

# Journal of the House

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Thursday, May 11, 2017

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

## Devotional Exercises

Devotional exercises were conducted by Speaker.

## Rules Suspended; Bill Committed

### H. 143

Appearing on the Calendar for notice, on motion of **Rep. Kimbell of Woodstock**, the rules were suspended and House bill, entitled

An act relating to automobile insurance requirements and transportation network companies

Was taken up for immediate consideration. Thereupon, pending the question Will the House concur in the Senate proposal of amendment? on motion of **Rep. Kimbell of Woodstock**, the bill was committed to the committee on Commerce and Economic Development.

## Rules Suspended; Report of Committee of Conference Adopted; Rules Suspended; Bill Messaged to Senate Forthwith

### S. 34

Pending entrance of the bill on the Calendar for notice, on motion of **Rep. Savage of Swanton**, the rules were suspended and Senate bill, entitled

An act relating to cross-promoting development incentives and State policy goals

Was taken up for immediate consideration.

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

## Report of Committee of Conference

### S.34

To the Senate and House of Representatives:

The Committee of Conference to which were referred the disagreeing votes of the two Houses respectfully reported that it met and considered the same

and recommended

The Committee of Conference, to which were referred the disagreeing votes of the two Houses upon Senate Bill, entitled:

S.34. An act relating to cross-promoting development incentives and State policy goals.

Respectfully reports that it has met and considered the same and recommends that the House 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:

\* \* \* Rural Economic Development Initiative \* \* \*

Sec. 1. 10 V.S.A. chapter 15, subchapter 4 is added to read:

Subchapter 4. Rural Economic Development Initiative

§ 325m. RURAL ECONOMIC DEVELOPMENT INITIATIVE

(a) Definitions. As used in this subchapter:

(1) "Industrial park" means an area of land permitted as an industrial park under chapter 151 of this title or under 24 V.S.A. chapter 117, or under both.

(2) "Rural area" means a county of the State designated as "rural" or "mostly rural" by the U.S. Census Bureau in its most recent decennial census.

(3) "Small town" means a town in the State with a population of less than 5,000 at the date of the most recent U.S. Census Bureau decennial census.

(b) Establishment. There is created within the Vermont Housing and Conservation Board a Rural Economic Development Initiative to promote and facilitate community economic development in the small towns and rural areas of the State. The Rural Economic Development Initiative shall collaborate with municipalities, businesses, industrial parks, regional development corporations, and other appropriate entities to access funding and other assistance available to small towns and businesses in rural areas of the State when existing State resources or staffing assistance is not available.

(c) Services; access to funding.

(1) The Rural Economic Development Initiative shall provide the following services to small towns and businesses in rural areas:

(A) identification of grant or other funding opportunities available to small towns, businesses in rural areas, and industrial parks in small towns and rural areas that facilitate business development, siting of businesses, workforce development, broadband deployment, infrastructure development, or other

economic development opportunities;

(B) technical assistance to small towns, businesses in rural areas, and industrial parks in small towns and rural areas in writing grants, accessing and completing the application process for identified grants or other funding opportunities, including writing applications for grants or other funding, coordination with providers of grants or other funding, strategic planning for the implementation or timing of activities funded by grants or other funding, and compliance with the requirements of grant awards or awards of other funding.

(2) In providing services under this subsection, the Rural Economic Development Initiative shall give first priority to projects that have received necessary State or municipal approval and that are ready for construction or implementation.

(d) Services; business development. The Rural Economic Development Initiative shall provide small towns and rural areas with services to facilitate business development in these areas. These services shall include:

(1) Identifying businesses or business types suitable for a small town, rural areas, industrial parks in a small town or rural area, or coworker spaces or generator spaces in rural areas. In identifying businesses or business types, the Rural Economic Development Initiative shall seek to:

(A) identify businesses or business types in the following priority areas:

(i) milk plants, milk handlers, or dairy products, as those terms are defined in 6 V.S.A. § 2672;

(ii) the outdoor equipment or recreation industry;

(iii) the value-added forest products industry;

(iv) the value-added food industry;

(v) phosphorus removal technology; and

(vi) composting facilities.

(B) explore with a small town or rural area whether underused or closed school buildings are appropriate sites for coworker or generator spaces.

(2) Recommending available grants, tax credits, or other incentives that a small town or rural area can use to attract businesses.

(3) In providing services under this subsection, the Rural Economic Development Initiative shall coordinate with the Secretary of Commerce and Community Development in order to avoid duplication by the Rural Economic

Development Initiative of business recruitment and workforce development services provided by the Agency of Commerce and Community Development.

(e) Report. Beginning on January 15, 2018, and annually thereafter, the Rural Economic Development Initiative shall submit to the Senate Committees on Agriculture and on Economic Development, Housing and General Affairs and the House Committees on Agriculture and Forestry and on Commerce and Economic Development a report regarding the activities and progress of the Initiative. The report shall include:

(1) a summary of the Initiative's activities in the preceding calendar year;

(2) an evaluation of the effectiveness of the services provided by the Initiative to small towns, rural areas, and industrial parks;

(3) a summary of the Initiative's progress in attracting priority businesses to small towns and rural areas;

(4) an accounting of the grants or other funding that the Initiative facilitated or provided assistance with;

(5) an accounting of the funds acquired by the Rural Economic Development Initiative for administration of grants or other funding mechanisms and whether these funds are sufficient to offset the cost of the Rural Economic Development Initiative; and

(6) recommended changes to the program, including proposed legislative amendments to further economic development in small towns and rural areas in the State.

## Sec. 2. FUNDING; LEGISLATIVE INTENT; RURAL ECONOMIC DEVELOPMENT INITIATIVE

It is the intent of the General Assembly that \$75,000.00 appropriated to the Agency of Agriculture, Food and Markets in fiscal year 2018 shall be allocated by the Agency of Agriculture, Food and Markets to the Vermont Housing and Conservation Board for implementation of the Rural Economic Development Initiative under 10 V.S.A. chapter 15, subchapter 4.

