For retail gasoline outlets that sell less than 40,000 gallons of motor fuel per month, the fee shall be:

(A) \$75.00 per double-wall tank system;

(B) \$125.00 per combination tank system; and

(C) \$175.00 per single-wall tank system.

(2) The fee shall be reduced by 50 percent if the owner or permittee provides to the satisfaction of the secretary evidence of financial responsibility to allow the taking of corrective action in the amount of \$100,000.00 per occurrence and the compensation of third parties for bodily injury and property damage in the amount of \$300,000.00 per occurrence.

(3) The fee shall be relieved if the owner provides to the satisfaction of the secretary, evidence of financial responsibility to allow the taking of corrective action and the compensation of third parties for bodily injury and property damage each in the amount of \$1,000,000.00 per occurrence.

(4) The fee for retail motor fuel outlets selling 20,000 gallons or less per month shall not exceed \$100.00 per year for all double-wall tanks at a single location and shall not exceed \$300.00 for all combination tank systems at a single location. This cap shall not apply to a retail motor fuel outlet utilizing a single-wall tank system.

(5) ~~The fee shall be \$50.00 per tank for~~ For any municipality that uses an annual average of less than ~~an annual average of~~ 40,000 gallons of motor fuel per month, provided that all of the tanks of that municipality meet the requirements of this chapter, the fee shall be:

(A) \$50.00 per double-wall tank system;

(B) \$100.00 per combination tank system; and

(C) \$150.00 per single-wall tank system.

(b) For purposes of this section, an occurrence is an accident, including continuous or repeated exposure to conditions, which results in the release of petroleum from one or more underground storage tanks at the same site.

(c) This tank assessment shall terminate on July 1, 2014.

(d) The secretary shall establish forms and procedures for the payment of the petroleum tank assessment, including a notice of the obligation 30 days prior to being due. Failure to receive notice shall not waive the payment obligation.

Sec. 4. PETROLEUM ADVISORY COMMITTEE REPORT

In the 2013 report of the petroleum cleanup advisory committee, the committee shall make recommendations on how to reduce risks to the fund posed by an aboveground or underground storage tank. In making its recommendation, the committee shall consider:

(1) Appropriate tank assessment fees for single-wall and combination underground storage tanks.

(2) Appropriate deductibles when there is a release from a single-wall or combination underground storage tank.

(3) A time line laying out a process to remove single-wall and combination underground storage tanks from service.

(4) For tank system owners that have low throughputs or limited income from their underground storage tank system, the use of grants or negative interest loans for the upgrade of those systems.

(5) Current tank technology and its impact on safety and the rate of current tank fees.

Sec. 5. 10 V.S.A. § 6628 is amended to read:

§ 6628. PLAN, PLAN SUMMARY AND PERFORMANCE REPORT REVIEW

* * *

(j) Fees shall be submitted annually on March 31st. Fees shall be submitted to the secretary and deposited into the hazardous waste management account of the waste management assistance fund established under section 6618 of this title. Fees shall be computed according to the following:

(1) ~~\$300.00~~ \$350.00 per toxic chemical identified pursuant to subdivision 6629(c)(4) of this title.

(2) ~~\$300.00~~ \$350.00 per hazardous waste stream identified pursuant to subdivision 6629(c)(3) of this title.

(3) Up to a maximum amount of:

(A) ~~\$1,500.00~~ \$1,750.00 per plan; for Class A generators.

(B) ~~\$300.00~~ \$350.00 per plan for Class B generators.

(C) ~~\$1,500.00~~ \$1,750.00 per plan for large users.

(D) ~~\$3,000.00~~ \$3,500.00 per plan for Class A generators that are large users.

(E) ~~\$900.00~~ \$1,050.00 per plan for Class B generators that are large users.

Sec. 6. 10 V.S.A. § 7553 is amended to read:

§ 7553. SALE OF COVERED ELECTRONIC DEVICES; MANUFACTURER REGISTRATION

* * *

(h) Implementation fee.

(1) ~~For the program year of Beginning July 1, 2011, through June 30, 2012,~~ each manufacturer that seeks coverage under the standard plan shall pay to the secretary an implementation fee that shall be assessed on a quarterly

basis and that shall be determined by multiplying the manufacturer's market share by the prior quarter's cost of implementing the electronic waste collection and recycling program adopted under the standard plan. For purposes of this section, the electronic waste and recycling program includes collection, transportation, recycling, and the reasonable cost of contract administration.

~~(2) Beginning with the program year starting July 1, 2012, a proposed methodology for calculating the implementation fee for manufacturers seeking coverage under the standard plan shall be included in the executive branch fee report and approved by the general assembly according to the requirements of subchapter 6 of chapter 7 of Title 32.~~

~~(3)~~ The fee collected under this subsection shall be deposited into the electronic waste collection and recycling account of the waste management assistance fund.

~~(4)~~(3) At the end of each program year, the secretary shall review the total costs of collection and recycling for the program year and shall reapportion the implementation fee assessed under this subsection to accurately reflect the actual cost of the program and the manufacturer's market share of covered electronic devices sold in the state during the program year.

* * *

Sec. 7. FORMAT CHANGES AND ADJUSTMENTS TO THE AGENCY OF NATURAL RESOURCES FEES

The legislative council may, in consultation with the agency of natural resources, modify the format of the fees established by 3 V.S.A. § 2822. In making the modifications, the legislative council may make changes to the sections that do not affect the amount or scope of a fee. The legislative council may make changes to improve the readability of the proposed fees. Prior to codification of the reformatted fees, copies shall be presented to the house committee on ways and means and the senate committee on finance.

* * * Natural resources board * * *

* * * Act 250 fees * * *

Sec. 8. 10 V.S.A. § 6083a is amended to read:

§ 6083a. ACT 250 FEES

(a) All applicants for a land use permit under section 6086 of this title shall be directly responsible for the costs involved in the publication of notice in a newspaper of general circulation in the area of the proposed development or

subdivision and the costs incurred in recording any permit or permit amendment in the land records. In addition, applicants shall be subject to the following fees for the purpose of compensating the state of Vermont for the direct and indirect costs incurred with respect to the administration of the Act 250 program:

* * *

(4) For projects involving the extraction of earth resources, including but not limited to sand, gravel, peat, topsoil, crushed stone, or quarried material, the greater of: a fee as determined under subdivision (1) of this subsection; or a fee equivalent to the rate of ~~\$0.20~~ \$0.02 per cubic yard of ~~maximum estimated annual extraction whichever is greater~~ the first million cubic yards of the total volume of earth resources to be extracted over the life of the permit, and \$0.01 per cubic yard of any such earth resource extraction above one million cubic yards. Extracted material that is not sold or does not otherwise enter the commercial marketplace shall not be subject to the fee. The fee assessed under this subdivision for an amendment to a permit shall be based solely upon any additional volume of earth resources to be extracted under the amendment.

* * *

* * * Vermont web portal * * *

Sec. 9. 22 V.S.A. § 953 is amended to read:

§ 953. VERMONT WEB PORTAL BOARD; DUTIES

* * *

(c) Any charges created or changed by the board shall be approved as follows:

(1) All such charges shall be submitted to the governor who shall send a copy of the approval or rejection to the joint fiscal committee through the joint fiscal office together with the following information with respect to those items:

(A) the costs, direct and indirect, for the present and future years related to the charge;

(B) the department or program which will utilize the charge;

(C) a brief statement of purpose;

(D) the impact on existing programs if the charge is not accepted.

(2) The governor's approval shall be final unless within 30 days of receipt of the information a member of the joint fiscal committee requests the charge be placed on the agenda of the joint fiscal committee or, when the general assembly is in session, be held for legislative approval. In the event of such request, the charge shall not be accepted until approved by the joint fiscal committee or the legislature. During the legislative session, the joint fiscal committee shall file a notice with the house clerk and senate secretary for publication in the respective calendars of any charge approval requests that are submitted by the administration. Beginning on July 1, 2012, and every three years thereafter, all web portal fees shall be included in the annual consolidated executive branch fee report pursuant to 32 V.S.A. § 605.

Sec. 10. DEPARTMENT OF INFORMATION AND INNOVATION REPORT

The department of information and innovation shall report to the house committee on ways and means and the senate committee on finance by January 15, 2013 regarding the Vermont web portal. The report shall include an analysis of whether the Vermont web portal fee structure is appropriate and whether there are more cost-effective ways for the state to contract for web portal services. The report shall include any recommended changes to the web portal business model.

* * * Wastewater supply and potable water supply
loan program * * *

Sec. 11. TRANSFER OF FUNDS TO WASTEWATER SUPPLY AND POTABLE WATER SUPPLY LOAN PROGRAM

The amount of \$275,000.00 from the fees collected pursuant to 3 V.S.A. § 2822(j)(4) shall be deposited annually in the fund established in 24 V.S.A. § 4753a(c) to provide loans for the repair of failed wastewater supply systems and potable water supply systems.

Sec. 12. 3 V.S.A. § 2809 is amended to read:

§ 2809. REIMBURSEMENT OF AGENCY COSTS

(a)(1) The secretary may require an applicant for a permit, license, certification, or order issued under a program that the secretary enforces under 10 V.S.A. § 8003(a) to pay for the cost of research, scientific, programmatic, or engineering expertise ~~or services that the~~ provided by the agency of natural resources, provided:

(A) the secretary does not have ~~when~~ such expertise or services and such expertise ~~are~~ is required for the processing of the application for the permit, license, certification, or order; or

(B) the secretary does have such expertise but has made a determination that it is beyond the agency's internal capacity to effectively utilize that expertise to process the application for the permit, license, certification, or order. In addition, the secretary shall determine that such expertise is required for the processing of the application for the permit, license, certification, or order.

(2) The secretary may require an applicant under chapter 151 of Title 10 to pay for the time of agency of natural resources personnel providing research, scientific, or engineering services or for the cost of expert witnesses when agency personnel or expert witnesses are required for the processing of the permit application.

(3) ~~Except as~~ In addition to the authority set forth under chapters 59 and 159 of Title 10 and 10 V.S.A. § 1283, the secretary may require a person who caused the agency to incur expenditures or a person in violation of a permit, license, certification, or order issued by the secretary to pay for the time of agency personnel or the cost of other research, scientific, or engineering services incurred by the agency in response to a threat to public health or the environment presented by an emergency or exigent circumstance.

(b) Prior to commencing or contracting for research, scientific, or engineering expertise or services or contracting for expert witnesses for which the secretary intends to seek cost reimbursement under subdivisions (a)(1) and (2) of this section, the secretary shall notify the applicant for a permit, license, certification, or order of the secretary's authority to assess costs under this section.

(c)(1) Within 15 days of issuance of notice under subsection (b) of this section, an applicant for a permit, license, certification, or order may request a meeting with the secretary to identify and review the proposed agency services or contracting services that may be assessed to the applicant.

(2) The secretary may enter into agreements with an applicant for a permit, license, certification, or order under which either the applicant or the agency of natural resources shall provide or pay for the necessary research, scientific, or engineering expertise or services or expert witnesses.

(3) When the secretary meets with an applicant under this subsection, the secretary shall provide the applicant in writing a preliminary estimate of the costs to be assessed and the purpose of the funds. In the case of requests to

pay costs under subdivision (a)(1)(B) of this section, the secretary shall be limited to a reimbursement of not more than \$50,000.00.

(d) The following apply to the authority established under subsection (a) of this section:

~~(1)(A) The secretary may assess costs under subdivisions (a)(1) and (2) of this section to the applicant or applicants for the permit only with the approval of the governor. Costs assessed under subdivision (a)(3) shall not require approval of the governor.~~

~~(2) The secretary may require reimbursement only of costs in excess of \$3,000.00 except as provided in subdivision (B) of this subdivision(1).~~

(B) Where the secretary has requested reimbursement of programmatic expertise pursuant to subdivision (a)(1)(B) of this section. The secretary may require reimbursement only of costs in excess of \$3,000.00 or one-half of the permit application fee assessed under section 2822 of this title, whichever is greater.

~~(3)(2) The secretary may revise estimates previously noticed as necessary from time to time during the progress of the work and shall notify the applicant in writing of any revision.~~

~~(4)(3) The secretary shall provide the applicant with a detailed statement of a final assessment under this section showing the total amount of money expended or contracted for in the work and directing the manner and timing of payment by the applicant.~~

~~(5)(4) All funds collected from applicants shall be paid into the state treasury.~~

(e) The secretary may withhold a permit approval or suspend the processing of a permit application for failure to pay reasonable costs imposed under this subsection.

(f) An action or determination of the secretary under this section shall constitute an act or decision of the secretary that may be appealed in accordance with 10 V.S.A. § 8504.

* * *

Sec. 12a. COST REIMBURSEMENT REPORT

On or before January 15, 2013 the secretary of natural resources shall report to the house committee on ways and means and the senate committee on finance on the utilization of the cost reimbursement authority under 3 V.S.A. § 2809. The report shall include the name of the project, the town in which the

project was located, the amount requested for reimbursement, and the purpose for which the funds were used. The secretary shall make recommendations for any changes to the cost reimbursement authority as part of the executive branch fee bill.

Sec. 13. 24 V.S.A. § 4753(a)(9) is added to read:

(9) The Vermont wastewater and potable water revolving loan fund which shall be used to provide loans to individuals, in accordance with section 4763a of this title, for the design and construction of repairs to or replacement of wastewater systems and potable water supplies when the wastewater system or potable water supply is a failed system or supply as defined in 10 V.S.A. § 1972. The amount of \$275,000.00 from the fees collected pursuant to 3 V.S.A. § 2822(j)(4) shall be deposited on an annual basis into this fund.

Sec. 14. 24 V.S.A. § 4763a is added to read:

§ 4763a. LOANS TO INDIVIDUALS FOR FAILED WASTEWATER SYSTEMS AND FAILED POTABLE WATER SUPPLIES

(a) Notwithstanding any other provision of law, when the wastewater system or potable water supply serving only one single-family residence on its own lot meets the definition of a failed supply or system, the secretary of natural resources may lend monies to the owner of the residence from the Vermont wastewater and potable water revolving loan fund established in section 4753 of this title. In such cases, the following conditions shall apply:

(1) loans may only be made to households with an income equal to or less than 200 percent of the state average median household income;

(2) loans may only be made to households where the recipient of the loan resides in the residence on a year-round basis;

(3) loans may only be made if the owner of the residence has been denied financing for the repair, replacement, or construction due to involuntary disconnection by at least two other financing entities;

(4) no construction loan shall be made to an individual under this subsection, nor shall any part of any revolving loan made under this subsection be expended, until all of the following take place:

(A) the secretary of natural resources determines that if a wastewater system and potable water supply permit is necessary for the design and construction of the project to be financed by the loan, the permit has been issued to the owner of the failed system or supply; and

(B) the individual applying for the loan certifies to the secretary of natural resources that the proposed project has secured all state and federal permits, licenses, and approvals necessary to construct and operate the project to be financed by the loan.

(5) all funds from the repayment of loans made under this section shall be deposited into the Vermont wastewater and potable water revolving loan fund.

(b) The secretary of natural resources shall establish standards, policies, and procedures as necessary for the implementation of this section. The secretary may establish criteria to extend the payment period of a loan or to waive all or a portion of the loan amount.

Sec. 15. 24 V.S.A. § 4753a is amended to read:

§ 4753a. AWARDS FROM REVOLVING LOAN FUNDS

(a) Pollution control. The general assembly shall approve all categories of awards made from the special funds established by section 4753 of this title for water pollution control facility construction, in order to assure that such awards conform with state policy on water quality and pollution abatement, and with the state policy that, ~~except as provided in subsection (c) of this section,~~ municipal entities shall receive first priority in the award of public monies for such construction, including monies returned to the revolving funds from previous awards. To facilitate this legislative oversight, the secretary of natural resources shall annually no later than January 15 report to the house and senate committees on institutions and on natural resources and energy on all awards made from the relevant special funds during the prior and current fiscal years, and shall report on and seek legislative approval of all the types of projects for which awards are proposed to be made from the relevant special funds during the current or any subsequent fiscal year. Where feasible, the specific projects shall be listed.

(b) Water supply. The secretary of natural resources shall no later than January 15, 2000 recommend to the house ~~and senate committees on institutions and~~ committee on corrections and institutions, the senate committee on institutions, and the house and senate committees on natural resources and energy a procedure for reporting to and seeking the concurrence of the legislature with regard to the special funds established by section 4753 of this title for water supply facility construction.

(c) ~~Notwithstanding other priorities established in law, the secretary may award up to \$500,000.00 of the funds from the Vermont environmental protection agency control fund and the Vermont pollution control revolving~~

~~fund, combined, to a state agency, the Vermont housing finance agency, or a municipality for the administration of loans to households with income equal to or less than 200 percent of the state average median household income for the repair or replacement of failed wastewater systems and failed potable water supplies, as those terms are defined in section 1972 of Title 10. Upon award of funds under this section, the state agency, Vermont housing finance agency, or municipality shall agree, pursuant to a memorandum of understanding with the secretary of natural resources, to repay the funds awarded to the special fund from which they were drawn.~~

Sec. 15a. REPORT; POTABLE WATER SUPPLY AND WASTEWATER SYSTEMS

By January 15, 2013, the agency of natural resources and the agency of commerce and community development shall report to the house committees on ways and means and on fish, wildlife and water resources, and the senate committees on finance and on natural resources and energy regarding programs which address the replacement of failed potable water supply and wastewater systems. The report shall include a list of all programs regarding failed potable water supply and wastewater systems in existence for low and moderate income residents, the effectiveness of those programs in replacing failed potable water supply and wastewater systems and in serving residents of different income levels, and the extent gaps exist in existing programs. The agencies shall make recommendations, if any, for statutory changes regarding programs which deal with replacement of failed potable water supply and wastewater systems

Sec. 16. ANR REPORT ON ENVIRONMENTAL IMPACT OF GROUNDWATER WITHDRAWALS FOR BOTTLING WATER

(a) On or before January 15, 2013, the secretary of natural resources shall report to the senate and house committees on natural resources and energy, the senate committee on finance, and the house committee on ways and means and on fish, wildlife and water resources regarding the impact of bulk groundwater withdrawals in the state. The report shall include:

(1) An analysis of the environmental effect of withdrawing and transferring out of the state large volumes of groundwater for the purposes of bottling, including the impact of such withdrawals on drinking water supplies, agricultural use, groundwater tables, and surface water recharge.

(2) A summary of the fees charged by other states for the withdrawal of groundwater for bottling or bulk water transfer and a comparison of the fees of other states to the groundwater withdrawal fees charged in Vermont.

(b) In preparing the report required under subsection (a) of this section, the secretary of natural resources shall consult with interested parties, including owners of property in the proximity of public water systems withdrawing groundwater for the purposes of bottling water, public water systems, bottled water companies, environmental groups, and representatives of agriculture.

Sec. 17. STUDY; DEPARTMENT OF PUBLIC SAFETY

(a) The department of public safety shall study how it assesses fees or charges for services provided by the department to municipalities, fire departments, and other entities. The study shall also examine how fees or charges can be equitably assessed and what mechanism can be employed to collect fees or charges.

(b) The department shall report its findings and any recommendations to the house committee on ways and means and the senate committee on finance by January 15, 2013.

Sec. 18. REPORT; AGENCY OF NATURAL RESOURCES; AGENCY OF TRANSPORTATION

On or before January 15, 2013, the secretary of natural resources (ANR) and the secretary of transportation (AOT) shall jointly report to the house committee on ways and means and the senate committee on finance with a recommendation as to whether or not agency of natural resources fees and agency of transportation fees should be adjusted so that air pollution fees paid to ANR proportionally reflect the contribution of ANR permittees to state air pollution and so that air-pollution-related fees paid to AOT proportionally reflect the contribution of AOT licensees and permittees to state air pollution. If making adjustments to ANR and AOT fees is recommended for this purpose, the report shall recommend which fees should be adjusted and by what amount.

*TIMOTHY R. ASHE
RICHARD J. MCCORMACK
RANDOLPH D. BROCK*

Committee on the part of the Senate

*DAVID D. SHARPE
ALISON H. CLARKSON
JAMES W. MASLAND*

Committee on the part of the House

Which was considered and pending the question, Shall the House adopt the Committee of Conference report? **Rep. Sharpe of Bristol** offered an Addendum to the Committee of Conference report as follows:

By striking Sec. 11 and inserting in lieu thereof a new Sec. 11 to read:

Sec. 11. [Deleted.]

COMMITTEE ON THE PART OF
THE SENATE

SEN. TIMOTHY R. ASHE
SEN. RICHARD J. McCORMACK
SEN. RANDOLPH D. BROCK

COMMITTEE ON THE PART OF
THE HOUSE

REP. DAVID D. SHARPE
REP. ALISON H. CLARKSON
REP. JAMES W. MASLAND

Which was agreed to, and the report of the Committee of Conference and the Addendum to the Committee of Conference was agreed to.

**Senate Proposal of Amendment to House
Proposal of Amendment Concurred in with
a Further Amendment Thereto**

S. 99

The Senate proposed to the House to amend Senate bill, entitled

An act relating to supporting mobile home ownership, strengthening mobile home parks and preserving affordable housing

First: In Sec. 2, in 10 V.S.A. § 6242(a) following the first sentence, by inserting “If the notice is refused by a mobile home owner or is otherwise undeliverable, the park owner shall send the notice by first class mail to the mobile home owner’s last known mailing address.”

Second: By adding a new section to be numbered Sec. 2a to read as follows:

Sec. 2a. LEGISLATIVE INTENT; AFFORDABLE HOUSING TAX CREDIT

It is the intent of the general assembly to increase the amount per year that may be awarded under 32 V.S.A. § 5930u(g) for the purposes of the mobile home financing program for owner-occupied mobile homes or alternative affordable structures. Accordingly, it is the intent of the general assembly that in House Bill 782 (2012) entitled “An act relating to miscellaneous tax changes for 2012,” the award amount available for owner-occupied mobile homes or alternative affordable structures shall be increased from \$100,000.00 to \$300,000.00 and the total amount in any fiscal year of total first-year

allocations plus succeeding-year deemed allocations shall be increased from \$2,500,000.00 to \$3,500,000.00.

Third: In Sec. 11, 9 V.S.A. § 4462(d), in subdivision (3) by striking “execution” and inserting in lieu thereof “service”

Fourth: By adding a new section to be numbered Sec. 12a to read as follows:

Sec. 12a. LEGISLATIVE INTENT; SALES AND USE TAX HOLIDAYS FOR MOBILE HOMES

It is the intent of the general assembly to provide tax relief from the sales and use tax, the local option sales tax, and the property transfer tax for a mobile home purchased to replace a mobile home that was damaged or destroyed as a result of damage incurred during the spring flooding or during Tropical Storm Irene in 2011. Accordingly, it is the intent of the general assembly that in House Bill 782 (2012) entitled “An act relating to miscellaneous tax changes for 2012,” there shall be included a provision authorizing relief from the sales and use tax, the local option sales tax, and the property transfer tax for eligible mobile homes purchased during a qualifying period to replace homes that suffered flood and storm damage, authorizing reimbursement for eligible taxes paid for mobile homes purchased during the qualifying period, and authorizing the department of taxes to adopt standards and procedures necessary to achieve the goals of this section.

Fifth: By striking out Secs. 14–17 in their entirety and inserting in lieu thereof a new section Sec. 14 to read as follows:

Sec. 14. EFFECTIVE DATE

This act shall take effect on passage.

Thereupon, **Rep. Stevens of Waterbury** moved to concur in the Senate proposal of amendment to the House proposal of amendment, with a further amendment thereto, as follows:

By striking Sec. 11 in its entirety and inserting in lieu thereof a new Sec. 11 to read:

Sec. 11. 12 V.S.A. § 4854a is added to read:

§ 4854a. PROPERTY OF TENANT REMAINING ON PREMISES AFTER
EVICTION

(a) A landlord may dispose of any personal property remaining in a dwelling unit or leased premises without notice or liability to the tenant or owner of the personal property:

(1) 15 days after a writ of possession is served pursuant to this chapter; or

(2) in the case of an eviction brought pursuant to 10 V.S.A. chapter 153, 40 days after a writ of possession issued for failure to pay rent into court pursuant to subsection 4853a(h) of this title is served.

(b) Notwithstanding subsection (a) of this section, if the court stays the execution of a writ of possession issued pursuant to this chapter, then a landlord may dispose of any personal property remaining in a dwelling unit or leased premises without notice or liability to the tenant or owner of the personal property five days after the landlord is legally restored to possession of the dwelling unit or leased premises.

Which was agreed to.

**Senate Proposal of Amendment to House
Proposal of Amendment Concurred in**

S. 226

The Senate concurred in the House proposal of amendment with the following proposal of amendment thereto, to House bill, entitled

An act relating to combating illegal diversion of prescription opiates and increasing treatment resources for opiate addiction

By striking out the fifth proposal of amendment (adding Secs. 9a-d) in its entirety.

Which proposal of amendment was considered and concurred in.

Recess

At two o'clock and fifty minutes in the afternoon, the Speaker declared a recess until four o'clock in the afternoon.

At four o'clock in the afternoon, the Speaker called the House to order.

Senate Proposal of Amendment Not Considered

H. 753

The Senate proposed to the House to amend House bill, entitled

An act relating to encouraging school districts and supervisory unions to provide services cooperatively or to consolidate governance structures

By striking all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. Sec. 2 of No. 153 of the Acts of the 2009 Adj. Sess. (2010) is amended to read:

Sec. 2. SCHOOL DISTRICT MERGER INCENTIVE PROGRAM

* * *

~~(c) Board vote. On or before October 1, 2012, each supervisory union board shall vote whether to perform a more comprehensive analysis of potential merger, and shall report the results of its vote to the commissioner of education and the voters of each member school district. [Repealed.]~~

* * * Reimbursement; Initial Exploration of Joint Activity * * *

Sec. 2. REIMBURSEMENT OF FEES FOR CONSULTING SERVICES;
INITIAL EXPLORATION OF JOINT ACTIVITY; SUPERVISORY
UNIONS; SCHOOL DISTRICTS; SUNSET

(a) From the education fund, the commissioner of education shall reimburse up to \$5,000.00 of fees paid by two or more supervisory unions or two or more school districts for facilitation, legal, and other consulting services necessary for initial exploration of the value of providing services or performing duties jointly, which may include community engagement and lead to the identification of possible joint action, including the provision of shared programming, the operation of a joint contract school, the merger of supervisory unions, or the creation of union school districts pursuant to 16 V.S.A. chapter 11, subchapter 4 or the variations authorized by Secs. 15, 16, and 17 of this act and by No. 153 of the Acts of the 2009 Adj. Sess. (2010).

(b) This section is repealed on July 1, 2017.

* * * Reimbursement; Joint Activity other than Merger * * *

Sec. 3. REPEAL

Sec. 9a of No. 153 of the Acts of the 2009 Adj. Sess. (2010) (\$10,000.00 reimbursement of transitional costs for supervisory unions performing duties jointly) is repealed.

Sec. 4. REIMBURSEMENT OF FEES FOR CONSULTING SERVICES;
JOINT ACTIVITY OTHER THAN MERGER; SUPERVISORY
UNIONS; SCHOOL DISTRICTS; SUNSET

(a) From the education fund, the commissioner of education shall reimburse up to \$10,000.00 of fees paid by two or more supervisory unions or two or more school districts for:

(1) legal and other consulting services necessary to analyze in detail the advisability of providing services or performing duties jointly that will result in a measurable increase in opportunities for students and a decrease in costs; or

(2) transitional costs necessary to enter into and implement agreements to provide those services or perform those duties jointly; or

(3) both subdivisions (1) and (2) of this subsection.

(b) Each group of supervisory unions or school districts shall forward invoices to the commissioner on a quarterly basis. The commissioner shall reimburse one-half of the total amount reflected in each set of invoices and the remaining one-half upon submission to the commissioner of a written statement of the entities' analysis and conclusions, provided that no payment shall cause the total amount paid to exceed the \$10,000.00 limit.

(c) A group of supervisory unions or school districts that receives reimbursement under this section shall not be eligible to receive additional reimbursement under Sec. 5 or 9 of this act for the same proposal.

(d) This section is repealed on July 1, 2017.

* * * Reimbursement and Incentives; Merger of Supervisory Unions * * *

Sec. 5. REIMBURSEMENT OF FEES FOR CONSULTING SERVICES;
MERGER; SUPERVISORY UNIONS; SUNSET

(a) From the education fund, the commissioner of education shall reimburse up to \$20,000.00 of fees paid by two or more supervisory unions for legal and other consulting services necessary to analyze the advisability of the merger into a fewer number of supervisory unions and to prepare a petition to the state board of education requesting adjustment of supervisory union boundaries.

(b) Each group of supervisory unions shall forward invoices to the commissioner on a quarterly basis. The commissioner shall reimburse one-half of the total amount reflected in each set of invoices and the remaining one-half upon submission of either a petition to the state board requesting that the boundaries be redrawn or a written statement of the entities' analysis supporting preservation of the current boundaries, provided that no payment shall cause the total amount paid to exceed the \$20,000.00 limit.

(c) Any transition facilitation grant funds paid pursuant to Sec. 6 of this act shall be reduced by the total amount of reimbursement provided under this section.

(d) This section is repealed on July 1, 2017.

Sec. 6. TRANSITION FACILITATION GRANT; MERGER;
SUPERVISORY UNIONS; SUNSET

(a) After state board of education approval of the petition of two or more supervisory unions to merge into a fewer number of supervisory unions, the commissioner of education shall pay to the new supervisory union board or the new group of boards a transition facilitation grant from the education fund of \$150,000.00, less reimbursement funds received under Sec. 5 of this act.

(b) This section is repealed on July 1, 2017.

Sec. 7. APPLICABILITY; RUTLAND-WINDSOR AND WINDSOR
SOUTHWEST SUPERVISORY UNIONS

If on or before July 1, 2012 the state board of education approves the petition of the Rutland-Windsor and Windsor Southwest Supervisory Unions to merge into a single, new supervisory union on or before July 1, 2013, then the new supervisory union shall be eligible to receive:

(1) the transition facilitation grant available under Sec. 6 of this act; and

(2) a one-time grant of \$100,000.00 from the education fund for the purposes of reducing taxes in the affected towns during fiscal year 2014.

Sec. 8. SUPERVISORY UNION SIZE AND STRUCTURE

(a) The secretary of administration or designee, in consultation with the commissioner of education or designee, shall explore the purpose, structure, duties, and authority of supervisory unions and design a revised structure based roughly on existing technical center service regions that results in no more than three supervisory unions within each region. The primary purpose of any design shall be to improve education quality. The secretary shall analyze the feasibility of the revised structure and shall develop a plan of transition. Among other things, the secretary shall:

(1) consider the optimal size of supervisory unions, in terms of geography and numbers of students, technical centers, schools, and school districts served;

(2) consider structural elements, such as:

(A) management models;

(B) staffing, including the most appropriate way to address existing contracts, staff consolidation, and salary equalization;

(C) special education services;

(D) financial and other data collection and management systems;

(E) transportation, including ownership of buses, merger of systems, and consolidation of routes;

(F) supervisory union boards, including structure, selection of members, district representation, and the purpose, authority, and membership of executive committees;

(G) supervisory union budgets, including the manner in which they are adopted and the method by which costs are assessed to the member districts;

(H) ownership of real and personal property;

(I) ability to borrow money; and

(J) alignment of curricula and calendars;

(3) consider ways in which the department and state board of education would support transition to a proposed structure; and

(4) estimate both the financial cost of transitioning to and the potential savings in the proposed structure.

(b) By January 15, 2013, the secretary shall report to the senate and house committees on education on the work required by this section. The secretary shall also provide recommendations for legislative action necessary to implement its proposed plan.

* * * Reimbursement and Incentives; Merger of School Districts * * *

Sec. 9. REIMBURSEMENT OF FEES FOR CONSULTING SERVICES;
MERGER; SCHOOL DISTRICTS; SUNSET

(a) From the education fund, the commissioner of education shall reimburse up to \$20,000.00 of fees paid by a study committee established under 16 V.S.A. § 706 for legal and other consulting services necessary to analyze the advisability of creating a union school district or a unified union school district and to prepare the report required by 16 V.S.A. § 706b.

(b) The study committee shall forward invoices to the commissioner on a quarterly basis. The commissioner shall reimburse one-half of the total amount reflected in each set of invoices and the remaining one-half upon submission of the final report pursuant to 16 V.S.A. § 706c, provided that no payment shall cause the total amount paid to exceed the \$20,000.00 limit.

(c) Any transition facilitation grant funds paid to the union school board pursuant to Sec. 11 of this act shall be reduced by the total amount of reimbursement provided under this section.

(d) A regional education district (“RED”) receiving incentives pursuant to Sec. 4 of No. 153 of the Acts of the 2009 Adj. Sess. (2010) as amended by this act is not eligible to receive reimbursement under this section.

(e) This section is repealed on July 1, 2017.

Sec. 10. REPEAL

Sec. 168a of No. 122 of the Acts of the 2003 Adj. Sess. (2004), as amended by Sec. 23 of No. 66 of the Acts of 2007 and further amended by Sec. 5 of No. 153 of the Acts of the 2009 Adj. Sess. (2010) (\$150,000.00 or five-percent transition aid to merging school districts), is repealed.

Sec. 11. TRANSITION FACILITATION GRANT; MERGER; SCHOOL DISTRICTS; SUNSET

(a) After voter approval of the establishment of a union, unified union, or interstate school district, the commissioner of education shall pay to the district a transition facilitation grant from the education fund equal to the lesser of:

(1) five percent of the base education amount established in 16 V.S.A. § 4001(13) multiplied by the greater of either the combined enrollment or the average daily membership of the merging districts on October 1 of the year in which the successful vote is taken; or

(2) \$150,000.00.

(b) A grant awarded under this section shall be reduced by the total amount of reimbursement paid under Sec. 9 of this act.

(c)(1) A RED receiving incentives pursuant to Sec. 4 of No. 153 of the Acts of the 2009 Adj. Sess. (2010) as amended by this act (“Act 153”) is not eligible to receive a grant under this section.

(2) An interstate, union, or unified union school district, including a RED, that expands by merging with one or more additional school districts is not eligible to receive a grant under this section if the original merged district received a transition facilitation grant under this section, Act 153, or Sec. 168a of No. 122 of the Acts of the 2003 Adj. Sess. (2004), as amended by Sec. 23 of No. 66 of the Acts of 2007, as further amended by Sec. 5 of No. 153 of the Acts of the 2009 Adj. Sess. (2010), and as repealed by Sec. 10 of this act.

(d) This section is repealed on July 1, 2017.

Sec. 12. APPLICABILITY; JOINT CONTRACT SCHOOL

A transition facilitation grant pursuant to Sec. 11 of this act shall be paid proportionally based on enrollment to any group of districts if in fiscal year 2012 or 2013 the voters of each district approve the issuance of bonds upon

which establishment of a joint contract school is conditioned. The combined enrollment of the grades newly being offered jointly by the contracting districts shall be used to calculate the amount awarded.

* * * Incentives; Regional Education Districts * * *

Sec. 13. Sec. 4 of No. 153 of the Acts of the 2009 Adj. Sess. (2010) is amended to read:

Sec. 4. VOLUNTARY SCHOOL DISTRICT MERGER; INCENTIVES

(a) Equalized homestead property tax rates or RED incentive grant. A RED's plan of merger shall provide whether, upon merger, the RED shall receive an equalization of its homestead property tax rates during the first four years following merger or an incentive grant during the first year following merger.

(1)(A) Equalized homestead property tax rates. Subject to the provisions of subdivision ~~(2)(C)~~ of this ~~subsection~~ subdivision (1) and notwithstanding any other provision of law, the RED's equalized homestead property tax rate shall be:

(i) decreased by \$0.08 in the first year after the effective date of merger;

(ii) decreased by \$0.06 in the second year after the effective date of merger;

(iii) decreased by \$0.04 in the third year after the effective date of merger; and

(iv) decreased by \$0.02 in the fourth year after the effective date of merger.

(B) The household income percentage shall be calculated accordingly.

~~(2)(C)~~ During the years in which a RED's equalized homestead property tax rate is decreased pursuant to this subsection, the rate for each town within the RED shall not increase or decrease by more than five percent in a single year. The household income percentage shall be calculated accordingly.

(2) RED incentive grant. During the first year after the effective date of merger, the commissioner of education shall pay to the RED board a RED incentive grant from the education fund equal to \$400.00 per pupil based on the combined enrollment of the participating districts on October 1 of the year

in which the successful vote was taken. The grant shall be in addition to funds received under 16 V.S.A. § 4028.

(3) ~~On~~ Common level of appraisal. Regardless of whether a RED chooses to receive an equalization of its homestead property tax rates or a RED incentive grant, on and after the effective date of merger, the common level of appraisal shall be calculated independently for each town within the RED for purposes of determining the homestead property tax rate for each town.

* * *

(e) Consulting services reimbursement grant. From the education fund, the commissioner of education shall pay up to \$20,000.00 to the merger study committee established under 16 V.S.A. § 706 to reimburse the participating districts for legal and other consulting fees necessary for the analysis and report required by 16 V.S.A. § 706b. The study committee shall forward invoices to the commissioner on a quarterly basis. The commissioner shall reimburse one-half of the total amount reflected in each set of invoices and the remaining one-half upon completion of the final report, provided that no payment shall cause the total amount paid to exceed the \$20,000.00 limit. In addition, any transition facilitation grant funds paid to the RED pursuant to ~~Sec. 5 of this act~~ subsection (g) of this section shall be reduced by the total amount of ~~funds provided~~ reimbursement paid under this subsection (e).

* * *

~~(g) Recent merger. If the Addison Northwest Unified Union School District becomes a body corporate and politic on or before July 1, 2010, then the merged district shall be entitled to receive any of the benefits set forth in this section that it elects and is otherwise eligible to receive if, on or before July 1, 2011:~~

~~(1) it notifies the commissioner of its election; and~~

~~(2) it provides the commissioner with a cost benefit analysis as required by Sec. 3(h) of this act. Transition facilitation grant.~~

(1) After voter approval of the plan of merger, the commissioner of education shall pay the RED a transition facilitation grant from the education fund equal to the lesser of:

(A) five percent of the base education amount established in 16 V.S.A. § 4001(13) multiplied by the greater of either the combined enrollment or the average daily membership of the merging districts on October 1 of the year in which the successful vote is taken; or

(B) \$150,000.00.

(2) A transition facilitation grant awarded under this subsection (g) shall be reduced by the total amount of reimbursement paid under subsection (e) of this section.

(h) This section is repealed on July 1, 2017.

* * * Interstate School Districts * * *

Sec. 14. Sec. 2(a) of No. 153 of the Acts of the 2009 Adj. Sess. (2010) is amended to read:

(a) Program created. There is created a school district merger incentive program under which the incentives outlined in Sec. 4 of this act shall be available to each new unified union school district created pursuant to Sec. 3 of this act ~~and~~ to each new district created under ~~that section~~ Sec. 3 of this act by the merger of districts that provide education by paying tuition; and to the Vermont members of any new interstate school district if the Vermont members jointly satisfy the size criterion of Sec. 3(a)(1) of this act and the new, merged district meets all other requirements of Sec. 3 of this act. Incentives shall be available, however, only if the effective date of merger is on or before July 1, 2017.

* * * Other Types of Mergers Eligible for RED Incentives * * *

Sec. 15. TWO OR MORE MERGERS; REGIONAL EDUCATION DISTRICT INCENTIVES

(a) Notwithstanding Sec. 3(a)(1) of No. 153 of the Acts of the 2009 Adj. Sess. (2010) that requires a single regional education district ("RED") to have an average daily membership of at least 1,250 or result from the merger of at least four districts, or both, two or more new districts shall be eligible jointly for the incentives provided in Sec. 4 of No. 153 if:

(1) each new district is formed by the merger of at least two existing districts;

(2) each new district meets all criteria for RED formation other than the size criterion of Sec. 3(a)(1) of No. 153;

(3) one of the new districts provides education in all elementary and secondary grades by operating one or more schools and the other new district or districts pay tuition for students in one or more grades;

(4) each new district has the same effective date of merger;

(5) the new districts, when merged, are members of one supervisory union; and

(6) the new districts jointly satisfy the size criterion of Sec. 3(a)(1) of No. 153.

(b) This section is repealed on July 1, 2017.

Sec. 16. UNION ELEMENTARY SCHOOL DISTRICTS; REGIONAL EDUCATION DISTRICT INCENTIVES

(a) If a majority of the local elementary school districts in the member towns of an existing union high school district merge to form a union elementary school district pursuant to 16 V.S.A. chapter 11 that operates all grades not offered by the union high school district, then, notwithstanding provisions of No. 153 of the Acts of the 2009 Adj. Sess. (2010) to the contrary, the new union elementary school district is eligible for the incentives provided to a regional education district ("RED") in Sec. 4 of that act, provided that the new district complies with the employment and labor relations provisions of Sec. 4(g) of that act and further provided that the effective date of the merger into the union elementary school district is within the period required for RED formation.

(b) This section is repealed on July 1, 2017.

Sec. 17. MODIFIED UNIFIED UNION SCHOOL DISTRICT

(a) Notwithstanding any provision of law to the contrary:

(1)(A) if all local elementary school districts in the member towns of an existing union high school or union middle school-high school district ("union high school district") vote whether to establish a unified union school district providing prekindergarten or kindergarten through grade 12, and

(B) if a majority but not all of the elementary school districts votes in favor of establishing the unified union school district, then

(2) a new modified union school district (the "modified union school district") shall be established that shall:

(A) provide to the students residing in the member towns of the union high school district education in those grades provided by the union high school district; and

(B) provide elementary education to the students residing in the current elementary school districts that voted in favor of the unified union school district.

