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STATE OF VERMONT
OFFICE OF THE STATE TREASURER

December 2, 2013

Representative Bill Botzow, Chair
House Committee on Commerce and Economic Development
115 State Street
Montpelier, VT 05633-5201

Dear Representative Botzow,

Per the request of the House Committee on Commerce and Economic Development, here are the relevant items the Treasurer's Office will pursue in the 2014 legislative session.

- 1) We propose two changes to Act No. 87 (H.395):
 - a. Adjustments to remove the word "short-term" in Sec. 8 to describe the credit facility for VEDA. While short-term provides some assistance, flexibility to include longer-term borrowing will promote additional energy financing
 - b. Clarify whether residential energy efficiency loans as described in Sec. 8a can include "renewable energy" projects. We seek clarity to understand what potential uses would be considered consistent with existing legislation, or that the Committee might wish to consider for expansion.

- 2) The Treasurer's Office opposes "pension lending," the act of selling future pension benefit rights for cash today. The Financial Industry Regulatory Authority (FINRA) and the U.S. Securities and Exchange Commission recently issued an alert to inform individuals about the risks involved when selling their rights to an income stream or investing in someone else's income stream. We view this as a threat to retirement security for active and retired members of the State's three retirement systems, as well as to all Vermonters. We also view restrictions to pension lending as an important consumer protection issue. It is our understanding that proposed legislation is already in the works to address pension lending practices. It is our expectation Treasurer's Office will partner with non-profits and other groups to address this issue.

3. On May 14, 2013, the House Committee on Corrections and Institutions and the Senate Committee on Institutions asked the Treasurer to partner with the Commissioner of the Department of Public Service and the Commissioner of the Department of Buildings and General Services to create a strategy for thermal and energy conservation in state buildings and a plan for financing these improvements. A response in the form of a proposal is due January 7, 2014. Our local investment working group has spent extensive time working on this request. We will recommend financing options including a revolving fund to address the concerns set forth in the Committees' inquiry. These options would require statutory changes.

Representative Bill Botzow

December 2, 2013

2

4. As you recall, the National Conference of Insurance Legislators (NCOIL) committee on which you served suggested a minor change to life insurance policies that was adopted in their model legislation. We will assess whether we need to make any changes to be consistent with that model.

Other non-commerce and economic development items the Treasurer's Office is considering for the 2014 legislative session include various pension issues and teachers' healthcare funding. We look forward to working with you in the coming year on these important legislative initiatives. If you have any questions about the items listed herein, please do not hesitate to contact me.

Sincerely,



Beth Pearce
State Treasurer