\* \* \* Vermont Milk Commission \* \* \*

## Sec. 3. VERMONT MILK COMMISSION; EQUITABLE DAIRY PRICING

On or before October 1, 2017, the Secretary of Agriculture, Food and Markets shall convene the Vermont Milk Commission under 6 V.S.A. chapter 161 to review and evaluate proposals that enhance and stabilize the dairy industry in Vermont and New England and that may be appropriate for

inclusion in the federal Farm Bill 2018. The Secretary of Agriculture, Food and Markets shall submit to the congressional delegation of Vermont proposals that the Milk Commission recommends for inclusion in the federal Farm Bill 2018.

\* \* \* Cross-promotion of Development Programs \* \* \*

Sec. 4. EXECUTIVE BRANCH CROSS-PROMOTION OF LOAN, GRANT,  
AND INCENTIVE PROGRAMS

(a) The General Assembly finds that it is within the authority of the Executive Branch to manage a process of continuous improvement for agency and statewide programs and operations. While undertaking these efforts, the Executive Branch shall ensure that State loan, grant, and other incentive programs cross-promote:

(1) the availability of financial and technical assistance from the State through education and outreach materials; and

(2) the State policies funded by State incentive programs, including the adoption of renewable energy, rural economic development, public access to conserved lands, and water quality improvements.

(b) The Secretary of Administration shall provide material or information regarding the cross-promotion of State policies on State websites and within application materials available to the public regarding State loan, grant, and other incentive programs.

\* \* \* Energy Efficiency \* \* \*

Sec. 5. REPORT; ENERGY EFFICIENCY CHARGE; COMMERCIAL AND  
INDUSTRIAL CUSTOMERS

(a) On or before January 15, 2018, the Commissioner of Public Service (the Commissioner) shall submit a report with recommendations as described in subsection (b) of this section.

(1) In preparing the report, the Commissioner shall consult with the Secretary of Commerce and Community Development, the energy efficiency utilities (EEU) appointed under 30 V.S.A. § 209(d)(2), the regional development corporations, the Public Service Board, and other affected persons.

(2) The Commissioner shall submit the report to the Senate Committees on Finance, on Natural Resources and Energy, and on Agriculture and the House Committees on Ways and Means, on Energy and Technology, on Commerce and Economic Development, and on Agriculture and Forestry.

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(b) The report shall provide the Commissioner's recommendations on:

(1) Whether and how to increase the use by commercial and industrial customers of self-administered efficiency programs under 30 V.S.A. § 209(d) and (j), including:

(A) Potential methods and incentives to increase participation in self-administration of energy efficiency, including:

(i) Potential changes to the eligibility criteria for existing programs.

(ii) Use of performance-based structures.

(iii) Self-administration of energy efficiency by a commercial and industrial customer, with payment of an energy efficiency charge (EEC) amount only for technical assistance by an EEU, if the customer demonstrates that it possesses in-house expertise that supports such self-administration and implements energy efficiency measures that the customer demonstrates are cost-effective and save energy at a benefit-cost ratio similar to the EEU.

(B) The potential inclusion of such methods and incentives in EEU demand resource plans.

(C) Periodic reporting by the EEUs of participation rates in self-administration of energy efficiency by commercial and industrial customers located in the small towns in the State's rural areas. As used in this subdivision (C):

(i) "Rural area" means a county of the State designated as "rural" or "mostly rural" by the U.S. Census Bureau in its most recent decennial census.

(ii) "Small town" means a town in a rural area of the State with a population of less than 5,000 at the date of the most recent U.S. Census Bureau decennial census.

(2) The potential establishment of a multiyear pilot program that allows a category of commercial and industrial customers to apply the total amount of their Energy Efficiency Charge (EEC), for the period of the pilot, to investments that reduce the customer's total energy consumption.

(A) The goal of such a program would be to reduce significantly all energy costs for the customer, and to transform the energy profile of the customer such that significant savings would be generated and endure over the long term. Customers in the program would receive the full amount of their EEC contributions, for the period of the pilot, in the form of direct services and incentives provided by an EEU, which would consider how to lower

customers' bills cost-effectively across electric, heating, transportation, and process fuels using energy efficiency, demand management, energy storage, fuel switching, and on-site renewable energy.

(B) In the report, the Commissioner shall consider:

(i) the definition of eligible commercial and industrial customers;

(ii) the potential establishment and implementation of such a program in a manner similar to an economic development rate for the EEU;

(iii) the interaction of such a program with the existing programs for self-managed energy efficiency under 30 V.S.A. § 209(d), including the Energy Savings Account, Self-Managed Energy Efficiency, and Customer Credit Programs;

(iv) the benefits and costs of such a program, including:

(I) a reduction in the operating costs of participating customers;

(II) the effect on job retention and creation and on economic development;

(III) the effect on greenhouse gas emissions;

(IV) the effect on systemwide efficiency benefits that would otherwise be obtained with the EEC funds, such as avoided supply costs, avoided transmission and distribution costs, avoided regional network service charges, and lost revenues from the regional forward-capacity market;

(V) the potential impact on commercial and industrial customers that may not be eligible to participate in such a program;

(VI) the extent to which such a program may result in cost shifts or subsidization among rate classes, and methods for avoiding or mitigating these effects;

(VII) the effect on the budgets developed through the demand resource planning process;

(VIII) the costs of administration;

(IX) any other benefits and costs of the potential program; and

(v) the consistency of such a program with least-cost planning as defined in 30 V.S.A. § 218c; with State energy goals and policy set forth in 10 V.S.A. §§ 578, 580, and 581 and 30 V.S.A. §§ 202a and 218e; and with the State energy plans adopted pursuant to 30 V.S.A. §§ 202 and 202b.