(b) Establishment of the modified union school district shall:

(1) dissolve the union high school district, and any assets or liabilities held by the union high school district shall be transferred to the modified union school district; and

(2) dissolve the elementary school districts that voted in favor of establishing the unified union school district, and any assets or liabilities they hold as individual districts shall be transferred to the modified union school district.

(c) Notwithstanding provisions of No. 153 of the Acts of the 2009 Adj. Sess. (2010) as amended by this act to the contrary, the modified union school district is eligible for the incentives provided to a regional education district (“RED”) in Sec. 4 of that act, provided that the new district complies with the employment and labor relations provisions of Sec. 4(g) of that act and further provided that the effective date of the merger into the modified union school district is within the period required for RED formation.

(d) This section is repealed on July 1, 2017.

* * * Union School Districts Including REDs; Process * * *

Sec. 18. 16 V.S.A. § 706c is amended to read:

§ 706c. CONSIDERATION BY LOCAL SCHOOL DISTRICT BOARDS
AND APPROVAL BY STATE BOARD OF EDUCATION

(a) If a study committee prepares a report under section 706b of this chapter, the committee shall transmit the report to the school boards of each school district that participated in the study committee and any other school districts that the report identifies as necessary or advisable to the establishment of the proposed union school district for the review and comment of each school board.

(b) The study committee shall transmit the report to the commissioner who shall submit the report with his or her recommendations to the state board of education. That board after notice to the study committee and after giving the committee an opportunity to be heard shall consider the report and the commissioner’s recommendations, and decide whether the formation of such union school district will be for the best interest of the state, the students, and the school districts proposed to be members of the union. The board may request the commissioner and the study committee to make further investigation and may consider any other information deemed by it to be pertinent. If, after due consideration and any further meetings as it may deem necessary, the board finds that the formation of the proposed union school district is in the best interests of the state, the students, and the school districts, it shall approve the report submitted by the committee, together with any

amendments, as a final report of the study committee, and shall give notice of its action to the committee. The chair of the study committee shall file a copy of the final report with the town clerk of each proposed member district at least 20 days prior to the vote to establish the union.

Sec. 19. 16 V.S.A. § 706n is amended to read:

§ 706n. AMENDMENTS TO AGREEMENTS REACHED BY ESTABLISHMENT VOTE, ORGANIZATION MEETING, OR FINAL REPORT

(a) ~~Any~~ A specific condition or agreement set forth as a distinct subsection under Article 1 of the warning required by section 706f of this chapter and adopted by the member districts pursuant to section 706f of this chapter at the vote held to establish the union school district, or any amendment subsequently adopted pursuant to the terms of this section, may be amended only at a special or annual union district meeting; provided that the prior approval of the state board of education shall be secured if the proposed amendment concerns reducing the number of grades that the union is to operate. The warning for the meeting shall contain each proposed amendment as a separate article. The vote on each proposed amendment shall be by Australian ballot. Ballots shall be counted in each member district, and the clerks of each member district shall transmit the results of the vote in that district to the union school district clerk. ~~Results~~ Although the results shall be reported to the public by member district; however, no, an amendment is effective ~~unless~~ if approved by a majority of ~~those~~ the electorate of the union district voting at that meeting.

(b) Any decision at the organization meeting may be amended by a majority of those present and voting at a union district meeting duly warned for that purpose.

(c) Any provision of the final report ~~which was not contained in a separate article that was included~~ in the warning required pursuant to section 706f of this chapter for the vote to form the union by reference to or incorporation of the entire report but that was not set forth as a distinct subsection under Article 1 of the warning may be amended by a simple majority vote of the union board of school directors, or by any other majority of the board as is specified for a particular matter in the report.

* * * Special Education; Transition to Employment

by Supervisory Unions * * *

Sec. 20. Sec. 23(b) of No. 153 of the Acts of the 2009 Adj Sess. (2010), as amended by Sec. 1 of No. 30 of the Acts of 2011, is further amended to read:

(b) Secs. 9 through 12 of this act shall take effect on passage and shall be fully implemented on July 1, 2013, subject to the provisions of existing contracts; provided, however, that the special education provisions of Sec. 9, 16 V.S.A. § 261a(a)(6), and the transportation provisions of Sec. 9, 16 V.S.A. § 261a(a)(8)(E), shall be fully implemented on July 1, 2014.

Sec. 21. SUPERVISORY UNION EMPLOYEES; SPECIAL EDUCATION;
WORKING GROUP

(a) On or before July 1, 2012, the commissioner of education or the commissioner's designee shall convene a working group to develop a detailed plan by which supervisory unions shall fully implement, by July 1, 2014, the transition of special education staff employed by school districts to employment by supervisory unions as required by 16 V.S.A. § 261a(a)(6).

(b) The working group shall include department staff and representatives from at least the following constituencies: superintendents; school boards; principals; special educators; a teachers' organization as defined in 16 V.S.A. chapter 57; and business managers.

(c) The working group shall report to the advisory council on special education created by 16 V.S.A. § 2945 and to the house and senate committees on education during the first week of the 2013 and 2014 legislative sessions regarding the progress of the plan required by this section, including a description of the ways in which specific impediments to implementation are being addressed. The working group also shall identify any amendments to statute necessary to achieve implementation by July 1, 2014 of the requirements of 16 V.S.A. § 261a.

* * * Appropriation * * *

Sec. 22. APPROPRIATION

The sum of \$650,000.00 is appropriated from the education fund to be used for the purposes of this act in fiscal year 2013.

* * * Excess Spending Provisions * * *

Sec. 23. 16 V.S.A. § 4001(6)(B) is amended to read:

(B) For purposes of calculating excess spending pursuant to 32 V.S.A. § 5401(12), "education spending" shall not include:

* * *

(viii) Tuition paid by a district that does not operate a school and pays tuition for all resident students in kindergarten through grade 12, except in a district in which the electorate has authorized payment of an amount

higher than the statutory rate pursuant to subsection 823(b) or 824(c) of this title.

* * * Vermont Municipal Employees' Retirement System; Special Education Instructional Assistants and Transportation Employees; Transfer to Supervisory Union * * *

Sec. 24. 24 V.S.A. § 5051(10) and (11) are amended to read:

(10) "Employee" means the following persons employed on a regular basis by a school district or by a supervisory union for not less no fewer than 1,040 hours in a year and for not less no fewer than 30 hours a week for the school year, as defined in section 1071 of Title 16 V.S.A. § 1071, or for not less no fewer than 1,040 hours in a year and for not less no fewer than 24 hours a week year-round; provided, however, that if a person who was employed on a regular basis by a school district as either a special education or transportation employee and who was transferred to and is working in a supervisory union in the same capacity pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E) and if that person is also employed on a regular basis by a school district within the supervisory union, then the person is an "employee" if these criteria are met by the combined hours worked for the supervisory union and school district. The term shall also mean persons employed on a regular basis by a municipality other than a school district for not less no fewer than 1,040 hours in a year and for not less no fewer than 24 hours per week, including persons employed in a library at least half one-half of whose operating expenses are met by municipal funding:

* * *

(11) "Employer" means a municipality ~~or~~ a library at least half one-half of whose operating expenses are paid from municipal funds, or a supervisory union.

Sec. 25. 24 V.S.A. § 5053a is added to read:

§ 5053a. EMPLOYEES OF A SUPERVISORY UNION

(a) For purposes of this section, the term "transferred employee" means an employee under this chapter who transitioned from employment solely by a school district to employment, wholly or in part, by a supervisory union pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E) as amended on June 3, 2010.

(b) A transferred employee from a participating school district shall remain an employee of the school district solely for the purpose of employer participation and employee membership in the system regardless of whether the supervisory union is a participant in the system on the date of transition.

The membership and benefits of the transferred employee shall not be impaired or reduced by either negotiations with the supervisory union or school district under 21 V.S.A. chapter 22 or otherwise.

(c) If a supervisory union is a participant in the system on the date of transition, then:

(1) a transferred employee from a nonparticipating district shall not become a member of the system unless, through negotiations with the supervisory union under 21 V.S.A. chapter 22, the supervisory union becomes a participant in the system on the employee's behalf;

(2) an existing employee of the supervisory union on the date of transition shall be a member to the extent the supervisory union is or becomes a participant in the system on the employee's behalf; and

(3) a new employee of the supervisory union after the date of transition shall be a member to the extent the supervisory union is or becomes a participant in the system on the employee's behalf.

(d) If a supervisory union is not a participant in the system on the date of transition, then:

(1) a transferred employee from a nonparticipating district shall not be a member of the system unless, through negotiations with the supervisory union under 21 V.S.A. chapter 22, the supervisory union becomes a participant in the system on the employee's behalf;

(2) an existing employee of the supervisory union on the date of transition shall not be a member of the system unless, through negotiations with the supervisory union under 21 V.S.A. chapter 22, the supervisory union becomes a participant in the system on the employee's behalf; and

(3) a new employee of the supervisory union after the date of transition shall not be a member of the system unless, through negotiations with the supervisory union under 21 V.S.A. chapter 22, the supervisory union becomes a participant in the system on the employee's behalf.

Sec. 26. TRANSITION; NEWLY MERGED DISTRICTS

(a) If two or more districts merge to form a union school district pursuant to 16 V.S.A. chapter 11, subchapter 4, or a regional education district pursuant to No. 153 of the Acts of the 2009 Adj. Sess. (2010) ("the new district") prior to the date on which employees covered by the municipal employees' retirement system provisions of 24 V.S.A. chapter 125 ("the system") transitioned from employment solely by a school district to employment,

wholly or in part, by a supervisory union pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E) as amended on June 3, 2010 (“the transition date”), then:

(1) on the first day of merger, the new district shall be a participant in the system on behalf of:

(A) an employee from a school district that merged to form the new district if the merging district was a participant in the system prior to merger; and

(B) a new employee hired by the new district after the effective date of merger into a job classification for which the new district is a participant in the system, if any;

(2) an employee from a school district that was not a participant in the system prior to merger shall not be a member of the system unless, through negotiations with the new district under 21 V.S.A. chapter 22, the new district becomes a participant in the system on the employee’s behalf.

(b) If a new district is formed after the transition date, then the new district shall assume the responsibilities of any one or more of the merging districts that participate in the system; provided, however, that this subsection shall not be construed to extend benefits to an employee who would not otherwise be a member of the system under any other provision of law.

(c) The existing membership and benefits of an employee shall not be impaired or reduced either by negotiations with the new district under 21 V.S.A. chapter 22 or otherwise.

(d) In addition to general responsibility for the operation of the Vermont municipal employees’ retirement system pursuant to 24 V.S.A. § 5062(a), the responsibility for implementation of all sections of this act relating to the system is vested in the retirement board.

Sec. 26a. 16 V.S.A. § 1982 is amended to read:

§ 1982. RIGHTS

(a) Teachers shall have the right to or not to join, assist, or participate in any teachers’ organization of their choosing. However, teachers ~~may be required to pay an agency fee~~ who choose not to join the teachers’ organization, recognized pursuant to ~~an agreement negotiated under~~ section 1992 of this chapter as the exclusive representative, shall pay an agency fee in the same manner as teachers who choose to join the teachers’ organization pay membership fees.

(b) Principals, assistant principals, and administrators other than superintendent and assistant superintendent shall have the right to or not to join, assist, or participate in any administrators' organization or as a separate unit of any teachers' organization of their choosing. However, administrators other than the superintendent and assistant superintendent ~~may be required to pay an agency fee~~ who choose not to join the administrators' organization, recognized pursuant to an agreement negotiated under section 1992 of this chapter as the exclusive representative, shall pay an agency fee in the same manner as administrators who choose to join the administrators' organization pay membership fees.

(c) Neither the school board nor any employee of the school board serving in any capacity, nor any other person or organization shall interfere with, restrain, coerce, or discriminate in any way against or for any teacher or administrator engaged in activities protected by this legislation.

Sec. 26b. 21 V.S.A. § 1726 is amended to read:

§ 1726. UNFAIR LABOR PRACTICES

(a) It shall be an unfair labor practice for an employer:

* * *

(8) Nothing in this chapter or any other statute of this state shall preclude a municipal employer from making an agreement with the exclusive bargaining agent ~~to require an agency service fee to be paid as a condition of employment, or to require as a condition of employment membership in such employee organization on or after the 30th day following the beginning of such employment or the effective date of such agreement, whichever is the later.~~ Absent such an agreement, an employee who does not become a member of the employee organization shall, in the same manner as employees who choose to join the employee organization pay membership fees, pay an agency service fee to that organization. No municipal employer shall discharge or discriminate against any employee for nonpayment of an agency service fee or for nonmembership in an employee organization:

(A) If the employer has reasonable grounds for believing that membership was not available to the employee on the same terms and conditions generally applicable to other members; or

(B) If the employer has reasonable grounds for believing that membership was denied or terminated for reasons other than the failure of the employee to tender the periodic dues and the initiation fees uniformly required as a condition of acquiring or retaining membership.

(b) It shall be an unfair labor practice for an employee organization or its agents:

* * *

(6) To require employees covered by an agency service fee ~~agreement~~ requirement or other union security agreement authorized under subsection (a) of this section to pay an initiation fee which the board finds excessive or discriminatory under all the circumstances, including the practices and customs of employee organizations representing municipal employees, and the wages paid to the employees affected.

* * *

(12) To charge an agency service fee unless the employee organization has established and maintained a procedure to provide nonmembers with all the following:

(A) An audited financial statement that identifies the major categories of expenses and divides them into chargeable and nonchargeable expenses.

(B) An opportunity to object to the amount of the fee requested and to place in escrow any amount reasonably in dispute.

(C) Prompt arbitration by an arbitrator selected jointly by the objecting fee payer and the labor organization or pursuant to the rules of the American Arbitration Association to resolve any objection over the amount of the agency service fee.

* * * Effective Dates * * *

Sec. 27. EFFECTIVE DATES

(a) This section and Secs. 7, 8, 12, 24, 25, and 26 of this act shall take effect on passage.

(b) All other sections of this act shall take effect on July 1, 2012.

Pending the question, Shall the House concur in the Senate proposal of amendment? **Rep. Olsen of Jamaica** raised a Point of Order that the proposal of amendment was in violation of Rule 33 in that Sec. 23(a) of the proposal of amendment did not appear in the Calendar for notice or action. Which Point of Order the Speaker ruled well taken and ruled that House bill 753 could not be considered today. Rule 33 states:

“33. No bill may be read the second time until it has been on the Calendar by number and title for notice with proposed amendments, if any, for one day, nor may action be taken on Senate proposals of amendment or reports of committees of conference until they have appeared on the Calendar for notice

and in the Orders of the Day; nor may a bill be read the second or third time or passed or rejected, unless appearing in the Orders of the Day; nor may any rule be suspended for more than one setting or be amended unless appearing in the Orders of the Day.”

Rules Suspended; Bills Messaged to Senate Forthwith

On motion of **Rep. Turner of Milton**, the rules were suspended and the following bills were ordered messaged to the Senate forthwith:

H. 78

House bill, entitled

An act relating to wages for laid-off employees

S. 99

Senate bill, entitled

An act relating to supporting mobile home ownership, strengthening mobile home parks and preserving affordable housing

S. 116

Senate bill, entitled

An act relating to probate proceedings

S. 200

Senate bill, entitled

An act relating to the reporting requirements of health insurers

S. 217

Senate bill, entitled

An act relating to closely held benefit corporations

S. 245

Senate bill, entitled

An act relating to requiring cardiovascular care instruction in public and independent schools

S. 251

Senate bill, entitled

An act relating to miscellaneous amendments to laws pertaining to motor vehicles

S. 226

Senate bill, entitled

An act relating to combating illegal diversion of prescription opiates and increasing treatment resources for opiate addiction

**Rules Suspended; Action Ordered Messaged to Senate Forthwith
and Bills Delivered to the Governor Forthwith**

On motion of **Rep. Turner of Milton**, the rules were suspended and action on the bills were ordered messaged to the Senate forthwith and the bills delivered to the Governor forthwith.

H. 485

House bill, entitled

An act relating to establishing universal recycling of solid waste

H. 290

House bill, entitled

An act relating to adult protective services

H. 771

House bill, entitled

An act relating to making technical corrections and other miscellaneous changes to education law

H. 769

House bill, entitled

An act relating to department of environmental conservation fees

H. 780

House bill, entitled

An act relating to compensation for certain state employees

Rules Suspended; Report of Committee of Conference Adopted

J.R.S. 54

On motion of **Rep. Turner of Milton**, the rules were suspended and Joint resolution, entitled

Joint resolution approving a land exchange in Alburgh and a lease with Camp Downer, Inc

Appearing on the Calendar for notice, was taken up for immediate consideration.

The Speaker placed before the House the following Committee of Conference report:

To the Senate and House of Representatives:

The Committee of Conference to which were referred the disagreeing votes of the two Houses upon the resolution respectfully reported that it has met and considered the same and recommended that the resolution be amended by striking all after the title and by inserting in lieu thereof the following:

Whereas, pursuant to 10 V.S.A. § 2606(b), the general assembly may adopt a resolution authorizing the commissioner of forests, parks and recreation to exchange or lease certain lands that are under the jurisdiction of the commissioner, and

Whereas, the general assembly has reviewed the proposed transactions and considers them to be in the best interest of the state, *now therefore be it*

Resolved by the Senate and House of Representatives:

That the General Assembly authorizes the commissioner of forests, parks and recreation to:

First: Enter into an exchange of a portion of Alburgh Dunes State Park in the Town of Alburgh with the South Alburgh Cemetery Association, Inc. for up to 44 +/- acres to be added to Alburgh Dunes State Park in the town of Alburgh that is of equivalent or greater value to the state. Any exchange of state park land with the South Alburgh Cemetery Association, Inc. shall be contingent on the following: (1) an archeological assessment shall be conducted on the state park land parcel to be exchanged and shall include an investigation to determine if there are any human remains or other archeological artifacts on the parcel; (2) the commissioner of forests, parks and recreation shall consult with the commissioner of economic, housing and community development to determine if the archeological assessment meets the legal criteria to be funded by the unmarked burial sites special fund established in 18 V.S.A. § 5212b and, if it does meet the legal criteria, to also determine if sufficient money is available in the fund for this purpose; (3) the land exchange shall have the support of the selectboard of the town of Alburgh; (4) an independent appraiser shall determine the value of the parcels for exchange; (5) The Nature Conservancy and the Vermont Housing and Conservation Board as coholders shall approve the land exchange; (6) the South Alburgh Cemetery Association, Inc. shall be responsible for any and all costs associated with the exchange, including appraisal, survey, permitting, and

legal costs except for any costs that may be paid for from the unmarked burial sites special fund; (7) the parcel conveyed to the state in exchange for the state parcel conveyed to the South Alburgh Cemetery Association, Inc. shall be placed under the control and jurisdiction of the department of forests, parks and recreation; and (8) the conservation easement shall be amended to reflect this land exchange.

Second: Amend the lease with Camp Downer, Inc. at Downer State Forest in Sharon to provide for two additional ten-year renewal periods.

COMMITTEE ON THE PART OF
THE SENATE

SEN. ROBERT A. HARTWELL
SEN. RICHARD T. MAZZA
SEN. JOSEPH C. BENNING

COMMITTEE ON THE PART OF
THE HOUSE

REP. TERENCE D. MACAIG
REP. ALICE M. EMMONS
REP. LINDA K. MYERS

Which was considered and adopted on the part of the House.

Recess

At five o'clock and fifteen minutes in the afternoon, the Speaker declared a recess until seven o'clock in the evening.

At seven o'clock and twenty minutes in the evening, the Speaker called the House to order.

Message from the Senate No. 75

A message was received from the Senate by Mr. Marshall, its Assistant Secretary, as follows:

Mr. Speaker:

I am directed to inform the House that:

The Senate has considered the report of the Committee of Conference upon the disagreeing votes of the two Houses upon House bill of the following title:

H. 782. An act relating to miscellaneous tax changes for 2012.

And has accepted and adopted the same on its part.

Rules Suspended; Report of Committee of Conference Adopted

H. 782

Pending entrance of the bill on the Calendar for notice, on motion of **Rep. Savage of Swanton**, the rules were suspended and House bill, entitled

An act relating to miscellaneous tax changes for 2012

Was taken up for immediate consideration.

The Speaker placed before the House the following Committee of Conference report:

To the Senate and House of Representatives:

The Committee of Conference to which were referred the disagreeing votes of the two Houses upon House bill, entitled

Respectfully reported that it has met and considered the same and recommended the Senate recede from its proposal of amendment and that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

* * * Administrative Provisions * * *

Sec. 1. 10 V.S.A. § 1942(b) is amended to read:

(b) There is assessed against every seller receiving more than \$10,000.00 annually for the bulk retail sale of heating oil, kerosene, or other dyed diesel fuel sold in this state ~~and not used to propel a motor vehicle~~; a licensing fee of one cent per gallon of such heating oil, kerosene, or other dyed diesel fuel. This fee shall be subject to the collection, administration, and enforcement provisions of 32 V.S.A. chapter 233 ~~of Title 32~~, and the fees collected under this subsection by the commissioner of taxes shall be deposited into the petroleum cleanup fund established pursuant to subsection 1941(a) of this title. The secretary, in consultation with the petroleum cleanup fund advisory committee established pursuant to subsection 1941(e) of this title, shall annually report to the legislature on the balance of the heating fuel account of the fund and shall make recommendations, if any, for changes to the program. The secretary shall also determine the unencumbered balance of the heating fuel account of the fund as of May 15 of each year, and if the balance is equal to or greater than \$3,000,000.00, then the licensing fee shall not be assessed in the upcoming fiscal year. The secretary shall promptly notify all sellers assessing this fee of the status of the fee for the upcoming fiscal year. This fee provision shall terminate April 1, 2016.

Sec. 2. PETROLEUM CLEANUP FUND OUTREACH

The secretary of agriculture, food and markets shall publish or broadcast in media designed to reach a farming audience information advising Vermont farmers of the existence of the petroleum cleanup fund under 10 V.S.A. chapter 59 and the terms of available assistance to farmers from that fund. The

secretary shall publish or broadcast this information no fewer than four times each year.

Sec. 3. 14 V.S.A. § 3502(f) is added to read:

(f) Notwithstanding any other provision of law, a power of attorney appointing a representative to represent a person before the Vermont department of taxes that conforms to the requirements of the U.S. Internal Revenue Service for a valid power of attorney and declaration of representative pursuant to 25 C.F.R. § 601.503 shall be deemed to be legally executed and shall be of the same force and effect for purposes of representation before the department of taxes as if executed in the manner prescribed in this chapter.

Sec. 4. 32 V.S.A. § 3102(e) is amended to read:

(e) The commissioner may, in his or her discretion and subject to such conditions and requirements as he or she may provide, including any confidentiality requirements of the Internal Revenue Service, disclose a return or return information:

* * *

(14) to the office of the state treasurer, only in the form of mailing labels, with only the last address known to the department of taxes of any person identified to the department by the treasurer by name and Social Security number, for the treasurer's use in notifying owners of unclaimed property; and

(15) to the department of liquor control, provided that the information is limited to information concerning the sales and use tax and meals and rooms tax filing history with respect to the most recent five years of a person seeking a liquor license or a renewal of a liquor license.

Sec. 5. 32 V.S.A. § 3102(j) and (k) are added to read:

(j) Tax bills prepared by a municipality under subdivision 5402(b)(1) of this title showing only the amount of total tax due shall not be considered confidential return information under this section. For the purposes of calculating adjustments under chapter 154 of this title, information provided by the commissioner to a municipality under subsection 6066a(a) of this title and information provided by the municipality to a taxpayer under subsection 6066a(f) shall be considered confidential return information under this section.

(k) Notwithstanding subsection (j) of this section, the commissioner or a municipal official acting as his or her agent may provide the information in subsection 6066a(f) of this title to the following people without incurring liability under this section:

(1) an escrow agent, the owner of the property to which the adjustment applies, a town auditor, or a person hired by the town to serve as an auditor;

(2) a lawyer, including a paralegal or assistant of the lawyer, an employee or agent of a financial institution as that term is defined in 8 V.S.A. § 11101, an employee or agent of a credit union as that term is defined in 8 V.S.A. § 30101, a realtor, or a certified public accountant as that term is defined in 26 V.S.A. § 13(12) who represents that he or she has a need for the information as it pertains to a real estate transaction or to a client or customer relationship; and

(3) any other person as long as the taxpayer has filed a written consent to such disclosure with the municipality.

Sec. 6. 32 V.S.A. § 3205(b) is amended to read:

(b) The taxpayer advocate shall have the following functions and duties:

(1) identify subject areas where taxpayers have difficulties interacting with the department of taxes;

(2) identify classes of taxpayers or specific business sectors who have common problems related to the department of taxes;

(3) propose solutions, including administrative changes to practices and procedures of the department of taxes;

(4) recommend legislative action as may be appropriate to resolve problems encountered by taxpayers;

(5) educate taxpayers concerning their rights and responsibilities under Vermont's tax laws; ~~and~~

(6) educate tax professionals concerning the department of taxes regulations and interpretations by issuing bulletins and other written materials; and

(7) assist individual taxpayers in resolving disputes with the department of taxes.

Sec. 7. TAXPAYER STATEMENT OF RIGHTS

By January 15, 2013, the taxpayer advocate shall propose to the senate committee on finance and the house committee on ways and means a draft of a taxpayer's statement of rights. The draft language shall include a description of a taxpayer's existing rights and responsibilities under Vermont's tax laws and shall not be designed to expand any of those rights and responsibilities.

Sec. 8. 32 V.S.A. § 3206 is added to read:

§ 3206. RECOMMENDATION FOR EXTRAORDINARY RELIEF

(a) The taxpayer advocate may make a written recommendation for extraordinary relief to the commissioner under the provisions of this section. A recommendation for extraordinary relief may be made only in response to a request from a taxpayer and after a thorough investigation of the taxpayer's circumstances by the taxpayer advocate which results in findings by the taxpayer advocate that:

(1) Vermont tax laws apply to the taxpayer's circumstances in a way that is unfair and unforeseen or that results in significant hardship; and

(2) the taxpayer has no available appeal rights or administrative remedies to correct the issue that led to such unfair result or hardship.

(b) For purposes of this section, "extraordinary relief" means a remedy that is within the power of the commissioner to grant under this title, a remedy that compensates for the result of inaccurate classification of property as homestead or nonresidential pursuant to section 5410 of this title through no fault of the taxpayer, or a remedy that makes changes to a taxpayer's property tax adjustment or renter rebate claim necessary to remedy the problem identified by the taxpayer advocate.

(c) Notwithstanding any other provision of law, if, in response to the taxpayer advocate's recommendation, the commissioner determines that the taxpayer should receive a refund or other monetary adjustment, the commissioner shall certify that amount to the commissioner of finance and management who shall issue his or her warrant in favor of the taxpayer for payment by the treasurer from the appropriate fund.

(d) A recommendation for extraordinary relief shall be in writing, shall be addressed to the commissioner, and shall include a description of the problem sought to be remedied along with specific recommendations to the commissioner. The taxpayer advocate's decision to make or not make a recommendation for extraordinary relief shall be final and not subject to review.

(e) The commissioner may choose to act on the recommendation of the taxpayer advocate, not act on the recommendation, or act on part of the taxpayer advocate's recommendation, and the commissioner's decision shall be final and not subject to any further review. Nothing in this section shall be construed to limit any other power or authority granted to the commissioner in this title.

Sec. 9. 32 V.S.A. § 5824 is amended to read:

§ 5824. ADOPTION OF FEDERAL INCOME TAX LAWS

The statutes of the United States relating to the federal income tax, as in effect for taxable year ~~2010~~ 2011, but without regard to federal income tax rates under Section 1 of the Internal Revenue Code, are hereby adopted for the purpose of computing the tax liability under this chapter.

Sec. 10. 32 V.S.A. § 6061(5)(A) is amended to read:

(5) “Modified adjusted gross income” means “federal adjusted gross income”:

(A) before the deduction of any trade or business loss from a sole proprietorship, loss from a partnership, loss from a ~~small-business~~ limited liability company or “subchapter S” corporation, loss from a rental property, or capital loss, except that in the case of a business which sells a business property with respect to which it is required, under the Internal Revenue Code, to report a capital gain, a business loss incurred in the same tax year with respect to the same business may be netted against such capital gain, and except that a business loss from a sole proprietorship may be netted against a business gain from a sole proprietorship, as long as the loss and the gain are incurred in the same tax year with respect to different business;

Sec. 11. 32 V.S.A. § 6066a(f) is amended to read:

(f) Property tax bills.

(1) For taxpayers and amounts stated in the notice to towns on July 1, municipalities shall ~~include on the~~ create and send to taxpayers a homestead property tax bill notice to the taxpayer of, instead of the bill required under subdivision 5402(b)(1) of this title, providing the total amount allocated to payment of homestead education property tax liabilities and notice of the balance due. Municipalities shall apply the amount allocated under this chapter to current-year property taxes in equal amounts to each of the taxpayers’ property tax installments that include education taxes.

* * *

Sec. 12. 32 V.S.A. § 7475 is amended to read:

§ 7475. ADOPTION OF FEDERAL ESTATE AND GIFT TAX LAWS

The laws of the United States, relating to federal estate and gift taxes as in effect on ~~January 1, 2009~~ December 31, 2011, are hereby adopted for the purpose of computing the tax liability under this chapter, except:

(1) the credit for state death taxes shall remain as provided for under Sections 2011 and 2604 of the Internal Revenue Code as in effect on January 1, 2001;

(2) the applicable credit amount shall remain as provided for under Section 2010 of the Internal Revenue Code as in effect on January 1, 2008; and

(3) the deduction for state death taxes under Section 2058 of the Internal Revenue Code shall not apply.

Sec. 13. Sec. 1(c) of No. 71 of the Acts of the 2011 Adj. Sess. (2012) is amended to read:

(c) Use. ~~Residents of the state of Vermont may display an approved commemorative plate on a motor vehicle registered as a pleasure car and on motor trucks registered~~ An approved Vermont Strong commemorative plate may be displayed on a motor vehicle registered in Vermont as a pleasure car or on a motor truck registered in Vermont for less than 26,001 pounds (but excluding vehicles registered under the International Registration Plan) by covering the front registration plate with the commemorative plate any time from the effective date of this act until June 30, 2014. The regular front registration plate shall not be removed. The regular rear registration plate shall be in place and clearly visible at all times.

Sec. 13a. 32 V.S.A. § 7702(6) is amended to read:

(6) “Little cigars” means any rolls of tobacco wrapped in leaf tobacco or any substance containing tobacco (other than any roll of tobacco which is a cigarette within the meaning of subdivision (1) of this section) and as to which 1,000 units weigh not more than ~~three~~ four and one-half pounds.

* * * Compliance Provisions * * *

Sec. 14. 7 V.S.A. § 421(c) is amended to read:

(c) For the purpose of ascertaining the amount of tax, on or before the tenth day of each calendar month, each bottler and wholesaler shall transmit to the commissioner of taxes, upon a form prepared and furnished by the commissioner, a statement or return under oath or affirmation showing the quantity of malt and vinous beverages sold by the bottler or wholesaler during the preceding calendar month, and report any other information requested by the commissioner accompanied by payment of the tax required by this section. The amount of tax computed under subsection (a) of this section shall be rounded to the nearest whole cent. At the same time this form is due, each bottler and wholesaler also shall transmit to the commissioner in electronic format a separate report showing the description, quantity, and price of malt

and vinous beverages sold by the bottler or wholesaler to each retail dealer as defined in subdivision 2(18) of this title; provided, however, for direct sales to retail dealers by manufacturers or rectifiers of vinous beverages the report required by this subsection may be submitted in a nonelectronic format.

Sec. 15. 32 V.S.A. § 3108 is amended to read:

§ 3108. ESTABLISHMENT OF INTEREST RATE

(a) Not later than December 15 of each year, the commissioner shall establish a rate of interest applicable to ~~unpaid tax liabilities and~~ tax overpayments which shall be equal to the average prime rate charged by banks during the immediately preceding 12 months commencing on October 1 of the prior year, rounded upwards to the nearest ~~whole~~ quarter percent. ~~The~~ An annual rate thus established ~~may~~ shall be converted to a monthly rate which shall be rounded upwards to the nearest tenth of a percent. Not later than December 15 of each year, the commissioner shall establish annual and monthly rates of interest applicable to unpaid tax liabilities, which in each instance shall be equal to the annual and monthly rates established for tax overpayments plus 200 basis points. The ~~rate~~ rates established hereunder shall be effective on January 1 of the immediately following year. For purposes of this section, the term “prime rate charged by banks” shall mean the average predominate prime rate quoted by commercial banks to large businesses as determined by the board of governors of the Federal Reserve ~~System~~ Board.

(b) Whenever the commissioner is authorized or directed to pay interest on an overpayment of any taxes, nevertheless no interest shall be paid on such overpayment:

(1) where the commissioner finds that such overpayment was made with the intention or expectation of receiving a payment of interest thereon and for no other reason;

(2) for any period of time prior to: 45 days after the date the return other than a corporate income tax return was due, including any extensions of time thereto; or 45 days after the return was filed, whichever is the later date, and with respect to corporate income tax returns, for any period of time prior to 90 days after the date the return was due or 90 days after the return was filed, whichever is the later date;

* * *

* * * Income Tax Provisions * * *

Sec. 16. 32 V.S.A. § 5832(2) is amended to read:

(2)(A) \$75.00 for small farm corporations. “Small farm corporation” means any corporation organized for the purpose of farming, which during the taxable year is owned solely by active participants in that farm business and receives less than \$100,000.00 gross receipts from that farm operation, exclusive of any income from forest crops; or

(B) An amount determined in accordance with section 5832a of this title for a corporation which qualifies as and has elected to be taxed as a digital business entity for the taxable year; or

~~(C) \$250.00 for all other corporations~~ For C corporations with gross receipts from \$0–\$2,000,000.00, the greater of the amount determined under subdivision (1) of this section or \$300.00; or

(D) For C corporations with gross receipts from \$2,000,001.00–\$5,000,000.00, the greater of the amount determined under subdivision (1) of this section or \$500.00; or

(E) For C corporations with gross receipts greater than \$5,000,000.00, the greater of the amount determined under subdivision (1) of this section or \$750.00.

Sec. 17. 32 V.S.A. § 5920(g) is added to read:

(g)(1) Subsection (c) of this section shall not apply to a partnership or limited liability company engaged solely in the business of operating one or more federal new market tax credit projects in this state, provided such partnership or limited liability company shall:

(A) notify its nonresident partners or nonresident members of their obligation under subchapter 6 of this chapter to file Vermont personal income tax returns and under subchapter 2 of this chapter to pay a tax on income earned from such investment;

(B) instruct each nonresident partner or nonresident member to pay such tax; and

(C) in addition to filing copies of all schedules K-1 with its partnership or limited liability company return, file with the commissioner segregated duplicate copies of all nonresident schedules K-1.

(2) For purposes of this subsection, “federal new market tax credit project” means a business that is intended primarily to benefit low income

Vermont residents throughout the period of investment and that is subject to the following:

(A) has been determined by the U.S. Department of the Treasury to be a community development entity;

(B) has been awarded an allocation of federal new market tax credits under 26 U.S.C. § 45D; and

(C) is a partnership or limited liability corporation which is a pass-through of the federal new market tax credit to the nonresident investor.

Sec. 18. 32 V.S.A. § 5930b(c)(9) is amended to read:

(9) Incentive claims must be filed annually no later than the last day of April of each year of the utilization period. For a claim to be considered a timely filing and eligible for an incentive payment, all forms and workbooks must be complete and all underlying documentation, such as that required pursuant to subsection 5842(b) of this title, must be filed with the department of taxes. Incomplete claims may be considered to have been timely filed if a complete claim is filed within the time prescribed by the department of taxes. If a claim is not filed each year of the utilization period, any incentive installment previously paid shall be recaptured in accordance with subsection (d) of this section. The incentive return shall be subject to all provisions of this chapter governing the filing of tax returns. No interest shall be paid by the department of taxes for any reason with respect to incentives allowed under this section.

Sec. 19. 32 V.S.A. § 5930b(e) is amended to read:

(e) Reporting. ~~By May 1, 2008 and by May 1~~ September 1 each year ~~thereafter~~, the council and the department of taxes shall file a joint report on the employment growth incentives authorized by this section with the chairs of the house committee on ways and means, the house committee on commerce and economic development, the senate committee on finance, the senate committee on economic development, housing and general affairs, the house and senate committees on appropriations, and the joint fiscal committee of the general assembly and provide notice of the report to the members of those committees. The joint report shall contain the total ~~authorized award~~ amount of incentives ~~granted~~ authorized during the preceding year, ~~amounts actually earned and paid from inception of the program to the date of the report, including the date and amount of the award, the expected calendar year or years in which the award will be exercised, whether the award is currently available, the date the award will expire, and the amount and date of all incentives exercised~~ and, with respect to each recipient, the date and amount of

authorization, the calendar year or years in which the authorization is expected to be exercised, whether the authorization is active, and the date the authorization will expire. The joint report shall also include ~~information on recipient performance in the year in which the incentives were applied, including the number of applications for the incentive, the number of approved applicants who complied with all their requirements for the incentive,~~ the following aggregate information: total number of claims and total incentive payments made in the current and prior claim years, the balance of credits not yet allocated, the aggregate number of qualifying new jobs created, the aggregate and qualifying payroll of those jobs and the identity of businesses whose applications were approved, and qualifying new capital investments. The council and department shall use measures to protect proprietary financial information, such as reporting information in an aggregate form. Data and information in the joint report ~~made available to the public~~ shall be presented in a searchable format.

Sec. 20. Sec. 3(c) of No. 184 of the Acts of the 2005 Adj. Sess. (2006), as amended by Sec. 2 of No. 52 of the Acts of 2011, is amended to read:

(c) Beginning April 1, 2009, the economic incentive review board is authorized to grant payroll-based growth incentives pursuant to the Vermont employment growth incentive program established by Sec. 9 of this act. Unless extended by act of the General Assembly, as of July 1, ~~2012~~ 2017, no new Vermont employment growth incentive (VEGI) awards under 32 V.S.A. § 5930b may be made. Any VEGI awards granted prior to July 1, ~~2012~~ 2017 may remain in effect until used.

Sec. 21. 32 V.S.A. § 5930u(g) is amended to read:

(g) In any fiscal year, the allocating agency may award up to \$400,000.00 in total first-year credit allocations to all applicants for rental housing projects; and may award up to ~~\$100,000.00~~ \$300,000.00 per year for owner-occupied unit applicants. In any fiscal year, total first-year allocations plus succeeding-year deemed allocations shall not exceed ~~\$2,500,000.00~~ \$3,500,000.00.

Sec. 21a. EFFICENCY USE OF CREDITS

It is the intent of the general assembly that housing purchased as the result of an allocation of credits in this act for owner-occupied units shall be as energy efficient as affordability, building design, and funding allow.

Sec. 22. 32 V.S.A. § 5930bb(d) is added to read:

(d) Notwithstanding any other provision of this subchapter, qualified applicants may apply to the state board at any time prior to June 30, 2013 to

obtain a tax credit not otherwise available under subsections 5930cc(a)–(c) of this title of 10 percent of qualified expenditures resulting from damage caused by a federally declared disaster in Vermont in 2011. The credit shall only be claimed against the taxpayer’s state individual income tax under section 5822 of this title. To the extent that any allocated tax credit exceeds the taxpayer’s tax liability for the first tax year in which the qualified project is completed, the taxpayer shall receive a refund equal to the unused portion of the tax credit. If within two years after the date of the credit allocation no claim for a tax credit or refund has been filed, the tax credit allocation shall be rescinded and recaptured pursuant to subdivision 5930ee(6) of this title. The total amount of tax credits available under this subsection shall not be more than \$500,000.00 and shall not be subject to the limitations contained in subdivision 5930ee(2) of this subchapter.

Sec. 23. CREDIT LIMIT FOR FISCAL YEAR 2013

Notwithstanding any other provision of law, for fiscal year 2013 only, the limitation provided in 32 V.S.A. § 5930ee(1) shall be \$2,200,000.00 instead of \$1,700,000.00.

Sec. 24. 32 V.S.A. § 9603(23) is amended to read:

(23) Transfers of leasehold or fee interests made to low income individuals by organizations qualifying under Section 501(c)(3) of the Internal Revenue Code of 1986 and having as its primary purpose the provision of housing to low income individuals, or from a wholly-owned subsidiary of such an organization, when such a transfer is made concurrently with the transfer of an improvement located on the leasehold or fee property, or is a renewal of such a lease where the purpose of the lease is to provide affordable housing, or to ensure the continued affordability of such housing, or both.

* * * Property Tax Adjustment and Renter Rebate Provisions * * *

Sec. 25. 32 V.S.A. § 5410(b) is amended to read:

~~(b)(4)~~ Annually on or before the due date for filing the Vermont income tax return, without extension, each homestead owner shall, on a form prescribed by the commissioner, which shall be verified under the pains and penalties of perjury, declare his or her homestead, if any, as of, or expected to be as of, April 1 of the year in which the declaration is made ~~for property that was acquired by the declarant or was made the declarant’s homestead after April 1 of the previous year. The declaration of homestead shall remain in effect until the earlier of:~~

~~(A) the transfer of title of all or any portion of the homestead; or~~

~~(B) that time that the property or any portion of the property ceases to qualify as a homestead.~~

~~(2) Within 30 days of the transfer of title of all or any portion of the homestead, or upon any portion of the property ceasing to be a homestead, the declarant shall provide notice to the commissioner on a form to be prescribed by the commissioner.~~

Sec. 25a. TRANSITION TO ANNUAL FILING

For 2013 only, as part of the requirement of annual homestead filings in Sec. 25 of this act, the commissioner shall take steps to publicize and conduct outreach regarding the change in filing requirements. In addition, for 2013 only, the commissioner may use his or her authority under 32 V.S.A. § 3201 to provide a remedy for a taxpayer who fails to file or files an inaccurate classification of property as homestead or nonresidential pursuant to section 5410 of this title, through no fault of the taxpayer.

Sec. 26. 32 V.S.A. § 6061(5)(D) is amended to read:

(D) without the inclusion of adjustments to total income except certain business expenses of reservists, one-half of self-employment tax paid, alimony paid, deductions for tuition and fees, ~~and~~ health insurance costs of self-employed individuals, and health savings account deductions; and

Sec. 27. 32 V.S.A. § 6066a is amended to read:

§ 6066a. DETERMINATION OF PROPERTY TAX ADJUSTMENTS

(a) Annually, the commissioner shall determine the property tax adjustment amount under section 6066 of this title, related to a homestead owned by the claimant. The commissioner shall notify the municipality in which the housesite is located of the amount of the property tax adjustment for the claimant for homestead property tax liabilities, on July 1 for ~~timely filed~~ timely filed claims and on ~~September 15~~ November 1 for late claims filed by ~~September 1~~ October 15. The tax adjustment of a claimant who was assessed property tax by a town which revised the dates of its fiscal year, however, is the excess of the property tax which was assessed in the last 12 months of the revised fiscal year, over the adjusted property tax of the claimant for the revised fiscal year as determined under section 6066 of this title, related to a homestead owned by the claimant.

* * *

(c) The commissioner shall notify the municipality of any claim and refund amounts unresolved by ~~September 15~~ November 1 at the time of final resolution, including adjudication if any; provided, however, that towns will

not be notified of any additional adjustment amounts after ~~September 15~~ November 1 of the claim year, and such amounts shall be paid to the claimant by the commissioner.

* * *

(f) Property tax bills.

* * *

(2) For property tax adjustment amounts for which municipalities receive notice on or after ~~September 15~~ November 1, municipalities shall issue a new homestead property tax bill with notice to the taxpayer of the total amount allocated to payment of homestead property tax liabilities and notice of the balance due.

* * *

(g) Annually, on August 1 and on ~~September 15~~ November 1, the commissioner of taxes shall pay to each municipality the amount of property tax adjustment of which the municipality was notified on July 1 for the August 1 transfer, or ~~September 15~~ November 1 for the ~~September 15~~ November 1 transfer, related to municipal property tax on homesteads within that municipality, as determined by the commissioner of taxes.

Sec. 28. 32 V.S.A. § 6074 is amended to read:

§ 6074. AMENDMENT OF CERTAIN CLAIMS

At any time within three years after the date for filing claims under subsection 6068(a) of this chapter, a claimant who filed a claim by ~~September 1~~ October 15 may file to amend that claim to correct the amount of household income reported on that claim.

Sec. 29. 32 V.S.A. § 6068 is amended to read:

§ 6068. APPLICATION AND TIME FOR FILING

(a) A tax adjustment claim or request for allocation of an income tax refund to homestead property tax payment shall be filed with the commissioner on or before the due date for filing the Vermont income tax return, without extension, and shall describe the school district in which the homestead property is located and shall particularly describe the homestead property for which the adjustment or allocation is sought, including the school parcel account number prescribed in subsection 5404(b) of this title. A renter rebate claim shall be filed with the commissioner on or before the due date for filing the Vermont income tax return, without extension.

(b) Late-filing penalties. If the claimant fails to file a timely claim, the amount of the property tax adjustment under this chapter shall be reduced by \$15.00, but not below \$0.00, which shall be paid to the municipality for the cost of issuing an adjusted homestead property tax bill. No benefit shall be allowed in the calendar year unless the claim is filed with the commissioner on or before ~~September 1~~ October 15.

(c) No request for allocation of an income tax refund or for a renter rebate claim may be made after ~~September 1~~ October 15.

Sec. 30. 32 V.S.A. § 6067 is amended to read:

§ 6067. CREDIT LIMITATIONS

Only one individual per household per taxable year shall be entitled to a benefit under this chapter. An individual who received a homestead exemption or adjustment with respect to property taxes assessed by another state for the taxable year shall not be entitled to receive an adjustment under this chapter. No taxpayer shall receive an adjustment under subsection 6066(b) of this title in excess of \$3,000.00. No taxpayer shall receive total adjustments under this chapter in excess of \$8,000.00 related to any one property tax year.

Sec. 31. Sec. 51(b) of No. 160 of the Acts of the 2009 Adj. Sess. (2010) is amended to read:

~~(b) The following sections of Title 32 relating to homestead education property tax income sensitivity adjustments are repealed for claims filed on and after January 1, 2013:~~

~~(1) 32 V.S.A. § 6061(5)(E) (requiring adjustment for interest and dividend income for purposes of calculating modified adjusted gross income).~~

~~(2) The amendments in this act to 32 V.S.A. § 6066(a) regarding the equalized value of a housesite in excess of \$500,000.00. The amendments in this act related to 32 V.S.A. § 6061(5)(E), regarding the adjustment for interest and dividend income for purposes of calculating modified adjusted gross income, are repealed on January 1, 2013.~~

Sec. 31a. 32 V.S.A. § 6061(5)(E) is added to read:

(E) with the addition of an asset adjustment of 1 x the sum of interest and dividend income included in household income above \$10,000.00 for claimants under age 65, regardless of whether that dividend or interest income is included in federal adjusted gross income.

Sec. 32. LANDLORD CERTIFICATES

The commissioner of taxes shall report to the senate committee on finance and the house committee on ways and means no later than January 15, 2013 on how to develop an electronic system for the reporting and issuance of the landlord certificate under 32 V.S.A. § 6069. The commissioner's report shall include recommendations for legislative changes to implement such a system.

* * * Property Tax Provisions * * *

Sec. 33. 27A V.S.A. § 1-105 is amended to read:

§ 1-105. SEPARATE TITLES AND TAXATION

(a) In a condominium or planned community:

(1) if there is any unit owner other than a declarant, each unit that has been created, together with its interest in the common elements, constitutes for all purposes a separate parcel of real estate;

(2) if there is any unit owner other than a declarant, each unit shall be separately taxed and assessed, and no separate tax or assessment may be rendered against any common elements for which a declarant has reserved no development rights; provided, however, that if a portion of the common elements is located in a town other than the town in which the unit is located, the town in which the common elements are located may designate that portion of the common elements within its boundaries as a parcel for property tax assessment purposes and may tax each unit owner at an appraisal value pursuant to 32 V.S.A. § 3481.

* * *

Sec. 34. 32 V.S.A. § 3409 is amended to read:

§ 3409. PREPARATION OF PROPERTY MAPS

Consistent with available resources and pursuant to a memorandum of understanding entered into between the commissioner and the Vermont center for geographic information, the center shall provide regional planning commissions, state agencies, and the general public with orthophotographic maps of the state at a scale appropriate for the production and revision of town property maps. Periodically, such ~~maps~~ digital imagery shall be ~~revised and updated to reflect~~ updated to capture land use changes, new settlement patterns and such additional information as may have become available to the director or the center.

(1) The center shall supply to ~~the clerk and to the listers or assessors of~~ each town such ~~maps~~ orthophotographic imagery as ~~have~~ has been prepared by it of the total area of that town. Any map shall be available, without charge,

for public inspection in the office of the town clerk to whom the map was supplied.

~~(2) The state of Vermont shall retain the copyright of any map prepared by the Vermont mapping program, and the center and the Vermont mapping program shall jointly own the copyright to any map prepared on or after the effective date of this act.~~

~~(3) A person who, without the written authorization of the director and the center, copies, reprints, duplicates, sells, or attempts to sell any map prepared under this chapter shall be fined an amount not to exceed \$1,000.00.~~

~~(4) At a reasonable charge to be established by the center and the director, the center shall supply to any person or agency other than a town clerk or lister a copy of any map digital format orthophotographic imagery prepared created under this section.~~

(3) Hardcopy or nondigital format orthophotographic imagery created under this section shall be available for public review at the state archives.

Sec. 35. 32 V.S.A. § 4301 is amended to read:

§ 4301. BASIS FOR COUNTY TAXES

(a) The equalized municipal property tax grand lists for each town, unorganized town and gore, and the unified towns and gores of Essex County shall be the basis of taxation for county purposes.

(b) Annually, on or before January 1, the director shall provide to each county treasurer the equalized municipal property tax grand list for each town, unorganized town, and gore within the county, and the unified towns and gores of Essex County. “Equalized municipal property tax grand list” in this section shall mean the equalized education property tax grand list as defined in chapter 135 of this title plus inventory, machinery and equipment subject to municipal tax in that municipality at its grand list value.

Sec. 36. 32 V.S.A. chapter 133, subchapter 5 is amended to read:

Subchapter 5. Assessment and Collection in
~~Unified~~ Unorganized Towns and Gores

* * *

Sec. 37. 32 V.S.A. § 5401(13) is amended to read:

(13) “District spending adjustment” means the greater of: one or a fraction in which the numerator is the district’s education spending plus excess spending, per equalized pupil, for the school year; and the denominator is the base education amount for the school year, as defined in 16 V.S.A. § 4001.

For a district that pays tuition to a public school or an approved independent school or both for all of its resident students in any year and which has decided by a majority vote of its school board to opt into this provision, the district spending adjustment shall be the average of the district spending adjustment calculated under this subdivision for the previous year and for the current year. Any district opting for a two-year average under this subdivision may not opt out of such treatment, and the averaging shall continue until the district no longer qualifies for such treatment.

Sec. 38. FISCAL YEAR 2013 EDUCATION PROPERTY TAX RATE

(a) For fiscal year 2013 only, the education property tax imposed under § 5402(a) shall be reduced from the rates of \$1.59 and \$1.10 and shall instead be at the following rates:

(1) the tax rate for nonresidential property shall be \$1.38 per \$100.00; and

(2) the tax rate for homestead property shall be \$0.89 multiplied by the district spending adjustment for the municipality per \$100.00 of equalized property value as most recently determined under 32 V.S.A. § 5405.

(b) For claims filed in 2013 only, “applicable percentage” in 32 V.S.A. § 6066(a)(2) shall be reduced from 2.0 percent and instead shall be 1.80 percent multiplied by the fiscal year 2013 district spending adjustment for the municipality in which the homestead residence is located; but in no event shall the applicable percentage be less than 1.80 percent.

Sec. 39. FISCAL YEAR 2013 BASE EDUCATION AMOUNT

Notwithstanding 16 V.S.A. § 4011(b) or any other provision of law, the base education amount for fiscal year 2013 shall be \$8,723.00.

Sec. 40. CALCULATION OF DOLLAR EQUIVALENT

In order to lead to greater understanding of education property tax rates, annually, by December 1, and in conjunction with the recommendations under 32 V.S.A. § 5402b, the commissioner of taxes shall calculate, for purposes of illustration, the dollar equivalent for the forthcoming fiscal year and report the same to the general assembly. For purposes of this subsection, “dollar equivalent” means the amount of revenue per equalized pupil that would result under a homestead tax rate of \$1.00 per \$100.00 of equalized education property value, an applicable percentage in 32 V.S.A. § 6066(a)(2) of 2.0 percent, and sufficient statutory reserves under 16 V.S.A. § 4026 and 32 V.S.A. § 5402b. For example, for fiscal year 2013, the dollar equivalent under this definition would equal \$9,912.00 per pupil.

*** Wastewater Permit Provisions ***

Sec. 41. 32 V.S.A. § 3752(5) is amended to read:

(5) “Development” means, for the purposes of determining whether a land use change tax is to be assessed under section 3757 of this chapter, the construction of any building, road or other structure, or any mining, excavation or landfill activity. “Development” also means the subdivision of a parcel of land into two or more parcels, regardless of whether a change in use actually occurs, where one or more of the resulting parcels contains less than 25 acres each; but if subdivision is solely the result of a transfer to one or more of a spouse, parent, grandparent, child, grandchild, niece, nephew, or sibling of the transferor, or to the surviving spouse of any of the foregoing, then “development” shall not apply to any portion of the newly-created parcel or parcels which qualifies for enrollment and for which, within 30 days following the transfer, each transferee or transferor applies for reenrollment in the use value appraisal program. “Development” also means the cutting of timber on property appraised under this chapter at use value in a manner contrary to a forest or conservation management plan as provided for in subsection 3755(b) of this title, or contrary to the minimum acceptable standards for forest management; or a change in the parcel or use of the parcel in violation of the conservation management standards established by the commissioner of forests, parks and recreation. Enrolled land is also considered “developed” under this section if a wastewater system permit has been issued for the land pursuant to 10 V.S.A § 1973 and the commissioner of forests, parks and recreation has certified to the director that the permit is contrary to a forest or conservation management plan or the minimum acceptable standards for forest management; use of the parcel would violate the conservation management standards; or after consulting with the secretary of agriculture, food and markets, the commissioner certifies that the permit is not part of a farm operation. The commissioner of forests, parks and recreation may develop standards regarding circumstances under which land with wastewater system and potable water permits will not be certified to the director. The term “development” shall not include the construction, reconstruction, structural alteration, relocation, issuance of a wastewater system permit under 10 V.S.A § 1973, or enlargement of any building, road, or other structure for farming, logging, forestry, or conservation purposes, but shall include the subsequent commencement of a use of that building, road, ~~or~~ structure, or wastewater system permit for other than farming, logging, or forestry purposes.

Sec. 42. 32 V.S.A. § 3757 is amended to read:

§ 3757. LAND USE CHANGE TAX

(a) Land which has been classified as agricultural land or managed forest land pursuant to this chapter shall be subject to a land use change tax ~~on the earliest of either~~ upon the development of that land, as defined in section 3752 of this chapter, ~~or two years after the issuance of all permits legally required by a municipality for any action constituting development, or two years after the issuance of a wastewater system and potable water supply permit under 10 V.S.A. § 1973.~~ Said tax shall be at the rate of 20 percent of the full fair market value of the changed land determined without regard to the use value appraisal; or the tax shall be at the rate of 10 percent if the owner demonstrates to the satisfaction of the director that the parcel has been enrolled continuously more than 10 years. If changed land is a portion of a parcel, the fair market value of the changed land shall be the fair market value of the changed land prorated on the basis of acreage, divided by the common level of appraisal. Such fair market value shall be determined as of the date the land is no longer eligible for use value appraisal. This tax shall be in addition to the annual property tax imposed upon such property. Nothing in this section shall be construed to require payment of an additional land use change tax upon the subsequent development of the same land, nor shall it be construed to require payment of a land use change tax merely because previously eligible land becomes ineligible, provided no development of the land has occurred.

* * *

(d) The land use change tax shall be due and payable by the owner 30 days after the tax notice is mailed to the taxpayer unless, in the case of land use change tax due with respect to development occurring as a result of the issuance of a wastewater system permit, the landowner enters into a payment agreement with the commissioner of taxes. The tax shall be paid to the commissioner for deposit into the general fund. The commissioner shall issue a form to the assessing officials which shall provide for a description of the land developed, the amount of tax payable, and the fair market value of the land at the time of development or withdrawal from use value appraisal. The owner shall fill out the form and shall sign it under the penalty of perjury. After receipt of payment, the commissioner shall furnish the owner with one copy, shall retain one copy and shall forward one copy to the local assessing officials and one to the register of deeds of the municipality in which the land is located. Thereafter, the land which has been developed shall be appraised and listed at its full fair market value in accordance with the provisions of chapter 121 of this title.

* * *

Sec. 43. 32 V.S.A. § 3758(d) is amended to read:

(d) Any owner who is aggrieved by a decision of the department of forests, parks and recreation concerning the filing of an adverse inspection report or denial of approval of a management plan or certification to the director with respect to land for which a wastewater permit is issued may appeal to the commissioner of the department of forests, parks and recreation. An appeal of this decision of the commissioner may be taken to the superior court in the same manner and under the same procedures as an appeal from a decision of a board of civil authority, as set forth in chapter 131, subchapter 2 ~~of chapter 131~~ of this title.

Sec. 44. REPEAL

Sec. 13h of No. 45 of the Acts of 2011 (tracking wastewater permits) is repealed.

* * * Current Use Provisions * * *

Sec. 45. 32 V.S.A. § 3752(5) is amended to read:

(5) “Development” means, for the purposes of determining whether a land use change tax is to be assessed under section 3757 of this chapter, the construction of any building, road or other structure, or any mining, excavation or landfill activity. “Development” also means the subdivision of a parcel of land into two or more parcels, regardless of whether a change in use actually occurs, where one or more of the resulting parcels contains less than 25 acres each; but if subdivision is solely the result of a transfer to one or more of a spouse, parent, grandparent, child, grandchild, niece, nephew, or sibling of the transferor, or to the surviving spouse of any of the foregoing, then “development” shall not apply to any portion of the newly-created parcel or parcels which qualifies for enrollment and for which, within 30 days following the transfer, each transferee or transferor applies for reenrollment in the use value appraisal program. “Development” also means the cutting of timber on property appraised under this chapter at use value in a manner contrary to a forest or conservation management plan as provided for in subsection 3755(b) of this title during the remaining term of the plan, or contrary to the minimum acceptable standards for forest management if the plan has expired; or a change in the parcel or use of the parcel in violation of the conservation management standards established by the commissioner of forests, parks and recreation. Enrolled land is also considered “developed” under this section if a wastewater system permit has been issued for the land pursuant to 10 V.S.A. § 1973 and the commissioner of forests, parks and recreation has certified to the director that the permit is contrary to a forest or conservation management plan or the minimum acceptable standards for forest management; use of the

parcel would violate the conservation management standards; or after consulting with the secretary of agriculture, food and markets, the commissioner certifies that the permit is not part of a farm operation. The commissioner of forests, parks and recreation may develop standards regarding circumstances under which land with wastewater system and potable water permits will not be certified to the director. The term "development" shall not include the construction, reconstruction, structural alteration, relocation, issuance of a wastewater system permit under 10 V.S.A. § 1973, or enlargement of any building, road, or other structure for farming, logging, forestry, or conservation purposes, but shall include the subsequent commencement of a use of that building, road, structure, or wastewater system permit for other than farming, logging, or forestry purposes.

Sec. 46. 32 V.S.A. § 3753(b) is amended to read:

(b) The membership of the board shall consist of:

(1) The following persons or their designees:

* * *

~~(E) Dean of the college of natural resources, agriculture and life sciences of the University of Vermont. [Deleted.]~~

* * *

Sec. 47. 32 V.S.A. § 3755(b) is amended to read:

(b) Managed ~~forest land~~ forestland shall be eligible for use value appraisal under this subchapter only if:

(1) the land is subject to a forest management plan, or subject to a conservation management plan in the case of lands certified under 10 V.S.A. § 6306(b), which:

(A) is signed by the owner of ~~a tract~~ the parcel;

(B) ~~which~~ complies with subdivision 3752(9) of this title;

(C) is filed with and approved by the department of forests, parks and recreation; and

(D) ~~by October 1, which~~ provides for continued conservation management or forest crop production on the ~~tract~~ parcel for at least ten years. ~~During a period of use value appraisal under this subchapter, a conservation or forest management plan for at least ten years, including the 12-month period beginning April 1 of the year for which use value appraisal is sought, signed by the owner, shall be on file with the department in such a manner and in such form as is prescribed by the department. Upon the~~ An initial forest

management plan or conservation management plan must be filed with the department of forests, parks and recreation no later than October 1 and shall be effective for a ten-year period beginning the following April 1. Prior to expiration of a ~~ten-year~~ ten-year plan and no later than April 1 of the year in which the plan expires, the owner shall file a new conservation or forest management plan for at least the next succeeding ten years to remain in the program.

* * * Sales and Use Tax Provisions * * *

Sec. 48. 24 V.S.A. § 138(g) is added to read:

(g) If the legislative body of a municipality by a majority vote recommends or by petition of ten percent of the voters of a municipality recommends, the voters of a municipality may at an annual or special meeting warned for that purpose by a majority vote of those present and voting rescind any or all of the local option taxes assessed under subsection (b) of this section.

Sec. 49. 32 V.S.A. § 9741(48) is amended to read:

(48) Sales of tangible personal property sold by an auctioneer licensed under 26 V.S.A. chapter 89 of Title 26, including any buyer's premium charged by the auctioneer, that are conducted on the premises of the owner of the property, provided that no other person's property is sold on the auction premises and provided that the property was obtained by the owner, through purchase or otherwise, for his or her own use.

Sec. 50. 32 V.S.A. § 9771 is amended to read:

§ 9771. IMPOSITION OF SALES TAX

Except as otherwise provided in this chapter, there is imposed a tax on retail sales in the state. The tax shall be paid at the rate of six percent of the sales price charged for but in no case shall any one transaction be taxed under more than one of the following:

* * *

(8) Specified digital products transferred electronically to an end user regardless of whether for permanent use or less than permanent use and regardless of whether or not conditioned upon continued payment from the purchaser.

Sec. 51. 32 V.S.A. § 9817(a) is amended to read:

(a) Any aggrieved taxpayer may, within 30 days after any decision, order, finding, assessment or action of the commissioner made under this chapter, appeal to the Washington superior court or the superior court of the county in

which the taxpayer resides or has a place of business. The appellant shall give security, approved by the commissioner, conditioned to pay the tax levied, if it remains unpaid, with interest and costs, as set forth in subsection (c) of this section.

Sec. 52. TEMPORARY MORATORIUM ON ENFORCEMENT OF SALES TAX ON PREWRITTEN SOFTWARE ACCESSED REMOTELY

Notwithstanding the imposition of sales and use tax on prewritten computer software by 32 V.S.A. chapter 233, the department of taxes shall not assess tax on charges for remotely accessed software made after December 31, 2006 and before July 1, 2013, and taxes paid on such charges shall be refunded upon request if within the statute of limitations and documented to the satisfaction of the commissioner. "Charges for remotely accessed software" means charges for the right to access and use prewritten software run on underlying infrastructure that is not managed or controlled by the consumer or a related company. Enforcement of the sales and use tax imposed on the purchase of specified digital products pursuant to 32 V.S.A. § 9771(8) is not affected by this section.

Sec. 53. STUDY COMMITTEE ON SALES TAX

(a) Creation of committee. There is created a sales and use tax study committee to examine the sustainability of the sales and use tax in the context of Vermont's changing economy.

(b) The committee shall be composed of seven members. Four members of the committee shall be members of the general assembly. The committee on committees of the senate shall appoint two members of the senate and the speaker of the house shall appoint two members of the house. The chair shall be a legislative member selected by the other members of the committee. Three members of the committee shall be as follows:

(1) the governor shall appoint two members, one representing Vermonters who are consumers subject to the sales and use tax, and one representing businesses who collect the sales tax or who pay the sales and use tax;

(2) the secretary of administration or his or her designee;

(c) Powers and duties.

(1) The committee shall study how to make the Vermont's sales and use tax more sustainable and equitable in light of Vermont's changing economy. Specifically, the committee shall consider:

(A) the taxation of software, platform, and infrastructure as services accessed remotely;

(B) the taxation and sourcing of sales of tangible personal property made via the internet; and

(C) the feasibility of taxing services more broadly than under current law.

(2) For purposes of its study of these issues, the committee shall have the assistance of the office of legislative council, the joint fiscal office, and the department of taxes.

(d) Report. By January 15, 2013 the committee shall report to the senate committee on finance and house committee on ways and means its findings and any recommendations for legislative action.

(e) Reimbursement. For attendance at meetings during adjournment of the general assembly, legislative members of the committee shall be entitled to compensation and reimbursement for expenses as provided in 2 V.S.A. § 406; and other members of the committee who are not employees of the state of Vermont shall be reimbursed at the per diem rate set in 32 V.S.A. § 1010.

Sec. 53a. ENHANCING VERMONT'S SOFTWARE AND INFORMATION
TECHNOLOGY ECONOMY

(a) Creation of committee. There is created a committee to examine strategies the state could implement to further enhance the dramatic growth of Vermont's software development and information technology sector.

(b) Membership. The committee shall be composed of seven members. The speaker of the house shall appoint one member of the house. The committee on committees shall appoint one member of the senate. The governor shall appoint one member of his or her choosing. Four members of the committee shall be as follows:

(1) three members representing the Vermont Software Developers Alliance;

(2) the secretary of the agency of commerce and community development or his or her designee;

(c) Powers and duties.

(1) The committee established by this section shall study ways to encourage the continued growth of investment and job creation in the software and information technology sector. The committee shall seek to develop strategies to assist software and new media entrepreneurs to start new

businesses in Vermont and to foster growth among established software businesses. The committee shall also review workforce training and education opportunities as they apply to the software and information technology sector. The committee shall review and make recommendations as it sees fit regarding the impact of current state programs and regulations, including existing economic incentives and current taxation policies.

(2) For purposes of its study of these issues, the committee shall have the assistance of the office of legislative council, the joint fiscal office, and the department of taxes.

(d) Report. By January 15, 2013, the committee shall report to the senate committees on finance, and on economic development, housing and general affairs and the house committees on ways and means and on commerce and economic development on its findings and any recommendations for legislative action.

(e) Reimbursement. For attendance at meetings during adjournment of the general assembly, legislative members of the committee shall be entitled to compensation and reimbursement for expenses as provided in 2 V.S.A. § 406; and other members of the committee who are not employees of the state of Vermont shall be reimbursed at the per diem rate set in 32 V.S.A. § 1010.

Sec. 54. 32 V.S.A. § 9741(2) is amended to read:

(2) Drugs intended for human use, durable medical equipment, mobility enhancing equipment, and prosthetic devices and supplies, including blood, blood plasma, insulin, and medical oxygen, used in treatment intended to alleviate human suffering or to correct, in whole or in part, human physical disabilities; provided however, that toothbrushes, floss, and similar items of nominal value given by dentists and hygienists to patients during treatment are supplies used in treatment to alleviate human suffering or to correct, in whole or part, human physical disabilities and are exempt under this subdivision.

Sec. 54a. 32 V.S.A. § 9741(14) is amended to read:

(14) Tangible personal property which becomes an ingredient or component part of, or is consumed or destroyed or loses its identity in the manufacture of tangible personal property for sale; machinery and equipment for use or consumption directly and exclusively, except for isolated or occasional uses, in the manufacture of tangible personal property for sale, or in the manufacture of other machinery or equipment, parts, or supplies for use in the manufacturing process; and devices used to monitor manufacturing machinery and equipment or the product during the manufacturing process. Machinery and equipment used in administrative, managerial, sales, or other

nonproduction activities, or used prior to the first production operation or subsequent to the initial packaging of a product, shall not be exempt from tax, unless such uses are merely isolated or occasional or unless the machinery used for initial packaging is also used for secondary packaging as part of an integrated process. Machinery and equipment shall not include buildings and structural components thereof. For purposes of this subdivision, it shall be rebuttably presumed that uses are not isolated or occasional if they total more than four percent of the time the machinery or equipment is operated. For the purposes of this subsection, "manufacture" includes extraction of mineral deposits, the entire printing and ~~book-making~~ bookmaking process, and the entire publication process.

Sec. 55. SALES AND USE TAX REBATES FOR MOBILE HOMES

(a) Notwithstanding the provisions of 32 V.S.A. chapters 231 and 233 and 24 V.S.A. § 138, sales and use tax, local option sales tax, or property transfer tax shall not apply to sales to individuals of mobile homes purchased after April 1, 2011 but before July 1, 2012 to replace a mobile home that was damaged or destroyed as a result of flooding and storm damage that occurred as a result of a federally declared disaster in Vermont in 2011.

(b) Any resident of Vermont who purchased a mobile home that meets the criteria under subsection (a) of this section shall be entitled to a reimbursement in the amount of any sales and use tax, local option sales tax, or property transfer tax paid.

(c) The department of taxes may establish standards and procedures necessary to implement this section. The department of taxes shall reimburse taxpayers that qualify under subsection (a) of this section.

Sec. 56. 16 V.S.A. § 4025(a) is amended to read:

(a) An education fund is established to be comprised of the following:

* * *

(6) ~~One-third~~ Thirty-five percent of the revenues raised from the sales and use tax imposed by 32 V.S.A. chapter 233 ~~of Title 32.~~

* * *

Sec. 56a. 32 V.S.A. § 435(b) is amended to read:

(b) The general fund shall be composed of revenues from the following sources:

* * *

(11) ~~Two-thirds~~ Sixty-five percent of the revenue from sales and use taxes levied pursuant to chapter 233 of this title;

* * *

* * * Electrical Energy Generating Tax Provisions * * *

Sec. 57. REPEAL

32 V.S.A. § 5402a (electric generating plant education property tax) is repealed.

Sec. 58. 32 V.S.A § 8661 is amended to read:

§ 8661. TAX LEVY

(a) There is hereby assessed ~~each year~~ upon electric generating plants constructed in the state subsequent to July 1, 1965, and having a name plate generating capacity of 200,000 kilowatts, or more, a state tax ~~in accordance with the following table:~~ at the rate of \$0.0025 per kWh of electrical energy produced.

If megawatt hour production is:	tax is:
Less than 2,300,000 megawatt hours	\$2.0 million
2,300,000 to 3,800,000 megawatt hours	\$2.0 million plus \$0.40 per megawatt hour over 2,300,000
3,800,001 to 4,200,000 megawatt hours	\$2.6 million
Over 4,200,000 megawatt hours	\$2.6 million plus \$0.40 per megawatt hour over 4,200,000

~~For purposes of this section, "megawatt hour production" means the average of net production for sale in the three most recent preceding calendar years. The tax imposed by this section shall be paid to the commissioner in equal quarterly installments on the electrical energy generated in the prior quarter on or before the 25th day of the calendar month succeeding the quarter ending on the last day of March, June, September, and December by the person or corporation then owning or operating such electric generating plant.~~

(b) ~~If an entity subject to this tax generates no electricity during the tax year due to termination or expiration of a necessary license, or due to permanent cessation of operations, no tax shall be due for that year.~~

(e) A person or corporation failing to make returns or pay the tax imposed by this section within the time required shall be subject to and governed by the provisions of sections 3202, ~~3203, 5868,~~ and ~~5873~~ 3203 of this title.

* * * Meals and Rooms Tax Provisions * * *

Sec. 59. 32 V.S.A. § 9202(3) is amended to read:

(3) "Hotel" means an establishment which holds itself out to the public by offering sleeping accommodations for a consideration, whether or not the major portion of its operating receipts is derived therefrom and whether or not the sleeping accommodations are offered to the public by the owner or proprietor or lessee, sublessee, mortgagee, licensee, or any other person or the agent of any of the foregoing. The term includes but is not limited to, inns, motels, tourist homes and cabins, ski dormitories, ski lodges, lodging homes, rooming houses, furnished-room houses, boarding houses, and private clubs, as well as any building or structure or part thereof to the extent to which any such building or structure or part thereof in fact is held out to the public by offering sleeping accommodations for a consideration. The term shall not include the following:

(A) a hospital, licensed under 18 V.S.A. chapter 43 ~~of Title 18,~~ or a ~~sanatorium, convalescent home, nursing home, or a home for the aged~~ residential care home, assisted living residence, home for the terminally ill, therapeutic community residence as defined pursuant to 33 V.S.A. chapter 71, or independent living facility;

* * *

Sec. 60. 32 V.S.A. § 9202(10)(D)(ii) is amended to read:

(D) "Taxable meal" shall not include:

* * *

(ii) Food or beverage, including that described in subdivision (10)(C) of this section:

* * *

(IV) prepared by the employees thereof and served in any hospital licensed under 18 V.S.A. chapter 43 ~~of Title 18, or a sanatorium, convalescent home, nursing home or home for the aged;~~

* * *

(XI) served or furnished on the premises of a continuing care retirement community certified under 8 V.S.A. chapter 151 ~~of Title 8; or~~

(XII) prepared and served by the employees, volunteers, or contractors of any nursing home, residential care home, assisted living residence, home for the terminally ill, therapeutic community residence as defined pursuant to 33 V.S.A. chapter 71, or independent living facility; provided, however, that “contractor” under this subdivision excludes meals provided by a restaurant as defined by subdivision (15) of this section when those meals are not otherwise available generally to residents of the facility;

Sec. 61. 32 V.S.A. § 9202(18) is added to read:

(18) “Independent living facility” means a congregate living environment, however named, for profit or otherwise, that meets the definitions of housing complexes for older persons as enumerated in 9 V.S.A. § 4503(b) and (c), or housing programs designed to meet the needs of individuals with a handicap or disability as defined in 9 V.S.A. § 4501(2) and (3).

Sec. 62. 32 V.S.A. § 8557(a) is amended to read:

(a) Sums for the expenses of the operation of training facilities and curriculum of the Vermont fire service training council not to exceed ~~\$800,000.00~~ \$950,000.00 per year shall be paid to the fire safety special fund created by 20 V.S.A. § 3157 by insurance companies, including surplus lines companies, writing fire, homeowners multiple peril, allied lines, farm owners multiple peril, commercial multiple peril (fire and allied lines), private passenger and commercial auto, and inland marine policies on property and persons situated within the state of Vermont within 30 days after notice from the commissioner of ~~banking, insurance, securities, and health care administration~~ financial regulation of such estimated expenses. Captive companies shall be excluded from the effect of this section. The commissioner shall annually, on or before July 1, apportion such charges among all such companies and shall assess them for the same on a fair and reasonable basis as a percentage of their gross direct written premiums on such insurance written during the second prior calendar year on property situated in the state. An amount not less than \$100,000.00 shall be specifically allocated to the provision of what are now or formerly referred to as Level I, units I, II, and III (basic) courses for entry level firefighters. An amount not less than \$150,000.00 shall be specifically allocated to the emergency medical services special fund established under 18 V.S.A. § 908 for the provision of training programs for emergency medical technicians, advanced emergency medical technicians, and paramedics. The department of health shall present a plan to the joint fiscal committee which shall review the plan prior to release of any funds.

Sec. 63. EFFECTIVE DATES

This act shall take effect on passage, except:

(1) Secs. 1 (petroleum cleanup fee), 2 (petroleum cleanup fund outreach), 8 (extraordinary relief), 14 (reporting requirements), 21 (affordable housing tax credit), 22 (downtown tax credit for disaster expenses), 23 (limitation on downtown tax credits for fiscal year 2013), 24 (low income property transfer tax exemption), and 54 (dental equipment) of this act shall take effect on July 1, 2012.

(2) Sec. 9 (link to Internal Revenue Code) of this act shall apply to taxable years beginning on and after January 1, 2011, and Sec. 12 (estate tax link to Internal Revenue Code) of this act shall apply to decedents dying on or after January 1, 2011.

(3) Sec. 16 (increasing minimum tax on certain C corporations) of this act shall apply to taxable years beginning on and after January 1, 2012.

(4) Secs. 10 (netting), 25 (homestead filing), 26 (health savings accounts) 27, 28, and 29 (moving final date for filing renter rebate or property tax adjustment claims), 30 (renter rebate cap), 31a (double counting for claimants under 65) of this act shall take effect on January 1, 2013 and apply to property tax adjustments, renter rebate claims, and homestead declarations for 2013 and after.

(5) Secs. 38 (education base rates) and 39 (education base amount) shall take effect on passage and apply to education property tax rates and the base education amount for fiscal year 2013.

(6) Secs. 41 through 43 (wastewater permits) of this act shall take effect retroactively on July 1, 2011 and apply only to wastewater permits issued after that date.

(7) Sec. 49 (auction sale exemption) of this act shall take effect retroactively on May 24, 2011.

(8) Sec. 54a (secondary packaging) shall take effect retroactively on January 1, 2012.

(9) Secs. 56 and 56a (sales tax allocation) shall take effect on July 1, 2013.

(10) Secs. 57 (repeal) and 58 (electrical generation tax) of this act shall take effect on July 1, 2012 and apply to power generated after that date.

(11) Secs. 59 (rooms tax definitions), 60 (meals tax definitions), and 61 (definition of independent living facility) of this act shall take effect on passage and apply retroactively to July 1, 2012.

COMMITTEE ON THE PART OF THE SENATE COMMITTEE ON THE PART OF THE HOUSE

SEN. ANN E. CUMMINGS REP. JANET ANCEL
SEN. MARK A. MACDONALD REP. CAROLYN W. BRANAGAN
SEN. RICHARD A. WESTMAN REP. JAMES O. CONDON

Which was considered and adopted on the part of the House.

Recess

At seven o'clock and fifty-five minutes in the evening, the Speaker declared a recess until eight o'clock and thirty minutes in the evening.

At eight o'clock and thirty minutes in the evening, the Speaker called the House to order.

Message from the Senate No. 76

A message was received from the Senate by Mr. Marshall, its Assistant Secretary, as follows:

Mr. Speaker:

I am directed to inform the House that:

The Senate has considered House proposal of amendment to Senate bill of the following title:

S. 138. An act relating to calculation of criminal sentences and record keeping for search warrants.

And has concurred therein with an amendment in the passage of which the concurrence of the House is requested.

Rules Suspended; Bills Messaged to Senate Forthwith

On motion of **Rep. Turner of Milton**, the rules were suspended and the following bills were ordered messaged to the Senate forthwith:

S. 199

Senate bill, entitled

An act relating to immunization exemptions and the immunization pilot program

J.R.S. 54

Joint resolution, entitled

Joint resolution approving a land exchange in Alburgh and a lease with Camp Downer, Inc

Message from the Senate No. 77

A message was received from the Senate by Mr. Marshall, its Assistant Secretary, as follows:

Mr. Speaker:

I am directed to inform the House that:

The Senate has considered the report of the Committee of Conference upon the disagreeing votes of the two Houses upon House bill of the following title:

H. 781. An act relating to making appropriations for the support of government.

And has accepted and adopted the same on its part.

Rules Suspended; Report of Committee of Conference Adopted**H. 781**

Pending entrance of the bill on the Calendar for notice, on motion of **Rep. Turner of Milton**, the rules were suspended and House bill, entitled

An act relating to making appropriations for the support of government

Was taken up for immediate consideration.

The Speaker placed before the House the following Committee of Conference report:

To the Senate and House of Representatives:

The Committee of Conference to which were referred the disagreeing votes of the two Houses upon the bill be amended by striking all after the enacting clause and inserting in lieu thereof the following:

Sec. A.100 SHORT TITLE

(a) This bill may be referred to as the BIG BILL – Fiscal Year 2013 Appropriations Act.

Sec. A.101 PURPOSE

(a) The purpose of this act is to provide appropriations for the operations of state government during fiscal year 2013. It is the express intent of the general

assembly that activities of the various agencies, departments, divisions, boards, and commissions be limited to those which can be supported by funds appropriated in this act or other acts passed prior to June 30, 2012. Agency and department heads are directed to implement staffing and service levels at the beginning of fiscal year 2013 so as to meet this condition unless otherwise directed by specific language in this act or other acts of the general assembly.

Sec. A.102 APPROPRIATIONS

(a) It is the intent of the general assembly that this act serve as the primary source and reference for appropriations for fiscal year 2013.

(b) The sums herein stated are appropriated for the purposes specified in the following sections of this act. When no time is expressly stated during which any of the appropriations are to continue, the appropriations are single-year appropriations and only for the purpose indicated and shall be paid from funds shown as the source of funds. If in this act there is an error in either addition or subtraction, the totals shall be adjusted accordingly. Apparent errors in referring to section numbers of statutory titles within this act may be disregarded by the commissioner of finance and management.

(c) Unless codified or otherwise specified, all narrative portions of this act apply only to the fiscal year ending June 30, 2013.

Sec. A.103 DEFINITIONS

(a) For the purposes of this act:

(1) "Encumbrances" means a portion of an appropriation reserved for the subsequent payment of existing purchase orders or contracts. The commissioner of finance and management shall make final decisions on the appropriateness of encumbrances.

(2) "Grants" means subsidies, aid, or payments to local governments, to community and quasi-public agencies for providing local services, and to persons who are not wards of the state for services or supplies and means cash or other direct assistance, including pension contributions.

(3) "Operating expenses" means property management, repair and maintenance, rental expenses, insurance, postage, travel, energy and utilities, office and other supplies, equipment, including motor vehicles, highway materials, and construction, expenditures for the purchase of land, and construction of new buildings and permanent improvements, and similar items.

(4) "Personal services" means wages and salaries, fringe benefits, per diems, and contracted third party services, and similar items.

Sec. A.104 RELATIONSHIP TO EXISTING LAWS

(a) Except as specifically provided, this act shall not be construed in any way to negate or impair the full force and effect of existing laws.

Sec. A.105 OFFSETTING APPROPRIATIONS

(a) In the absence of specific provisions to the contrary in this act, when total appropriations are offset by estimated receipts, the state appropriations shall control, notwithstanding receipts being greater or less than anticipated.

Sec. A.106 FEDERAL FUNDS

(a) In fiscal year 2013, the governor, with the approval of the legislature or the joint fiscal committee if the legislature is not in session, may accept federal funds available to the state of Vermont, including block grants in lieu of or in addition to funds herein designated as federal. The governor, with the approval of the legislature or the joint fiscal committee if the legislature is not in session, may allocate all or any portion of such federal funds for any purpose consistent with the purposes for which the basic appropriations in this act have been made.

(b) If, during fiscal year 2013, federal funds available to the state of Vermont and designated as federal in this and other acts of the 2012 session of the Vermont general assembly are converted into block grants or are abolished under their current title in federal law and reestablished under a new title in federal law, the governor may continue to accept such federal funds for any purpose consistent with the purposes for which the federal funds were appropriated. The governor may spend such funds for such purposes for no more than 45 days prior to legislative or joint fiscal committee approval. Notice shall be given to the joint fiscal committee without delay if the governor intends to use the authority granted by this section, and the joint fiscal committee shall meet in an expedited manner to review the governor's request for approval.