(c) The report submitted under this section shall include a proposed

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timeline to phase in the recommendations contained in the report. In developing this timeline, the Commissioner shall consider the impact to the established budgets of the EEUs, the regulatory requirements applicable to the EEUs, and the value of rapid implementation of the recommendations.

Sec. 6. 30 V.S.A. § 209(d)(3) is amended to read:

(3) Energy efficiency charge; regulated fuels. In addition to its existing authority, the Board may establish by order or rule a volumetric charge to customers for the support of energy efficiency programs that meet the requirements of section 218c of this title, with due consideration to the State's energy policy under section 202a of this title and to its energy and economic policy interests under section 218e of this title to maintain and enhance the State's economic vitality. The charge shall be known as the energy efficiency charge, shall be shown separately on each customer's bill, and shall be paid to a fund administrator appointed by the Board and deposited into ~~an~~ the Electric Efficiency Fund. When such a charge is shown, notice as to how to obtain information about energy efficiency programs approved under this section shall be provided in a manner directed by the Board. This notice shall include, at a minimum, a toll-free telephone number, and to the extent feasible shall be on the customer's bill and near the energy efficiency charge.

\* \* \*

\* \* \* Environmental Permitting \* \* \*

Sec. 7. 3 V.S.A. § 2822(j) is amended to read:

(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:

(A) Base service fees. 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	\$ 15,000.00
(bb) Nonmajor stationary source	\$ 2,000.00
(cc) <u>A source of emissions from anaerobic digestion of agricultural products, agricultural by-products, agricultural waste, or food waste</u>	<u>\$ 1,000.00</u>

(II) Amendments

Change in business name, division name, or plant name; mailing address; or company stack designation; or other administrative amendments

\$ 150.00

(ii) Supplementary fee schedule for nonmajor stationary sources

(I) Engineering review	\$ 2,000.00
(II) Air quality impact analysis	
Review refined modeling	\$ 2,000.00
(III) Observe and review source emission testing	\$ 2,000.00
(IV) Audit performance of continuous emissions monitors	\$ 2,000.00
(V) Audit performance of ambient air monitoring	\$ 2,000.00
(VI) Implement public comment requirement	\$ 500.00

(B) Annual registration. Any person required to register an air contaminant source under 10 V.S.A. § 555(c) shall annually pay the following:

(i) A base fee where the sum of a source's emissions of sulfur dioxide, particulate matter, carbon monoxide, nitrogen oxides, and hydrocarbons is:

(I) ten tons or greater: \$1,500.00;

(II) less than ten tons but greater than or equal to five tons: \$1,000.00; and

(III) less than five tons: \$500.00.

(ii) Where the sum of a source's emissions of sulfur dioxide, particulate matter, carbon monoxide, nitrogen oxides, and hydrocarbons is greater than or equal to five tons: an annual registration fee that is \$0.0335 per pound of such emissions except that a plant producing renewable energy as defined in 30 V.S.A. § 8002 shall pay an annual fee not exceeding \$64,000.00.

(C) Anaerobic digesters. Notwithstanding the requirements of subdivisions (1)(A) and (B) of this subsection (j), a person required to register an air contaminant source under 10 V.S.A. § 555(c) or subject to the requirements of 10 V.S.A. § 556 shall not be subject to supplementary fees assessed under subdivision (1)(A)(ii) of this subsection (j) and shall pay an annual registration fee not exceeding \$1,000.00 when the source of the emissions is the anaerobic digestion of agricultural products, agricultural by-products, agricultural waste, or food waste.

\* \* \*

\* \* \* Phosphorus Removal Technology; Grants \* \* \*

Sec. 8. 6 V.S.A. § 4828 is amended to read:

§ 4828. CAPITAL EQUIPMENT ASSISTANCE PROGRAM

(a) It is the purpose of this section to provide assistance to contract applicators, nonprofit organizations, and farms to purchase or use innovative equipment that will aid in the reduction of surface runoff of agricultural wastes to State waters, improve water quality of State waters, reduce odors from manure application, separate phosphorus from manure, decrease greenhouse gas emissions, and reduce costs to farmers.

(b) The capital equipment assistance program is created in the Agency of Agriculture, Food and Markets to provide farms, nonprofit organizations, and custom applicators in Vermont with State financial assistance for the purchase of new or innovative equipment to improve manure application, separation of phosphorus from manure, or nutrient management plan implementation.

(c) Assistance under this section shall in each fiscal year be allocated according to the following priorities and as further defined by the Secretary:

(1) First priority shall be given to capital equipment to be used on farm sites that are serviced by custom applicators, phosphorus separation equipment providers, and nonprofit organizations and that are located in descending order within the boundaries of:

- (A) the Lake Champlain Basin;
- (B) the Lake Memphremagog Basin;
- (C) the Connecticut River Basin; and
- (D) the Hudson River Basin.

(2) Next priority shall be given to capital equipment to be used at a farm site ~~which~~ that is located in descending order within the boundaries of:

- (A) the Lake Champlain Basin;
- (B) the Lake Memphremagog Basin;
- (C) the Connecticut River Basin; and
- (D) the Hudson River Basin.

(d) An applicant for a State grant under this section to purchase or implement phosphorus removal technology or equipment shall pay 10 percent of the total eligible project cost. The dollar amount of a State grant to purchase or implement phosphorus removal technology or equipment shall be equal to the total eligible project cost, less 10 percent of the total as paid by the applicant, and shall not exceed \$300,000.00.

\* \* \* Forestry Equipment \* \* \*

Sec. 9. 32 V.S.A. § 9741 is amended to read:

§ 9741. SALES NOT COVERED

Retail sales and use of the following shall be exempt from the tax on retail sales imposed under section 9771 of this title and the use tax imposed under section 9773 of this title.