Sec. A.107 NEW POSITIONS

(a) Notwithstanding any other provision of law, the total number of authorized state positions, both classified and exempt, excluding temporary positions as defined in 3 V.S.A. § 311(11), shall not be increased during fiscal year 2013 except for new positions authorized by the 2012 session. Limited service positions approved pursuant to 32 V.S.A. § 5 shall not be subject to this restriction.

Sec. A.108 LEGEND

(a) The bill is organized by functions of government. The sections between B.100 and B.9999 contain appropriation of funds for the upcoming budget year. The sections between E.100 and E.9999 contain language that relates to specific appropriations and/or government functions. The function areas by section numbers are as follows:

<u>B.100–B.199 and E.100–E.199</u>	<u>General Government</u>
<u>B.200–B.299 and E.200–E.299</u>	<u>Protection to Persons and Property</u>
<u>B.300–B.399 and E.300–E.399</u>	<u>Human Services</u>
<u>B.400–B.499 and E.400–E.499</u>	<u>Labor</u>
<u>B.500–B.599 and E.500–E.599</u>	<u>General Education</u>
<u>B.600–B.699 and E.600–E.699</u>	<u>Higher Education</u>
<u>B.700–B.799 and E.700–E.799</u>	<u>Natural Resources</u>
<u>B.800–B.899 and E.800–E.899</u>	<u>Commerce and Community</u>
	<u>Development</u>
<u>B.900–B.999 and E.900–E.999</u>	<u>Transportation</u>
<u>B.1000–B.1099 and E.1000–E.1099</u>	<u>Debt Service</u>
<u>B.1100–B.1199 and E.1100–E.1199</u>	<u>One-time and other appropriation</u>
	<u>actions</u>

(b) The C sections contain any amendments to the current fiscal year and the D sections contain fund transfers and reserve allocations for the upcoming budget year.

Sec. B.100 Secretary of administration - secretary's office

Personal services	781,049
Operating expenses	98,019
Total	879,068
Source of funds	
General fund	879,068
Total	879,068

Sec. B.101 Information and innovation - communications and information technology

Personal services	7,277,590
Operating expenses	6,142,373
Grants	900,000

Total	14,319,963
Source of funds	
Internal service funds	14,090,577
Interdepartmental transfers	<u>229,386</u>
Total	14,319,963
Sec. B.102 Finance and management - budget and management	
Personal services	1,051,469
Operating expenses	<u>237,448</u>
Total	1,288,917
Source of funds	
General fund	1,055,204
Interdepartmental transfers	<u>233,713</u>
Total	1,288,917
Sec. B.103 Finance and management - financial operations	
Personal services	2,530,508
Operating expenses	<u>291,793</u>
Total	2,822,301
Source of funds	
Internal service funds	<u>2,822,301</u>
Total	2,822,301
Sec. B.104 Human resources - operations	
Personal services	5,544,850
Operating expenses	<u>635,826</u>
Total	6,180,676
Source of funds	
General fund	1,520,545
Special funds	213,814
Internal service funds	3,443,391
Interdepartmental transfers	<u>1,002,926</u>
Total	6,180,676
Sec. B.105 Human resources - employee benefits & wellness	
Personal services	1,038,445
Operating expenses	<u>720,645</u>
Total	1,759,090
Source of funds	
Internal service funds	1,745,417
Interdepartmental transfers	<u>13,673</u>
Total	1,759,090

Sec. B.106 Libraries

Personal services	1,887,486
Operating expenses	1,479,724
Grants	<u>69,118</u>
Total	3,436,328
Source of funds	
General fund	2,391,244
Special funds	126,425
Federal funds	815,264
Interdepartmental transfers	<u>103,395</u>
Total	3,436,328

Sec. B.107 Tax - administration/collection

Personal services	12,420,214
Operating expenses	<u>3,056,262</u>
Total	15,476,476
Source of funds	
General fund	13,973,154
Special funds	1,390,600
Interdepartmental transfers	<u>112,722</u>
Total	15,476,476

Sec. B.108 Buildings and general services - administration

Personal services	1,647,902
Operating expenses	<u>208,339</u>
Total	1,856,241
Source of funds	
Interdepartmental transfers	<u>1,856,241</u>
Total	1,856,241

Sec. B.109 Buildings and general services - engineering

Personal services	2,089,763
Operating expenses	<u>343,727</u>
Total	2,433,490
Source of funds	
Interdepartmental transfers	<u>2,433,490</u>
Total	2,433,490

Sec. B.110 Buildings and general services - information centers

Personal services	3,057,602
Operating expenses	1,164,759

Grants	<u>33,000</u>
Total	4,255,361
Source of funds	
General fund	592,251
Transportation fund	3,638,110
Special funds	<u>25,000</u>
Total	4,255,361
Sec. B.111 Buildings and general services - purchasing	
Personal services	761,351
Operating expenses	<u>134,005</u>
Total	895,356
Source of funds	
General fund	<u>895,356</u>
Total	895,356
Sec. B.112 Buildings and general services - postal services	
Personal services	619,080
Operating expenses	<u>121,154</u>
Total	740,234
Source of funds	
General fund	35,716
Internal service funds	<u>704,518</u>
Total	740,234
Sec. B.113 Buildings and general services - copy center	
Personal services	634,249
Operating expenses	<u>128,012</u>
Total	762,261
Source of funds	
Internal service funds	<u>762,261</u>
Total	762,261
Sec. B.114 Buildings and general services - fleet management services	
Personal services	542,830
Operating expenses	<u>126,436</u>
Total	669,266
Source of funds	
Internal service funds	<u>669,266</u>
Total	669,266
Sec. B.115 Buildings and general services - federal surplus property	

Personal services	72,596
Operating expenses	<u>19,196</u>
Total	91,792
Source of funds	
Enterprise funds	<u>91,792</u>
Total	91,792
Sec. B.116 Buildings and general services - state surplus property	
Personal services	71,437
Operating expenses	<u>96,094</u>
Total	167,531
Source of funds	
Internal service funds	<u>167,531</u>
Total	167,531
Sec. B.117 Buildings and general services - property management	
Personal services	1,240,875
Operating expenses	<u>1,099,421</u>
Total	2,340,296
Source of funds	
Internal service funds	<u>2,340,296</u>
Total	2,340,296
Sec. B.118 Buildings and general services - workers' compensation insurance	
Personal services	1,226,115
Operating expenses	<u>306,347</u>
Total	1,532,462
Source of funds	
Internal service funds	<u>1,532,462</u>
Total	1,532,462
Sec. B.119 Buildings and general services - general liability insurance	
Personal services	275,346
Operating expenses	<u>59,879</u>
Total	335,225
Source of funds	
Internal service funds	<u>335,225</u>
Total	335,225
Sec. B.120 Buildings and general services - all other insurance	
Personal services	24,132
Operating expenses	<u>20,823</u>

Total	44,955
Source of funds	
Internal service funds	<u>44,955</u>
Total	44,955
Sec. B.121 Buildings and general services - fee for space	
Personal services	11,852,272
Operating expenses	<u>13,747,132</u>
Total	25,599,404
Source of funds	
Internal service funds	<u>25,599,404</u>
Total	25,599,404
Sec. B.122 Geographic information system	
Grants	<u>378,700</u>
Total	378,700
Source of funds	
Special funds	<u>378,700</u>
Total	378,700
Sec. B.123 Executive office - governor's office	
Personal services	1,204,827
Operating expenses	<u>404,987</u>
Total	1,609,814
Source of funds	
General fund	1,416,314
Interdepartmental transfers	<u>193,500</u>
Total	1,609,814
Sec. B.124 Legislative council	
Personal services	2,061,578
Operating expenses	<u>214,458</u>
Total	2,276,036
Source of funds	
General fund	<u>2,276,036</u>
Total	2,276,036
Sec. B.125 Legislature	
Personal services	3,585,526
Operating expenses	<u>3,289,626</u>
Total	6,875,152
Source of funds	

General fund	<u>6,875,152</u>
Total	6,875,152
Sec. B.126 Legislative information technology	
Personal services	394,911
Operating expenses	<u>550,361</u>
Total	945,272
Source of funds	
General fund	<u>945,272</u>
Total	945,272
Sec. B.127 Joint fiscal committee	
Personal services	1,277,145
Operating expenses	<u>131,624</u>
Total	1,408,769
Source of funds	
General fund	<u>1,408,769</u>
Total	1,408,769
Sec. B.128 Sergeant at arms	
Personal services	469,253
Operating expenses	<u>68,280</u>
Total	537,533
Source of funds	
General fund	<u>537,533</u>
Total	537,533
Sec. B.129 Lieutenant governor	
Personal services	141,223
Operating expenses	<u>31,849</u>
Total	173,072
Source of funds	
General fund	<u>173,072</u>
Total	173,072
Sec. B.130 Auditor of accounts	
Personal services	3,435,521
Operating expenses	<u>142,405</u>
Total	3,577,926
Source of funds	
General fund	379,580
Special funds	53,099

Internal service funds	<u>3,145,247</u>
Total	3,577,926
Sec. B.131 State treasurer	
Personal services	2,588,617
Operating expenses	347,133
Grants	<u>16,484</u>
Total	2,952,234
Source of funds	
General fund	988,481
Special funds	1,874,673
Interdepartmental transfers	<u>89,080</u>
Total	2,952,234
Sec. B.132 State treasurer - unclaimed property	
Personal services	793,619
Operating expenses	<u>238,102</u>
Total	1,031,721
Source of funds	
Private purpose trust funds	<u>1,031,721</u>
Total	1,031,721
Sec. B.133 Vermont state retirement system	
Personal services	7,053,372
Operating expenses	<u>30,257,342</u>
Total	37,310,714
Source of funds	
Pension trust funds	<u>37,310,714</u>
Total	37,310,714
Sec. B.134 Municipal employees' retirement system	
Personal services	2,271,444
Operating expenses	<u>526,796</u>
Total	2,798,240
Source of funds	
Pension trust funds	<u>2,798,240</u>
Total	2,798,240
Sec. B.135 State labor relations board	
Personal services	171,850
Operating expenses	<u>42,114</u>
Total	213,964

Source of funds	
General fund	198,620
Special funds	2,788
Interdepartmental transfers	<u>12,556</u>
Total	213,964
Sec. B.136 VOSHA review board	
Personal services	25,760
Operating expenses	<u>20,770</u>
Total	46,530
Source of funds	
General fund	23,265
Interdepartmental transfers	<u>23,265</u>
Total	46,530
Sec. B.137 Homeowner rebate	
Grants	<u>14,545,808</u>
Total	14,545,808
Source of funds	
General fund	<u>14,545,808</u>
Total	14,545,808
Sec. B.138 Renter rebate	
Grants	<u>9,623,000</u>
Total	9,623,000
Source of funds	
General fund	2,886,900
Education fund	<u>6,736,100</u>
Total	9,623,000
Sec. B.139 Tax department - reappraisal and listing payments	
Grants	<u>3,243,196</u>
Total	3,243,196
Source of funds	
Education fund	<u>3,243,196</u>
Total	3,243,196
Sec. B.140 Municipal current use	
Grants	<u>12,640,000</u>
Total	12,640,000
Source of funds	
General fund	<u>12,640,000</u>

Total	12,640,000
Sec. B.141 Lottery commission	
Personal services	1,649,942
Operating expenses	<u>1,387,667</u>
Total	3,037,609
Source of funds	
Enterprise funds	<u>3,037,609</u>
Total	3,037,609
Sec. B.142 Payments in lieu of taxes	
Grants	<u>5,800,000</u>
Total	5,800,000
Source of funds	
Special funds	<u>5,800,000</u>
Total	5,800,000
Sec. B.143 Payments in lieu of taxes - Montpelier	
Grants	<u>184,000</u>
Total	184,000
Source of funds	
Special funds	<u>184,000</u>
Total	184,000
Sec. B.144 Payments in lieu of taxes - correctional facilities	
Grants	<u>40,000</u>
Total	40,000
Source of funds	
Special funds	<u>40,000</u>
Total	40,000
Sec. B.145 Total general government	
Source of funds	
General fund	66,637,340
Transportation fund	3,638,110
Special funds	10,089,099
Education fund	9,979,296
Federal funds	815,264
Internal service funds	57,402,851
Interdepartmental transfers	6,303,947
Enterprise funds	3,129,401
Pension trust funds	40,108,954

Private purpose trust funds	<u>1,031,721</u>
Total	199,135,983
Sec. B.200 Attorney general	
Personal services	7,518,981
Operating expenses	<u>977,285</u>
Total	8,496,266
Source of funds	
General fund	3,801,997
Special funds	1,278,455
Tobacco fund	459,000
Federal funds	745,364
Interdepartmental transfers	<u>2,211,450</u>
Total	8,496,266
Sec. B.201 Vermont court diversion	
Grants	<u>1,830,866</u>
Total	1,830,866
Source of funds	
General fund	1,310,869
Special funds	<u>519,997</u>
Total	1,830,866
Sec. B.202 Defender general - public defense	
Personal services	8,335,000
Operating expenses	<u>892,734</u>
Total	9,227,734
Source of funds	
General fund	8,714,446
Special funds	<u>513,288</u>
Total	9,227,734
Sec. B.203 Defender general - assigned counsel	
Personal services	3,663,580
Operating expenses	<u>48,909</u>
Total	3,712,489
Source of funds	
General fund	3,587,225
Special funds	<u>125,264</u>
Total	3,712,489
Sec. B.204 Judiciary	

Personal services	28,807,441
Operating expenses	8,192,875
Grants	<u>70,000</u>
Total	37,070,316
Source of funds	
General fund	31,030,271
Special funds	2,967,507
Tobacco fund	39,871
Federal funds	888,205
Interdepartmental transfers	<u>2,144,462</u>
Total	37,070,316
Sec. B.205 State's attorneys	
Personal services	9,365,417
Operating expenses	<u>1,413,992</u>
Total	10,779,409
Source of funds	
General fund	8,382,669
Special funds	16,884
Federal funds	31,000
Interdepartmental transfers	<u>2,348,856</u>
Total	10,779,409
Sec. B.206 Special investigative unit	
Grants	<u>1,252,650</u>
Total	1,252,650
Source of funds	
General fund	1,152,650
Federal funds	<u>100,000</u>
Total	1,252,650
Sec. B.207 Sheriffs	
Personal services	3,339,862
Operating expenses	<u>274,773</u>
Total	3,614,635
Source of funds	
General fund	<u>3,614,635</u>
Total	3,614,635
Sec. B.208 Public safety - administration	
Personal services	1,788,617
Operating expenses	<u>469,509</u>

Total	2,258,126
Source of funds	
General fund	1,706,775
Federal funds	<u>551,351</u>
Total	2,258,126
Sec. B.209 Public safety - state police	
Personal services	44,109,260
Operating expenses	
Grants	<u>6,860,000</u>
Total	58,012,353
Source of funds	
General fund	20,087,245
Transportation fund	25,238,498
Special funds	2,585,518
Federal funds	9,011,627
Interdepartmental transfers	<u>1,089,465</u>
Total	58,012,353
Sec. B.210 Public safety - criminal justice services	
Personal services	7,234,576
Operating expenses	2,496,734
Grants	<u>33,600</u>
Total	9,764,910
Source of funds	
General fund	6,948,145
Special funds	1,685,406
Federal funds	<u>1,131,359</u>
Total	9,764,910
Sec. B.211 Public safety - emergency management	
Personal services	1,324,091
Operating expenses	693,266
Grants	<u>1,515,892</u>
Total	3,533,249
Source of funds	
Federal funds	<u>3,533,249</u>
Total	3,533,249
Sec. B.212 Public safety - fire safety	
Personal services	4,927,464
Operating expenses	1,435,551

Grants	<u>206,000</u>
Total	6,569,015
Source of funds	
General fund	600,735
Special funds	5,591,200
Federal funds	332,080
Interdepartmental transfers	<u>45,000</u>
Total	6,569,015
Sec. B.213 Public safety - homeland security	
Personal services	9,514,027
Operating expenses	222,337
Grants	<u>3,000,000</u>
Total	12,736,364
Source of funds	
General fund	427,007
Federal funds	<u>12,309,357</u>
Total	12,736,364
Sec. B.214 Radiological emergency response plan	
Personal services	662,736
Operating expenses	374,180
Grants	<u>1,284,594</u>
Total	2,321,510
Source of funds	
Special funds	<u>2,321,510</u>
Total	2,321,510
Sec. B.215 Military - administration	
Personal services	472,318
Operating expenses	405,416
Grants	<u>100,000</u>
Total	977,734
Source of funds	
General fund	<u>977,734</u>
Total	977,734
Sec. B.216 Military - air service contract	
Personal services	5,206,919
Operating expenses	<u>1,214,629</u>
Total	6,421,548
Source of funds	

General fund	471,703
Federal funds	<u>5,949,845</u>
Total	6,421,548
Sec. B.217 Military - army service contract	
Personal services	3,762,000
Operating expenses	<u>9,185,720</u>
Total	12,947,720
Source of funds	
General fund	125,876
Federal funds	<u>12,821,844</u>
Total	12,947,720
Sec. B.218 Military - building maintenance	
Personal services	938,770
Operating expenses	<u>437,499</u>
Total	1,376,269
Source of funds	
General fund	<u>1,376,269</u>
Total	1,376,269
Sec. B.219 Military - veterans' affairs	
Personal services	501,009
Operating expenses	125,246
Grants	<u>205,000</u>
Total	831,255
Source of funds	
General fund	677,808
Special funds	71,041
Federal funds	<u>82,406</u>
Total	831,255
Sec. B.220 Center for crime victims' services	
Personal services	1,590,567
Operating expenses	321,278
Grants	<u>9,289,817</u>
Total	11,201,662
Source of funds	
General fund	1,164,892
Special funds	5,996,342
Federal funds	<u>4,040,428</u>
Total	11,201,662

 Sec. B.221 Criminal justice training council

Personal services	1,277,366
Operating expenses	<u>1,195,505</u>
Total	2,472,871
Source of funds	
General fund	2,221,393
Interdepartmental transfers	<u>251,478</u>
Total	2,472,871

Sec. B.222 Agriculture, food and markets - administration

Personal services	876,873
Operating expenses	378,386
Grants	<u>388,910</u>
Total	1,644,169
Source of funds	
General fund	1,130,085
Special funds	254,851
Federal funds	160,961
Global Commitment fund	56,272
Interdepartmental transfers	<u>42,000</u>
Total	1,644,169

Sec. B.223 Agriculture, food and markets - food safety and consumer protection

Personal services	2,733,957
Operating expenses	567,250
Grants	<u>2,400,000</u>
Total	5,701,207
Source of funds	
General fund	2,173,755
Special funds	2,912,594
Federal funds	573,852
Global Commitment fund	34,006
Interdepartmental transfers	<u>7,000</u>
Total	5,701,207

Sec. B.224 Agriculture, food and markets - agricultural development

Personal services	1,090,891
Operating expenses	534,548
Grants	<u>1,361,000</u>
Total	2,986,439

Source of funds	
General fund	756,937
Special funds	1,438,908
Federal funds	745,143
Interdepartmental transfers	<u>45,451</u>
Total	2,986,439
Sec. B.225 Agriculture, food and markets - laboratories, agricultural resource management and environmental stewardship	
Personal services	3,114,267
Operating expenses	751,280
Grants	<u>933,674</u>
Total	4,799,221
Source of funds	
General fund	1,844,046
Special funds	1,947,242
Federal funds	754,469
Interdepartmental transfers	<u>253,464</u>
Total	4,799,221
Sec. B.226 Financial regulation - administration	
Personal services	1,700,967
Operating expenses	<u>192,064</u>
Total	1,893,031
Source of funds	
Special funds	<u>1,893,031</u>
Total	1,893,031
Sec. B.227 Financial regulation - banking	
Personal services	1,344,820
Operating expenses	<u>252,764</u>
Total	1,597,584
Source of funds	
Special funds	<u>1,597,584</u>
Total	1,597,584
Sec. B.228 Financial regulation - insurance	
Personal services	5,663,896
Operating expenses	<u>446,457</u>
Total	6,110,353
Source of funds	
Special funds	4,101,506

Federal funds	1,268,147
Global Commitment fund	615,700
Interdepartmental transfers	<u>125,000</u>
Total	6,110,353
Sec. B.229 Financial regulation - captive insurance	
Personal services	3,600,947
Operating expenses	<u>429,555</u>
Total	4,030,502
Source of funds	
Special funds	<u>4,030,502</u>
Total	4,030,502
Sec. B.230 Financial regulation - securities	
Personal services	529,156
Operating expenses	<u>153,631</u>
Total	682,787
Source of funds	
Special funds	<u>682,787</u>
Total	682,787
Sec. B.231 Financial regulation - health care administration	
Personal services	2,695,600
Operating expenses	<u>102,964</u>
Total	2,798,564
Source of funds	
Special funds	2,029,462
Federal funds	236,136
Global Commitment fund	432,966
Interdepartmental transfers	<u>100,000</u>
Total	2,798,564
Sec. B.232 Secretary of state	
Personal services	6,029,934
Operating expenses	1,857,787
Grants	<u>945,114</u>
Total	8,832,835
Source of funds	
General fund	1,518,552
Special funds	5,239,283
Federal funds	2,000,000
Interdepartmental transfers	<u>75,000</u>

Total	8,832,835
Sec. B.233 Public service - regulation and energy	
Personal services	9,693,417
Operating expenses	2,041,069
Grants	<u>4,428,959</u>
Total	16,163,445
Source of funds	
Special funds	10,345,714
Federal funds	843,755
ARRA funds	4,909,080
Interdepartmental transfers	27,200
Enterprise funds	<u>37,696</u>
Total	16,163,445
Sec. B.234 Public service board	
Personal services	2,682,650
Operating expenses	<u>392,931</u>
Total	3,075,581
Source of funds	
Special funds	2,823,980
ARRA funds	<u>251,601</u>
Total	3,075,581
Sec. B.235 Enhanced 9-1-1 Board	
Personal services	3,668,108
Operating expenses	509,310
Grants	<u>810,000</u>
Total	4,987,418
Source of funds	
Special funds	<u>4,987,418</u>
Total	4,987,418
Sec. B.236 Human rights commission	
Personal services	408,510
Operating expenses	<u>63,794</u>
Total	472,304
Source of funds	
General fund	391,093
Federal funds	<u>81,211</u>
Total	472,304

 Sec. B.237 Liquor control - administration

Personal services	2,606,023
Operating expenses	<u>519,774</u>
Total	3,125,797
Source of funds	
Tobacco fund	6,661
Enterprise funds	<u>3,119,136</u>
Total	3,125,797

Sec. B.238 Liquor control - enforcement and licensing

Personal services	1,968,858
Operating expenses	<u>408,275</u>
Total	2,377,133
Source of funds	
Tobacco fund	285,284
Enterprise funds	<u>2,091,849</u>
Total	2,377,133

Sec. B.239 Liquor control - warehousing and distribution

Personal services	804,429
Operating expenses	<u>362,234</u>
Total	1,166,663
Source of funds	
Enterprise funds	<u>1,166,663</u>
Total	1,166,663

Sec. B.240 Total protection to persons and property

Source of funds	
General fund	106,194,812
Transportation fund	25,238,498
Special funds	67,957,274
Tobacco fund	790,816
Federal funds	58,191,789
ARRA funds	5,160,681
Global Commitment fund	1,138,944
Interdepartmental transfers	8,765,826
Enterprise funds	<u>6,415,344</u>
Total	279,853,984

Sec. B.300 Human services - agency of human services - secretary's office

Personal services	8,968,380
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Operating expenses	3,216,136
Grants	<u>5,235,805</u>
Total	17,420,321
Source of funds	
General fund	5,048,148
Special funds	7,517
Tobacco fund	291,330
Federal funds	9,307,818
Global Commitment fund	415,000
Interdepartmental transfers	<u>2,350,508</u>
Total	17,420,321
Sec. B.301 Secretary's office - global commitment	
Grants	<u>1,170,904,293</u>
Total	1,170,904,293
Source of funds	
General fund	176,116,234
Special funds	19,403,040
Tobacco fund	31,343,693
State health care resources fund	266,423,947
Federal funds	676,929,244
Interdepartmental transfers	<u>688,135</u>
Total	1,170,904,293
Sec. B.302 Rate setting	
Personal services	819,376
Operating expenses	<u>82,162</u>
Total	901,538
Source of funds	
Global Commitment fund	<u>901,538</u>
Total	901,538
Sec. B.303 Developmental disabilities council	
Personal services	235,696
Operating expenses	58,633
Grants	<u>248,388</u>
Total	542,717
Source of funds	
Federal funds	<u>542,717</u>
Total	542,717
Sec. B.304 Human services board	

Personal services	301,131
Operating expenses	<u>47,907</u>
Total	349,038
Source of funds	
General fund	113,997
Federal funds	149,715
Interdepartmental transfers	<u>85,326</u>
Total	349,038
Sec. B.305 AHS - administrative fund	
Personal services	350,000
Operating expenses	<u>4,650,000</u>
Total	5,000,000
Source of funds	
Interdepartmental transfers	<u>5,000,000</u>
Total	5,000,000
Sec. B.306 Department of Vermont health access - administration	
Personal services	104,339,779
Operating expenses	3,063,851
Grants	<u>24,260,263</u>
Total	131,663,893
Source of funds	
General fund	941,059
Special funds	1,552,963
Federal funds	79,787,828
ARRA funds	76,790
Global Commitment fund	45,228,136
Interdepartmental transfers	<u>4,077,117</u>
Total	131,663,893
Sec. B.307 Department of Vermont health access - Medicaid program - global commitment	
Grants	<u>672,639,153</u>
Total	672,639,153
Source of funds	
Global Commitment fund	<u>672,639,153</u>
Total	672,639,153
Sec. B.308 Department of Vermont health access - Medicaid program - long term care waiver	
Grants	<u>201,240,298</u>

Total	201,240,298
Source of funds	
General fund	87,683,279
Federal funds	<u>113,557,019</u>
Total	201,240,298
Sec. B.309 Department of Vermont health access - Medicaid program - state only	
Grants	<u>29,191,562</u>
Total	29,191,562
Source of funds	
General fund	27,776,633
Global Commitment fund	<u>1,414,929</u>
Total	29,191,562
Sec. B.310 Department of Vermont health access - Medicaid non-waiver matched	
Grants	<u>44,440,781</u>
Total	44,440,781
Source of funds	
General fund	18,573,485
Federal funds	<u>25,867,296</u>
Total	44,440,781
Sec. B.311 Health - administration and support	
Personal services	5,668,858
Operating expenses	1,946,031
Grants	<u>3,370,200</u>
Total	10,985,089
Source of funds	
General fund	1,039,062
Special funds	579,063
Federal funds	5,642,395
ARRA funds	35,000
Global Commitment fund	<u>3,689,569</u>
Total	10,985,089
Sec. B.312 Health - public health	
Personal services	31,255,732
Operating expenses	5,670,400
Grants	<u>33,940,880</u>
Total	70,867,012

Source of funds	
General fund	6,851,240
Special funds	10,345,713
Tobacco fund	1,594,000
Federal funds	34,079,848
ARRA funds	110,000
Global Commitment fund	16,771,971
Interdepartmental transfers	1,104,240
Permanent trust funds	<u>10,000</u>
Total	70,867,012
Sec. B.313 Health - alcohol and drug abuse programs	
Personal services	2,791,666
Operating expenses	327,258
Grants	<u>27,804,134</u>
Total	30,923,058
Source of funds	
General fund	3,296,756
Special funds	363,884
Tobacco fund	1,386,234
Federal funds	5,858,397
Global Commitment fund	19,667,787
Interdepartmental transfers	<u>350,000</u>
Total	30,923,058
Sec. B.314 Mental health - mental health	
Personal services	7,560,273
Operating expenses	1,028,785
Grants	<u>165,312,253</u>
Total	173,901,311
Source of funds	
General fund	1,477,732
Special funds	6,836
Federal funds	6,713,296
Global Commitment fund	165,683,447
Interdepartmental transfers	<u>20,000</u>
Total	173,901,311
Sec. B.316 Department for children and families - administration & support services	
Personal services	37,308,143
Operating expenses	6,637,625

Grants	<u>1,506,996</u>
Total	45,452,764
Source of funds	
General fund	15,331,675
Special funds	250,000
Federal funds	14,167,492
Global Commitment fund	15,442,598
Interdepartmental transfers	<u>260,999</u>
Total	45,452,764
Sec. B.317 Department for children and families - family services	
Personal services	23,343,490
Operating expenses	3,251,569
Grants	<u>60,440,303</u>
Total	87,035,362
Source of funds	
General fund	21,282,433
Special funds	1,691,637
Federal funds	26,652,367
Global Commitment fund	37,244,871
Interdepartmental transfers	<u>164,054</u>
Total	87,035,362
Sec. B.318 Department for children and families - child development	
Personal services	3,292,420
Operating expenses	367,946
Grants	<u>61,380,763</u>
Total	65,041,129
Source of funds	
General fund	26,506,976
Special funds	1,820,000
Federal funds	27,902,282
Global Commitment fund	8,805,419
Interdepartmental transfers	<u>6,452</u>
Total	65,041,129
Sec. B.319 Department for children and families - office of child support	
Personal services	8,769,222
Operating expenses	<u>3,990,861</u>
Total	12,760,083
Source of funds	
General fund	2,992,459

Special funds	455,718
Federal funds	8,924,306
Interdepartmental transfers	<u>387,600</u>
Total	12,760,083
Sec. B.320 Department for children and families - aid to aged, blind and disabled	
Personal services	1,827,113
Grants	<u>11,382,054</u>
Total	13,209,167
Source of funds	
General fund	9,459,167
Global Commitment fund	<u>3,750,000</u>
Total	13,209,167
Sec. B.321 Department for children and families - general assistance	
Grants	<u>6,649,371</u>
Total	6,649,371
Source of funds	
General fund	4,845,580
Federal funds	1,111,320
Global Commitment fund	<u>692,471</u>
Total	6,649,371
Sec. B.322 Department for children and families - 3SquaresVT	
Grants	<u>24,860,290</u>
Total	24,860,290
Source of funds	
Federal funds	<u>24,860,290</u>
Total	24,860,290
Sec. B.323 Department for children and families - reach up	
Grants	<u>47,930,572</u>
Total	47,930,572
Source of funds	
General fund	18,256,509
Special funds	19,916,856
Federal funds	7,882,807
Global Commitment fund	<u>1,874,400</u>
Total	47,930,572

 Sec. B.324 Department for children and families - home heating fuel assistance/LIHEAP

Personal services	20,000
Operating expenses	90,000
Grants	<u>11,547,664</u>
Total	11,657,664
Source of funds	
Federal funds	<u>11,657,664</u>
Total	11,657,664

Sec. B.325 Department for children and families - office of economic opportunity

Personal services	268,987
Operating expenses	66,265
Grants	<u>4,976,859</u>
Total	5,312,111
Source of funds	
General fund	1,304,908
Special funds	57,990
Federal funds	3,746,725
Global Commitment fund	<u>202,488</u>
Total	5,312,111

Sec. B.326 Department for children and families - OEO - weatherization assistance

Personal services	160,534
Operating expenses	130,839
Grants	<u>7,682,112</u>
Total	7,973,485
Source of funds	
Special funds	<u>7,973,485</u>
Total	7,973,485

Sec. B.327 Department for children and families - Woodside rehabilitation center

Personal services	3,695,668
Operating expenses	<u>575,294</u>
Total	4,270,962
Source of funds	
General fund	791,852
Global Commitment fund	3,424,218

Interdepartmental transfers	<u>54,892</u>
Total	4,270,962
Sec. B.328 Department for children and families - disability determination services	
Personal services	4,506,460
Operating expenses	<u>1,138,408</u>
Total	5,644,868
Source of funds	
Federal funds	5,398,351
Global Commitment fund	<u>246,517</u>
Total	5,644,868
Sec. B.329 Disabilities, aging, and independent living - administration & support	
Personal services	24,854,382
Operating expenses	<u>3,344,406</u>
Total	28,198,788
Source of funds	
General fund	6,808,267
Special funds	1,281,646
Federal funds	11,735,745
Global Commitment fund	5,887,278
Interdepartmental transfers	<u>2,485,852</u>
Total	28,198,788
Sec. B.330 Disabilities, aging, and independent living - advocacy and independent living grants	
Grants	<u>21,051,422</u>
Total	21,051,422
Source of funds	
General fund	8,361,703
Federal funds	7,640,264
Global Commitment fund	4,411,955
Interdepartmental transfers	<u>637,500</u>
Total	21,051,422
Sec. B.331 Disabilities, aging, and independent living - blind and visually impaired	
Grants	<u>1,481,457</u>
Total	1,481,457
Source of funds	

General fund	364,064
Special funds	223,450
Federal funds	648,943
Global Commitment fund	<u>245,000</u>
Total	1,481,457
Sec. B.332 Disabilities, aging, and independent living - vocational rehabilitation	
Grants	<u>8,795,971</u>
Total	8,795,971
Source of funds	
General fund	1,535,695
Special funds	70,000
Federal funds	4,062,389
Global Commitment fund	7,500
Interdepartmental transfers	<u>3,120,387</u>
Total	8,795,971
Sec. B.333 Disabilities, aging, and independent living - developmental services	
Grants	<u>157,203,376</u>
Total	157,203,376
Source of funds	
General fund	155,125
Special funds	15,463
Federal funds	359,857
Global Commitment fund	<u>156,672,931</u>
Total	157,203,376
Sec. B.334 Disabilities, aging, and independent living -TBI home and community based waiver	
Grants	<u>4,772,899</u>
Total	4,772,899
Source of funds	
Global Commitment fund	<u>4,772,899</u>
Total	4,772,899
Sec. B.335 Corrections - administration	
Personal services	1,992,190
Operating expenses	<u>226,070</u>
Total	2,218,260
Source of funds	
General fund	<u>2,218,260</u>

Total	2,218,260
Sec. B.336 Corrections - parole board	
Personal services	251,226
Operating expenses	<u>70,819</u>
Total	322,045
Source of funds	
General fund	<u>322,045</u>
Total	322,045
Sec. B.337 Corrections - correctional education	
Personal services	4,072,336
Operating expenses	<u>640,774</u>
Total	4,713,110
Source of funds	
Education fund	4,337,051
Interdepartmental transfers	<u>376,059</u>
Total	4,713,110
Sec. B.338 Corrections - correctional services	
Personal services	98,971,228
Operating expenses	17,406,483
Grants	<u>7,445,709</u>
Total	123,823,420
Source of funds	
General fund	118,338,441
Special funds	483,963
Federal funds	470,962
Global Commitment fund	4,133,739
Interdepartmental transfers	<u>396,315</u>
Total	123,823,420
Sec. B.339 Corrections - Correctional services-out of state beds	
Personal services	<u>10,149,922</u>
Total	10,149,922
Source of funds	
General fund	<u>10,149,922</u>
Total	10,149,922
Sec. B.340 Corrections - correctional facilities - recreation	
Personal services	447,238
Operating expenses	<u>345,501</u>

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Total	792,739
Source of funds	
Special funds	<u>792,739</u>
Total	<u>792,739</u>
Sec. B.341 Corrections - Vermont offender work program	
Personal services	912,386
Operating expenses	<u>548,231</u>
Total	1,460,617
Source of funds	
Internal service funds	<u>1,460,617</u>
Total	<u>1,460,617</u>
Sec. B.342 Vermont veterans' home - care and support services	
Personal services	15,077,958
Operating expenses	<u>4,024,056</u>
Total	19,102,014
Source of funds	
Special funds	10,606,072
Federal funds	7,084,986
Global Commitment fund	<u>1,410,956</u>
Total	<u>19,102,014</u>
Sec. B.343 Commission on women	
Personal services	253,203
Operating expenses	<u>63,368</u>
Total	316,571
Source of funds	
General fund	311,571
Special funds	<u>5,000</u>
Total	<u>316,571</u>
Sec. B.344 Retired senior volunteer program	
Grants	<u>131,096</u>
Total	<u>131,096</u>
Source of funds	
General fund	<u>131,096</u>
Total	<u>131,096</u>
Sec. B.345 Green Mountain Care Board	
Personal services	2,199,217

Operating expenses	<u>276,798</u>
Total	2,476,015
Source of funds	
General fund	467,038
Special funds	392,351
Global Commitment fund	1,477,740
Interdepartmental transfers	<u>138,886</u>
Total	2,476,015
Sec. B.346 Total human services	
Source of funds	
General fund	578,852,411
Special funds	78,295,386
Tobacco fund	34,615,257
State health care resources fund	266,423,947
Education fund	4,337,051
Federal funds	1,122,742,323
ARRA funds	221,790
Global Commitment fund	1,177,114,510
Internal service funds	1,460,617
Interdepartmental transfers	21,704,322
Permanent trust funds	<u>10,000</u>
Total	3,285,777,614
Sec. B.401 Labor - programs	
Personal services	24,050,596
Operating expenses	5,544,657
Grants	<u>1,873,000</u>
Total	31,468,253
Source of funds	
General fund	2,894,425
Special funds	3,363,869
Federal funds	23,751,533
Interdepartmental transfers	<u>1,458,426</u>
Total	31,468,253
Sec. B.402 Total labor	
Source of funds	
General fund	2,894,425
Special funds	3,363,869
Federal funds	23,751,533
Interdepartmental transfers	<u>1,458,426</u>

Total	31,468,253
Sec. B.500 Education - finance and administration	
Personal services	5,276,764
Operating expenses	1,864,917
Grants	<u>12,333,500</u>
Total	19,475,181
Source of funds	
General fund	2,905,528
Special funds	13,204,648
Education fund	795,372
Federal funds	1,732,359
Global Commitment fund	829,274
Interdepartmental transfers	<u>8,000</u>
Total	19,475,181
Sec. B.501 Education - education services	
Personal services	12,258,423
Operating expenses	1,596,567
Grants	<u>124,528,547</u>
Total	138,383,537
Source of funds	
General fund	5,715,014
Special funds	2,532,427
Federal funds	<u>130,136,096</u>
Total	138,383,537
Sec. B.502 Education - special education: formula grants	
Grants	<u>155,177,546</u>
Total	155,177,546
Source of funds	
Education fund	154,947,546
Global Commitment fund	<u>230,000</u>
Total	155,177,546
Sec. B.503 Education - state-placed students	
Grants	<u>15,500,000</u>
Total	15,500,000
Source of funds	
Education fund	<u>15,500,000</u>
Total	15,500,000

 Sec. B.504 Education - adult education and literacy

Grants	<u>7,463,656</u>
Total	7,463,656
Source of funds	
General fund	787,995
Education fund	5,800,000
Federal funds	<u>875,661</u>
Total	7,463,656

Sec. B.505 Education - adjusted education payment

Grants	<u>1,160,482,149</u>
Total	1,160,482,149
Source of funds	
Education fund	<u>1,160,482,149</u>
Total	1,160,482,149

Sec. B.506 Education - transportation

Grants	<u>16,366,435</u>
Total	16,366,435
Source of funds	
Education fund	<u>16,366,435</u>
Total	16,366,435

Sec. B.507 Education - small school grants

Grants	<u>7,585,338</u>
Total	7,585,338
Source of funds	
Education fund	<u>7,585,338</u>
Total	7,585,338

Sec. B.508 Education - capital debt service aid

Grants	<u>84,801</u>
Total	84,801
Source of funds	
Education fund	<u>84,801</u>
Total	84,801

Sec. B.509 Education - tobacco litigation

Personal services	140,405
Operating expenses	47,015
Grants	<u>804,511</u>

Total	991,931
Source of funds	
Tobacco fund	<u>991,931</u>
Total	991,931
Sec. B.510 Education - essential early education grant	
Grants	<u>5,966,869</u>
Total	5,966,869
Source of funds	
Education fund	<u>5,966,869</u>
Total	5,966,869
Sec. B.511 Education - technical education	
Grants	<u>13,018,754</u>
Total	13,018,754
Source of funds	
Education fund	<u>13,018,754</u>
Total	13,018,754
Sec. B.512 Education - Act 117 cost containment	
Personal services	1,093,827
Operating expenses	130,269
Grants	<u>91,000</u>
Total	1,315,096
Source of funds	
Special funds	<u>1,315,096</u>
Total	1,315,096
Sec. B.513 Appropriation and transfer to education fund	
Grants	<u>282,317,280</u>
Total	282,317,280
Source of funds	
General fund	<u>282,317,280</u>
Total	282,317,280
Sec. B.514 State teachers' retirement system	
Personal services	7,974,488
Operating expenses	25,138,141
Grants	<u>63,613,130</u>
Total	96,725,759
Source of funds	
General fund	63,613,130

Pension trust funds	<u>33,112,629</u>
Total	96,725,759
Sec. B.515 Total general education	
Source of funds	
General fund	355,338,947
Special funds	17,052,171
Tobacco fund	991,931
Education fund	1,380,547,264
Federal funds	132,744,116
Global Commitment fund	1,059,274
Interdepartmental transfers	8,000
Pension trust funds	<u>33,112,629</u>
Total	1,920,854,332
Sec. B.600 University of Vermont	
Grants	<u>40,746,633</u>
Total	40,746,633
Source of funds	
General fund	36,740,477
Global Commitment fund	<u>4,006,156</u>
Total	40,746,633
Sec. B.601 Vermont Public Television	
Grants	<u>547,683</u>
Total	547,683
Source of funds	
General fund	<u>547,683</u>
Total	547,683
Sec. B.602 Vermont state colleges	
Grants	<u>23,107,247</u>
Total	23,107,247
Source of funds	
General fund	<u>23,107,247</u>
Total	23,107,247
Sec. B.603 Vermont state colleges - allied health	
Grants	<u>1,116,503</u>
Total	1,116,503
Source of funds	
General fund	711,096