\* \* \*

(51) The following machinery, including repair parts, used for timber cutting, timber removal, and processing of timber or other solid wood forest products intended to be sold ultimately at retail: skidders with grapple and cable, feller bunchers, cut-to-length processors, forwarders, delimiters, loader slashers, log loaders, whole-tree chippers, stationary screening systems, and firewood processors, elevators, and screens. The Department of Taxes shall publish guidance relating to the application of this exemption.

Sec. 10. 32 V.S.A. § 9706(kk) is added to read:

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(kk) The statutory purpose of the exemption for timber cutting, removal, and processing machinery in subdivision 9741(51) of this title is to promote Vermont's commercial timber and forest products economy.

\* \* \* Workers' Compensation \* \* \*

Sec. 11. WORKERS' COMPENSATION; INDUSTRIES AND OCCUPATIONS WITH HIGH RISK, HIGH PREMIUMS, AND FEW POLICYHOLDERS; STUDY; REPORT

(a) The Commissioner of Financial Regulation, in consultation with the Commissioner of Labor, the Secretary of Agriculture, Food and Markets, the Commissioner of Forests, Parks and Recreation, the National Council on Compensation Insurance, and other interested stakeholders, shall identify and study industries and occupations in Vermont that experience a high risk of workplace and on-the-job injuries and whose workers' compensation insurance is characterized by high premiums and few policyholders in the insurance pool. The industries and occupations addressed in the study shall include, among others, agriculture and farming, logging and log hauling, as well as arborists, roofers, and occupations in sawmills and wood manufacturing operations. In particular, the Commissioner shall:

(1) examine differences in the potential for loss, premium rates, and experience and participation in the workers' compensation marketplace between the industries and occupations identified, and the average for all industries and occupations in Vermont;

(2) study potential methods for reducing workers' compensation premium rates and costs for high-risk industries and occupations, including risk pooling between multiple high-risk industries or occupations, creating self-insured trusts, creating voluntary safety certification programs, and programs or best practices employed by other states; and

(3) model the potential impact on workers' compensation premiums and costs from each of the methods identified pursuant to subdivision (2) of this subsection.

(b) On or before November 15, 2017, the Commissioner of Financial Regulation shall submit a written report to the House Committee on Commerce and Economic Development and the Senate Committee on Finance regarding his or her findings and any recommendations for legislative action to reduce the workers' compensation premium rates and costs for the industries identified in the study.

\* \* \* Repeals \* \* \*

Sec. 12. REPEALS

(a) 10 V.S.A. chapter 15, subchapter 4 (Rural Economic Development

Initiative) shall be repealed on July 1, 2021; and

(b) 6 V.S.A. § 4828(d) (phosphorus removal grant criteria) shall be repealed on July 1, 2023.

\* \* \* Effective Dates \* \* \*

Sec. 13. EFFECTIVE DATES

(a) This section and Sec. 3 (Vermont Milk Commission) shall take effect on passage.

(b) Sec. 7 (environmental permitting) shall take effect January 1, 2018.

(c) All other sections shall take effect on July 1, 2017.

And that after passage the title of the bill be amended to read:

An act relating to rural economic development.

*ANTHONY POLLINA  
BRIAN P. COLLAMORE  
ROBERT A. STAR*

*Committee on the part of the Senate*

*RICHARD H. LAWRENCE  
STEPHEN A. CARR  
LINDA JOY SULLIVAN*

*Committee on the part of the House*

Which was considered and adopted on the part of the House

On motion of **Rep. Savage of Swanton**, the rules were suspended and the bill was ordered messaged to the Senate forthwith.

**Recess**

At nine o'clock and fifty-four minutes in the forenoon, the Speaker declared a recess until the fall of the gavel.

At one o'clock and seventeen minutes in the afternoon, 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:

Madam Speaker:

I am directed to inform the House that:

The Senate has considered House proposal of amendment to the following Senate bill and has refused to concur therein and asks for Committees of

Conference upon the disagreeing votes of the two Houses to which the President announced the appointment as members of such Committees on the part of the Senate:

**S. 100.** An act relating to promoting affordable and sustainable housing.

Senator Mullin  
 Senator Cummings  
 Senator Sirotkin

The Senate has considered the reports of the Committees of Conference upon the disagreeing votes of the two Houses upon House bills of the following titles:

**H. 238.** An act relating to modernizing and reorganizing Title 7.

**H. 515.** An act relating to Executive Branch and Judiciary fees.

And has accepted and adopted the same on its part.

#### **Committee of Conference Appointed**

##### **S. 100**

Pursuant to the request of the Senate for a Committee of Conference on the disagreeing votes of the two Houses on Senate bill, entitled

An act relating to promoting affordable and sustainable housing

The Speaker appointed as members of the Committee of Conference on the part of the House:

**Rep. Young of Glover**  
**Rep. Sullivan of Burlington**  
**Rep. Wright of Burlington**

#### **Legislative Committee On Judicial Rules Appointed**

Pursuant to 12 V.S.A. § 3, the Chair hereby appoints the following members to the Legislative Committee on Judicial Rules:

**Rep. Haas of Rochester**  
**Rep. Burditt of West Rutland**  
**Rep. Lalonde of South Burlington**  
**Rep. Buckholz of Hartford**

#### **Vermont Economic Progress Council Appointed**

Pursuant to 32V.S.A. § 3325, the Chair hereby appoints the following

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member to the Vermont Economic Progress Council:

**Rep. O'Sullivan of Burlington**

**Recess**

At one o'clock and twenty-six minutes in the afternoon, the Speaker declared a recess until four o'clock in the afternoon.

At four o'clock and forty-five minutes in the afternoon, 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:

Madam 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. 495.** An act relating to miscellaneous agriculture subjects.

And has accepted and adopted the same on its part.

**Message from Governor**

A message was received from His Excellency, the Governor, by Ms. Brittney L. Wilson, Secretary of Civil and Military Affairs, as follows:

Madam Speaker:

I am directed by the Governor to inform the House of Representatives that on the 10th day of May, 2017, he signed bills originating in the House of the following titles:

- H. 5**        **An act relating to investment of town cemetery funds**
- H. 42**        **An act relating to appointing municipal clerks and treasurers and to municipal audit penalties**
- H. 297**       **An act relating to miscellaneous court operations procedures**
- H. 326**       **An act relating to encouraging savings by participants in Reach Up and the Child Care Financial Assistance Program**
- H. 497**       **An act relating to health requirements for animals used in agriculture**
- H. 502**       **An act relating to modernizing Vermont's parentage laws**

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**Rules Suspended; Report of Committee of Conference Adopted****H. 495**

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 agriculture subjects

Was taken up for immediate consideration.

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

**Report of Committee of Conference****H. 495**

An act relating to miscellaneous agriculture subjects.

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:

H. 495. An act relating to miscellaneous agriculture subjects.

Respectfully reports that it has met and considered the same and recommends that the House accede to the Senate proposal of amendment with further amendment thereto as follows:

First: By striking out Sec. 10 (subsurface tile drains) in its entirety and inserting in lieu thereof the following:

Sec. 10. AGENCY OF AGRICULTURE, FOOD AND MARKETS REPORT;  
SUBSURFACE TILE DRAINAGE; NUTRIENT MANAGEMENT  
PLANS

(a) On or before November 15, 2017, the Secretary of Agriculture, Food and Markets (Secretary) shall submit to the Senate Committee on Agriculture and the House Committee on Agriculture and Forestry a report recommending:

(1) whether and how the Secretary will collect information regarding subsurface tile drains on farms in the State; and

(2) whether and how nutrient management plans and nutrient management data acquired by the Secretary shall be available for public inspection and copying under the Public Records Act.

(b) In addressing whether and how to map subsurface tile drains, the report shall provide:

(1) the rationale for why information regarding subsurface tile drains



should be collected;

(2) how the Secretary would require the collection of information regarding subsurface tile drains on farms in the State;

(3) what information regarding subsurface tile drains that would be required to be submitted to the Secretary;

(4) who would be required to submit information to the Secretary;

(5) when information would be required to be reported, including a schedule for implementation of any required reporting; and

(6) how the Secretary would utilize subsurface tile drain information.

(c) In addressing whether and how nutrient management plans and nutrient management data shall be available for public inspection and copying under the Public Records Act, the report shall include:

(1) The Secretary's recommendation of whether the information should be exempt from inspection and copying under the Public Records Act, including the rationale for the recommendation; and

(2) a proposal on how to implement the Secretary's recommendation.

Second: By striking out Sec. 18a (nutrient management plan confidentiality) and its reader assistance in their entireties and inserting in lieu thereof the following:

Sec. 18a. [Deleted.]

*BRIAN P. COLLAMORE  
ANTHONY POLLINA  
ROBERT A. STARR*

*Committee on the part of the  
Senate*

*HARVEY T. SMITH  
THOMAS A. BOCK  
MARK A. HIGLEY*

*Committee on the part of the House*

Which was considered and adopted on the part of the House

**Rules Suspended; Report of Committee of Conference Adopted**

**H. 238**

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 modernizing and reorganizing Title 7

Was taken up for immediate consideration.

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

### **Report of Committee of Conference**

#### **H. 238**

An act relating to modernizing and reorganizing Title 7.

#### 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:

H. 238. An act relating to modernizing and reorganizing Title 7.

Respectfully reports that it has met and considered the same and recommends that the Senate recede from its proposal of amendment, and that the bill be further amended as follows:

First: Before Sec. 1, 7 V.S.A. § 1, construction, by inserting reader assistance to read:

\* \* \* Modernization and Reorganization of Title 7 \* \* \*

Second: In Sec. 2, 7 V.S.A. § 2, definitions, in subdivision (20), by striking out the word “three” and inserting in lieu thereof the words two-and-one-half

Third: By striking out Sec. 4, 7 V.S.A. § 4, wine and beer auctions, in its entirety and inserting in lieu thereof a new Sec. 4 to read:

Sec. 4. 7 V.S.A. § 4 is amended to read:

#### § 4. NONPROFIT ORGANIZATIONS; ~~WINE AND BEER~~ ALCOHOLIC BEVERAGE AUCTIONS; FUNDRAISING

(a) A nonprofit organization qualified for tax exempt status pursuant to Section 501(c) of the federal Internal Revenue Code, as amended, in the discretion of the ~~commissioner~~ Commissioner, may auction ~~vinous or malt beverages, or both,~~ alcoholic beverages to the public without a license, provided that:

(1) Prior to the auction, the organization provides written notification of the auction accompanied by documentation of its nonprofit status satisfactory to the ~~commissioner~~ Commissioner.

(2) The ~~commissioner~~ Commissioner approves the organization’s nonprofit qualifications and the organization’s ~~right~~ proposal to auction ~~vinous~~

~~or malt~~ alcoholic beverages.

(3) The profits from the ~~auction sale of~~ auctioned beverages are used solely for the expenses of the nonprofit organization related to conduct conducting the sale auction or for the nonprofit purposes of the organization.

(b) A person who donates ~~vinous or malt~~ alcoholic beverages to a nonprofit organization for an auction under this section is not required to be licensed under this ~~chapter~~ title.

(c) A licensee under this title may donate alcoholic beverages to a nonprofit organization pursuant to this section, provided the licensee pays to the state State all the taxes that would be due as if the alcoholic beverages had been sold in the course of the licensee's business.