Global Commitment fund	<u>405,407</u>
Total	1,116,503
Sec. B.604 Vermont interactive technology	
Grants	<u>785,679</u>
Total	785,679
Source of funds	
General fund	<u>785,679</u>
Total	785,679
Sec. B.605 Vermont student assistance corporation	
Grants	<u>18,363,607</u>
Total	18,363,607
Source of funds	
General fund	<u>18,363,607</u>
Total	18,363,607
Sec. B.606 New England higher education compact	
Grants	<u>84,000</u>
Total	84,000
Source of funds	
General fund	<u>84,000</u>
Total	84,000
Sec. B.607 University of Vermont - Morgan Horse Farm	
Grants	<u>1</u>
Total	1
Source of funds	
General fund	<u>1</u>
Total	1
Sec. B.608 Total higher education	
Source of funds	
General fund	80,339,790
Global Commitment fund	<u>4,411,563</u>
Total	84,751,353
Sec. B.700 Natural resources - agency of natural resources - administration	
Personal services	2,750,386
Operating expenses	834,016
Grants	<u>45,510</u>
Total	3,629,912

Source of funds	
General fund	3,423,982
Special funds	54,484
Federal funds	25,000
Interdepartmental transfers	<u>126,446</u>
Total	3,629,912
Sec. B.701 Natural resources - state land local property tax assessment	
Operating expenses	<u>2,128,733</u>
Total	2,128,733
Source of funds	
General fund	1,707,233
Interdepartmental transfers	<u>421,500</u>
Total	2,128,733
Sec. B.702 Fish and wildlife - support and field services	
Personal services	13,553,595
Operating expenses	5,095,830
Grants	<u>731,517</u>
Total	19,380,942
Source of funds	
General fund	2,301,129
Special funds	20,000
Fish and wildlife fund	16,877,322
Interdepartmental transfers	<u>182,491</u>
Total	19,380,942
Sec. B.703 Forests, parks and recreation - administration	
Personal services	975,288
Operating expenses	593,461
Grants	<u>1,815,492</u>
Total	3,384,241
Source of funds	
General fund	1,113,363
Special funds	1,307,878
Federal funds	<u>963,000</u>
Total	3,384,241
Sec. B.704 Forests, parks and recreation - forestry	
Personal services	4,550,319
Operating expenses	562,277
Grants	<u>501,000</u>

Total	5,613,596
Source of funds	
General fund	3,096,073
Special funds	975,069
Federal funds	1,412,454
Interdepartmental transfers	<u>130,000</u>
Total	5,613,596
Sec. B.705 Forests, parks and recreation - state parks	
Personal services	5,781,254
Operating expenses	<u>2,165,473</u>
Total	7,946,727
Source of funds	
General fund	333,431
Special funds	<u>7,613,296</u>
Total	7,946,727
Sec. B.706 Forests, parks and recreation - lands administration	
Personal services	450,740
Operating expenses	<u>1,208,771</u>
Total	1,659,511
Source of funds	
General fund	385,306
Special funds	179,205
Federal funds	1,050,000
Interdepartmental transfers	<u>45,000</u>
Total	1,659,511
Sec. B.707 Forests, parks and recreation - youth conservation corps	
Grants	<u>574,702</u>
Total	574,702
Source of funds	
General fund	42,320
Special funds	188,382
Federal funds	94,000
Interdepartmental transfers	<u>250,000</u>
Total	574,702
Sec. B.708 Forests, parks and recreation - forest highway maintenance	
Personal services	20,000
Operating expenses	<u>159,925</u>
Total	179,925

Source of funds	
General fund	<u>179,925</u>
Total	179,925
Sec. B.709 Environmental conservation - management and support services	
Personal services	4,163,151
Operating expenses	884,656
Grants	<u>137,426</u>
Total	5,185,233
Source of funds	
General fund	1,104,692
Special funds	1,960,991
Federal funds	1,633,669
Interdepartmental transfers	<u>485,881</u>
Total	5,185,233
Sec. B.710 Environmental conservation - air and waste management	
Personal services	9,671,663
Operating expenses	6,666,655
Grants	<u>2,419,500</u>
Total	18,757,818
Source of funds	
General fund	646,287
Special funds	14,493,478
Federal funds	3,313,053
Interdepartmental transfers	<u>305,000</u>
Total	18,757,818
Sec. B.711 Environmental conservation - office of water programs	
Personal services	13,686,115
Operating expenses	1,786,364
Grants	<u>2,637,546</u>
Total	18,110,025
Source of funds	
General fund	5,361,698
Special funds	5,565,217
Federal funds	6,518,985
Interdepartmental transfers	<u>664,125</u>
Total	18,110,025
Sec. B.712 Environmental conservation - tax-loss-Connecticut river flood control	

Operating expenses	<u>34,700</u>
Total	34,700
Source of funds	
General fund	3,470
Special funds	<u>31,230</u>
Total	34,700
Sec. B.713 Natural resources board	
Personal services	2,365,799
Operating expenses	<u>351,832</u>
Total	2,717,631
Source of funds	
General fund	751,745
Special funds	<u>1,965,886</u>
Total	2,717,631
Sec. B.714 Total natural resources	
Source of funds	
General fund	20,450,654
Special funds	34,355,116
Fish and wildlife fund	16,877,322
Federal funds	15,010,161
Interdepartmental transfers	<u>2,610,443</u>
Total	89,303,696
Sec. B.800 Commerce and community development - agency of commerce and community development - administration	
Personal services	1,952,092
Operating expenses	602,833
Grants	<u>1,404,570</u>
Total	3,959,495
Source of funds	
General fund	2,834,495
Federal funds	1,100,000
Interdepartmental transfers	<u>25,000</u>
Total	3,959,495
Sec. B.801 Economic, housing, and community development	
Personal services	7,994,679
Operating expenses	1,480,643
Grants	<u>6,994,833</u>
Total	16,470,155

Source of funds	
General fund	6,046,558
Special funds	3,971,206
Federal funds	6,422,391
Interdepartmental transfers	<u>30,000</u>
Total	16,470,155
Sec. B.802 Historic sites - special improvements	
Operating expenses	<u>13,000</u>
Total	13,000
Source of funds	
Special funds	<u>13,000</u>
Total	13,000
Sec. B.803 Community development block grants	
Grants	<u>11,210,494</u>
Total	11,210,494
Source of funds	
Federal funds	<u>11,210,494</u>
Total	11,210,494
Sec. B.804 Downtown transportation and capital improvement fund	
Personal services	79,041
Grants	<u>304,925</u>
Total	383,966
Source of funds	
Special funds	<u>383,966</u>
Total	383,966
Sec. B.805 Tourism and marketing	
Personal services	1,194,596
Operating expenses	1,657,545
Grants	<u>143,500</u>
Total	2,995,641
Source of funds	
General fund	<u>2,995,641</u>
Total	2,995,641
Sec. B.806 Vermont life	
Personal services	720,000
Operating expenses	<u>53,053</u>
Total	773,053

Source of funds	
Enterprise funds	<u>773,053</u>
Total	<u>773,053</u>
Sec. B.807 Vermont council on the arts	
Grants	<u>507,607</u>
Total	<u>507,607</u>
Source of funds	
General fund	<u>507,607</u>
Total	<u>507,607</u>
Sec. B.808 Vermont symphony orchestra	
Grants	<u>113,821</u>
Total	<u>113,821</u>
Source of funds	
General fund	<u>113,821</u>
Total	<u>113,821</u>
Sec. B.809 Vermont historical society	
Grants	<u>807,694</u>
Total	<u>807,694</u>
Source of funds	
General fund	<u>807,694</u>
Total	<u>807,694</u>
Sec. B.810 Vermont housing and conservation board	
Grants	<u>28,407,233</u>
Total	<u>28,407,233</u>
Source of funds	
Special funds	13,993,588
Federal funds	<u>14,413,645</u>
Total	<u>28,407,233</u>
Sec. B.811 Vermont humanities council	
Grants	<u>172,670</u>
Total	<u>172,670</u>
Source of funds	
General fund	<u>172,670</u>
Total	<u>172,670</u>
Sec. B.812 Total commerce and community development	
Source of funds	

General fund	13,478,486
Special funds	18,361,760
Federal funds	33,146,530
Interdepartmental transfers	55,000
Enterprise funds	<u>773,053</u>
Total	65,814,829
Sec. B.900 Transportation - finance and administration	
Personal services	9,524,960
Operating expenses	1,931,538
Grants	<u>310,000</u>
Total	11,766,498
Source of funds	
Transportation fund	10,882,996
Federal funds	<u>883,502</u>
Total	11,766,498
Sec. B.901 Transportation - aviation	
Personal services	1,724,402
Operating expenses	4,079,395
Grants	<u>376,500</u>
Total	6,180,297
Source of funds	
Transportation fund	2,983,547
Federal funds	<u>3,196,750</u>
Total	6,180,297
Sec. B.902 Transportation - buildings	
Operating expenses	<u>2,661,000</u>
Total	2,661,000
Source of funds	
Transportation fund	1,556,000
TIB fund	<u>1,105,000</u>
Total	2,661,000
Sec. B.903 Transportation - program development	
Personal services	36,309,069
Operating expenses	247,244,191
Grants	<u>37,369,326</u>
Total	320,922,586
Source of funds	
Transportation fund	32,466,313

TIB fund	16,673,911
Federal funds	257,640,181
Interdepartmental transfers	3,770,000
Local match	1,372,181
TIB proceeds fund	<u>9,000,000</u>
Total	320,922,586
Sec. B.904 Transportation - rest areas construction	
Personal services	170,000
Operating expenses	<u>5,973,000</u>
Total	6,143,000
Source of funds	
Transportation fund	116,628
TIB fund	1,041,168
Federal funds	<u>4,985,204</u>
Total	6,143,000
Sec. B.905 Transportation - maintenance state system	
Personal services	34,893,490
Operating expenses	34,458,501
Grants	<u>50,000</u>
Total	69,401,991
Source of funds	
Transportation fund	68,615,000
Federal funds	686,991
Interdepartmental transfers	<u>100,000</u>
Total	69,401,991
Sec. B.906 Transportation - policy and planning	
Personal services	3,823,747
Operating expenses	1,289,488
Grants	<u>4,985,709</u>
Total	10,098,944
Source of funds	
Transportation fund	1,878,444
Federal funds	7,773,303
Interdepartmental transfers	<u>447,197</u>
Total	10,098,944
Sec. B.907 Transportation - rail	
Personal services	3,695,897
Operating expenses	<u>23,648,091</u>

Total	27,343,988
Source of funds	
Transportation fund	9,508,058
TIB fund	1,509,000
Federal funds	10,024,977
ARRA funds	<u>6,301,953</u>
Total	27,343,988
Sec. B.908 Transportation - public transit	
Personal services	724,629
Operating expenses	168,280
Grants	<u>24,745,887</u>
Total	25,638,796
Source of funds	
Transportation fund	7,482,900
Federal funds	<u>18,155,896</u>
Total	25,638,796
Sec. B.909 Transportation - central garage	
Personal services	3,729,034
Operating expenses	<u>14,924,210</u>
Total	18,653,244
Source of funds	
Internal service funds	<u>18,653,244</u>
Total	18,653,244
Sec. B.910 Department of motor vehicles	
Personal services	16,717,817
Operating expenses	8,960,544
Grants	<u>50,000</u>
Total	25,728,361
Source of funds	
Transportation fund	22,630,649
Federal funds	<u>3,097,712</u>
Total	25,728,361
Sec. B.911 Transportation - town highway structures	
Grants	<u>6,333,500</u>
Total	6,333,500
Source of funds	
Transportation fund	<u>6,333,500</u>
Total	6,333,500

Sec. B.912 Transportation - town highway Vermont local roads	
Grants	<u>400,000</u>
Total	400,000
Source of funds	
Transportation fund	235,000
Federal funds	<u>165,000</u>
Total	400,000
Sec. B.913 Transportation - town highway class 2 roadway	
Grants	<u>7,248,750</u>
Total	7,248,750
Source of funds	
Transportation fund	<u>7,248,750</u>
Total	7,248,750
Sec. B.914 Transportation - town highway bridges	
Personal services	4,200,000
Operating expenses	<u>16,646,405</u>
Total	20,846,405
Source of funds	
Transportation fund	624,804
TIB fund	962,303
Federal funds	16,712,123
Local match	1,547,175
TIB proceeds fund	<u>1,000,000</u>
Total	20,846,405
Sec. B.915 Transportation - town highway aid program	
Grants	<u>25,982,744</u>
Total	25,982,744
Source of funds	
Transportation fund	<u>25,982,744</u>
Total	25,982,744
Sec. B.916 Transportation - town highway class 1 supplemental grants	
Grants	<u>128,750</u>
Total	128,750
Source of funds	
Transportation fund	<u>128,750</u>
Total	128,750
Sec. B.917 Transportation - town highway: state aid for nonfederal disasters	

Grants	<u>1,150,000</u>
Total	1,150,000
Source of funds	
Transportation fund	<u>1,150,000</u>
Total	1,150,000
Sec. B.917.1 Transportation - town highway: state aid for federal disasters	
Grants	<u>3,600,000</u>
Total	3,600,000
Source of funds	
Transportation fund	400,000
Federal funds	<u>3,200,000</u>
Total	3,600,000
Sec. B.918 Transportation - municipal mitigation grant program	
Grants	<u>1,262,998</u>
Total	1,262,998
Source of funds	
Transportation fund	247,998
Federal funds	<u>1,015,000</u>
Total	1,262,998
Sec. B.919 Transportation - public assistance grant program	
Grants	<u>66,500,000</u>
Total	66,500,000
Source of funds	
Special funds	3,500,000
Federal funds	<u>63,000,000</u>
Total	66,500,000
Sec. B.920 Transportation board	
Personal services	70,496
Operating expenses	<u>12,504</u>
Total	83,000
Source of funds	
Transportation fund	<u>83,000</u>
Total	83,000
Sec. B.921 Total transportation	
Source of funds	
Transportation fund	200,555,081
TIB fund	21,291,382

Special funds	3,500,000
Federal funds	390,536,639
ARRA funds	6,301,953
Internal service funds	18,653,244
Interdepartmental transfers	4,317,197
Local match	2,919,356
TIB proceeds fund	<u>10,000,000</u>
Total	658,074,852

Sec. B.1000 Debt service

Operating expenses	<u>72,111,263</u>
Total	72,111,263
Source of funds	
General fund	63,667,340
General obligation bonds debt service fund	2,321,565
Transportation fund	2,482,442
TIB debt service fund	1,758,486
Special funds	628,150
ARRA funds	<u>1,253,280</u>
Total	72,111,263

Sec. B.1001 Total debt service

Source of funds	
General fund	63,667,340
General obligation bonds debt service fund	2,321,565
Transportation fund	2,482,442
TIB debt service fund	1,758,486
Special funds	628,150
ARRA funds	<u>1,253,280</u>
Total	72,111,263

Sec. B.1100 NEXT GENERATION; APPROPRIATIONS AND TRANSFERS

(a) In fiscal year 2013, \$4,793,000 is appropriated or transferred from the next generation initiative fund created in 16 V.S.A. § 2887 as prescribed below:

(1) Workforce development. The amount of \$1,863,400 as follows:

(A) Workforce Education and Training Fund (WETF). The amount of \$1,303,400 is transferred to the Vermont workforce education and training fund created in 10 V.S.A. § 543 and subsequently appropriated to the department of labor for workforce development. Up to seven percent of the

funds may be used for administration of the program. Of this amount, \$350,000 shall be allocated for the Vermont career internship program pursuant to 10 V.S.A. § 544.

(B) Adult Technical Education Programs. The amount of \$360,000 is appropriated to the department of labor working with the workforce development council. This appropriation is for the purpose of awarding grants to regional technical centers and comprehensive high schools to provide adult technical education, as that term is defined in 16 V.S.A. § 1522, to unemployed and underemployed Vermont adults.

(C) The amount of \$200,000 is appropriated to the agency of commerce and community development to issue performance grants to the University of Vermont and the Vermont center for emerging technologies for patent development and commercialization of technology and to enhance the development of high technology businesses and next generation employment opportunities throughout Vermont.

(2) Loan repayment. The amount of \$330,000 as follows:

(A) Health care loan repayment. The amount of \$300,000 is appropriated to the agency of human services – Global Commitment for the department of health to use for health care loan repayment. The department shall use these funds for a grant to the area health education centers (AHEC) for repayment of commercial or governmental loans for postsecondary health-care-related education or training owed by persons living and working in Vermont in the health care field.

(B) Large animal veterinarians' loan forgiveness. The amount of \$30,000 is appropriated to the agency of agriculture, food and markets for a loan forgiveness program for large animal veterinarians pursuant to 6 V.S.A. § 20.

(3) Scholarships and grants. The amount of \$2,544,500 as follows:

(A) Nondegree VSAC grants. The amount of \$494,500 is appropriated to the Vermont Student Assistance Corporation. These funds shall be for the purpose of providing nondegree grants to Vermonters to improve job skills and increase overall employability, enabling them to enroll in a postsecondary education or training program, including adult technical education that is not part of a degree or accredited certificate program. A portion of these funds shall be used for grants for indirect educational expenses to students enrolled in training programs. The grants shall not exceed \$3,000 per student. None of these funds shall be used for administrative overhead.

(B) National Guard Educational Assistance. The amount of

\$150,000 is appropriated to Military – administration to be transferred to the Vermont Student Assistance Corporation for the national guard educational assistance program established in 16 V.S.A. § 2856.

(C) Scholarships. The amount of \$1,500,000 is appropriated to the University of Vermont, the Vermont State Colleges, and the Vermont Student Assistance Corporation for need-based scholarships to Vermont residents. These funds shall be divided equally among the University of Vermont, the Vermont State Colleges, and the Vermont Student Assistance Corporation. The Vermont Student Assistance Corporation shall reserve these funds for students attending institutions other than the University of Vermont or the Vermont State Colleges. None of these funds shall be used for administrative overhead. Each entity will target these funds in a manner that brings to bear the maximum benefits of its unique missions and constituencies to further the workforce and economic development objectives of the state, participation in postsecondary education by underrepresented groups, and support for promising economic sectors in Vermont. By July 1, 2012, each entity will present a plan to the workforce development council (WDC) for deploying the scholarships along with proposed measurable short- and long-term outcomes. This will form the basis for a recommendation for funding in fiscal year 2014.

(D) Dual enrollment programs. The amount of \$400,000 is appropriated to the Vermont State Colleges for dual enrollment programs. The state colleges shall develop a voucher program that will allow Vermont students to attend programs at a postsecondary institution other than the state college system when programs at the other institutions are better academically or geographically suited to student need.

(4) Science Technology Engineering and Math (STEM) Incentive. The amount of \$55,100 is appropriated to the agency of commerce and community development for an incentive payment pursuant to Sec. 6 of No. 52 of the Acts of 2011.

Sec. B.1100.1 DEPARTMENT OF LABOR RECOMMENDATION FOR FISCAL YEAR 2014 NEXT GENERATION FUND DISTRIBUTION

(a) The department of labor, in coordination with the agency of commerce and community development, the agency of human services, and the department of education, and in consultation with the workforce development council, shall recommend to the governor no later than November 1, 2012 how \$4,793,000 from the next generation fund should be allocated or appropriated in fiscal year 2014 to provide maximum benefit to workforce development, participation in postsecondary education by underrepresented groups, and support for promising economic sectors in Vermont. The department of labor

shall actively and publically promote the availability of these funds to eligible entities that have not previously been funded.

Sec. B.1101 ONE-TIME ELECTIONS EXPENSE APPROPRIATION

(a) In fiscal year 2013, there is appropriated to the secretary of state for 2012 primary and general elections:

<u>General fund</u>	<u>\$135,000</u>
<u>Special fund</u>	<u>\$375,000</u>

Sec. B.1102 ONE-TIME UNEMPLOYMENT INSURANCE INTEREST

(a) The amount of \$1,888,385 in general funds is appropriated in fiscal year 2013 to the department of labor for unemployment insurance interest payments to the federal government.

Sec. B.1103 ONE-TIME SERGEANT AT ARMS SECURITY APPROPRIATION

(a) The amount of \$20,000 in general funds is appropriated in fiscal year 2013 to the sergeant at arms for use in the event that unforeseen security is needed in the state house. Any unused portion shall carry forward for use in subsequent years until expended.

Sec. B.1104 ONE-TIME LEGAL AID HOMEOWNER ASSISTANCE APPROPRIATION

(a) The amount of \$200,000 in general funds is appropriated in fiscal year 2013 to the department of financial regulation – banking to be used to provide a grant to Vermont Legal Aid to fund legal services for homeowners facing foreclosure.

Sec. B.1105 [DELETED]

Sec. B.1106 ONE-TIME WORKING LANDSCAPE APPROPRIATION

(a) The amount of \$1,175,000 in general funds is appropriated in fiscal year 2013 to the agency of agriculture, food and markets for direct grants and investments in food and forest systems pursuant to 6 V.S.A. § 4607, including grants that enable farmers' markets to accept electronic benefit transfer funds and \$175,000 of this amount is to fund two (2) limited service working landscape staff positions in the agency.

Sec. B.1107 ONE-TIME MOBILE HOME AFFORDABILITY AND TECHNICAL ASSISTANCE

(a) The amount of \$450,000 in general funds is appropriated in fiscal year 2013 to the department of economic, housing and community development for purposes described in Sec. 12 of S.99 of the 2012 legislative session.

Sec. B.1200 FISCAL YEAR 2013 PAY ACT APPROPRIATIONS

(a) Executive Branch. The two-year agreements between the state of Vermont and the Vermont State Employees' Association for the defender general, nonmanagement, supervisory, and corrections bargaining units for the period of July 1, 2012 through June 30, 2014; the collective bargaining agreement with the Vermont Troopers' Association for the period of July 1, 2012 through June 30, 2013; and salary increases for employees in the executive branch not covered by the bargaining agreement shall be funded in fiscal year 2013 as follows:

(1) Fiscal Year 2013.

(A) General Fund. The amount of \$11,729,056 is appropriated from the general fund to the secretary of administration for distribution to departments to fund the collective bargaining agreements and the requirements of this act.

(B) Transportation Fund. The amount of \$3,400,000 is appropriated from the transportation fund to the secretary of administration for distribution to the agency of transportation, the transportation board, and the department of public safety to fund collective bargaining agreements and the requirements of this act.

(C) Other funds. The administration shall provide additional spending authority to departments through the existing process of excess receipts to fund collective bargaining agreements and the requirements of this act. The estimated amounts are \$16,236,181 from special fund, federal, and other sources.

(D) With due regard to the possible availability of other funds, for fiscal year 2013, the secretary of administration may transfer from the various appropriations and various funds and from the receipts of the liquor control board such sums as the secretary may determine to be necessary to carry out the purposes of this act to the various agencies supported by state funds.

(E) The appropriations authorized by this subsection shall include sufficient funding to ensure the administration of exempt pay plans authorized under 32 V.S.A. § 1020(c).

(b) Judicial Branch.

(1) The chief justice of the Vermont supreme court may extend the provisions of the judiciary's collective bargaining agreement to judiciary employees who are not covered by the bargaining agreement.

(2) The two-year agreements between the state of Vermont and the Vermont State Employees' Association for the judicial bargaining unit for the period of July 1, 2012 through June 30, 2014 and salary increases for employees not covered by the bargaining agreement shall be funded in fiscal year 2013 as follows:

(A) Fiscal Year 2013: General Fund. The amount of \$1,720,000 is appropriated from the general fund to the judiciary to fund the collective bargaining agreement and the requirements of this act.

(c) Legislative Branch. For the period of July 1, 2012 through June 30, 2013, the legislature shall be funded as follows:

(1) Fiscal Year 2013: The amount of \$285,000 is appropriated from the general fund to the legislature.

Sec. BB.1200 FISCAL YEAR 2014 PAY ACT APPROPRIATIONS

(a) Executive Branch. The two-year agreements between the state of Vermont and the Vermont State Employees' Association for the defender general, nonmanagement, supervisory, and corrections bargaining units for the period of July 1, 2012 through June 30, 2014; and salary increases for employees in the executive branch not covered by the bargaining agreement shall be funded in fiscal year 2014 as follows:

(1) Fiscal Year 2014.

(A) General Fund. The amount of \$7,171,193 is appropriated from the general fund to the secretary of administration for distribution to departments to fund the collective bargaining agreements and the requirements of this act.

(B) Transportation Fund. The amount of \$2,200,000 is appropriated from the transportation fund to the secretary of administration for distribution to the agency of transportation, the transportation board, and the department of public safety to fund the collective bargaining agreements and the requirements of this act.

(C) Other funds. The administration shall provide additional spending authority to departments through the existing process of excess receipts to fund the collective bargaining agreements and the requirements of this act. The estimated amounts are \$11,591,844 from special fund, federal, and other sources.

(D) With due regard to the possible availability of other funds, for fiscal year 2014, the secretary of administration may transfer from the various appropriations and various funds and from the receipts of the liquor control board such sums as the secretary may determine to be necessary to carry out the purposes of this act to the various agencies supported by state funds.

(E) The appropriations authorized by this subsection shall include sufficient funding to ensure the administration of exempt pay plans authorized under 32 V.S.A. § 1020(c).

(b) Judicial Branch.

(1) The chief justice of the Vermont supreme court may extend the provisions of the judiciary’s collective bargaining agreement to judiciary employees who are not covered by the bargaining agreement.

(2) The two-year agreements between the state of Vermont and the Vermont State Employees’ Association for the judicial bargaining unit for the period of July 1, 2012 through June 30, 2014 and salary increases for employees not covered by the bargaining agreement shall be funded in fiscal year 2014 as follows:

(A) Fiscal Year 2014: General Fund. The amount of \$893,972 is appropriated from the general fund to the judiciary to fund the collective bargaining agreement and the requirements of this act.

(c) Legislative Branch. For the period of July 1, 2013 through June 30, 2014, the legislature shall be funded as follows:

(1) Fiscal Year 2014. The amount of \$180,000 is appropriated from the general fund to the legislature.

Sec. C.100 Sec. B.306 of No. 63 of the Acts of 2011, as amended by Sec. 16 of No. 75 of the Acts of the 2011 Adj. Sess. (2012), is further amended to read:

Sec. B.306 Department of Vermont health access - administration

Personal services	86,056,056	81,496,056
Operating expenses	(1,759,604)	2,800,396
Grants	<u>7,604,073</u>	<u>7,604,073</u>
Total	91,900,525	91,900,525
Source of funds		
General fund	489,014	489,014
Special funds	1,579,123	1,579,123
Federal funds	39,064,279	39,064,279
ARRA funds	2,505,044	2,505,044
Global Commitment fund	44,185,948	44,185,948

Interdepartmental transfers	<u>4,077,117</u>	<u>4,077,117</u>
Total	91,900,525	91,900,525

Sec. C.101 Sec. B.307 of No. 63 of the Acts of 2011, as amended by Sec. 17 of No. 75 of the Acts of the 2011 Adj. Sess. (2012), is further amended to read:

Sec. B.307 Department of Vermont health access - Medicaid program - global commitment

Grants	<u>638,970,335</u>	<u>631,851,208</u>
Total	638,970,335	631,851,208
Source of funds		
Global Commitment fund	<u>638,970,335</u>	<u>631,851,208</u>
Total	638,970,335	631,851,208

Sec. C.102 Sec. B.345 of No. 63 of the Acts of 2011, as amended by Sec. 46 of No. 75 of the Acts of the 2011 Adj. Sess. (2012), is further amended to read:

Sec. B.345 Total human services	3,099,050,587	3,091,931,460
Source of funds		
General fund	537,608,844	537,608,844
Special funds	77,476,829	77,476,829
Tobacco fund	40,609,204	40,609,204
State health care resources fund	234,205,524	234,205,524
Catamount fund	25,226,979	25,226,979
Education fund	4,307,984	4,307,984
Federal funds	1,052,684,505	1,052,684,505
ARRA funds	6,592,649	6,592,649
Global Commitment fund	1,100,160,788	1,093,041,661
Internal service funds	1,463,890	1,463,890
Interdepartmental transfers	18,703,391	18,703,391
Permanent trust funds	<u>10,000</u>	<u>10,000</u>
Total	3,099,050,587	3,091,931,460

Sec. C.103 Sec. 68 of No. 75 of the Acts of the 2011 Adj. Sess. (2012) is added to read:

Sec. 68. REVERSIONS

(a) Notwithstanding any other provisions of law, in fiscal year 2012:

(1) The following amounts shall revert to the general fund from the accounts indicated:

* * *

1150400000 Buildings and general services - information centers 80,000.00

Sec. C.200 18 V.S.A. § 1130(b)(1) is amended to read:

(b)(1) The department of health shall establish an immunization pilot program with the ultimate goal of ensuring universal access to vaccines for all Vermonters at no charge to the individual and to reduce the cost at which the state may purchase vaccines. The pilot program shall be in effect from January 1, 2010, through December 31, ~~2012~~ 2014. During the term of the pilot program, the department shall purchase, provide for the distribution of, and monitor the use of vaccines as provided for in this subsection and subsection (c) of this section. The cost of the vaccines and an administrative surcharge shall be reimbursed by health insurers as provided for in subsections (e) and (f) of this section.

Sec. C.201 POTENTIAL PROPERTY VALUATION LOSS; CURRENT HOMEOWNERS

(a) Due to the extreme emergency circumstances created by Tropical Storm Irene and the emergency need for additional hospital beds, the department of mental health is developing a temporary hospital in Morrisville. Any current homeowner as of May 1, 2012, whose property abuts the temporary Morrisville facility, identified by the commissioner of mental health and licensed by the department of health to provide acute inpatient services, who sells at a loss his or her principal residence, as defined in 32 V.S.A. § 10002a(a), as a result of the temporary facility's operations shall be compensated for that loss. The valuation of the loss shall be determined by an independent assessor paid for by the department and cannot exceed 25 percent of the appraised value. Any compensation under this section shall be paid for from the budget of the department of mental health. The department of mental health shall inform the general assembly of any costs incurred and shall present any offsetting budgetary need as part of the budget adjustment process. The department shall explore utilization of Federal Emergency Management Agency (FEMA) funds, Global Commitment, or other matching resources in making these payments.

(b) This section shall apply to any current homeowner as of May 1, 2012, as defined in subsection (a) of this section, and shall sunset September 1, 2015.

Sec. C.202 ONE-TIME APPROPRIATION FOR FEDERAL FUNDS REDUCTION

(a) The amount of \$5,100,000 in general funds is appropriated in fiscal year 2012 to the secretary of administration, to be reserved pending emergency board action to allocate these funds to offset reduced federal funding. Pursuant

to 32 V.S.A. § 706, the emergency board is authorized to allocate and transfer, to the extent necessary, this appropriation to offset the loss of federal funds.

Sec. C.203 Sec. D.101(b) of No. 63 of the Acts of 2011, as amended by Sec. 72a of No. 75 of the Acts of the 2011 Adj. Sess. (2012), is further amended to read:

(b) The amount of ~~\$37,983,264~~ \$43,003,264 is unreserved and made available for expenditure in fiscal year 2012 from the human services caseload reserve created by 32 V.S.A. § 308b.

Sec. C.204 GRANTS FROM FISCAL YEAR 2012 WORKFORCE EDUCATION AND TRAINING FUNDS

(a) Any amounts remaining in the workforce education and training fund allocated to the department of labor in fiscal year 2012 shall be carried forward to fiscal year 2013.

Sec. C.205 Sec. 73 of No. 75 of the Acts of the 2011 Adj. Sess. (2012) is amended to read:

Sec. 73. FISCAL YEAR 2012 GENERAL FUND REVENUE ESTIMATE AND GENERAL FUND BALANCE

~~(a) Any increase in the January 2012 emergency board fiscal year 2012 general fund revenue estimate above the July 21, 2011 estimate shall be reserved in the human services caseload reserve, and any decrease in the estimate shall be unreserved from the human services caseload reserve established in 32 V.S.A. § 308b.~~

(b) At the end of fiscal year 2012, ~~notwithstanding subsection (a) of this section and~~ notwithstanding 32 V.S.A. §§ 308c and 308d, after the general fund budget stabilization reserve attains its statutory maximum, up to \$15,000,000 of any additional unreserved and undesignated general fund balance shall be appropriated to the secretary of administration to be reserved for transfer upon approval of the emergency board to the department of buildings and general services for pending state building projects in central Vermont that are a direct result of the impact of damage to state properties at the Waterbury complex from Tropical Storm Irene. The secretary shall provide a quarterly report to the house and senate committees on appropriations and to the house committee on corrections and institutions and the senate committee on institutions on any funds that are available under this provision and on funds obligated and expended from the available funds. Any remaining balance shall be deposited into the human services caseload reserve established in 32 V.S.A. § 308b to be used for caseload costs, offsets to federal funding changes, or related human service expenditures in fiscal year 2013.

Sec. C.206 CONTINGENT TRANSFER OF TRANSPORTATION OR
TRANSPORTATION INFRASTRUCTURE BOND FUNDS

(a)(1) At the end of fiscal year 2012, if there is a surplus in the transportation infrastructure bond fund, the amount of the surplus or \$255,595, whichever is less, shall be transferred to the transportation infrastructure bonds debt service fund for the purpose of funding 2014 debt service obligations.

(2) At the end of fiscal year 2012, if the amount transferred under subdivision (1) of this subsection is less than \$255,595, to the extent the transportation fund surplus reserve has a positive balance, the following amount from the reserve shall be transferred to the transportation infrastructure bonds debt service fund: \$255,595 or the amount of the positive balance in the transportation fund surplus reserve, whichever is less, minus any amount transferred under subdivision (1) of this subsection.

(b) If a positive balance remains in the transportation fund surplus reserve following any transfer required under subdivision (a)(2) of this section, the amount of the positive balance or \$300,000, whichever is less, shall be transferred to the central garage fund and allocated to the transportation equipment replacement account and is hereby appropriated in fiscal year 2013 to the agency of transportation – central garage fund referenced in Sec. B.909 of this act (Transportation – central garage (8110000200)) for the purchase of equipment as authorized in 19 V.S.A. § 13(b).

Sec. C.207 FISCAL YEAR 2012 APPROPRIATION TRANSFER

(a) Notwithstanding 32 V.S.A. § 706, in fiscal year 2012 the commissioner of finance and management is authorized to transfer \$25,000 of the general fund appropriation from the department of buildings and general services – information centers to the department of tourism and marketing.

Sec. D.100 APPROPRIATIONS; PROPERTY TRANSFER TAX

(a) This act contains the following amounts appropriated from special funds that receive revenue from the property transfer tax. Expenditures from these appropriations shall not exceed available revenues.

(1) The sum of \$582,000 is appropriated from the property valuation and review administration special fund to the department of taxes for administration of the use tax reimbursement program. Notwithstanding 32 V.S.A. § 9610(c), amounts above \$582,000 from the property transfer tax that are deposited into the property valuation and review administration special fund shall be transferred into the general fund.

(2) The sum of \$13,688,640 is appropriated from the Vermont housing and conservation trust fund to the Vermont housing and conservation trust board. Notwithstanding 10 V.S.A. § 312, amounts above \$13,688,640 from the property transfer tax that are deposited into the Vermont housing and conservation trust fund shall be transferred into the general fund.

(3) The sum of \$3,295,476 is appropriated from the municipal and regional planning fund. Notwithstanding 24 V.S.A. § 4306(a), amounts above \$3,295,476 from the property transfer tax that are deposited into the municipal and regional planning fund shall be transferred into the general fund. The \$3,295,476 shall be allocated as follows:

(A) \$2,508,076 for disbursement to regional planning commissions in a manner consistent with 24 V.S.A. § 4306(b);

(B) \$408,700 for disbursement to municipalities in a manner consistent with 24 V.S.A. § 4306(b);

(C) \$378,700 to the Vermont center for geographic information.

Sec. D.101 FUND TRANSFERS AND RESERVES

(a) Notwithstanding any other provision of law, the following amounts are transferred from the funds indicated:

(1) from the general fund to the:

(A) communications and information technology internal service fund established by 22 V.S.A. § 902a: \$900,000.

(B) next generation initiative fund established by 16 V.S.A. § 2887: \$4,793,000.

(C) facilities operations fund established in 29 V.S.A. § 160a: \$3,024,189.

(2) from the transportation fund to the downtown transportation and related capital improvement fund established by 24 V.S.A. § 2796 to be used by the Vermont downtown development board for the purposes of the fund: \$383,966.

(3) from the transportation infrastructure bond fund established by 19 V.S.A. § 11f to the transportation infrastructure bonds debt service fund for the purpose of funding fiscal year 2014 transportation infrastructure bonds debt service: \$1,764,213.

Sec. D.102 32 V.S.A. § 308c is amended to read:

§ 308c. GENERAL FUND AND TRANSPORTATION FUND SURPLUS
BALANCE RESERVES

(a) There is hereby created within the general fund a general fund ~~surplus~~ balance reserve, also known as the “rainy day reserve.” After satisfying the requirements of section 308 of this title, and after other reserve requirements have been met, any remaining unreserved and undesignated end of fiscal year general fund surplus ~~not to exceed one percent of the appropriations from the general fund for the prior fiscal year~~ shall be reserved in the general fund ~~surplus~~ balance reserve. The general fund balance reserve shall not exceed five percent of the appropriations from the general fund for the prior fiscal year without legislative authorization. Monies from this reserve shall be available for appropriation by the general assembly.

(1) The emergency board shall, at the end of fiscal year 2013, determine at its July meeting the amount of available general funds that is greater than the amount of forecasted available general funds most recently adopted by the board for fiscal year 2013.

(2) Of the amount added to the general fund balance in fiscal year 2013, to the extent available, one-half of the amount identified in subdivision (1) of this subsection is hereby appropriated in the fiscal year just concluded for deposit in the supplemental property tax relief fund established by section 6075 of this title. If the amount added to the general fund balance reserve is insufficient to support both the appropriation in this subdivision and the appropriation in subdivision (3) of this subsection, the appropriation in this subdivision shall take precedence.

(3) Of the amount added to the general fund balance reserve, to the extent available, one-quarter of the amount identified in subdivision (1) of this subsection is hereby appropriated in the fiscal year just concluded to the secretary of administration to be used only upon emergency board action to transfer these funds to appropriations to offset reduced federal funding.

(b) There is hereby created within the transportation fund a transportation fund ~~surplus~~ balance reserve. After satisfying the requirements of section 308a of this title, and after other reserve requirements have been met, any remaining unreserved and undesignated end of fiscal year transportation fund surplus shall be reserved in the transportation fund ~~surplus~~ balance reserve. Monies from this reserve shall be available for appropriation by the general assembly.

(c) In any fiscal year, if the general assembly determines there are insufficient revenues to fund expenditures for the operation of state

government at a level the general assembly finds prudent and required, it may specifically appropriate the use of the general fund and transportation fund balance reserves to compensate for a reduction of revenues or fund such unforeseen or emergency needs as the general assembly may determine.

(d) Determination of the amounts of the general fund and transportation fund balance reserves shall be made by the commissioner of finance and management and reported, along with the amounts appropriated pursuant to subsection (a) of this section, to the legislative joint fiscal committee at its first meeting following September 1 of each year.

Sec. D.103 32 V.S.A. § 6075 is added to read:

§ 6075. SUPPLEMENTAL PROPERTY TAX RELIEF FUND

(a) There is created a special fund to be called the “supplemental property tax relief fund.” The purpose of the fund is to provide education property tax relief as determined by this section and further action of the legislature. The fund shall be administered by the commissioner of taxes. The fund shall consist of receipts from subdivision 308c(a)(2) of this title.

(b) Of the deposit made in the fund pursuant to subdivision 308c(a)(2) of this title, an amount not to exceed 50 percent of the increase in the forecasted available general fund projected for fiscal year 2014, shall be transferred and appropriated to the education fund. For the purposes of this calculation, any increase in the forecasted available general fund shall be reduced by the total of any legislative action projected to increase general fund taxes that result in additional revenue in excess of \$1,000,000 over the revenue raised without legislative action in fiscal year 2014.

(c) Notwithstanding any other provision of law, an amount equal to the amount transferred to the education fund under subsection (b) of this section shall be added to the base amount used to calculate the general fund transfer under 16 V.S.A. § 4025(a)(2) for fiscal year 2105.

(d) The remaining balance in the supplemental property tax relief fund shall be available for the development of proposals for property tax relief. Uses that could be considered are: incentives or rewards to promote or control education spending while improving quality, ways to reduce the base percentage of income used to determine income sensitivity, options to increase the base education payment, and additional deposits into the education fund to reduce tax rates.

(e) By January 15, 2014, the joint fiscal office shall prepare a review and projection of revenues in the education fund which shall include identifying the

historical trends in both the share of property tax and nonproperty tax revenues, and in the general fund transfer to the education fund.

Sec. D.103.1 REPEAL

(a) 32 V.S.A. § 308c(a)(1),(2), and (3) (calculation, appropriation, and deposit in the supplemental property tax relief fund) are repealed on June 30, 2014.

(b) 32 V.S.A. § 6075 (supplemental property tax relief fund) is repealed on June 30, 2014.

(c) 32 V.S.A. § 308d (revenue shortfall reserve; creation and purpose) is repealed.

Sec. D.103.2 TRANSITIONAL PROVISIONS

(a) Upon repeal of 32 V.S.A. § 308d, the balance in the revenue shortfall reserve shall be transferred to the general fund balance (“rainy day”) reserve created in 32 V.S.A. § 308c(a).

(b) The additions to the general fund balance reserve in fiscal year 2013 due to Sec. D.109(b) of this act and subsection (a) of this section shall not be considered as part of “the amount added to the general fund balance reserve” for purposes of 32 V.S.A. § 308c(a).

Sec. D.104 TOBACCO LITIGATION SETTLEMENT FUND BALANCE

(a) Notwithstanding 18 V.S.A. § 9502(b), the actual balances at the end of fiscal year 2012 in the tobacco litigation settlement fund shall remain for appropriation in fiscal year 2013.

Sec. D.105 TRANSFER OF TOBACCO TRUST FUNDS

(a) Notwithstanding 18 V.S.A. § 9502(a)(3) and (4), the actual amount of investment earnings of the tobacco trust fund at the end of fiscal year 2013 and any additional amount necessary to ensure the balance in the tobacco litigation settlement fund at the close of fiscal year 2013 is not negative shall be transferred from the tobacco trust fund to the tobacco litigation settlement fund in fiscal year 2013.

Sec. D.106 FISCAL YEAR 2012 CONTINGENT TOBACCO PROGRAMS APPROPRIATION

(a) To the extent that the revenue received from the Master Settlement Agreement exceeds \$31,000,000 in fiscal year 2012, up to \$500,000 from the Tobacco Settlement Fund is appropriated to the department of health for use by the tobacco evaluation and review board in fiscal year 2013.

Sec. D.107 TRANSFER OF NATIONAL MORTGAGE FORECLOSURE SETTLEMENT FUNDS

(a) Any funds received in fiscal year 2012 or 2013 from the national mortgage foreclosure settlement that are deposited into the fees and reimbursement special fund (#21638) in the office of the attorney general shall be transferred to the general fund except for any amount the settlement may require to be directed to the department of financial regulation.

(b) Receipt of these funds enables the state to fund \$1,100,000 in affordable housing initiatives, including grants for foreclosure and homeownership counseling, financing mobile homes, increasing the state's affordable housing tax credit, capacity building among state and nonprofit agencies to assist mobile home owners, and exemption from several taxes to replace homes destroyed by recent flooding and natural disasters.

Sec. D.108 FISCAL YEAR 2013 TRANSFERS AND APPROPRIATIONS

(a) The following general fund transfers and appropriations are authorized, effective May 1, 2013. Prior to these transfers and appropriations, the secretary of administration and the commissioner of finance and management shall make findings that the transfers do not create a projected negative balance in the general fund and reduce the reserve position anticipated for the close of fiscal year 2013.

(1) Transferred and appropriated to the education fund: \$2,100,000.

(2) Transferred to the clean energy development fund: \$3,000,000.

(3) Appropriated to the Vermont State Colleges, subject to the approval of the secretary of administration to provide funding for a Brattleboro community college facility. To the extent this appropriation is made, the bond proceeds dedicated for this purpose in H.785 of the 2012 legislative session will be reduced: \$1,475,000.

(b) The transfers in subsection (a) of this section can be made prior to May 1, 2013 upon a vote and a determination by the emergency board established under 32 V.S.A. § 131 that sufficient revenues will be available to authorize the transfers.

Sec. D.108.1 [DELETED]

Sec. D.109 FISCAL YEAR 2013 CASELOAD RESERVE UTILIZATION

(a) The amount of \$16,240,000 is unreserved and made available for expenditure in fiscal year 2013 from the human services caseload reserve created by 32 V.S.A. § 308b.

(b) In fiscal year 2013, any remaining balance in the human service caseload reserve shall be transferred to the general fund balance (“rainy day”) reserve established in 32 V.S.A. § 308c(a).

* * * GENERAL GOVERNMENT * * *

Sec. E.100 FEDERAL EMERGENCY MANAGEMENT AGENCY REPORTING AND OVERSIGHT

(a) The secretary of administration shall report to the joint fiscal committee at each of its scheduled meetings in fiscal year 2013 on funding received from the Federal Emergency Management Agency (FEMA) Public Assistance Program and associated emergency relief and assistance funds match for the damages due to Tropical Storm Irene. The report shall include:

(1) a projection of the total funding needs for the FEMA Public Assistance Program and to the extent possible, details about the projected funding by state agency or municipality;

(2) spending authority (appropriated and excess receipts) granted to date for the FEMA Public Assistance Program and the associated emergency relief and assistance funds match; and

(3) actual expenditures to date made from the spending authority granted and to the extent possible, details about the expended funds by state agency or municipality.

(b) Reports shall be posted on the legislative and administration websites after submission.

Sec. E.100.1 32 V.S.A. § 306a is added to read:

§ 306a. PURPOSE OF THE STATE BUDGET

(a) Purpose of the state budget. The state budget, consistent with Chapter I, Article 7 of Vermont’s constitution, should “be instituted for the common benefit, protection, and security of the people, nation, or community...” The state budget should be designed to address the needs of the people of Vermont in a way that advances human dignity and equity.

(b) Spending and revenue policies will seek to promote economic well-being among the people of Vermont, and foster a vibrant economy. Integral to achieving the purpose of the state budget is continuous evaluation of the raising and spending of public funds by systems of outcome measurement based on indicators that measure success in accomplishing the purposes of the state budget.

(c) Spending and revenue policies will reflect the public policy goals established in state law and recognize every person's need for health, housing, dignified work, education, food, social security, and a healthy environment.

(d) As consistent with state law and in conjunction with the federal government, the budget will reflect support for economic development, public safety, transportation, and other infrastructure needs.

(e) Revenue measures shall also be based on the principles of sustainability and stability. The administration shall develop budget and revenue proposals as part of a transparent and accountable process with direct and meaningful participation from Vermont residents.

Sec. E.100.2 PURPOSE OF THE STATE BUDGET

(a) Public participation. The administration will develop a process for public participation in the development of budget goals, as well as general prioritization and evaluation of spending and revenue initiatives. This process shall begin by October 1, 2012.

(b) Current services. The administration shall develop and publish annually for public review as part of the budget submission process a current services budget, providing the public with an estimate of what the current level of services is projected to cost in the next fiscal year. The initial current services budget shall be submitted with the administration's fiscal year 2014 budget proposal.

Sec. E.101 Information and innovation – communications and information technology

(a) Of this appropriation, \$700,000 is for a grant to the Vermont telecommunications authority established in 30 V.S.A. § 8061, and \$200,000 is for a grant from the department of information and innovation to the secretary of administration's office to support the telecommunications infrastructure.

(b) The commissioner shall work with relevant departments of state government on the server consolidation project, as described in the January 9, 2010 "State of Vermont IT Assessment Recommendations" report by TPI, Inc. Although no appreciable savings were realized in fiscal year 2012, the pursuit of server consolidation should continue with the objective of reducing the cost of providing information technology services.

Sec. E.101.1 3 V.S.A. § 2222 is amended to read:

§ 2222. POWERS AND DUTIES; BUDGET AND REPORT

(a) In addition to the duties expressly set forth elsewhere by law the secretary shall:

* * *

(9) Submit to the general assembly concurrent with the governor's annual budget request required under 32 V.S.A. § 306, a strategic plan for information technology which outlines the significant deviations from the previous year's information technology plan, and which details the plans for information technology activities of state government for the following fiscal year as well as the administration's financing recommendations for these activities. All such plans shall be reviewed and approved by the ~~commissioner of information and innovation~~ state chief information officer prior to being included in the governor's annual budget request. The plan shall identify the proposed sources of funds for each project identified. The plan shall also contain a review of the state's information technology and an identification of priority projects by agency. The plan shall include, for any proposed information technology activity with a cost in excess of \$100,000.00:

* * *

(B) the cost savings ~~and/or~~ and any service delivery improvements which will accrue to the public or to state government;

* * *

(10) The secretary shall annually submit to the general assembly a five-year information technology plan which indicates the anticipated information technology activities of the legislative, executive, and judicial branches of state government. For purposes of this section, "information technology activities" shall mean:

* * *

(B) the design, construction, purchase, installation, maintenance, or operation of systems, including ~~both~~ hardware ~~and~~, software, and services which perform or are contracted under Administrative Bulletin 3.5 to perform these activities.

* * *

(g)(1) The secretary of administration shall obtain independent expert review of any recommendation for any information technology activity initiated after July 1, 1996, as information technology activity is defined by subdivision (a)(10) of this section, when its total cost is \$500,000.00 or greater or when required by the state chief information officer. Documentation of ~~such~~ this independent review shall be included when plans are submitted for

review pursuant to subdivisions (a)(9) and (10) of this section. The independent review shall include:

- (A) an acquisition cost assessment;
- (B) a technology architecture review;
- (C) an implementation plan assessment;
- (D) a cost analysis and a model for benefit analysis; and
- (E) a procurement negotiation advisory services contract.

(2) The secretary of administration may assess the costs of ~~such reviews~~ any review to the ~~departments~~ entity making the information technology recommendations.

* * *

Sec. E.101.2 22 V.S.A. § 901 is amended to read:

§ 901. DEPARTMENT OF INFORMATION AND INNOVATION

The department of information and innovation, created in 3 V.S.A. § 2283b, shall have all the responsibilities assigned to it by law, including the following:

* * *

(2) to manage ~~GOVnet~~ wide-area network connectivity within state government;

* * *

(4)(A) to review and approve information technology activities ~~in all departments~~ within state government with a cost in excess of \$100,000.00, and annually submit to the general assembly a strategic plan and a budget for information technology as required of the secretary of administration by 3 V.S.A. § 2222(a)(9). For purposes of this section, “information technology activities” is defined in 3 V.S.A. § 2222(a)(10);

(B) to provide oversight, monitoring, and control of information technology activities within state government with a cost in excess of \$100,000.00. The cost of the oversight, monitoring, and control shall be assessed to the entity requesting the activity;

(C) to review and approve in accordance with agency of administration policies the assignment of appropriate project managers for information technology activities within state government with a cost in excess of \$100,000.00; and

(D) to provide standards for the management, organization, and tracking of information technology activities within state government with a cost in excess of \$100,000.00;

* * *

(11) to provide technical support and services to the departments of human resources and of finance and management for the statewide central accounting and encumbrance system, the statewide budget development system, the statewide human resources management system, and other agency of administration systems as may be assigned by the secretary;

(12) to review and approve in accordance with agency of administration policies all new information technology position requests and new information technology classifications within state government.

Sec. E.102 32 V.S.A. § 6(b) is amended to read:

(b) Requests for federal funds shall include a specific request for reimbursement of indirect costs. Awards of statewide indirect costs will be deposited into the general fund except statewide indirect costs will be deposited into the transportation fund for costs recovered by the agency of transportation. The commissioner of finance and management may authorize departments to retain recovered indirect cost receipts.

Sec. E.109 Buildings and general services – engineering

(a) The \$2,433,490 interdepartmental transfer in this appropriation shall be from the general bond fund appropriation in the Capital Appropriations Act of the 2012 session.

Sec. E.110 REPEAL

(a) 19 V.S.A. § 41 (funding for rest areas, information centers, and welcome centers from the general fund) is repealed.

Sec. E.124 Legislative council

(a) Notwithstanding any other provision of law, from the fiscal year 2012 funds appropriated to the legislative council and carried forward into fiscal year 2013, the amount of \$55,000 shall revert to the general fund.

Sec. E.125 Legislature

(a) Notwithstanding any other provision of law, from the fiscal year 2012 funds appropriated to the legislature and carried forward into fiscal year 2013, the amount of \$503,000 shall revert to the general fund.

Sec. E.125.1 4 V.S.A. § 601(c) is amended to read:

~~(c) The members of the judicial nominating board shall be entitled to compensation of \$30.00 a day for the time spent in the performance of their duties, and reimbursement for their actual and necessary expenses incurred in the performance of their duties~~ Legislative members of the board shall be entitled to per diem compensation and reimbursement for expenses in accordance with 2 V.S.A. § 406. Members of the board who are not otherwise compensated by their employer shall be entitled to per diem compensation and reimbursement for expenses in the same manner as board members are compensated under 32 V.S.A. § 1010. All compensation and reimbursement shall be paid from the legislative appropriation.

Sec. E.125.2 REPEAL

(a) 4 V.S.A. § 606 (expenses of board; payment) is repealed.

Sec. E.126 Legislative information technology

(a) Notwithstanding any other provision of law, from the fiscal year 2012 funds appropriated for legislative information technology and carried forward into fiscal year 2013, the amount of \$5,000 shall revert to the general fund.

Sec. E.127 Joint fiscal committee

(a) Notwithstanding any other provision of law, from the fiscal year 2012 funds appropriated to the joint fiscal committee and carried forward into fiscal year 2013, the amount of \$10,000 shall revert to the general fund.

Sec. E.128 Sergeant at arms

(a) Notwithstanding any other provision of law, from the fiscal year 2012 funds appropriated to the sergeant at arms and carried forward into fiscal year 2013, the amount of \$95,000 shall revert to the general fund.

Sec. E.132 27 V.S.A. § 1253(a) is amended to read:

(a) All funds received under this chapter, including the proceeds from the sale of unclaimed property under section 1252 of this title, shall forthwith be received by the treasurer, except that the treasurer shall retain in a separate fund an amount not exceeding \$100,000.00 or ~~50~~ 55 percent of the funds received during the previous year, whichever is greater, from which he or she shall make prompt payment of claims duly allowed by him or her as provided in this section. The treasurer shall record the name and last known address of each owner appearing on the holder's reports and the names and last known address of each insured person or annuitant and beneficiary, and with respect to each policy or annuity listed in the report of an insurance company its number, the name of the company, and the amount due. The record shall be available for public inspection at all reasonable hours.

Sec. E.133 Vermont state retirement system

(a) Notwithstanding 3 V.S.A. § 473(d), in fiscal year 2013, investment fees shall be paid from the corpus of the fund.

Sec. E.134 MUNICIPAL EMPLOYEES RETIREMENT

(a) Notwithstanding the provisions of 24 V.S.A. § 5064(b), for the period July 1, 2012 through June 30, 2013, contributions shall be made by group A members at the rate of 2.5 percent of earnable compensation, by group B members at the rate of 4.5 percent of earnable compensation, and by group C members at the rate of 9.25 percent of earnable compensation.

Sec. E.141 Lottery commission

(a) Of this appropriation, the lottery commission shall transfer \$150,000 to the department of health, office of alcohol and drug abuse programs, to support the gambling addiction program.

(b) The Vermont state lottery shall provide assistance and work with the Vermont council on problem gambling on systems and program development.

(c) The lottery commission shall study the option of allowing the sale of lottery tickets online. The study shall examine how the online system would be administered, the fiscal impact of allowing lottery tickets to be sold online, and any other relevant issues. The commission shall report its findings and any recommendations to the house committee on general, housing and military affairs and the senate committee on economic development, housing and general affairs by January 15, 2013.

Sec. E.142 Payments in lieu of taxes

(a) This appropriation is for state payments in lieu of property taxes under 32 V.S.A. chapter 123, subchapter 4, and the payments shall be calculated in addition to and without regard to the appropriations for PILOT for Montpelier and for correctional facilities elsewhere in this act.

Sec. E.142.1 32 V.S.A. § 4967 is amended to read:

§ 4967. TRANSMISSION OF TAXES TO DIRECTOR AND CREDIT TO SPECIAL FUND

(a) All moneys received by supervisors in the collection of taxes or otherwise in the performance of their official duties, ~~except fees,~~ shall be paid by them to the director ~~quarterly, on the first Tuesday in February, May, August, and November.~~ Such director shall keep separate accounts of the moneys so received by him or her from the respective supervisors department

of finance and management to be credited to special fund accounts, which are hereby established.

(b) Revenues collected pursuant to this section shall be disbursed based on warrants authorized by the commissioner of finance and management under the authority granted by section 461 of this title, and shall be expended consistent with the budgets adopted pursuant to subsections 4961(b) and (c) of this title.

Sec. E.143 Payments in lieu of taxes – Montpelier

(a) Payments in lieu of taxes under this section shall be paid from the PILOT special fund under 32 V.S.A. § 3709.

Sec. E.144 Payments in lieu of taxes – correctional facilities

(a) Payments in lieu of taxes under this section shall be paid from the PILOT special fund under 32 V.S.A. § 3709.

* * * PROTECTION TO PERSONS AND PROPERTY * * *

Sec. E.200 Attorney general

(a) Notwithstanding any other provisions of law, the office of the attorney general, Medicaid fraud and residential abuse unit, is authorized to retain, subject to appropriation, one-half of the state share of any recoveries from Medicaid fraud settlements, excluding interest, that exceed the state share of restitution to the Medicaid program. All such designated additional recoveries retained shall be used to finance Medicaid fraud and residential abuse unit activities.

(b) Of the revenue available to the attorney general under 9 V.S.A. § 2458(b)(4), \$725,000 is appropriated in Sec. B.200 of this act.

Sec. E.202 Defender general – public defense

(a) The establishment of one (1) new exempt position – Staff Attorney I – is authorized in fiscal year 2013.

Sec. E.205 State's attorneys

(a) Notwithstanding any provision of law to the contrary, within the appropriations to the state's attorneys contained in this act, the executive director of the department of state's attorneys shall allocate funds so that as soon as possible but not later than June 30, 2013, deputy state's attorneys are at the correct step for length of service, in accordance with the state's attorney addendum to the attorney pay plan.

Sec. E.205.1 EXPANSION OF RAPID RESPONSE TEAM; REPORT

(a) On or before November 15, 2012, the department of sheriffs and state's attorneys shall report to the nonviolent misdemeanor sentence review committee on the advisability and feasibility of expanding the Chittenden County Rapid Intervention Community Court (RICC) program model on a statewide basis or to particular additional counties. The report shall consider how the RICC program would translate to other jurisdictions in light of its purpose of diverting low-level criminal cases to community social service providers rather than the criminal division of the superior court if the crime is driven by a readily identifiable social issue such as substance abuse or mental illness. For purposes of preparing the report, the department shall consult with the department of public safety, the Vermont police association, the Vermont sheriffs' association, the court administrator, and the defender general.

Sec. E.208 Public safety – administration

(a) Of the funds appropriated to the department of public safety, \$25,000 shall be used to make a grant to the Essex County sheriff's department for a performance-based contract to provide law enforcement service activities agreed upon by both the commissioner of public safety and the sheriff.

Sec. E.209 Public safety – state police

(a) Of this appropriation, \$35,000 in special funds shall be available for snowmobile law enforcement activities and \$35,000 in general funds shall be available to the southern Vermont wilderness search and rescue team, which comprises state police, the department of fish and wildlife, county sheriffs, and local law enforcement personnel in Bennington, Windham, and Windsor Counties, for snowmobile enforcement.

(b) Of the \$255,000 allocated for grants funded in this section, \$190,000 shall be used by the Vermont drug task force to fund three town task force officers. These town task force officers shall be dedicated to enforcement efforts with respect to both regulated drugs as defined in 18 V.S.A. § 4201(29) and the diversion of legal prescription drugs. Any unobligated funds may be allocated by the commissioner to fund the work of the drug task force and to support the efforts of the mobile enforcement team (gang task force) or carried forward.

Sec. E.210 Public safety – criminal justice services

(a) Of this appropriation, \$126,000 is to support the costs of two (2) civilian computer forensics analyst positions.

Sec. E.212 Public safety – fire safety

(a) Of this general fund appropriation, \$55,000 shall be granted to the Vermont rural fire protection task force for the purpose of designing dry hydrants.

Sec. E.214 Public safety – emergency management – radiological emergency response plan

(a) Of this special fund appropriation, up to \$30,000 shall be available to contract with any radio station serving the emergency planning zone for the emergency alert system.

Sec. E.215 Military – administration

(a) The amount of \$250,000 shall be disbursed to the Vermont Student Assistance Corporation for the national guard educational assistance program established in 16 V.S.A. § 2856. Of this amount, \$100,000 shall be general funds from this appropriation, and \$150,000 shall be Next Generation special funds, as appropriated in Sec. B.1100(a)(3)(B) of this act.

Sec. E.219 Military – veterans’ affairs

(a) Of this appropriation, \$5,000 shall be used for continuation of the Vermont medal program, \$4,800 shall be used for the expenses of the governor’s veterans’ advisory council, \$7,500 shall be used for the Veterans’ Day parade, \$5,000 shall be granted to the Vermont state council of the Vietnam Veterans of America to fund the service officer program, and \$5,000 shall be used for the military, family, and community network.

Sec. E.220 Center for crime victims’ services

(a) Of this appropriation, the amount of \$806,195 from the domestic and sexual violence special fund created by 13 V.S.A. § 5360 is appropriated for the Vermont network against domestic and sexual violence. Expenditures from the domestic and sexual violence special fund shall not exceed revenues.

(b) The unexpended amounts derived from the \$10 and \$20 increases as specified in Sec. E.220(a) of No. 63 of the Acts of 2011 shall be transferred to the domestic and sexual violence special fund created by 13 V.S.A. § 5360.

Sec. E.220.1 13 V.S.A. § 5360 is added to read:

§ 5360. DOMESTIC AND SEXUAL VIOLENCE SPECIAL FUND

A domestic and sexual violence special fund is established, to be managed in accordance with 32 V.S.A. chapter 7, subchapter 5 and administered by the center for crime victims services created in section 5361 of this title. The revenues of the fund shall consist of that portion of the additional surcharge on

penalties and fines imposed by section 7282 of this title deposited in the domestic and sexual violence special fund and that portion of the town clerks' fee for issuing and recording civil marriage or civil union licenses in 32 V.S.A. § 1712(1) deposited in the domestic and sexual violence special fund. The fund may be expended by the center for crime victims services for budgeted grants to the Vermont network against domestic and sexual violence and for the criminal justice training council position dedicated to domestic violence training, pursuant to 20 V.S.A. § 2365(c).

Sec. E.220.2 13 V.S.A. § 7282(a) is amended to read:

(a) In addition to any penalty or fine imposed by the court or judicial bureau for a criminal offense or any civil penalty imposed for a traffic violation, including any violation of a fish and wildlife statute or regulation, violation of a motor vehicle statute, or violation of any local ordinance relating to the operation of a motor vehicle, except violations relating to seat belts and child restraints and ordinances relating to parking violations, the clerk of the court or judicial bureau shall levy an additional surcharge of:

* * *

(8)(A) For any offense or violation committed after June 30, 2006, but before July 1, 2008, \$26.00, of which \$18.75 shall be deposited in the victims' compensation special fund.

(B) For any offense or violation committed after June 30, 2008, \$36.00, of which \$28.75 shall be deposited in the victims' compensation special fund.

(C) For any offense or violation committed after June 30, 2009, \$41.00, of which ~~\$33.75~~ \$23.75 shall be deposited in the victims' compensation special fund created by section 5359 of this title, and of which \$10.00 shall be deposited in the domestic and sexual violence special fund created by section 5360 of this title.

Sec. E.220.3 32 V.S.A. § 1712 is amended to read:

§ 1712. TOWN CLERKS

Town clerks shall receive the following fees in the matter of vital registration:

(1) For issuing and recording a civil marriage or civil union license, \$45.00 to be paid by the applicant, \$10.00 of which sum shall be retained by the town clerk as a fee, \$20.00 of which shall be deposited in the ~~victims' compensation~~ domestic and sexual violence special fund created by 13 V.S.A. § 5360, and \$15.00 of which sum shall be paid by the town clerk to the state

treasurer in a return filed quarterly upon forms furnished by the state treasurer and specifying all fees received by him or her during the quarter. Such quarterly period shall be as of the first day of January, April, July, and October.

* * *

Sec. E.220.4 20 V.S.A. § 2365(c) is amended to read:

(c) The Vermont police academy shall employ a domestic violence trainer for the sole purpose of training Vermont law enforcement and related practitioners on issues related to domestic violence. Funding for this position shall be transferred by the center for crime victims services from the ~~victims' compensation~~ domestic and sexual violence special fund created by 13 V.S.A. § ~~5359~~ 5360.

Sec. E.222 Agriculture, food and markets – administration

(a) The establishment of two (2) new classified positions – one (1) Program Services Clerk and one (1) Systems Developer I – is authorized in fiscal year 2013.

(b) Notwithstanding any other provision of law, from the fiscal year 2012 funds appropriated to the agency of agriculture, food and markets for the Two Plus Two Program and carried forward into fiscal year 2013, the amount of \$25,000 shall revert to the general fund.

Sec. E.223 Agriculture, food and markets – food safety and consumer protection

(a) The establishment of one (1) classified position – Dairy Product Specialist II – is authorized in fiscal year 2013.

Sec. E.224 Agriculture, food and markets – agricultural development

(a) The establishment of one (1) limited service classified position – Senior Agricultural Development Specialist – is authorized in fiscal year 2013.

Sec. E.228 Financial regulation – insurance

(a) The department of financial regulation shall use the Global Commitment funds appropriated in this section for the insurance division for the purpose of funding certain health-care-insurance-related department of financial regulation programs, projects, and activities to increase the access of quality health care to uninsured persons, underinsured persons, and Medicaid beneficiaries.

Sec. E.231 Financial regulation – health care administration

(a) The department of financial regulation shall use the Global Commitment funds appropriated in this section for the health care administration division for the purpose of funding certain health-care-related department of financial regulation programs, projects, and activities to increase the access of quality health care to uninsured persons, underinsured persons, and Medicaid beneficiaries.

Sec. E.232 Secretary of state

(a) Of this special fund appropriation, \$492,991 represents the corporation division of the secretary of state's office, and these funds shall be from the securities regulation and supervision fund in accordance with 9 V.S.A. § 5613(b).

Sec. E.233 30 V.S.A. § 211(c) is added to read:

(c) An enterprise fund is established in the department of public service to consist of revenues from the resale of power and to support the activities authorized in this section and sections 212 and 212a of this title. Balances shall remain in the fund at the end of each fiscal year, and the fund shall be appropriated and expended in accordance with 32 V.S.A. § 462(b). These monies shall not be available to meet the general obligations of the state.

* * * HUMAN SERVICES * * *

Sec. E.300 Agency of human services – secretary's office

(a) The establishment of seven (7) new classified positions – two (2) Systems Developer II, one (1) Senior Systems Developer, one (1) Enterprise Business Analyst, two (2) Systems Developer III, and one (1) Project Manager – is authorized in fiscal year 2013.

Sec. E.300.1 REIMBURSEMENT RATES FOR SERVICE PROVIDERS

(a) The agency shall provide an inventory of the payment rates for various community service providers in the area of child welfare, including PNMI, child development, substance abuse, and long-term care services. The inventory shall list the types of programs, including residential programs and methods of reimbursement, including those subject to rate setting by provider type, as well as the most recent base year utilized for market or cost-based reimbursement methodologies. A list of rates paid to out-of-state residential providers and the methodology used to determine the rates shall also be included. This inventory shall be reported to the house and senate committees on appropriations by February 1, 2013 and shall include any recommendations to change reimbursement rates, methods, or basis.

Sec. E.301 Secretary's office – Global Commitment

(a) The agency of human services shall use the funds appropriated in this section for payment of the actuarially certified premium required under the intergovernmental agreement between the agency of human services and the managed care organization in the department of Vermont health access as provided for in the Global Commitment for Health Waiver (“Global Commitment”) approved by the Centers for Medicare and Medicaid Services under Section 1115 of the Social Security Act.

(b) In addition to the state funds appropriated in this section, a total estimated sum of \$28,308,986 is anticipated to be certified as state matching funds under the Global Commitment as follows:

(1) \$17,645,850 certified state match available from local education agencies for eligible special education school-based Medicaid services under the Global Commitment. This amount combined with \$22,854,150 of federal funds appropriated in Sec. B.301 of this act equals a total estimated expenditure of \$40,500,000. An amount equal to the amount of the federal matching funds for eligible special education school-based Medicaid services under Global Commitment shall be transferred from the Global Commitment fund to the Medicaid reimbursement special fund created in 16 V.S.A. § 2959a.

(2) \$3,902,237 certified state match available from local education agencies for direct school-based health services, including school nurse services, that increase the access of quality health care to uninsured persons, underinsured persons, and Medicaid beneficiaries.

(3) \$2,180,067 certified state match available from local education agencies for eligible services as allowed by federal regulation for early periodic screening, diagnosis, and treatment programs for school-aged children.

(4) \$2,393,532 certified state match available via the University of Vermont's child health improvement program for quality improvement initiatives for the Medicaid program.

(5) \$2,187,300 certified state match available from local designated mental health and developmental services agencies for eligible mental health services provided under Global Commitment.

Sec. E.301.1 CONTIGUOUS BODY PARTS ULTRASOUND

(a) Beginning July 1, 2012 and thereafter, the department of Vermont health access shall reduce spending on ultrasound services by implementing a payment reduction on contiguous body parts.

Sec. E.301.2 SPECIAL FUND APPLIED IN GLOBAL COMMITMENT WAIVER

(a) Notwithstanding any law to the contrary, \$350,000 of the special fund appropriation shall be from the evidence based practice fund.

Sec. E.302 PAYMENT RATES FOR PRIVATE NONMEDICAL INSTITUTIONS PROVIDING RESIDENTIAL CHILD CARE SERVICES

(a) Notwithstanding any other provision of law, for state fiscal year 2013, the division of rate setting shall calculate payment rates for private nonmedical institutions (PNMI) providing residential child care services as follows:

(1) General rule. The division of rate setting shall calculate PNMI per diem rates for state fiscal year 2013 as 100 percent of each program's final per diem rate in effect on June 30, 2012. These rates shall be issued as final.

(2) Reporting requirements.

(A) Providers are required to submit annual audited financial statements to the division within 30 days of receipt from their certified public accountant, but no later than four months following the end of each provider's fiscal year.

(B) Providers are not required to submit funding applications pursuant to section 3 of the PNMI rate setting rules for state fiscal year 2013.

(3) Exception to the general rule. For programs categorized by the placement authorizing departments (PADs) as crisis/stabilization programs with typical lengths of stay from 0 to 10 days, final rates for state fiscal year 2013 are set retroactively as follows:

(A) The allowable budget is 100 percent of the final approved budget for the rate year which includes June 30, 2012. The monthly allowable budget is the allowable budget divided by 12.

(B) Within five days of the end of each month in state fiscal year 2013, the program shall submit the prior month's census to the division of rate setting. The per diem rate shall be set for the prior month by dividing the monthly allowable budget amount by the total number of resident days for the month just ended.

(4) Adjustments to rates. Rate adjustment applications may not be used as a tool to circumvent the rate setting process for state fiscal year 2013 in

order to submit a new budget for the entire program or for the sole reason that actual costs incurred by the facility exceed the rate of payment.

(A) The following provisions amend section 8 of the PNMI rules regarding adjustments to rates for state fiscal year 2013:

(i) The three-month waiting period of section 8.1(b) for the submission of a rate adjustment application is waived.

(ii) In rate adjustment applications, the division shall only consider budget information specific to the program change and limited to direct program costs. Providers may not apply for increases to costs that are part of the current program and rate structure before the program change.

(iii) In its findings and order, the division may elect to use financial information from prior approved budget submissions to determine allowable costs related to the program change.

(iv) The materiality test in section 8.1(c) is waived.

(B) Adjustments to rates based on changes in licensed capacity. Programs that increase or decrease licensed capacity in state fiscal year 2013 shall provide prior written notification to the division of the change in licensed capacity.

(i) Decreased licensed capacity. In the case of programs that decrease licensed capacity in state fiscal year 2013, programs must have prior written approval from the PADs before applying to the division for an adjustment to the state fiscal year 2013 per diem rate.

(I) The allowable budget amount for state fiscal year 2013 may be no more than the final approved budget for the rate year which includes June 30, 2012.

(II) In its application for a rate adjustment, a program shall provide to the division financial and staffing information directly related to the decrease in licensed capacity.

(III) In its findings and order, the division shall reduce the allowable budget amount by any decreased costs directly related to the change in licensed capacity.

(IV) The division shall divide the final allowable budget amount by the estimated occupancy level at the new licensed capacity to calculate the per diem rate.

(ii) Increased licensed capacity. In the case of programs that increase licensed capacity in state fiscal year 2013, the division shall automatically adjust the program's rate as follows:

(I) The initial allowable budget is 100 percent of the final approved budget amount for the rate year that includes June 30, 2012.

(II) With prior written approval from the PADs, programs may apply to the division for an adjustment to the allowable budget for costs directly related to the program change.

(III) The division shall divide the final allowable budget amount by the estimated occupancy level at the new licensed capacity to calculate the per diem rate.

Sec. E.306 Department of Vermont health access – administration

(a) The establishment of six (6) new classified positions – Nurse Case Manager – is authorized in fiscal year 2013.

Sec. E.306.1 8 V.S.A. § 4089k is amended to read:

§ 4089k. HEALTH CARE INFORMATION TECHNOLOGY REINVESTMENT FEE

(a)(1) ~~Beginning October 1, 2009 and annually thereafter, each~~ Each health insurer shall pay a fee into the health IT fund established in 32 V.S.A. § 10301 in the amount of 0.199 of one percent of all health insurance claims paid by the health insurer for its Vermont members in the previous fiscal year ending June 30. The annual fee shall be paid in ~~installments~~ one installment due by ~~November 1, January 1, April 1, and June 1.~~

* * *

(d)(2) If any health insurer fails to pay the fee established in subsection (a) of this section within 45 days after ~~notice from the secretary of administration of the amount due~~ the installment due date, the secretary of administration; or his or her designee; shall notify the commissioner of ~~banking, insurance, securities, and health care administration~~ financial regulation of the failure to pay. In addition to any other remedy or sanction provided for by law, if the commissioner finds, after notice and an opportunity to be heard, that the health insurer has violated this section or any rule or order adopted or issued pursuant to this section, the commissioner may take any one or more of the following actions:

* * *

Sec. E.306.2 8 V.S.A. § 4089l is amended to read:

 § 4089I. HEALTH CARE CLAIMS ASSESSMENT

(a)(1) ~~Beginning October 1, 2011 and annually thereafter, each~~ Each health insurer shall pay an assessment into the state health care resources fund established in 33 V.S.A. § 1901d in the amount of 0.80 of one percent of all health insurance claims paid by the health insurer for its Vermont members in the previous fiscal year ending June 30. The annual fee shall be paid in ~~installments on November 1, one installment due by January 1, April 1, and June 1.~~

* * *

(c) As used in this section:

(1) “Health insurance” means any group or individual health care benefit policy, contract, or other health benefit plan offered, issued, renewed, or administered by any health insurer, including any health care benefit plan offered, issued, renewed, or administered by any health insurance company, any nonprofit hospital and medical service corporation, any dental service corporation, or any managed care organization as defined in 18 V.S.A. § 9402. The term includes comprehensive major medical policies, contracts, or plans and Medicare supplemental policies, contracts, or plans, but does not include Medicaid, VHAP, or any other state health care assistance program financed in whole or in part through a federal program, unless authorized by federal law and approved by the general assembly. The term does not include policies issued for specified disease, accident, injury, hospital indemnity, long-term care, disability income, or other limited benefit health insurance policies, except that any policy providing coverage for dental services shall be included.

* * *

(d) If any health insurer fails to pay the fee established in subsection (a) of this section within 45 days after ~~notice from the secretary of administration of the amount due~~ the installment due date, the secretary of administration or his or her designee shall notify the commissioner of ~~banking, insurance, securities, and health care administration~~ financial regulation of the failure to pay. In addition to any other remedy or sanction provided for by law, if the commissioner finds, after notice and an opportunity to be heard, that the health insurer has violated this section or any rule or order adopted or issued pursuant to this section, the commissioner may take any one or more of the following actions:

* * *

Sec. E.307 33 V.S.A. § 2073 is amended to read:

§ 2073. VPHARM ASSISTANCE PROGRAM

* * *

(d)(1) An individual shall contribute a co-payment of \$1.00 for prescriptions where the cost-sharing amount required by Medicare Part D is ~~\$29.99 or less~~ less than \$30.00, and a co-payment of \$2.00 for prescriptions where the cost-sharing amount required by Medicare Part D is \$30.00 or more. A pharmacy may not refuse to dispense a prescription to an individual who does not provide the co-payment.

* * *

Sec. E.307.1 33 V.S.A. § 2074(c) is amended to read:

(c) Benefits under VermontRx shall be subject to payment of a premium and co-payment amounts by the recipient in accordance with the provisions of this section.

* * *

(4) A recipient shall contribute a co-payment of \$1.00 for prescriptions costing ~~\$29.99 or less~~ less than \$30.00, and a co-payment of \$2.00 for prescriptions costing \$30.00 or more. A pharmacy may not refuse to dispense a prescription to an individual who does not provide the co-payment.

Sec. E.307.2 VHAP AND MEDICAID CO-PAYS

(a) The following co-payments for individuals enrolled in the VHAP and Medicaid programs are hereby authorized and set by the general assembly, pursuant to 33 V.S.A. § 1901(b), and may be promulgated in rules by the secretary of human services or designee, in accordance with 33 V.S.A. § 1901(a)(1), and are effective upon adoption of rules pursuant to Sec. E.307.10 of this act:

(1) co-payments that apply to prescriptions and durable medical equipment/supplies: enrolled individuals shall contribute a co-payment of not more than \$1.00 for prescriptions or durable medical equipment/supplies costing less than \$30.00, a co-payment of \$2.00 for prescriptions or durable medical equipment/supplies costing \$30.00 or more but less than \$50.00, and a co-payment of \$3.00 for prescriptions or durable medical equipment/supplies costing \$50.00 or more;

(2) co-payments that apply to hospital outpatient services: not more than \$3.00 per hospital visit;

(3) co-payments that apply to hospital emergency room services: for individuals enrolled in VHAP, \$25.00 per hospital visit;

(4) co-payments that apply to hospital inpatient stays: for individuals enrolled in Medicaid, the \$75.00 co-payment for inpatient hospital stays is eliminated.

Sec. E.307.3 33 V.S.A. § 1910 is amended to read:

§ 1910. LIABILITY OF THIRD PARTIES; LIENS

* * *

(b)(1) The agency shall have a lien against the insurer, to the extent of the amount paid by the agency for past medical expenses, on any recovery from the insurer, whenever:

(1) the agency pays medical expenses or renders medical services on behalf of a recipient who has been injured or has suffered an injury, illness, or disease; and

(2) the recipient asserts a claim against an insurer as a result of the injury, illness, or disease.

(2) Effective July 1, 2013, the recipient's insurer or alleged liable party's insurer, if any, shall take reasonable steps to discover the existence of the agency's medical assistance. Payment to the recipient instead of the agency does not discharge the insurer from payment of the agency's claim.

* * *

Sec. E.307.3.1 IMPLEMENTATION OF INSURERS' OBLIGATIONS

(a) The department of Vermont health access shall prepare and distribute an outreach document reminding insurers of their obligations under Sec. E.307.3 of this act. At a minimum, the outreach document will reinforce insurers' obligation to seek out Medicaid liens, and outline reporting requirements, including savings amount achieved. The outreach document may provide examples of areas of concern and department contact information.

Sec. E.307.4 DENTAL COVERAGE FOR PREGNANT AND POSTPARTUM WOMEN

(a) The secretary of human services shall apply to the Centers for Medicare and Medicaid Services for an amendment to the state Medicaid plan pursuant to 42 C.F.R. Section 430.12 to eliminate the adult dental benefit maximum as applied to pregnant women receiving benefits under the Dr. Dynasaur/Medicaid program and to enable pregnant women to receive the same dental benefits that are available for children on Dr. Dynasaur/Medicaid for the duration of the pregnancy and through the end of the calendar month during which the 60th day following the end of pregnancy occurs.

(b) Upon approval of the state plan amendment pursuant to subsection (a) of this section, the secretary of human services shall adopt rules pursuant to 3 V.S.A. chapter 25 to implement the expansion of dental coverage for pregnant women.

Sec. E.307.5 PRIMARY CARE CASE MANAGEMENT REIMBURSEMENT METHODOLOGY

(a) The department of Vermont health access shall conduct an analysis of the impact of revising the primary care case management reimbursement methodology. The analysis shall include the methodologies considered, the impact on providers, and delivery system implications. The department shall provide its analysis to the health access oversight committee at its December 2012 meeting.

Sec. E.307.6 33 V.S.A. § 1901 is amended to read:

§ 1901. ADMINISTRATION OF PROGRAM

* * *

(a)(4) A manufacturer of pharmaceuticals purchased by individuals receiving state pharmaceutical assistance in programs administered under this chapter shall pay to the department of Vermont health access, as the secretary's designee, a rebate on all ~~pharmaceuticals~~ pharmaceutical claims for which state-only funds are expended in an amount ~~at least as favorable as the rebates provided under 42 U.S.C. section 1396r-8 paid to the department in connection with Medicaid and programs funded under the Global Commitment to Health Medicaid Section 1115 waiver~~ that is in proportion to the state share of the total cost of the claim, as calculated annually on an aggregate basis, and based on the full Medicaid rebate amount as provided for in Section 1927(a) through (c) of the federal Social Security Act, 42 U.S.C. Section 1396r-8.

* * *

Sec. E.307.7 33 V.S.A. § 2073 is amended to read:

§ 2073. VPHARM ASSISTANCE PROGRAM

* * *

(f) A manufacturer of pharmaceuticals purchased by individuals receiving assistance from VPharm established under this section shall pay to DVHA, as required by section 1901 of this title, a rebate on all ~~pharmaceuticals~~ pharmaceutical claims for which state-only funds are expended in an amount ~~at least as favorable as the rebate paid to DVHA in connection with the Medicaid~~

program that is in proportion to the state share of the total cost of the claim, as calculated annually on an aggregate basis, and based on the full Medicaid rebate amount as provided for in Section 1927(a) through (c) of the federal Social Security Act, 42 U.S.C. Section 1396r-8.

Sec. E.307.8 33 V.S.A. § 2074 is amended to read:

§ 2074. VERMONTRX PROGRAM

* * *

~~(d) Any manufacturer of pharmaceuticals purchased by individuals receiving assistance from VermontRx established under this section shall pay to DVHA, as required by section 1901 of this title, a rebate on all pharmaceuticals for which state only funds are expended in an amount at least as favorable as the rebate paid to DVHA in connection with the Medicaid program. [REPEALED]~~

Sec. E.307.9 VPHARM REVIEW

(a) The commissioner of Vermont health access shall review the VPHARM program beneficiary premium and co-payment structure as well as the current and anticipated pharmaceutical manufacturing rebate compliance and payments levels. The commissioner shall make recommendations to the house and senate committees on appropriations, the house committee on health care, and the senate committee on health and welfare by January 15, 2013 regarding changes to the VPHARM program premium or co-payment structure.