\* \* \*

Fourth: By striking out Sec. 9, 7 V.S.A. § 64, sale of malt beverages in kegs, in its entirety and inserting in lieu thereof a new Sec. 9 to read:

Sec. 9. 7 V.S.A. § 64 is amended to read:

§ 64. SALE OF MALT BEVERAGES AND VINOUS BEVERAGES IN KEGS

(a) ~~As used in this section, "keg" means a reusable container capable of holding at least five gallons of malt beverage.~~

(b) A keg shall be sold by a ~~second-class~~ second-class or fourth-class licensee only under the following conditions:

(1) The keg shall be tagged in a manner and with a label approved by the ~~board~~ Liquor Control Board. The label shall be supplied and securely affixed to the keg by the wholesale dealer, or in the case of a second-class license issued for the premises of a licensed manufacturer or a fourth-class licensee, by the manufacturer.

(2) A ~~person purchaser~~ shall exhibit ~~proper proof~~ a valid authorized form of identification upon demand of a licensee or an agent of a licensee. If the ~~person purchaser~~ fails to provide ~~such proof~~ a valid authorized form of identification, the licensee shall be entitled to refuse to sell the keg to the ~~person individual~~. As used in this subsection, "~~proper proof a valid authorized form~~ of identification" means ~~a photographic motor vehicle operator's license, a liquor control photographic identification card, a valid passport, a United States military identification card or a photographic nondriver motor vehicle identification card obtained from the department of motor vehicles~~ has the same meaning as in section 589 of this title.

(3) The purchaser shall complete a form, provided by the ~~board~~ Board,

~~which that~~ includes at least the name, address, and date of birth of the purchaser as they appear on the purchaser's ~~proper proof~~ valid authorized form of identification and the identification number of the keg. The form shall also include the provisions of this section and the penalties for a violation of ~~these provisions this section~~. The licensee shall retain the form for 90 days after return of the keg.

(4) The licensee shall collect a deposit of at least \$25.00 which shall be returned to the purchaser upon return of the keg with the label intact.

~~(e)~~(b) A licensee shall not:

(1) sell a keg without a legible label attached; or

(2) return a deposit on a keg ~~which that~~ is returned without the label intact.

~~(d)~~(c) Any person, other than ~~the wholesaler~~ a wholesale dealer or manufacturer, who intentionally removes or defaces the label attached to a keg shall be imprisoned not more than two years or fined not more than \$1,000.00, or both.

Fifth: In Sec. 23, 7 V.S.A. § 204 (as redesignated), fees for licenses and permits, in the section catchline before the words "FEES FOR LICENSES" by inserting the words APPLICATION AND RENEWAL and in subsection (a), after the words "The following fees shall be paid" by inserting the words when applying for a new license or permit or to renew a license or permit

Sixth: In Sec. 37, 7 V.S.A. § 241, fourth-class licenses, after subdivision (b)(2), by inserting a subdivision (b)(3) to read:

(3) At each licensed location, a fourth-class licensee may, pursuant to section 64 of this title, sell malt beverages or vinous beverages, or both, by the keg.

Seventh: In Sec. 52, 7 V.S.A. § 255, retail alcoholic beverage tasting permits, in subdivision (b)(1)(A), after the words "The permit authorizes the employees of the second-class licensee" by inserting the words or of a designated manufacturer or rectifier

Eighth: In Sec. 90, 7 V.S.A. § 572 (as redesignated), proceeds of sale of condemned vehicle, in subdivision (a)(1), by striking out the word "judgement" and inserting in lieu thereof the word judgment

Ninth: In Sec. 117, 7 V.S.A. § 660 (as redesignated), advertising, by striking out subsection (b) in its entirety and inserting in lieu thereof a new subsection (b) to read:

(b) Advertising Notwithstanding subsection (a) of this section, advertising

of malt or vinous alcoholic beverages on vehicles a motor vehicle lawfully transporting alcoholic beverages or on a vehicle drawn by horses shall be permitted.

Tenth: In Sec. 118, 7 V.S.A. § 661 (as redesignated), violations of title, by striking out subsection (c) in its entirety and inserting in lieu thereof a new subsection (c) to read:

(c) The provisions of subsection (b) of this section shall not apply to a violation of subsection 1005(a) of this title, relating to purchase of tobacco products by a person ~~less than~~ under 18 years of age.

Eleventh: In Sec. 120, 7 V.S.A. § 65 (as redesignated), purchase of kegs, after the words “second-class” by inserting the words or fourth-class

Twelfth: In Sec. 137, 7 V.S.A. § 1007, furnishing tobacco to persons under 18 years of age, in subdivision (b)(1), before the words “17 years of age” by inserting: who are 16 or

Thirteenth: By striking out Sec. 163, effective date, in its entirety and inserting in lieu thereof reader assistance and six new sections to be

Secs. 163–168 to read:

Sec. 163. 7 V.S.A. § 5 is added to read:

§ 5. DEPARTMENT OF LIQUOR CONTROL; RAFFLES FOR RIGHT TO PURCHASE RARE AND UNUSUAL PRODUCTS

(a) Notwithstanding any provision of 13 V.S.A. chapter 51 to the contrary, the Department of Liquor Control may conduct raffles for the right to purchase certain rare and unusual spirits and fortified wines that are acquired by the Liquor Control Board. A raffle conducted pursuant to this section shall meet the following requirements:

(1) Tickets to enter the raffle shall only be available for purchase to a member of the general public who is 21 years of age or older.

(2) Tickets for the raffle shall be sold at a price fixed by the Commissioner.

(3) All notices or advertisements relating to the raffle shall clearly state:

(A) the price of a raffle ticket;

(B) the date of the drawing;

(C) the sales price of each rare and unusual spirit or fortified wine; and

(D) that the winning prize will be the right to purchase the rare and

unusual spirit or fortified wine for the specified sales price.

(4) No Board member or employee of the Department and no immediate family member of a Board member or employee of the Department shall be permitted to enter the raffle.

(b) The proceeds from the sale of tickets for each raffle shall be deposited in the Liquor Control Enterprise Fund established pursuant to section 112 of this title.

(c) As used in this section, "rare and unusual spirits and fortified wines" means spirits and fortified wines that are distributed or allocated to the Board in an amount that is insufficient for general distribution to local agency stores and for which the Commissioner determines that an extraordinary level of public demand exists.

Sec. 164. PROCEEDS FROM SALE OF RAFFLE TICKETS FOR  
PURCHASE OF RARE AND UNUSUAL PRODUCTS;  
REPORT

On or before January 15, 2018, the Commissioner of Liquor Control shall submit a written report regarding raffles conducted by the Department pursuant to 7 V.S.A. § 5, including the number of products for which a raffle was conducted, the total number of tickets sold, and the proceeds from the sales of raffle tickets to the House Committees on Appropriations and on General, Housing and Military Affairs and the Senate Committees on Appropriations and on Economic Development, Housing and General Affairs.

\* \* \* Casino Events Hosted by Nonprofit Organizations \* \* \*

Sec. 165. 13 V.S.A. § 2143 is amended to read:

§ 2143. NONPROFIT ORGANIZATIONS

(a) Notwithstanding the provisions of this chapter, a nonprofit organization, as defined in 32 V.S.A. § 10201(5), may organize and execute, and an individual may participate in lotteries, raffles, or other games of chance for the purpose of raising funds to be used in charitable, religious, educational, and civic undertakings or used by fraternal organizations to provide direct support to charitable, religious, educational, or civic undertakings with which they are affiliated. Except as provided in subsection (d) of this section, gambling machines and other mechanical devices described in section 2135 of this title shall not be utilized under authority of this section.

\* \* \*

(d) Casino events shall be limited as follows:

(1) A location may be the site of no more than:

(A) one casino event in any calendar quarter; or

(B) three casino events in any calendar year, as long as there are at least 15 days between each event.

(2) A location that is owned by a nonprofit, as defined in 32 V.S.A. § 10201(5), may be the site of no more than ~~three casino events in any calendar quarter and no more than 12 casino events in any calendar year~~ two casino events in any calendar month as long as there are at least ~~15~~ 10 days between each event.

(3) A nonprofit organization, as defined in 32 V.S.A. § 10201(5), may organize and execute no more than:

~~(A) one casino event in any calendar quarter; or~~

~~(B) three casino events in any calendar year, as long as there are at least 15 days between each event~~ month.

(4) ~~For the purposes of~~ As used in this subsection, “casino event” means an event held during any 24-hour period at which any game of ~~change chance~~ change chance is conducted except those prohibited by ~~13 V.S.A. § subdivision~~ 2135(a)(1) or (2) of this title. A “casino event” shall not include a fair, bazaar, field days, agricultural exposition, or similar event ~~which that~~ that utilizes a wheel of fortune, chuck-a-luck, or other such games commonly conducted at such events, or break-open tickets, bingo, a lottery, or a raffle.

(e) Games of chance shall be limited as follows:

(1) All proceeds raised by a game of chance shall be used exclusively for charitable, religious, educational, and civic undertakings after deducting:

(A) reasonable expenses, as determined by fair market value, of purchasing or renting materials and equipment used for the game of chance ~~and~~, of printing advertisements, and of the direct purchase of advertising through established media, such as newspapers, radio, and television; and

(B) reasonable expenses, as determined by fair market value, for rent for the premises on which the game of ~~change chance~~ change chance is executed, ~~except that rent paid prior to August 1, 1994, pursuant to a written lease in effect on June 1, 1994, and not subject to cancellation, may be deducted, whether or not such rent is reasonable,~~ and repairs and upkeep to the premises for nonprofit organizations having ownership in premises; and

(C) prizes awarded to players as limited in subdivision (4) of this subsection ~~(e)~~; and

(D) payments to persons as limited in subdivision (2) of this subsection ~~(e)~~.

\* \* \*

(6) A nonprofit organization shall not organize and execute games of chance on more than two days in any calendar week, nor shall games of chance be organized and executed at any location on more than two days in any calendar week, except that:

(A) Casino events may be conducted only as permitted under subsection (d) of this section.

\* \* \*

(D) Agricultural fairs ~~qualified to receive a State stipend pursuant to 31 V.S.A. § 617~~ that are registered with the Agency of Agriculture, Food and Markets may organize and execute games of chance for not more than 12 consecutive days during the fair once each calendar year.

\* \* \*

\* \* \* Task Force to Create the Department of Liquor and Lottery \* \* \*

#### Sec. 166. FINDINGS AND PURPOSE

(a) The General Assembly finds:

(1) The Department of Liquor Control and the State Lottery serve similar roles in Vermont's government by generating significant revenue for the State through the sales of a controlled product.

(2) The Department of Liquor Control is responsible for enforcing Vermont's laws related to alcoholic beverages and tobacco.

(3) The Department is overseen by the Liquor Control Board, which also grants alcohol and tobacco licenses, serves as a quasi-judicial body to adjudicate violations by licensees, and adopts rules necessary to implement the alcoholic beverage and tobacco laws. The Liquor Control Board is composed of five members that are appointed by the Governor for staggered five-year terms. Each member receives per diem compensation for attendance at meetings.

(4) The Lottery Commission oversees and manages the Vermont Lottery and adopts rules necessary to operate it. It is composed of five members that are appointed by the Governor for three-year terms. Each member receives per diem compensation for attendance at meetings.

(5) The respective responsibilities and duties of the Liquor Control Board and Lottery Commission place significant demands on their part-time, volunteer members.

(6) The similarities between the roles and functions of the Department



of Liquor Control and the Liquor Control Board, and the State Lottery and the Lottery Commission create the opportunity for the two entities to merge and collaborate in carrying out their respective functions and missions.