Sec. E.307.10 EXPEDITED RULES

(a) Notwithstanding any contrary provision in 3 V.S.A. chapter 25, and in order to implement Sec. E.307.2(a) (VHAP and Medicaid co-pays) of this act, the agency of human services may adopt expedited rules in accordance with this section. Expedited rules under this section shall have the full force and effect of rules adopted under 3 V.S.A. chapter 25.

(b) Notwithstanding 3 V.S.A. chapter 25 and Sec. F4 of No. 146 of the Acts of the 2009 Adj. Sess. (2010), the agency shall:

(1) Adopt the expedited rule without pre-filing or filing in proposed or final proposed form, and adopt the expedited rule after whatever notice and hearing that the agency finds to be practicable under the circumstances. The agency shall make reasonable efforts to ensure that expedited rules are known to persons who may be affected by them. These efforts may occur prior to passage of this act and also shall occur on adoption of the rules by the agency.

(2) File expedited rules adopted under this section with the secretary of state and with the legislative committee on administrative rules. The legislative committee on administrative rules shall distribute copies of expedited rules to the appropriate standing committees.

(3) Ensure that expedited rules adopted under this section shall include as much of the information required for the filing of a proposed rule as is practicable under the circumstances.

(c) On a majority vote of the entire committee, the committee may object under this subsection if an expedited rule is:

- (1) beyond the authority of the agency;
- (2) contrary to the intent of the legislature; or
- (3) arbitrary.

(d) When objection is made under subsection (c) of this section, on majority vote of the entire committee, the committee may file the objection in certified form with the secretary of state. The objection shall contain a concise statement of the committee's reasons for its action. The secretary shall affix to each objection a certification of its filing and as soon as practicable transmit a copy to the agency. After a committee objection is filed with the secretary under this subsection, to the extent that the objection covers a rule or portion of a rule, the burden of proof thereafter shall be on the agency in any action for judicial review or for enforcement of the rule to establish that the part objected to is within the authority delegated to the agency, is consistent with the intent of the legislature, and is not arbitrary. If the agency fails to meet its burden of proof, the court shall declare the whole or portion of the rule objected to invalid. The failure of the committee to object to a rule is not an implied legislative authorization of its substantive or procedural lawfulness.

Sec. E.307.11 ELIGIBILITY RESTORATION

(a) To the extent allowable under federal law and provided the commissioner determines that an operational approach can be developed, notwithstanding any other provision of law, the commissioner of Vermont health access may restore eligibility for those individuals who have lost their eligibility for Medicare Savings Plan coverage due to COLA increases in their Social Security benefits effective January 1, 2012. Such restoration should be limited to cases where the commissioner determines a substantial hardship for an individual has been created and potential additional costs would otherwise be incurred by the state.

Sec. E.308 FISCAL YEAR 2013 NURSING HOME RATE SETTING

(a) Beginning July 1, 2012, notwithstanding any other provisions of law, the division of rate setting shall maintain the decrease by one-half in the case-mix weights for the following Vermont RUG-III resource utilization groups: Impaired Cognition A (IA1), Challenging Behavior A (BA1), Reduced Physical Functioning A 2 (PA2), and Reduced Physical Functioning A 1 (PA1). The decrease by one-half in these case-mix weights shall be maintained in each facility's average case-mix score for Medicaid residents from picture dates in the January 2010, April 2010, and July 2010 quarters, which were used to set the July 2010, October 2010, and January 2011 rates.

Sec. E.308.1 DVHA – MEDICAID LONG TERM CARE

(a) The funding for the Choices for Care program in fiscal year 2013 includes the appropriations in this section and anticipates at least \$4,400,000 of fiscal year 2012 unexpended appropriations. The administration anticipates making new investments of at least \$1,100,000. Prior to the implementation of these or alternate investments, the secretary of human services and the commissioner of disabilities, aging, and independent living shall work with providers and stakeholders to assure that the impact of changes in funding and proposed methods of delivery by the providers is clear and practical and ensure that the expected outcomes for clients are achieved and shall present their suggested investments for review and comment by the health access oversight committee.

(b) The agency of human services and department of disabilities, aging, and independent living shall report to the joint fiscal committee any submission made to CMS to change the Choices for Care waiver rate reimbursement structure. Before implementation of any CMS approved changes to the Choices for Care waiver rate reimbursement structure, notification shall be made to the house and senate committees on appropriations or to the joint fiscal committee if the general assembly is not in session.

Sec. E.308.2 LONG-TERM CARE CONTINUUM OF RESIDENTIAL SERVICES

(a) The agency of human services and department of disabilities, aging, and independent living shall prepare a report in consultation with consumer and provider groups on the continuum of residential options for long-term care services that are currently available to moderate and low income seniors. The report shall identify the appropriate range of residential options that will be needed to meet the needs of moderate and low income seniors over the next 10, 15, and 20 years. The report shall also include the reimbursement rates across

the continuum of residential options identified and the potential sources of funding for such options.

Sec. E.309 HEALTH CARE COVERAGE; LEGAL IMMIGRANT CHILDREN AND PREGNANT WOMEN

(a) Beginning July 1, 2012 and thereafter, in accordance with the provisions of the federal Children's Health Insurance Program Reauthorization Act of 2009, Public Law 111-3, Section 214, the agency of human services shall provide coverage under Medicaid and CHIP to legal immigrant children and pregnant women who are residing lawfully in Vermont and who have not met the five-year waiting period required under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

Sec. E.309.1. Sec. E.309.2(a) of No. 63 of the Acts of 2011, as amended by Sec. 99 of No. 75 of the Acts of the 2011 Adj. Sess. (2012), is further amended to read:

(a) Beginning July 1, 2012, the commissioner of Vermont health access shall implement interim measures comparable to the family planning option of section 2303 of the Affordable Care Act of 2010 until such time as the state is able to modify necessary rules and procedures related to eligibility and services to implement the family planning option of section 2303 of the Affordable Care Act of 2010, Public Law 111-148.

Sec. E.311 33 V.S.A. § 2004(b) is amended to read:

(b) Fees collected under this section shall fund collection and analysis of information on pharmaceutical marketing activities under 18 V.S.A. §§ 4632 and 4633, analysis of prescription drug data needed by the attorney general's office for enforcement activities, the Vermont prescription monitoring system established in 18 V.S.A. chapter 84A, and the evidence-based education program established in 18 V.S.A. chapter 91, subchapter 2 ~~of chapter 91 of Title 18.~~ The fees shall be collected in the evidence-based education and advertising fund established in section 2004a of this title.

Sec. E.311.1 33 V.S.A. § 2004a(a) is amended to read:

(a) The evidence-based education and advertising fund is established in the treasury as a special fund to be a source of financing for activities relating to fund collection and analysis of information on pharmaceutical marketing activities under 18 V.S.A. §§ 4632 and 4633, analysis of prescription drug data needed by the attorney general's office for enforcement activities, the Vermont prescription monitoring system established in 18 V.S.A. chapter 84A, and for the evidence-based education program established in 18 V.S.A. chapter 91,

subchapter 2 of Title 18. Monies deposited into the fund shall be used for the purposes described in this section.

Sec. E.311.2 Health – administration and support (FQHC Look-Alike Clinics)

(a) Of these Global Commitment funds, up to \$310,200 shall be used to support the costs of developing three federally qualified health center (FQHC) Look-Alike clinics. The Gifford Medical Center in Randolph shall receive up to \$100,000, the Five Town Health Alliance in Bristol shall receive up to \$110,000, and the Battenkill Valley Health Center in Arlington shall receive up to \$100,200 for the purpose of meeting all of the FQHC Program requirements enabling each clinic to submit an application certifying its program to the Health Resources and Services Administration (HRSA) and, if approved, to the Centers for Medicare and Medicaid Services (CMS).

Sec. E.312 Health – public health

(a) AIDS/HIV funding:

(1) In fiscal year 2013 and as provided in this section, the department of health shall provide grants in the amount of \$475,000, of which \$135,000 is state general funds and \$340,000 is AIDS Medication Rebates special funds to the Vermont AIDS service and peer-support organizations for client-based support services. It is the intent of the general assembly that if the AIDS Medication Rebates special funds appropriated in this subsection are unavailable, the funding for Vermont AIDS service and peer-support organizations for client-based support services shall be maintained through the general fund or other state-funding sources. The department of health AIDS program shall meet at least quarterly with the community advisory group (CAG) with current information and data relating to service initiatives. The funds shall be allocated as follows:

(A) AIDS Project of Southern Vermont, \$120,768;

(B) HIV/HCV Resource Center, \$36,689;

(C) VT CARES, \$220,133;

(D) Twin States Network, \$45,160;

(E) People with AIDS Coalition, \$52,250.

(2) Ryan White Title II funds for AIDS services and the AIDS Medication Assistance Program (AMAP) shall be distributed in accordance with federal guidelines. The federal guidelines shall not apply to programs or services funded solely by state general funds.

(3)(A) The secretary of human services shall immediately notify the joint fiscal committee if at any time there are insufficient funds in AMAP to assist all eligible individuals. The secretary shall work in collaboration with persons living with HIV/AIDS to develop a plan to continue access to AMAP medications until such time as the general assembly can take action.

(B) As provided in this section, the secretary of human services shall work in collaboration with the AMAP advisory committee, which shall be composed of no less than 50 percent of members who are living with HIV/AIDS. If a modification to the program's eligibility requirements or benefit coverage is considered, the committee shall make recommendations regarding the program's formulary of approved medication, related laboratory testing, nutritional supplements, and eligibility for the program.

(4) In fiscal year 2013, the department of health shall provide grants in the amount of \$100,000 in general funds to Vermont AIDS service organizations and other Vermont HIV/AIDS prevention providers for community-based HIV prevention programs and services. These funds shall be used for HIV/AIDS prevention purposes, including improving the availability of confidential and anonymous HIV testing; prevention work with at-risk groups such as women, intravenous drug users, and people of color; anti-stigma campaigns; and promotion of needle exchange programs. No more than 15 percent of the funds may be used for the administration of such services by the recipients of these funds. The method by which these prevention funds are distributed shall be determined by mutual agreement of the department of health and the Vermont AIDS service organizations and other Vermont HIV/AIDS prevention providers.

(b) Funding for the tobacco programs in fiscal year 2013 shall consist of the \$1,594,000 in tobacco funds and \$302,507 in Global Commitment funds appropriated in Sec. B.312 of this act. The tobacco evaluation and review board shall determine how these funds are allocated to tobacco cessation, community-based, media, public education, surveillance, and evaluation activities. This allocation shall include funding for tobacco cessation programs that serve pregnant women.

Sec. E.312.1 SUSTAINABILITY OF TOBACCO PROGRAMS

(a) The secretary of administration, the tobacco evaluation and review board, the department of health, and the blueprint for health shall develop a plan for tobacco program funding for fiscal years 2014 through 2016 at a level necessary to maintain the gains made in preventing and reducing tobacco use that have been accomplished since their inception. The plan shall consider the inclusion of monies that have been withheld by manufacturers in prior years

under the master settlement but may be received by the state in the future. The plan shall be presented to the general assembly on or before January 15, 2013.

Sec. E.312.2 [DELETED]

Sec. E.313 Health – alcohol and drug abuse programs

(a) For the purpose of meeting the need for outpatient substance abuse services when the preferred provider system has a waiting list of five days or more or there is a lack of qualified clinicians to provide services in a region of the state, a state-qualified alcohol and drug abuse counselor may apply to the department of health, division of alcohol and drug abuse programs, for time-limited authorization to participate as a Medicaid provider to deliver clinical and case coordination services, as authorized.

(b)(1) In accordance with federal law, the division of alcohol and drug abuse programs may use the following criteria to determine whether to enroll a state-supported Medicaid and uninsured population substance abuse program in the division's network of designated providers, as described in the state plan:

(A) The program is able to provide the quality, quantity, and levels of care required under the division's standards, licensure standards, and accreditation standards established by the commission on accreditation of rehabilitation facilities, the joint commission on accreditation of health care organizations, or the commission on accreditation for family services.

(B) Any program that is currently being funded in the existing network shall continue to be a designated program until further standards are developed, provided the standards identified in subdivision (b)(1) of this section are satisfied.

(C) All programs shall continue to fulfill grant or contract agreements.

(2) The provisions of subdivision (1) of this subsection shall not preclude the division's "request for bids" process.

(c) Prior to the issuance of grants to the recovery centers in fiscal year 2013 and thereafter, the recovery network advisory board shall recommend to the department of health how such funds should be allocated by center.

(d) The advisory board shall research national standards of peer supports and core services to be provided by recovery centers. By September 15, 2012, the board shall develop a set of standards, core services, and monthly performance measures to be submitted for approval to the department of health – alcohol and drug abuse programs and the department of mental health. The

board may collaborate with the department of health, the department of mental health, and the designated agencies regarding standards, core services, and performance measures as well as optional additional services. To the extent possible, adoption of the standards, core services, and performance measures shall be a condition of state grant funding in fiscal year 2013 and shall be a requirement for grant funding in subsequent fiscal years.

(e) Notwithstanding 32 V.S.A. § 706, in fiscal year 2012 or fiscal year 2013 or both, transfers of funds from funds appropriated within the agency of human services are authorized to the department of health – alcohol and drug abuse programs as necessary to provide \$100,000 of additional grant funding to recovery centers in fiscal year 2013.

Sec. E.318 Department for children and families – child development

(a) The commissioner for children and families shall reserve up to one-half of one percent of the child care family assistance program funds to assist child care facilities that are at risk of closing due to financial hardship. The commissioner shall develop guidelines for providing assistance and shall prioritize relief to child care programs in areas of the state with high poverty and low access to high quality child care. If the commissioner determines that the child care center is at risk of closure because operations of a child care program are not fiscally sustainable, he or she may provide assistance to transition children served by the child care operator in an orderly fashion to help secure other child care opportunities for children served by the program in an effort to minimize a disruption of services. The commissioner has the authority to request tax returns and other financial documents to verify the financial hardship and ability to sustain operations. The commissioner shall report to the joint fiscal committee at its November 2012 meeting on the distribution of reserved funds.

Sec. E.318.1 ACCESS TO HIGH-QUALITY EARLY EDUCATION

(a) In consultation with appropriate state agencies, community partners, and stakeholder groups, the building bright futures state council shall develop recommendations to increase access to high-quality early care and education for Vermont children as follows:

(1) In order to increase access to high-quality early care and education for three- and four-year-old children, the council shall develop recommendations designed to:

(A) Promote equitable opportunities throughout the state, including the availability of publicly supported programs to similarly situated families in different communities;

(B) Determine the best way to use community-based child care and education programs and review the interaction between developing publicly funded school-based pre-kindergarten and kindergarten programs and the infrastructure and financial health of existing child care programs in the private and nonprofit sector and how that interaction affects programs serving infants through age two;

(C) The council shall present its recommendations concerning subdivision (1) of this subsection to the house and senate committees on education on or before January 15, 2013.

(2) The council shall develop recommendations for a long-term financial sustainability plan for funding a comprehensive system of early childhood services that shall include early care and education, prevention and early intervention, nutrition, mental health and physical health, and include new ways to leverage federal funds.

(A) The council shall present an initial report concerning subdivision (2) of this subsection to the house committee on human services, the senate committee on health and welfare, and the house and senate committees on appropriations on or before January 15, 2013.

Sec. E.318.2 [DELETED]

Sec. E.321 GENERAL ASSISTANCE BENEFITS; FLEXIBILITY PROGRAM

(a) Commencing with state fiscal year 2007, the agency of human services may establish a housing assistance program within the general assistance program to create flexibility to provide these general assistance benefits. The purpose of the program is to mitigate poverty and serve applicants more effectively than they are currently served with the same amount of general assistance funds. The program shall operate in a consistent manner within existing statutes and rules except that it may grant exceptions to this program's eligibility rules and may create programs and services as alternatives to these rules. Eligible activities shall include, among others, the provision of shelter, overflow shelter, case management, transitional housing, deposits, down payments, rental assistance, and related services that assure that all Vermonters have access to shelter, housing, and the services they need to become safely housed. The assistance provided under this section is not an entitlement and may be discontinued when the appropriation has been fully spent.

(b) The program may operate in up to 12 districts designated by the secretary of human services. This program will be budget neutral. For each district in which the agency operates the program, it shall establish procedures

for evaluating the pilot and its effects. The agency shall report annually to the general assembly on its findings from the programs, its recommendations for changes in the general assistance program, and a plan for further implementation of the program.

(c) The agency shall continue to engage interested parties, including both statewide organizations and local agencies, in the design, implementation, and evaluation of the general assistance flexibility program.

(d) In fiscal year 2013, the agency of human service shall make its annual report to the general assembly by December, 15, 2012. The report shall specifically:

(1) Provide data on the number of persons and families served in fiscal years 2010, 2011, and 2012 by the general assistance housing assistance program and any other state-funded housing assistance programs.

(2) Provide data on the causes and circumstances that result in individuals or families requiring housing assistance.

(3) Identify the primary drivers of the need for such services and the primary barriers individuals and families have in maintaining safe and stable housing.

(4) Include an inventory of existing programs and program funding available for emergency, low income, and transitional housing.

(5) Include the outcome measures currently used to evaluate the effectiveness and accountability of emergency, low income, and transitional housing and make recommendations for any additional or alternative outcome measures.

(6) Make recommendations regarding reallocation of current funding for these programs if such reallocation would result in better outcomes, particularly regarding eviction prevention and accessing and maintaining safe stable housing for the populations in need or at risk of needing housing assistance and the option of providing direct vendor payments of benefits for habitually homeless individuals.

(7) Identify the outcome-based priority for any additional investment in housing assistance programs.

Sec. E.321.1 33 V.S.A. § 2301 is amended to read:

§ 2301. BURIAL RESPONSIBILITY

* * *

~~(c) When a person other than one described in subsection (a) or (b) of this section dies in the town of domicile without sufficient known assets to pay for burial, the burial shall be arranged and paid for by the town. The department shall reimburse the town up to \$250.00 for expenses incurred.~~

~~(d)~~ In all other cases the department shall arrange for and pay up to the maximum amount established by rule for the burial of eligible persons who die in this state or residents of this state who die within the state or elsewhere when the persons are without sufficient known assets to pay for their burial.

~~(e)~~(d) For the purpose of this chapter, “burial” means the final disposition of human remains including interring or cremating a decedent and the ceremonies directly related to that cremation or interment at the gravesite; and “funeral” means the ceremonies prior to burial by interment, cremation, or other method.

Sec. E.323 [DELETED]

Sec. E.324 HOME HEATING FUEL ASSISTANCE/LIHEAP

(a) For the purpose of a crisis set-aside, for seasonal home heating fuel assistance through December 31, 2012, and for program administration, the commissioner of finance and management shall transfer \$2,550,000 from the home weatherization assistance trust fund to the home heating fuel assistance fund to the extent that federal LIHEAP or similar federal funds are not available. An equivalent amount shall be returned to the home weatherization trust fund from the home heating fuel assistance fund to the extent that federal LIHEAP or similar federal funds are received. Should a transfer of funds from the home weatherization assistance trust fund be necessary for the 2012–2013 crisis set-aside and for seasonal home heating fuel assistance through December 31, 2012 and if LIHEAP funds awarded as of December 31, 2012 for fiscal year 2013 do not exceed \$2,550,000, subsequent payments under the home heating fuel assistance program shall not be made prior to January 30, 2013. Notwithstanding any other provision of law, payments authorized by the office of home heating fuel assistance shall not exceed funds available, except that for fuel assistance payments made through December 31, 2012, the commissioner of finance and management may anticipate receipts into the home weatherization assistance trust fund.

Sec. E.325 Department for children and families – office of economic opportunity

(a) Of the general fund appropriation in this section, \$792,000 shall be granted to community agencies for homeless assistance by preserving existing services, increasing services, or increasing resources available statewide.

These funds may be granted alone or in conjunction with federal McKinney emergency shelter funds. Grant decisions shall be made with assistance from the coalition of homeless Vermonters.

Sec. E.326 Department for children and families – OEO – weatherization assistance

(a) Of the special fund appropriation in this section, \$750,000 is for the replacement and repair of home heating equipment.

(b) Appropriations from the weatherization trust fund may be limited based on the revenue forecast for the fund from the gross receipts tax as adopted pursuant to 32 V.S.A. § 305a.

Sec. E.329 VERMONT VETERANS' HOME; REGIONAL BED CAPACITY

(a) The agency of human services shall not include the bed count at the Vermont veterans' home when recommending and implementing policies that are based on or intended to impact regional nursing home bed capacity in the state.

Sec. E.329.1 [DELETED]

Sec. E.338 Corrections – correctional services

(a) The establishment of seventeen (17) new classified positions – sixteen (16) Correctional Officer I and one (1) Corrections Housing Program Coordinator – is authorized in fiscal year 2013. The Correctional Officer I positions will accommodate the conversion of temporary Correctional Officer I positions to full-time classified status.

Sec. E.342 Vermont veterans' home – care and support services

(a) If Global Commitment fund monies are unavailable, the total funding for the Vermont veterans' home shall be maintained through the general fund or other state funding sources.

(b) The Vermont veterans' home will use the Global Commitment funds appropriated in this section for the purpose of increasing the access of quality health care to uninsured persons, underinsured persons, and Medicaid beneficiaries.

* * * LABOR * * *

Sec. E.400 REPEAL

(a) 16 V.S.A. § 2887(c) (allocations of next generation initiative funds to regional technical centers) is repealed.

Sec. E.401 Labor – programs

(a) A three-year continuation is authorized beginning in fiscal year 2013 for three (3) existing limited service workers' compensation investigator positions.

(b) One (1) classified adjudicator position (position # 820176) is authorized to be converted to one (1) permanent workers' compensation investigator position in fiscal year 2013.

Sec. E.401.1 21 V.S.A. § 1101 is amended to read:

§ 1101. APPRENTICESHIP DIVISION AND COUNCIL

The apprenticeship division and state apprenticeship council, hereinafter referred to as the "council," shall be located within the department of labor. The commissioner of labor shall supervise the work of the division, and shall be the chair of the council. The council shall consist of ~~10~~ 12 members, four ex officio members and ~~six~~ eight members who shall be appointed by the governor. Of the ex officio members, one shall be the commissioner of labor, or designee, one shall be the commissioner of public safety, or designee, one shall be the commissioner of education or designee, and one shall be the director of the apprenticeship division who shall act as secretary of the council without vote. The council shall be composed of persons familiar with apprenticeable occupations. Of the ~~appointive~~ appointed members, three shall be individuals who ~~on account of previous vocation, employment, occupation, or affiliation can be classed as~~ represent employers and ~~three~~, three shall be individuals who ~~on account of previous vocation, employment, occupation, or affiliation can be classed as~~ employees represent employee organizations, and two shall be members of the public. Appointment of the employer and the employee members shall be made for the term of three years except the employer and employee members first appointed shall be appointed for the term of one, two, and three years respectively. The governor shall annually designate one member of the council as chair. Each member of the council who is not a salaried official or employee of the state shall be entitled to compensation and expenses as provided in 32 V.S.A. § 1010.

Sec. E.401.2 21 V.S.A. § 1347 is amended to read:

§ 1347. NONDISCLOSURE OR MISREPRESENTATION

* * *

(c) The person liable under this section shall repay such amount to the commissioner for the fund. In addition to the repayment, if the commissioner finds that a person intentionally misrepresented or failed to disclose a material

~~fact with respect to his or her claim for benefits, the person shall pay an additional penalty of 15 percent of the amount of the overpaid benefits. Such amount may be collectible by civil action in a Vermont district or superior court, in the name of the commissioner. No action shall be commenced for the collection of such amount more than five years after the date of such determination under this section or the final decision confirming the liability of such person on an appeal from such determination.~~

(d) In any case in which under this section a person is liable to repay any amount to the commissioner for the fund, the commissioner may withhold, in whole or in part, any future benefits payable to such person, and credit such withheld benefits against the amount due from such person until it is repaid in full, less any penalties assessed under subsection (c) of this section. ~~No benefits shall be withheld after five years from the date of such determination or the date of the final decision confirming the liability of such person on an appeal from such determination.~~

(e) In addition to the foregoing, when it is found by the commissioner that a person intentionally misrepresented or failed to disclose a material fact with respect to his or her claim for benefits and in the event the person is not prosecuted under section 1368 of this title and penalty provided in section 1373 of this title is not imposed, the person shall be disqualified and shall not be entitled to receive benefits to which he or she would otherwise be entitled after the determination for such number of weeks not exceeding 26 as the commissioner shall deem just, ~~provided, however, that no benefits shall be denied to a claimant because of such determination after three years from the date thereof or the date of final decision on an appeal from such determination.~~ The notice of determination shall also specify the period of disqualification imposed hereunder.

* * *

Sec. E.401.3 21 V.S.A. § 1451 is amended to read:

§ 1451. DEFINITIONS

For the purpose of this subchapter:

* * *

(4) “Short-time compensation employer” means an employer who has one or more employees covered by an approved “Short-Time Compensation Plan.” ~~Both employers with experience rating records and employers who make payments in lieu of tax contributions to the UI Trust Fund may become short time compensation employers.~~ “Short-time compensation employer” includes an employer with experience-rating records and an employer who

makes payments in lieu of tax contributions to the unemployment compensation trust fund and that meets the following:

(A) Has five or more employees covered by an approved short-time compensation plan.

(B) Is not delinquent in the payment of contributions or reimbursement, or in the reporting of wages.

(C) Is not a negative balance employer. For the purposes of this section, a negative balance employer is an employer who has for three or more consecutive calendar years prior to applying for the STC plan paid more in unemployment benefits to its employees than it has contributed to its unemployment insurance account. In the event that an employer has been a negative balance employer for three consecutive years, the employer shall be ineligible for participation unless the commissioner grants a waiver based upon extenuating economic conditions or other good cause.

* * *

(7) "Fringe benefits" means benefits, including health insurance, retirement benefits, paid vacations and holidays, sick leave, and similar benefits that are incidents of employment.

(8) "Intermittent employment" means employment that is not continuous but may consist of intervals of weekly work and intervals of no weekly work.

(9) "Seasonal employment" means employment with an employer who experiences at least a 20-percent difference between its highest level of employment during a particular season and its lowest level of employment during the off-season in each of the previous three years as reported to the department, or employment with an employer on a temporary basis during a particular season.

Sec. E.401.4 21 V.S.A. § 1452 is amended to read:

§ 1452. CRITERIA FOR APPROVAL

An employer wishing to participate in an STC program shall submit a department of labor electronic application or a signed written short-time compensation plan to the commissioner for approval. The commissioner may approve an STC plan only if the following criteria are met:

* * *

(3) the plan ~~specifies any impact on~~ outlines to the commissioner the extent to which fringe benefits, including health insurance, of employees

participating in the plan may be reduced, which shall be factored into the evaluation of the business plan for resolving the conditions that lead to the need for the STC plan;

* * *

(6) the plan certifies that the STC employer will notify the department within 24 hours after any layoff of an employee, at which time the commissioner shall have the right to terminate the STC plan;

(7) the identified workweek reduction is applied consistently throughout the duration of the plan unless otherwise approved by the department;

~~(6)~~(8) the plan applies to at least 10 percent of the employees in the affected unit, and when applicable determined to be applicable by the commissioner applies to all affected employees of the unit equally;

~~(7)~~(9) the plan will not subsidize seasonal employers during the off-season, nor subsidize employers who have traditionally used part-time employees or intermittent employment;

~~(8)~~(10) the employer agrees to maintain records relative to the plan for a period of three years and furnish reports relating to the proper conduct of the plan and agrees to allow the commissioner or his or her authorized representatives access to all records necessary to verify the plan prior to approval and, after approval, to monitor and evaluate application of the plan;

~~(9)~~(11) the plan certifies that the collective bargaining agent or agents for the employees, if any, have agreed to participate in the program. If there is no bargaining unit, the employer specifies how he or she will notify the employees in the affected group and work with them to implement the program once the plan is approved; and

~~(10)~~(12) in addition to subdivisions (1) through ~~(9)~~(11) of this section, the commissioner shall take into account any other factors which may be pertinent to the approval and proper implementation of the plan.

Sec. E.401.5 21 V.S.A. § 1453 is amended to read:

§ 1453. APPROVAL OR REJECTION; RESUBMISSION

The commissioner shall approve or reject a plan in writing within 30 days of its receipt, and in the case of rejection shall state the reasons therefor. The reasons for rejection shall be final and nonappealable, but the employer shall be allowed to submit another plan for approval, that addresses the reasons that led to the rejection of the original plan.

Sec. E.401.6 21 V.S.A. § 1454 is amended to read:

§ 1454. EFFECTIVE DATE; DURATION

A plan shall be effective on the date specified in the plan or on a date mutually agreed upon by the employer and the commissioner. It shall expire at the end of the sixth full calendar month after its effective date or on the date specified in the plan if such date is earlier; provided, that the plan is not previously revoked by the commissioner; or on the effective date of any transfer of ownership of the legal business entity. If a plan is revoked or terminated by the commissioner, it shall terminate on the date specified in the commissioner's written order of revocation. No employer shall be eligible for a short-time compensation plan that results in an employee receiving benefits in excess of 26 times the amount of regular unemployment benefits payable to such individual for a week of total unemployment.

Sec. E.401.7 21 V.S.A. § 1458 is amended to read:

§ 1458. SHORT-TIME COMPENSATION BENEFITS

* * *

(f)(1) If an individual works in the same week for both the short-time employer and another employer and his or her combined hours of work for both employers are equal to or greater than 81 percent of the usual hours of work with the short-time employer, he or she shall not be entitled to benefits under these short-time provisions or the unemployment compensation provisions.

(2) If an individual works in the same week for both the short-time employer and another employer and his or her combined hours of work for both employers are equal to or less than 80 percent of the usual hours of work for the short-time employer, the benefit amount payable for that week shall be the weekly unemployment compensation amount reduced by the same percentage that the combined hours are of the usual hours of work. A week for which benefits are paid under this provision shall count as a week of short-time compensation.

(3) An individual who does not work during a week for the short-time employer, and is otherwise eligible, shall be paid his or her full weekly unemployment compensation benefit amount under the provisions of the regular unemployment compensation program. Such a week shall not be counted as a week for which short-time compensation benefits were received.

(4) An individual who does not work the short-time employer's identified workweek reduction hours as certified by the application due to the use of paid vacation or personal time shall be paid benefits for the week under

the partial unemployment compensation provisions of the regular unemployment compensation program.

(4)(5) An individual who does not work for the short-time employer during a week but works for another employer and is otherwise eligible, shall be paid benefits for that week under the partial unemployment compensation provisions of the regular UI program. Such a week shall not be counted as a week with respect to which STC benefits were received.

Sec. E.401.8 COMPLIANCE WITH UNITED STATES DEPARTMENT OF LABOR

(a) In the event that the United States secretary of labor determines that any provision of the short-time compensation program (21 V.S.A. chapter 19, subchapter 3) is not in conformance with 26 U.S.C. § 3306(v) as added by the federal Layoff Prevention Act of 2012, the provision shall be unenforceable.

Sec. E.401.9 SHORT-TIME COMPENSATION FUNDING

(a) The commissioner of labor is hereby authorized to pursue federal funding for Vermont's short-time compensation program, if after an analysis of the eligibility requirements for receiving such funding, he or she concludes that doing so would be in the best interest of the state of Vermont.

Sec. E.401.10 33 V.S.A. § 4110 is amended to read:

§ 4110. EMPLOYER OBLIGATIONS

* * *

(c) As used in this section:

(1) "Employee" ~~means~~:

(A) means an individual who is an employee within the meaning of chapter 24 of the Internal Revenue Code of 1986; and

(B) does not include an employee of a federal or state agency performing intelligence or counterintelligence functions, if the head of such agency has determined that reporting pursuant to this section with respect to the employee could endanger the safety of the employee or compromise an ongoing investigation or intelligence mission.

(2) "Employer" has the meaning given such term in Section 3401(d) of the Internal Revenue Code of 1986 and includes any governmental entity and any labor organization.

(3) "First date of employment" is the first day services are performed for compensation as a new hire.

(4) ~~“New hire” means an employee for whom a W-4 filing is required and whose wages have not been reported by the filing employer to the department of labor during the last reporting quarter who:~~

(A) has not previously been employed by the employer; or

(B) was previously employed by the employer but has been separated from that employment for at least 60 consecutive days.

Sec. E.401.11 21 V.S.A. § 1301a is amended to read:

§ 1301a. DEPARTMENT OF LABOR; COMPOSITION

The department of labor, created by ~~section 3~~ V.S.A. § 212 of Title 3, shall consist of a commissioner of labor, the Vermont employment security board, the Vermont workforce development division, the economic and labor market information division, the workforce development council, the unemployment insurance and wages division, and the workers’ compensation and safety division. The chair of the employment security board shall be the commissioner of labor ex officio. The deputy commissioner of labor or a designee chosen by the commissioner may serve as chair in the absence of the commissioner as the commissioner’s designee.

* * * K-12 EDUCATION * * *

Sec. E.500 Education – finance and administration

(a) The Global Commitment funds appropriated in this section for school health services, including school nurses, shall be used for the purpose of funding certain health-care-related projects. It is the goal of these projects to reduce the rate of uninsured or underinsured persons or both in Vermont and to increase the access of quality health care to uninsured persons, underinsured persons, and Medicaid beneficiaries.

Sec. E.502 Education – special education: formula grants

(a) Of the appropriation authorized in this section, and notwithstanding any other provision of law, an amount not to exceed \$3,400,654 shall be used by the department of education in fiscal year 2013 as funding for 16 V.S.A. § 2967(b)(2)–(6). In distributing such funds, the commissioner shall not be limited by the restrictions contained within 16 V.S.A. § 2969(c) and (d). In addition to funding for 16 V.S.A. § 2967(b)(2)–(6), up to \$172,611 may be used by the department of education for its participation in the higher education partnership plan.

Sec. E.503 Education – state-placed students

(a) The independence place program of the Lund Family Center shall be considered a 24-hour residential program for the purposes of reimbursement of education costs.

Sec. E.504 Education – adult education and literacy

(a) Of this appropriation, \$4,000,000 from the education fund shall be distributed to school districts for reimbursement of high school completion services pursuant to 16 V.S.A. § 1049a(c).

Sec. E.505 Education – adjusted education payment

(a) Notwithstanding any other provision of law, up to \$50,000 of the education funds appropriated in this section may be used to reimburse districts for excess homestead tax amounts collected in previous fiscal years that the department has verified were the result of error in data or calculation. Any sums reimbursed shall be used solely as an additional revenue source to the receiving district for the current or next fiscal year.

Sec. E.512 Education – Act 117 cost containment

(a) Notwithstanding any other provision of law, expenditures made from this section shall be counted under 16 V.S.A. § 2967(b) as part of the state's 60 percent of the statewide total special education expenditures of funds which are not derived from federal sources.

Sec E.513 [DELETED]

Sec. E.514 State teachers' retirement system

(a) The annual contribution to the Vermont state teachers' retirement system shall be \$64,932,755, of which \$60,182,755 shall be contributed in accordance with 16 V.S.A. § 1944(g)(2) and an additional \$4,750,000 in general funds.

(b) In accordance with 16 V.S.A. § 1944(c)(2), of the annual contribution, \$10,303,147 is the "normal contribution," and \$49,879,608 is the "accrued liability contribution."

(c) A combination of \$63,613,130 in general funds and an estimated \$1,319,625 of Medicare Part D reimbursement funds is utilized to achieve funding at \$4,750,000 above the actuarially recommended level of \$60,182,755.

* * * HIGHER EDUCATION * * *

Sec. E.600 University of Vermont

(a) The commissioner of finance and management shall issue warrants to pay one-twelfth of this appropriation to the University of Vermont on or about the 15th day of each calendar month of the year.

(b) Of this appropriation, \$380,326 shall be transferred to EPSCoR (Experimental Program to Stimulate Competitive Research) for the purpose of complying with state matching fund requirements necessary for the receipt of available federal or private funds or both.

(c) If Global Commitment fund monies are unavailable, the total grant funding for the University of Vermont shall be maintained through the general fund or other state funding sources.

(d) The University of Vermont will use the Global Commitment funds appropriated in this section to support Vermont physician training. The University of Vermont prepares students, both Vermonters and out-of-state, and awards approximately 100 medical degrees annually. Graduates of this program, currently representing a significant number of physicians practicing in Vermont, deliver high-quality health care services to Medicaid beneficiaries and to the uninsured or underinsured persons or both in Vermont and across the nation.

Sec. E.602 Vermont state colleges

(a) The commissioner of finance and management shall issue warrants to pay one-twelfth of this appropriation to the Vermont State Colleges on or about the 15th day of each calendar month of the year.

(b) Of this appropriation, \$427,898 shall be transferred to the Vermont manufacturing extension center for the purpose of complying with state matching fund requirements necessary for the receipt of available federal or private funds or both.

Sec. E.603 Vermont state colleges – allied health

(a) If Global Commitment fund monies are unavailable, the total grant funding for the Vermont State Colleges shall be maintained through the general fund or other state funding sources.

(b) The Vermont State Colleges shall use the Global Commitment funds appropriated in this section to support the dental hygiene, respiratory therapy, and nursing programs which graduate approximately 250 health care providers annually. These graduates deliver direct, high-quality health care services to Medicaid beneficiaries and uninsured or underinsured persons or both.

Sec. E.605 Vermont student assistance corporation

(a) Of this appropriation, \$25,000 is appropriated from the general fund to the Vermont Student Assistance Corporation to be deposited into the trust fund established in 16 V.S.A. § 2845.

(b) Except as provided in subsection (a) of this section, not less than 93 percent of grants shall be used for direct student aid.

(c) Funds available to the Vermont Student Assistance Corporation pursuant to Sec. E.215(a) of this act shall be used for the purposes of 16 V.S.A. § 2856. Any unexpended funds from this allocation shall carry forward for this purpose.

* * * NATURAL RESOURCES * * *

Sec. E.700 3 V.S.A. § 2805 is amended to read:

§ 2805. ENVIRONMENTAL PERMIT FUND

(a) There is hereby established a special fund to be known as the environmental permit fund for the purpose of implementing the programs specified under the provisions of subsections 2822(i) and (j) of this title. Revenues to the fund shall be those. Within the fund, there shall be two accounts: the environmental permit account and the air pollution control account. Unless otherwise specified, fees collected in accordance with subsections 2822(i) and (j) of this title, and 10 V.S.A. § 2625 and gifts and appropriations shall be deposited in the environmental permit account. Fees collected in accordance with subsections 2822(j)(1), (k), (l), and (m) of this title shall be deposited in the air pollution control account. The environmental permit fund shall be used to implement the programs specified under section 2822 of this title. The secretary of natural resources shall be responsible for the fund and shall account for the revenues and expenditures of the agency of natural resources. The environmental permit fund shall be subject to the provisions of 32 V.S.A. chapter 7, subchapter 5. The environmental permit fund shall be used to cover a portion of the costs of administering the environmental division established under 4 V.S.A. chapter 27. The amount of \$143,000.00 per fiscal year shall be disbursed for this purpose.

(b) Any fee required to be collected under subdivision 2822(j)(1) of this title shall be utilized solely to cover all reasonable (direct or indirect) costs required to support the operating permit program authorized under 10 V.S.A. chapter 23 of Title 10. Any fee required to be collected under subsections subsection 2822(k), (l), or (m) of this title for air pollution control permits or registrations or motor vehicle registrations shall be utilized solely to cover all reasonable (direct or indirect) costs required to support the programs authorized under 10 V.S.A. chapter 23 of Title 10. Fees collected pursuant to

subsections 2822(k), (l), and (m) of this title shall be used by the secretary to fund activities related to the secretary's hazardous or toxic contaminant monitoring programs and motor vehicle-related programs. ~~The environmental permit fund shall be subject to the provisions of subchapter 5 of chapter 7 of Title 32, except that any unencumbered environmental permit fund balance in excess of those fees collected under subdivision 2822(j)(1) and subsections (k), (l), and (m) of this title, and in excess of \$350,000.00 from those fees collected from environmental permit fund sources other than subdivision 2822(j)(1) and subsections (k), (l), and (m) at the close of a fiscal year shall revert to the general fund. The environmental permit fund shall be used to cover a portion of the costs of administering the environmental division established under chapter 27 of Title 4. The amount of \$143,000.00 per fiscal year shall be disbursed for this purpose.~~

Sec. E.704 Forests, parks and recreation - forestry

(a) This special fund appropriation shall be authorized, notwithstanding the provisions of 3 V.S.A. § 2807(c)(2).

Sec. E.709 10 V.S.A. § 1174 is amended to read:

§ 1174. APPROPRIATION EXPENDITURE FOR SUPPORT OF THE CONNECTICUT COMMISSION

~~The sum of \$1,500.00 annually, or so much thereof as may be necessary, is hereby appropriated out of any fund not otherwise appropriated. The department of environmental conservation shall make an expenditure for the purpose of carrying out the provisions of Article VII of the compact, section 1158 of this title, relating to payment by the state to the Connecticut commission of the proportionate share of the state in the expenses of said commission. This appropriation expenditure is conditioned upon payment by the other compacting states of their proportionate amounts.~~

Sec. E.709.1 10 V.S.A. § 1175(c) is added to read:

(c) Funds received pursuant to subsection (a) of this section shall be credited to a special fund, established and managed pursuant to 32 V.S.A. chapter 7, subchapter 5, from which payments shall be made in accordance with section 1176 of this title.