(b) Accordingly, it is the intent of the General Assembly to:

(1) create a combined Department of Liquor and Lottery that will be a successor to and continuation of the Department of Liquor Control and the State Lottery; and

(2) create a Board of Liquor and Lottery that shall be the successor to and a continuation of the Liquor Control Board and the Lottery Commission.

Sec. 167. DEPARTMENT OF LIQUOR AND LOTTERY; TASK  
FORCE; REPORT

(a) Creation. There is created the Department of Liquor and Lottery Task Force to develop a plan and draft legislation necessary to merge the Department of Liquor Control and the State Lottery into the Department of Liquor and Lottery.

(b) Membership. The Task Force shall be composed of the following six members:

(1) one current member of the House of Representatives who shall be appointed by the Speaker of the House;

(2) one current member of the Senate who shall be appointed by the Committee on Committees;

(3) the Chair of the Liquor Control Board or designee;

(4) the Chair of the Lottery Commission or designee; and

(5) two members appointed by the Governor.

(c) Powers and duties. The Task Force shall develop a plan and legislation necessary to merge the Department of Liquor Control and the State Lottery and create a new Department of Liquor and Lottery on or before July 1, 2018. In particular, the Task Force shall carry out the following duties:

(1) identify and examine efficiencies that can be realized through the combination of the Department of Liquor Control's and the State Lottery's administrative, licensing, regulatory, and educational functions, as well as in the marketing, warehousing, distribution, sales, and control of alcoholic beverages and lottery products;

(2) identify and examine long-term efficiencies that can be realized by merging the Department of Liquor Control with the State Lottery;

(3) examine the current role, functions, and composition of the Liquor

---

Control Board and the Lottery Commission, and determine:

(A) how each body's role, functions, or composition will be affected by their combination; and

(B) the limitations or barriers to combining the two bodies and how those limitations or barriers can be addressed;

(4) examine whether the Board of Liquor and Lottery should be a full-time, professional board;

(5) identify and examine the positive and negative impacts of creating the Department of Liquor and Lottery with respect to the State's ability to control the distribution of alcoholic beverages, tobacco products, and lottery products without diminishing the Department of Liquor Control's and State Lottery's respective contributions to the General Fund and the Education Fund; and

(6) develop a plan and draft legislation necessary to accomplish on or before July 1, 2018 the merger of the Department of Liquor Control and the Liquor Control Board with the State Lottery and the Lottery Commission in order to create the Department of Liquor and Lottery and the Board of Liquor and Lottery. The draft legislation shall include provisions that would:

(A) On July 1, 2018:

(i) Combine the Department of Liquor Control and the State Lottery to create a Department of Liquor and Lottery, which shall include a Division of Liquor Control to administer and carry out the laws relating to alcohol and tobacco set forth in Title 7 and a Division of Lottery to administer and carry out the laws relating to the State Lottery set forth in 31 V.S.A. chapter 14.

(ii) Combine the Liquor Control Board and the Lottery Commission to create a Board of Liquor and Lottery.

(B) Provide that:

(i) The Board of Liquor and Lottery shall be the successor to and a continuation of the Liquor Control Board and the Lottery Commission.

(ii) The rules of the Liquor Control Board and the Lottery Commission in effect on July 1, 2018 shall become the rules of either the Board of Liquor and Lottery or the Department of Liquor and Lottery until they are amended or repealed.

(iii)(I) The Department of Liquor and Lottery shall be a successor to and a continuation of the Department of Liquor Control and the State Lottery.

(II) All positions and appropriations of the Department of Liquor Control and the State Lottery shall be transferred to the Department of Liquor and Lottery.

(iv)(I) The Commissioner of Liquor Control shall become the Commissioner of Liquor and Lottery, and shall direct and supervise the Department of Liquor and Lottery subject to the direction of the Board of Liquor and Lottery.

(II) The Commissioner of Liquor and Lottery shall assume the powers, duties, rights, and responsibilities of the Commissioner of Liquor Control and the Director of the State Lottery.

(d) Assistance. The Task Force shall have the administrative, technical, and legal assistance of the Office of Legislative Council and the Joint Fiscal Office.

(e) Report. On or before January 15, 2018, the Task Force shall submit a written report to the Governor, the House Committees on General, Housing and Military Affairs and on Government Operations, and the Senate Committees on Economic Development, Housing and General Affairs and on Government Operations with its findings and a plan and draft legislation necessary to create on or before July 1, 2018 the Department of Liquor and Lottery and the Board of Liquor and Lottery. The Task Force's report may take the form of draft legislation.

(f) Meetings.

(1) The members from the House and the Senate shall call the first meeting of the Task Force to occur on or before September 1, 2017.

(2) The Task Force shall select a chair from among its members at the first meeting.

(3) A majority of the membership shall constitute a quorum.

(4) The Task Force shall cease to exist on January 15, 2018.

(g) Reimbursement.

(1) For attendance at meetings during adjournment of the General Assembly, legislative members of the Task Force shall be entitled to per diem compensation and reimbursement of expenses pursuant to 2 V.S.A. § 406 for no more than six meetings.

(2) Other members of the Task Force who are not employees of the State of Vermont and who are not otherwise compensated or reimbursed for their attendance shall be entitled to per diem compensation and reimbursement of expenses pursuant to 32 V.S.A. § 1010 for no more than six meetings.

\* \* \* Effective Date \* \* \*

Sec. 168. EFFECTIVE DATE

This act shall take effect on July 1, 2017.

*ALISON CLARKSON  
PHILIP E. BARUTH  
RICHARD J. MCCORMACK*

*Committee on the part of the  
Senate*

*HELEN J. HEAD  
THOMAS S. STEVENS  
DIANA E. GONZALEZ*

*Committee on the part of the House*

Which was considered and adopted on the part of the House

**Adjournment**

At five o'clock and seven minutes in the evening, on motion of **Rep. Savage of Swanton**, the House adjourned until tomorrow at nine o'clock and thirty minutes in the forenoon.