* * * COMMERCE AND COMMUNITY DEVELOPMENT * * *

Sec. E.800 Agency of commerce and community development – administration

(a) The establishment of one (1) new classified position – Economic Research Analyst – is authorized in fiscal year 2013 to perform economic

analysis including VEGI modeling within the agency of commerce and community development.

Sec. E.800.1 TROPICAL STORM IRENE RELIEF INITIATIVE

(a) The secretary of administration and the secretary of commerce and community development shall:

(1) Work to include nondesignated counties in the area targeted by the U.S. Department of Housing and Urban Development (HUD) for 80 percent of the pending community development block grant disaster recovery allocation to Vermont;

(2) Hold regional public hearings regarding unmet housing, economic recovery, and infrastructure needs in the county for inclusion in the agency's disaster action plan for the use of community development block grant disaster recovery funding. Groups and organizations that have not been directly involved with the economic development strategy shall be included and allocated adequate presentation time;

(3) Ensure agency participation at a senior level with the southeastern Vermont economic development strategy board;

(4) Provide a single point of contact and serve as a resource for affected communities on tax credits and other funding to assist with recovery;

(5) Coordinate Federal Emergency Management Agency (FEMA) and state assistance to address housing needs.

(b) The secretary of administration and the secretary of commerce and community development shall find \$100,000 within funds appropriated to the agency of commerce and community development and its programs or other funds that come available for this purpose to provide grants for communities and/or regional organizations involved in Tropical Storm Irene recovery in non-HUD disaster recovery assistance designated counties. These funds may also be used as matching funds.

Sec. E.800.2 STUDY; AGENCY OF COMMERCE AND COMMUNITY DEVELOPMENT AND INTEGRATED ECONOMIC DEVELOPMENT ASSISTANCE

(a) On or before January 15, 2013, the agency of commerce and community development shall conduct a study and deliver a report of its findings and recommendations to the house and senate committees on appropriations, the house committee on commerce and economic development, and the senate committee on economic development, housing and general affairs, addressing the following:

(1) whether a separate department of economic development should be created within the agency;

(2) how the agency can most effectively build stronger connections and integrated service delivery at the regional level with and through the regional development corporations;

(3) the most effective model for a single portal, through which businesses and entrepreneurs can access all state, regional, and local economic development assistance;

(4) assess the ability of the regional development corporations to be a true partner in meeting the economic development needs of the state and assess the appropriate structure, state funding, and outcome measurement of these organizations.

(b) In conducting the study, the secretary of commerce and community development shall consult with individuals who have private sector marketing and business experience and may contract with a third party with government, economic development, and management expertise. The study shall specifically consider and update the policy and legislative recommendations adopted by the commission on the future of economic development.

Sec. E.800.3 REPEAL

(a) 10 V.S.A. § 2 (unified economic development budget) is repealed.

Sec. E.800.4 STUDY; EXPANSION OF PROPERTY-ASSESSED CLEAN ENERGY PROGRAM TO INCLUDE COMMERCIAL REAL ESTATE

(a) On or before January 15, 2013, the commissioner of public service, in collaboration with the department of financial regulation, the office of the treasurer, Housing Vermont, the Vermont housing and conservation board, the department of economic, housing and community development, the Vermont bankers' association, and other interested private sector stakeholders, shall conduct a study on the feasibility, benefits, and costs of expanding Vermont's property-assessed clean energy program to include commercial real estate, and shall submit its findings and recommendations to the house committee on commerce and economic development, the senate committee on economic development, housing and general affairs, and the house and senate committees on natural resources and energy. The study shall specifically consider appropriate measures to ensure sufficient funding and adequate reserves are available to incorporate commercial real estate into the program.

Sec. E.800.5 VERMONT TRAINING PROGRAM

(a) Notwithstanding 10 V.S.A. § 531, the secretary may authorize up to ten percent of the funds allocated within the Vermont training program for employers that meet at least one but less than three of the criteria specified within 10 V.S.A. § 531(b) and (c)(3). The secretary shall report to the house committee on commerce and economic development and the senate committee on economic development, housing and general affairs by January 15, 2013 on the use or proposed use of funds under this provision.

(b) The secretary shall report to the house committee on commerce and economic development and the senate committee on economic development, housing and general affairs by January 15, 2013 on any funds used in fiscal year 2012 and used or proposed to be used in fiscal year 2013 for the purposes of 10 V.S.A. § 531(d)(2) and shall report with the commissioner of labor on the number of employers who have applied for and/or received workforce training funds from more than one state program within fiscal years 2012 and 2013.

Sec. E.800.6 [DELETED]

Sec. E.801 Economic, housing, and community development

(b) Of this appropriation \$25,000 is for a performance contract to develop the composite technology industry statewide.

Sec. E.801.1 REPEAL

(a) Sec. 10a(b) of No. 52 of the Acts of 2011 (Vermont training program, grant eligibility repeal) is repealed.

Sec. E.803 Community development block grants

(a) Community development block grants shall carry forward until expended.

Sec. E.805 Tourism and marketing

(a) Funds granted to the Shires of Vermont shall be made through a performance contract. One provision of the contract will ensure the marketing of businesses in the southeast corner of Vermont, not limited to those associated with the local chamber of commerce.

Sec. E.806 3 V.S.A. § 2473a is amended to read:

§ 2473a. VERMONT LIFE MAGAZINE

* * *

(c) ~~A revolving~~ An enterprise fund for the operation of Vermont Life magazine is created, which shall consist of all revenues derived from the sale

of Vermont Life magazine, advertising in Vermont life magazine, the sale of other products under the Vermont life label, digital and other emerging media, advisory services, sponsorships, grants, events, promotions, competitions, partnerships, licensing, fundraisers, markups on retail sales of other parties' products, other commercial activities that are consistent with Vermont Life values and supportive of the Vermont brand and approved by the secretary with the consultation of the Vermont Life Advisory Board established in Executive Order #22-2, any interest earned by Vermont Life magazine, and all sums which are from time to time appropriated for the support of Vermont Life magazine and its operations.

(d) All expenses incurred in the production, publication, and sale of Vermont Life magazine, advertising, and other products under the Vermont Life label shall be paid from the ~~revolving~~ enterprise fund.

(e) The receipt and expenditure of moneys from the ~~revolving~~ enterprise fund shall be under the supervision of the business manager and at the direction of the publisher, subject to the provisions of this section. Vermont Life magazine shall maintain accurate and complete records of all receipts and expenditures by and from the fund, and shall make an annual report on the condition of the fund to the secretary of the agency, who shall in turn provide the report to the secretary of administration.

* * * TRANSPORTATION * * *

Sec. E.909 Transportation – central garage

(a) Of this appropriation, \$5,888,573 is appropriated from the transportation equipment replacement account within the central garage fund for the purchase of equipment as authorized in 19 V.S.A. § 13(b).

Sec. E.910 ALLOCATION OF SNOWMOBILE REGISTRATION REVENUE

(a) Notwithstanding 23 V.S.A. § 3214(a), for the period July 1, 2009 to April 4, 2012, the full amount of revenue from the sale of resident and nonresident snowmobile registrations shall be allocated to the agency of natural resources for use by (Vermont Association of Snow Travelers) VAST, and for the purposes described in that subsection.

Sec. E.915 Transportation – town highway aid program

(a) This appropriation is authorized notwithstanding the provisions of 19 V.S.A. § 306(a).

Sec. E.922 19 V.S.A. § 11a is amended to read:

§ 11a. TRANSPORTATION FUNDS APPROPRIATED FOR THE DEPARTMENT OF PUBLIC SAFETY

No transportation funds shall be appropriated for the support of government other than for the agency of transportation, the transportation board, transportation pay act funds, construction of transportation capital facilities used by the agency of transportation, transportation debt service, the department of buildings and general services information centers, and the department of public safety. The amount of transportation funds appropriated to the department of public safety shall:

- ~~(1) in fiscal year 2010 not exceed \$30,850,000.00;~~
- ~~(2) in fiscal year 2011 not exceed \$28,350,000.00; and~~
- ~~(3) in fiscal year 2012 not exceed \$25,250,000.00.~~

Sec. E.1100 [DELETED]

Sec. F.100 EFFECTIVE DATES

(a) This section and Secs. C.100 (fiscal year 2012 budget adjustment, DVHA – administration), C.101 (fiscal year 2012 budget adjustment, DVHA – Medicaid program – Global Commitment), C.102 (fiscal year 2012 budget adjustment, human services function total), C.103 (fiscal year 2012 budget adjustment, general fund reversions), C.200 (immunization pilot program extension), C.201 (potential property valuation loss; current homeowners), C.202 (one-time appropriation for federal funds reduction), C.203 (fiscal year 2012 budget adjustment, human services caseload reserve expenditures), C.204 (allocation of workforce and education training grants), C.205 (fiscal year 2012 budget adjustment, general fund revenue estimate and balance), C.206 (contingent transfer of transportation or transportation infrastructure bond funds), C.207 (fiscal year 2012 general fund appropriation transfer), D.104 (tobacco litigation settlement fund balance), D.107 (transfer of national mortgage foreclosure settlement funds), E.307.10 (expedited rules for VHAP/Medicaid co-pays), E.311 and E.311.1 (Vermont prescription monitoring system), E.313(e) (health – alcohol and drug abuse programs), E.801.1 (Vermont training program, grant eligibility repeal of repeal), and E.910 (allocation of snowmobile registration revenue) of this act shall take effect upon passage.

*M. JANE KITCHEL
RICHARD W. SEARS
DIANE B. SNELLING*

Committee on the part of the Senate

*MARTHA P. HEATH
MITZI JOHNSON
HOWARD T. CRAWFORD*

Committee on the part of the House

Pending the question, Shall the House adopt the report of the Committee of Conference? **Rep. Heath of Westford** demanded the Yeas and Nays, which demand was sustained by the Constitutional number. The Clerk proceeded to call the roll and the question, Shall the House adopt the report of the Committee of Conference? was decided in the affirmative. Yeas, 113. Nays, 18.

Those who voted in the affirmative are:

Acinapura of Brandon *	Devereux of Mount Holly	Krebs of South Hero
Ancel of Calais	Donahue of Northfield	Krowinski of Burlington
Andrews of Rutland City	Donovan of Burlington	Kupersmith of South Burlington
Atkins of Winooski	Edwards of Brattleboro	Lanpher of Vergennes
Bartholomew of Hartland	Ellis of Waterbury	Larocque of Barnet
Bissonnette of Winooski	Emmons of Springfield	Lawrence of Lyndon
Bohi of Hartford	Evans of Essex	Lenes of Shelburne
Botzow of Pownal	Fisher of Lincoln	Leriche of Hardwick
Bouchard of Colchester	Frank of Underhill	Lewis of Berlin
Branagan of Georgia	French of Shrewsbury	Lippert of Hinesburg
Brennan of Colchester	French of Randolph	Lorber of Burlington
Burke of Brattleboro	Gilbert of Fairfax	Macaig of Williston
Buxton of Tunbridge	Grad of Moretown	Malcolm of Pawlet
Campion of Bennington	Greshin of Warren	Manwaring of Wilmington
Canfield of Fair Haven	Haas of Rochester	Marek of Newfane
Cheney of Norwich	Head of South Burlington	Martin of Springfield
Christie of Hartford	Heath of Westford	Martin of Wolcott
Clark of Vergennes	Helm of Fair Haven	Masland of Thetford
Clarkson of Woodstock	Hooper of Montpelier	McAllister of Highgate
Conquest of Newbury	Howard of Cambridge	McCullough of Williston
Copeland-Hanzas of Bradford	Jerman of Essex	McFaun of Barre Town
Corcoran of Bennington	Jewett of Ripton	Miller of Shaftsbury
Courcelle of Rutland City	Johnson of South Hero	Mook of Bennington
Crawford of Burke	Johnson of Canaan	Moran of Wardsboro
Dakin of Chester	Kitzmiller of Montpelier	Mrowicki of Putney
Davis of Washington	Klein of East Montpelier	Munger of South Burlington
Deen of Westminster	Koch of Barre Town	Myers of Essex
	Komline of Dorset	

Nuovo of Middlebury	Ram of Burlington	Waite-Simpson of Essex
O'Brien of Richmond	Shand of Weathersfield	Webb of Shelburne
Olsen of Jamaica	Sharpe of Bristol	Wilson of Manchester
O'Sullivan of Burlington	Stevens of Waterbury	Wizowaty of Burlington
Pearce of Richford	Stevens of Shoreham	Woodward of Johnson
Peaslee of Guildhall	Stuart of Brattleboro	Wright of Burlington
Peltz of Woodbury	Sweaney of Windsor	Yantachka of Charlotte
Perley of Enosburgh	Taylor of Barre City	Young of Glover
Potter of Clarendon	Toll of Danville	Zagar of Barnard
Pugh of South Burlington	Townsend of Randolph	
Ralston of Middlebury	Trieber of Rockingham	

Those who voted in the negative are:

Browning of Arlington	Hubert of Milton	Shaw of Pittsford
Burditt of West Rutland	Kilmartin of Newport City	Smith of New Haven
Degree of St. Albans City	Marcotte of Coventry	Strong of Albany
Dickinson of St. Albans Town	Pearson of Burlington	Turner of Milton *
Hebert of Vernon	Reis of St. Johnsbury	Winters of Williamstown
Higley of Lowell	Savage of Swanton	
	Scheuermann of Stowe	

Those members absent with leave of the House and not voting are:

Aswad of Burlington	Fagan of Rutland City	Partridge of Windham
Batchelor of Derby	Howrigan of Fairfield	Poirier of Barre City
Condon of Colchester	Keenan of St. Albans City	Russell of Rutland City
Consejo of Sheldon	Lewis of Derby	South of St. Johnsbury
Donaghy of Poultney	McNeil of Rutland Town	Spengler of Colchester
Eckhardt of Chittenden	Morrissey of Bennington	Till of Jericho

Rep. Acinapura of Brandon explained his vote as follows:

“Mr. Speaker:

I voted ‘yes’ because this is a good budget. Importantly, it provides millions of dollars for those with disabilities, those in need of mental health services and those greatly affected by tropical storm Irene.

Yet, I remain concerned that we have not exercised sufficient restraint with respect to spending. I am convinced that we can not sustain a spending rate of over 5% per year based on my understanding of future uncertainties.

I have emphasized to all that in the coming year, I anticipate millions of dollars in cuts in federal funds, less tax revenues generated from a weak economy, significant dollar needs for information technology and the requirement for more money for the systemic changes in the delivery of mental health services and health care reform.

I, therefore, stressed the need for putting more dollars into reserves so we would neither have to make significant cuts nor raise taxes next year. I could not convince my colleagues to reserve more money. I hope I am wrong in my analysis.

But, if I am correct, I urge this body to find the will next year to exercise spending restraint so we don't have to raise taxes."

Rep. Turner of Milton explained his vote as follows:

"Mr. Speaker:

A 6% growth rate in state spending is not a sustainable budget. We proposed numerous bills that may have assisted in saving money but, unfortunately, most were never even considered. It is disappointing that these ideas continue to fall upon deaf ears. Thank you."

Report of Committee of Conference Adopted

H. 496

The Speaker placed before the House the following Committee of Conference report:

To the Senate and House of Representatives:

The Committee of Conference to which were referred the disagreeing votes of the two Houses upon House bill, entitled

An act relating to preserving Vermont's working landscape

Respectfully reported that it has met and considered the same and recommended that the Senate recede from its proposals of amendment and that the bill be amended by striking all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 6 V.S.A. chapter 207 is amended to read:

CHAPTER 207. PROMOTION AND MARKETING OF VERMONT FOODS AND PRODUCTS

Subchapter 1. Agricultural Practices and Production

* * *

Subchapter 2. The Vermont Working Lands Enterprise Program

§ 4603. LEGISLATIVE FINDINGS

The general assembly finds:

(1) The report issued by the Council on the Future of Vermont indicates that over 97 percent of Vermonters polled endorsed the value of the “working landscape” as key to our future.

(2) Vermont’s unique agricultural and forest assets—its working landscape—are crucial to the state’s economy, communities, character, and culture. These assets provide jobs, food and fiber, energy, security, tourism and recreational opportunities, and a sense of well-being. They contribute to Vermont’s reputation for quality, resilience, and self-reliance.

(3) Human activity involving Vermont’s agricultural and forestland has been integral to the development of Vermont’s economy, culture, and image. Sustainable land use will need to balance economic development demands with the other services the land provides, many of which have economic benefits beyond the agriculture and forest product sectors. Some of these benefits include clean air and water, recreational opportunities, ecosystem restoration, scenic vistas, and wildlife habitat.

(4) The agriculture and forest product sectors are similar and share many of the same challenges. There are potential benefits to be realized by the joining of these sectors in development planning and coordination, making policy decisions, and leveraging economic opportunities.

(5) The agriculture and forest product sectors provide renewable and harvestable products that form the basis of Vermont’s land-based economy. The conversion of these raw commodities into value-added products within our borders represents further economic and employment opportunities.

(6) Vermont is in the midst of an agricultural renaissance and is at the forefront of the local foods movement. The success has been due to the efforts of skilled and dedicated farmers, creative entrepreneurs, and the strategic investment of private and public funds.

(7) State investment in a given industry or economic sector is often essential to stimulate and attract additional private and philanthropic investment. The combination of public, private, and foundation support can create enterprise opportunities that any one of them alone cannot. Grants issued as a result of No. 52 of the Acts of 2011 helped create jobs and economic activity in the agricultural sector. They also leveraged private and foundation investments.

(8) Vermont’s land-based economy has proven to be a driver for Vermont’s ongoing economic recovery.

(9) Value-added and specialty Vermont products are a growing source of revenue for Vermont’s agricultural producers, many of whom have

benefited from the existing infrastructure requirements of commodity producers. Both export and instate markets are necessary options for the agriculture and forest product sectors' economic development.

(10) The Vermont brand is highly regarded both nationally and internationally. Forest management is seen as crop management by those active in the forest product industry. An actively managed forest is a healthy and productive one.

(11) Vermont's agriculture and forest product sectors have not been perceived or treated as businesses by the traditional business and lending communities. They often lack available capital and financial package options that match their stage of development.

(12) Financial service and workforce development programs need to be customized to meet the unique needs of Vermont's agriculture and forest product sectors. Landowner education and labor skills training are also important for future productive management of forestlands.

(13) Scale is an important determining factor for the successful development of businesses that utilize Vermont's agriculture and forest products. Other limiting factors include labor and transportation costs, support services, resource base, and the regulatory environment.

(14) Workers' compensation, health care, energy costs, and regulatory requirements are a major concern to the agriculture and forest product sectors. For example, workers' compensation premiums for loggers may run as high as 48 percent of each dollar of wages.

(15) The amount of land in Vermont is finite, and part of its community and economic value is tied to the way it is used. Farmland and forestland that are developed for other uses affect the future viability of remaining farms and forest enterprises.

(16) A forestland owner is often not the person actively engaged in the business of land management, such as planning, harvesting, or marketing the raw product, whereas in agricultural operations, the farmer often owns both the land and the business. Many farm operations have woodlots that have traditionally been used for syrup, timber, and firewood production.

(17) Vermonters' perception of and support for local wood and forest products is not at the same level as it is for local food. Public outreach and education efforts need to be created to address the public's perception of actively managed working lands and the people who perpetuate them. Over the last decade, consumers of wood products have become more interested in

production and management methods, certification programs, and the source of the raw materials.

(18) Vermont's forest products industry has been in decline for many years, in part due to rising costs, a poor housing market, and a lack of manufacturing. The total value of the forest product industry has dropped from \$1.8 billion to \$1.3 billion since 2007. If wood chips were priced at the equivalent BTU replacement value of oil, they would command a higher price. The number of active sawmills has also declined to fewer than 20 today.

(19) The average age of Vermont's farmers and loggers is over 55 years and the average age of forestland owners is over 65. Attention needs to be brought to efforts that will ensure intergenerational succession and lower those averages. Economically viable farm and forest-based operations are critical to that goal. "Legacy" skills such as farming and logging are disappearing, as the children of those making a living from those skills often aspire to different employment opportunities.

(20) Access to land is a challenge for many, especially younger, people who want the opportunity to make a living from productive use of the land. Farm and forestland ownership is often out of reach for young people who do not have some sort of assistance.

(21) The Vermont forest product sector contains approximately 7,000 jobs, and approximately 57,000 jobs are in Vermont's food system.

(22) Regulations for forest product enterprises need to reflect a balance between economic development and responsible land use practices. There is a need to assess regulations involving the primary processing and transportation elements of the forest product sector.

(23) Seventy-six percent of Vermont's 4.5 million acres is forested, 84 percent of which is privately owned. Sustainable management of state-owned forestlands represents an opportunity for private sector forest businesses.

(24) Forest product sector representatives have identified needs for their industry including market development, additional secondary processing facilities, lower energy and transportation costs, and capital for growth enterprises as well as research and development for new and improved value-added products that make use of Vermont's forest resources. Factors such as health care, labor, and energy policies in Canada contribute to the northward flow of Vermont logs. Research is needed in order to develop strategies that will help keep Vermont's forest product sector competitive.

(25) Vermont's Use Value Appraisal (Current Use) Program is critically important to every component of Vermont's agriculture and forest product

sectors. It also helps keep Vermont forestland productive and healthy through the requirement of active forest management plans.

(26) Dairy enterprises remain Vermont's leading source of agricultural revenues, with an estimated annual economic impact of over \$2 billion or approximately 75 percent of total gross agricultural output.

(27) Recent grants and educational programs have started to address the lack of slaughter and meat-processing facilities in the state; however, there continues to be a strong need to further these efforts.

§ 4604. LEGISLATIVE INTENT

It is the intent of the general assembly in adopting this subchapter to:

(1) stimulate a concerted economic development effort on behalf of Vermont's agriculture and forest product sectors by systematically advancing entrepreneurship, business development, and job creation;

(2) recognize and build on the similarities and unique qualities of Vermont's agriculture and forest product sectors;

(3) increase the value of Vermont's raw and value-added products through the development of in-state and export markets;

(4) attract a new generation of entrepreneurs to Vermont's farm, food system, forest, and value-added chain by facilitating more affordable access to the working landscape;

(5) provide assistance to agricultural and forest product businesses in navigating the regulatory process;

(6) use Vermont's brand recognition and reputation as a national leader in food systems development, innovative entrepreneurship, and as a "green" state to leverage economic development and opportunity in the agriculture and forest product sectors;

(7) promote the benefits of Vermont's working lands, from the economic value of raw and value-added products to the public value of ecological stability, land stewardship, recreational opportunities, and quality of life;

(8) increase the amount of state investment in working lands enterprises, particularly when it leverages private and philanthropic funds; and

(9) support the people and businesses that depend on Vermont's renewable land-based resources and the sustainable and productive use of the land by coordinating and integrating financial products and programs.

§ 4605. VERMONT WORKING LANDS ENTERPRISE FUND

There is created a special fund in the state treasury to be known as the "Vermont working lands enterprise fund." Notwithstanding any contrary provisions of 32 V.S.A. chapter 7, subchapter 5:

(1) the fund shall be administered and the monies of the funds shall be expended by the Vermont working lands enterprise board created in section 4606 of this title;

(2) the fund shall be composed of moneys from time to time appropriated to the fund by the general assembly or received from any other source, private or public, approved by the board, and unexpended balances and any earnings shall remain in the fund from year to year; and

(3) the board shall make expenditures from the fund consistent with the duties and authority of the board established by section 4607 of this title.

§ 4606. VERMONT WORKING LANDS ENTERPRISE BOARD

(a) Creation. There is created a Vermont working lands enterprise board, which for administrative purposes shall be attached to the agency of agriculture, food and markets.

(b) Organization of board. The board shall be composed of:

(1) the secretary of agriculture, food and markets or designee, who shall serve as chair;

(2) the commissioner of forests, parks and recreation or designee;

(3) the secretary of commerce and community development or designee;

(4) the following members appointed by the speaker of the house:

(A) one member who is a representative of the Vermont forest industry who is also a forester;

(B) one member who is actively engaged in commodity maple production;

(5) the following members appointed by the senate committee on committees:

(A) one member who is actively engaged in wood products manufacturing;

(B) one member who is a representative of one of the two largest membership-based agricultural organizations in Vermont who is not a dairy farmer;

(6) the following members appointed by the governor:

(A) one member who is a representative of Vermont's dairy industry who is also a dairy farmer;

(B) one member who is a representative of a membership-based forestland owner organization;

(7) the following members appointed by the Vermont agricultural and forest products development board:

(A) one member who is actively engaged in value-added agricultural products manufacturing; and

(B) two members actively engaged in providing marketing assistance, market development, or business and financial planning;

(8) the following members, who shall serve as ex officio, nonvoting members:

(A) the manager of the Vermont economic development authority or designee;

(B) the executive director of the Vermont sustainable jobs fund or designee; and

(C) the executive director of the Vermont housing conservation board or designee.

(c) Member terms. The members designated in subdivisions (b)(4)–(7) of this section shall be appointed to initial terms of one year for members appointed by the governor, two years for members appointed by the senate committee on committees, and three years for members appointed by the speaker of the house. Thereafter, each appointed member shall serve a term of three years or until his or her earlier resignation or removal. A vacancy shall be filled by the appointing authority for the remainder of the unexpired term. An appointed member shall not serve more than three consecutive three-year terms.

(d) Officers; committees. The board may elect officers, establish one or more committees or subcommittees, and adopt such procedural rules as it shall determine necessary and appropriate to perform its work.

(e) Quorum; meetings; voting. A majority of the sitting members shall constitute a quorum, and action taken by the board may be authorized by a majority of the members present and voting at any regular or special meeting at which a quorum is present. The board may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through

the use of, any means of communication, including an electronic, telecommunications, and video- or audio-conferencing conference telephone call, by which all members participating may simultaneously or sequentially communicate with each other during the meeting. A member participating in a meeting by this means is deemed to be present in person at the meeting.

(f) Compensation. Private sector members shall be entitled to per diem compensation authorized under 32 V.S.A. § 1010(b) for each day spent in the performance of their duties, and each member shall be reimbursed from the fund for his or her actual and necessary expenses incurred in carrying out his or her duties.

§ 4607. POWERS AND DUTIES OF THE VERMONT WORKING LANDS

ENTERPRISE BOARD

(a) The Vermont working lands enterprise board shall have the authority:

(1) to establish an application process and eligibility criteria for awarding grants, loans, incentives, and other investments in agricultural and forestry enterprises and in food and forest systems;

(2) to award grants and other investments, which may include loans underwritten and administered through the Vermont economic development authority;

(3) to enter into performance contracts with one or more persons in order to provide investment and services to agricultural and forestry enterprises, including:

(A) technical assistance and product research services;

(B) marketing assistance, market development, and business and financial planning;

(C) organizational, regulatory, and development assistance; and

(D) feasibility studies of facilities or capital investments to optimize construction and other cost efficiencies;

(4) to identify workforce needs and programs in order to develop training and incentive opportunities for the agriculture and forest product sectors after consulting with the department of labor;

(5) to identify strategic statewide infrastructure and investment priorities considering:

(A) leveraging opportunities;

(B) economic clusters;

(C) return-on-investment analysis;

(D) other considerations the board determines appropriate; and

(6) to pursue and accept grants or other funding from any public or private source and to administer such grants or funding consistent with their terms.

(b) The agency of agriculture, food and markets shall provide administrative support to the extent authorized by the secretary of agriculture, food and markets, and with the assistance of the department of forests, parks and recreation to the extent authorized by the commissioner of forests, parks and recreation, in order to support the board in the performance of its duties pursuant to this section.

Sec. 2. 6 V.S.A. § 2966 is amended to read:

§ 2966. AGRICULTURAL AND FOREST PRODUCTS DEVELOPMENT BOARD; ORGANIZATION; DUTIES AND AUTHORITY

(a) Purpose. The purpose of this section is to create a permanent Vermont agricultural and forest products development board that is authorized and empowered as the state's primary agricultural and forest products development entity.

(1) The board is charged with:

(A) optimizing the agricultural and forestry use of Vermont lands and other agricultural resources;

* * *

(2) The board shall:

(A) review existing strategies and plans and develop, ~~implement~~, and continually update a comprehensive statewide plan to guide and encourage agricultural and forest products development and new and expanded markets for agricultural and forest products;

(B) advise and make recommendations to the secretaries of relevant state agencies, the governor, the director of the state experiment station, the University of Vermont extension service, and the general assembly on the adoption and amendment of laws, regulations, and governmental policies that affect agricultural development, land use, access to capital, the economic opportunities provided by Vermont agriculture and forest products, and the well-being of the people of Vermont;

(C) monitor and report on Vermont's progress in achieving the agricultural economic development goals identified by the board; ~~and~~

(D) balance the needs of production methods with the opportunities to market products that enhance Vermont agriculture and forest products; and

(E) prepare a comprehensive report, in consultation with the agency of agriculture, food and markets and the department of forests, parks and recreation, indicating the progress made by the working lands enterprise board with regard to all activities authorized by this section. The report shall be presented to the senate and house committees on agriculture, the senate committees on economic development, housing and general affairs and on natural resources and energy, and the house committee on commerce and economic development on or before January 15, 2013.

(b) Board created. The Vermont agricultural and forest products development board is hereby created. The exercise by the board of the powers conferred upon it in this section constitutes the performance of essential governmental functions.

(c) Powers and duties. The board shall have the authority and duty to:

* * *

(5) obtain information from other planning entities, including the ~~farm-to-plate~~ farm to plate investment program;

* * *

(d) Comprehensive agricultural and forest products economic development plan.

(1) Using information available from previous and ongoing agricultural and forest products development planning efforts, such as the ~~farm-to-plate~~ farm to plate investment program's strategic plan, and the board's own data and assumptions, the board shall develop and implement a comprehensive agricultural and forest products economic development plan for the state of Vermont. The plan shall include, at minimum, the following:

(A) an assessment of the current status of agriculture and forestry in Vermont;

(B) current and projected workforce composition and needs;

(C) a profile of emerging business and industry sectors projected to present future agricultural and forest products economic development opportunities, and a cost-benefit analysis of strategies and resources necessary to capitalize on these opportunities;

(D) a profile of current components of physical and social infrastructure affecting agricultural and forest products economic development;

(E) a profile of government-sponsored programs, agricultural and forest products economic development resources, and financial incentives designed to promote and support agricultural and forest products economic development, and a cost-benefit analysis of continued support, expansion, or abandonment of these programs, resources, and incentives;

(F) the use of the Vermont brand to further agricultural and forest products economic development;

* * *

(2) Based on its research and analysis, the board shall establish in the plan a set of clear strategies with defined and measurable outcomes for agricultural and forest products economic development, the purpose of which shall be to guide long-term agricultural and forest products economic development policymaking and planning.

* * *

(4) The board shall conduct a periodic review and revision of the comprehensive agricultural and forest products economic development plan as often as is necessary in its discretion, but at minimum every five years, to ensure the plan remains current, relevant, and effective for guiding and evaluating agricultural and forest products economic development policy.

* * *

(e) Annual report. The board shall make available a report, at least annually, to the administration, the house committee on agriculture, the senate committee on agriculture, the house committee on commerce and economic development, the senate committee on economic development, housing and general affairs, and the people of Vermont on the state's progress toward attaining the goals and outcomes identified in the comprehensive agricultural and forest products economic development plan.

(f) Composition of board.

(1) The board shall be composed of ~~12~~ 16 members. In making appointments to the board pursuant to this section, the governor, the speaker of the house, and the president pro tempore of the senate shall coordinate their selections to ensure, to the greatest extent possible, that the board members selected by them reflect the following qualities:

(A) proven leadership in a broad range of efforts and activities to promote and improve the Vermont agricultural or forest products economy and the quality of life of Vermonters;

(B) demonstrated innovation, creativity, collaboration, pragmatism, and willingness to make long-term commitments of time, energy, and effort;

(C) geographic, gender, ethnic, social, political, and economic diversity;

(D) diversity of agricultural and forest products enterprise location, size, and sector of the for-profit agricultural and forest products business community members; and

(E) diversity of interest of the nonprofit or nongovernmental organization community members.

(2) Members of the board shall include the following:

(A) ~~four~~ five members appointed by the governor:

(i) a person with expertise in rural economic development issues;

(ii) an employee of a Vermont postsecondary institution experienced in researching issues related to agriculture or forestry;

(iii) a person familiar with the agricultural or forest tourism industry; ~~and~~

(iv) an agricultural lender; and

(v) a person with expertise and professional experience in forest products manufacturing.

(B) ~~four~~ six members appointed by the speaker of the house of representatives:

(i) a person who produces an agricultural commodity other than dairy products;

(ii) a person who creates a value-added product using ingredients substantially produced on Vermont farms;

(iii) a person with expertise in sales and marketing; ~~and~~

(iv) a person representing the feed, seed, fertilizer, or equipment enterprises;

(v) a forester; and

(vi) a sawmill operator.

(C) ~~four~~ five members appointed by the committee on committees of the senate:

-
- (i) a representative of Vermont's dairy industry who is also a dairy farmer;
- (ii) a person with expertise in land planning and conservation efforts that support Vermont's working landscape;
- (iii) a representative from a Vermont agricultural advocacy organization; ~~and~~
- (iv) a person with experience in providing youth with educational opportunities enhancing understanding of agriculture or forestry; and
- (v) a logger.

(3) The secretary of agriculture, food and markets or his or her designee shall be ~~a nonvoting~~, an ex officio, nonvoting member. The secretary may provide staff support from the agency of agriculture, food and markets as resources permit.

(4) The secretary of commerce and community development or his or her designee shall be ~~a nonvoting~~, an ex officio, nonvoting member.

(5) The commissioner of forests, parks and recreation or his or her designee shall be an ex officio, nonvoting member. The commissioner may provide staff support from the department of forests, parks and recreation as resources permit.

* * *

Sec. 3. 10 V.S.A. chapter 15 is amended to read:

CHAPTER 15. VERMONT HOUSING AND CONSERVATION
TRUST FUND

* * *

§ 302. POLICY, FINDINGS, AND PURPOSE

(a) The dual goals of creating affordable housing for Vermonters, and conserving and protecting Vermont's agricultural land and forestland, historic properties, important natural areas, and recreational lands are of primary importance to the economic vitality and quality of life of the state.

(b) In the best interests of all of its citizens and in order to improve the quality of life for Vermonters and to maintain for the benefit of future generations the essential characteristics of the Vermont countryside, Vermont should encourage and assist in creating affordable housing and in preserving the state's agricultural land and forestland, historic properties, important natural areas, and recreational lands.

(c) It is the purpose of this chapter to create the Vermont housing and conservation trust fund to be administered by the Vermont housing and conservation board to further the policies established by subsections (a) and (b) of this section.

§ 303. DEFINITIONS

As used in this chapter:

(1) “Board” means the Vermont housing and conservation board established by this chapter.

(2) “Fund” means the Vermont housing and conservation trust fund established by this chapter.

(3) “Eligible activity” means any activity which will carry out either or both of the dual purposes of creating affordable housing and conserving and protecting important Vermont lands, including activities which will encourage or assist:

(A) the preservation, rehabilitation or development of residential dwelling units which are affordable to lower income Vermonters;

(B) the retention of agricultural land for agricultural use, and of forestland for forestry use;

(C) the protection of important wildlife habitat and important natural areas;

(D) the preservation of historic properties or resources;

(E) the protection of areas suited for outdoor public recreational activity;

(F) the development of capacity on the part of an eligible applicant to engage in an eligible activity.

* * *

§ 311. CREATION OF THE VERMONT HOUSING AND CONSERVATION BOARD

(a) There is created and established a body politic and corporate to be known as the “Vermont housing and conservation board” to carry out the provisions of this chapter. The board is constituted a public instrumentality exercising public and essential governmental functions, and the exercise by the board of the powers conferred by this chapter shall be deemed and held to be the performance of an essential governmental function of the state. The board is exempt from licensure under 8 V.S.A. chapter 73 of Title 8.

(b) The board shall consist of the following 11 members:

- (1) The secretary of agriculture, food and markets or his or her designee.
- (2) The secretary of human services or his or her designee.
- (3) The secretary of natural resources or his or her designee.

(4) The executive director of the Vermont housing finance agency or his or her designee.

(5) Three public members appointed by the governor with the advice and consent of the senate, who shall be residents of the state and who shall be experienced in creating affordable housing or conserving and protecting Vermont's agricultural land and forestland, historic properties, important natural areas, or recreational lands, one of whom shall be a representative of lower income Vermonters and one of whom shall be a farmer as defined in 32 V.S.A. § 3752(7).

(6) One public member appointed by the speaker of the house, who shall not be a member of the general assembly at the time of appointment.

(7) One public member appointed by the senate committee on committees, who shall not be a member of the general assembly at the time of appointment.

(8) Two public members appointed jointly by the speaker of the house and the president pro tempore of the senate as follows:

(A) One member from the nonprofit affordable housing organizations that qualify as eligible applicants under subdivision 303(4) of this title who shall not be an employee or board member of any of those organizations at the time of appointment.

(B) One member from the nonprofit conservation organizations whose activities are eligible under subdivision 303(3) of this title who shall not be an employee or member of the board of any of those organizations at the time of appointment.

* * *

§ 321. GENERAL POWERS AND DUTIES

* * *

(d) On behalf of the state of Vermont, the board shall seek and administer federal farmland protection and forestland conservation funds to facilitate the acquisition of interests in land to protect and preserve in perpetuity important farmland for future agricultural use and forestland for future forestry use. Such

funds shall be used to implement and effectuate the policies and purposes of this chapter. In seeking federal farmland protection and forestland conservation funds under this subsection, the board shall seek to maximize state participation in the federal wetlands reserve program ~~in order~~ and such other programs as is appropriate to allow for increased or additional implementation of conservation practices on farmland and forestland protected or preserved under this chapter.

* * *

§ 324. STEWARDSHIP

If an activity funded by the board involves acquisition by the state of an interest in real property for the purpose of conserving and protecting agricultural land or forestland, important natural areas, or recreation lands, the board, in its discretion, may make a one-time grant to the appropriate state agency or municipality. The grant shall not exceed ten percent of the current appraised value of that property interest and shall be used to support its proper management or maintenance or both.

* * *

Sec. 4. REPEAL

The following sections are repealed in their entirety:

(1) 6 V.S.A. chapter 162, subchapter 1 (Vermont agricultural innovation center).

(2) 6 V.S.A. § 2963a (comprehensive plan for the future development of diversified agriculture).

(3) 6 V.S.A. § 2964 (Vermont seal of quality).

Sec. 5. FUNDING PRIORITIES

(a) The amounts appropriated from the general fund to the Vermont working lands enterprise fund established in 6 V.S.A. § 4605 shall be used by the working lands enterprise board for the following purposes:

(1) For enterprise grants to entrepreneurs, including grants to leverage private capital, jump-start new businesses, help beginning farmers access land, and support diversification projects that add value to farm and forest commodities. These initial investments are intended to fund an enterprise grant pilot program, and it is the intent of the general assembly to commit additional investment in subsequent years upon demonstration of success of the program.

(2) For wraparound services to growth companies, including technical assistance, business planning, financial packaging, and other services required by companies ready to transition to the next stage of growth. These initial investments are intended to fund a growth company services pilot program, and it is the intent of the general assembly to commit additional investment in subsequent years upon demonstration of success of the program.

(3) For state infrastructure investments, including investment in private and nonprofit sectors for creative diversification projects, value-added manufacturing, processing, storage, distribution, and collaborative ventures. These initial investments are intended to fund an infrastructure investment pilot program, and it is the intent of the general assembly to commit additional investment in subsequent years upon demonstration of success of the program.

(b) In designing its application process and criteria, and in awarding funding pursuant to its authority under 6 V.S.A. § 4607, the board shall consider the most effective means of encouraging participation in the process by individuals and enterprises that have not availed themselves of these opportunities in the past, and by individuals and enterprises who have not recently received funding from the state or a state-funded entity, as the board deems appropriate.

(c) The agency of agriculture, food and markets shall utilize funds appropriated to it for the purposes of this act to perform its full duties to the Vermont working lands enterprise board, to provide administrative support to the Vermont agricultural and forest products development board, and to provide reimbursement for travel expenses incurred by Vermont agricultural and forest products development board members pursuant to 6 V.S.A. § 2966(h).

Sec. 6. IMPLEMENTATION; EFFECTIVE DATE

(a) This act shall take effect on passage, except that Sec. 4(1) (repeal of agriculture innovation center) of this act shall take effect on March 31, 2013.

(b) Board members appointed pursuant to 6 V.S.A. § 4606 shall be appointed no later than June 30, 2012.

COMMITTEE ON THE PART OF
THE SENATE

COMMITTEE ON THE PART OF
THE HOUSE

SEN. VINCENT ILLUZZI
SEN. VIRGINIA V. LYONS
SEN. HAROLD W. GIARD

REP. CAROLYN W. PARTRIDGE
REP. WILLIAM C. STEVENS
REP. RICHARD H. LAWRENCE

Which was considered and adopted on the part of the House.

**Rules Suspended; Action Ordered Messaged to Senate Forthwith
and Bills Delivered to the Governor Forthwith**

On motion of **Rep. Turner of Milton**, the rules were suspended and action on the bills were ordered messaged to the Senate forthwith and the bills delivered to the Governor forthwith.

H. 496

House bill, entitled

An act relating to preserving Vermont's working landscape

H. 781

House bill, entitled

An act relating to making appropriations for the support of government

H. 782

House bill, entitled

An act relating to miscellaneous tax changes for 2012

Adjournment

At nine o'clock and forty-five minutes in the evening, on motion of **Rep. Turner of Milton**, the House adjourned until tomorrow at ten o'clock and thirty minutes in the forenoon.