

Testimony of Amy Shollenberger *Representing the Weatherization Assistance Programs*

- BROCC - Community Action in Southwestern Vermont
- Central Vermont Community Action Council (CVCAC)
- CVOEO Weatherization
- Northeast Employment and Training Organization (NETO)
- Southeastern Vermont Community Action (SEVCA)

April 10, 2014

Senate Natural Resources Committee

Thank you for the opportunity to speak today, and for your consideration of our request. We are here specifically to ask you as a committee to support increasing the Gross Receipts Tax in order to keep the Low Income Weatherization Program funded at its current capacity so that Vermont can reach its goal of weatherizing 20,000 low-income homes by 2020.

The Low Income Weatherization Assistance Program has utilized the past five years of additional funding (from ARRA and the GMP/CVPS merger) to build capacity, increase quality, and expand services so that now our program is one of the best in the country.

With the oldest housing stock in the nation, a proven return on investment (\$2.51 for every \$1 invested), and a clear need to ensure our most vulnerable are safe and warm in their homes, the Weatherization program is a smart investment for Vermont.

The Gross Receipts Tax was designed to fund the program, and it makes sense to increase it to keep the Low Income Weatherization Assistance Program operating at its current capacity so we can meet the state's efficiency goals, serve low-income Vermonters, and support Vermont's economy.

Addenda:

Attached please find a letter signed by 34 organizations supporting the Low Income Weatherization Program and an increase in the Gross Receipts Tax to fund the program.

From the Vermont Department of Taxes: <http://www.state.vt.us/tax/majorvttaxesfuel.shtml>

Fuel Gross Receipts

The Fuel Gross Receipts Tax is a tax of 0.5 % on the retail sales of the following fuels:

- Heating oil, kerosene and other dyed diesel fuels delivered to a business or residence.
- Natural Gas
- Propane Gas
- Electricity
- Coal

All deliveries of heating oil, kerosene and other dyed diesel fuels to customers' residential or business locations are subject to the fuel gross receipts tax. Fuels sold to the customer at a fuel dealer pump are not subject to the tax.

The seller may include the following message on the bill to the buyer: *"The amount of this bill includes a 0.5% gross receipts tax, enacted in 1990, for support of Vermont's low income home weatherization program."*

Please Support Low-Income Weatherization Funding

We, the undersigned, support continued funding of the Weatherization Assistance Programs (WAPs) at least at the \$12 million level.

This funding is needed to:

- Continue the same level of service to low-income Vermonters
- Address long waiting lists
- Sustain investments to insure long term affordability of publicly financed multifamily housing which has seen utility/heating costs double since 2008
- Reduce the growing need for LIHEAP as the price of unregulated fuels increases
- Help the state to meet its goal of weatherizing 80,000 homes by 2020

The Weatherization Assistance Programs respond to the State's unique energy challenges:

- VT ranks 50th in the US in energy affordability.
- Households below 200% of the poverty level spend \$3,215 more on their energy bills than what is considered affordable.
- VT has the 2nd oldest housing stock in the nation. These homes have the biggest payoff from weatherization.
- The WAPs can stretch LIHEAP dollars by reducing the overall cost of heating Vermonters' homes.

We recognize that the Weatherization Assistance Programs have been partially funded with temporary funds; however, these funds have been available for the last five years and have been provided so that the state could meet its energy and climate goals. The WAPs have increased capacity and infrastructure to meet the challenge provided by the state to meet the aggressive weatherization goal.

The Weatherization Assistance Programs have been funded in part with a 0.5% Gross Receipts Tax. One option for continuing to fund the Weatherization Assistance Programs is to raise the Gross Receipts Tax to 1%, and dedicating the funds to the Weatherization Assistance Programs. The 1% GRT level would allow the WAPs and other partners to help the state to meet its goal of 80,000 homes by 2020.

We look forward to working with the legislature to commit the needed funding to meet the state's weatherization goals.

Steve Geller, Southeastern VT Community Action, Inc.

Hal Cohen, Central VT Community Action Council

Jan Demers, Champlain Valley Office of Economic Opportunity, Inc.

Jim Ryan, Northeast Employment and Training Organization

Linda Rooker, BROC – Community Action in Southwestern Vermont

George Mathias, RuralEdge

John Sayles, Vermont Food Bank

Carlen Finn, Voices for Vermont's Children

Jim Merriam, Efficiency Vermont

Erhard Mahnke, Vermont Affordable Housing Coalition

Johanna Miller, Vermont Natural Resources Council (VNRC)

Ben Walsh, Vermont Public Interest Research Group (VPIRG)

Jonathan Dancing, Building Performance Professionals Assn. of VT (BPPA-VT)

Don Hooper, National Wildlife Federation

Karen Lafayette, Vermont Low Income Advocacy Council (VLIAC)

Andrea Cohen, Vermont Businesses for Social Responsibility (VBSR)

Ludy Biddle, NeighborWorks of Western Vermont

Maeve McBride, 350Vermont

Sandra Levine, Conservation Law Foundation

Sandra Meidlinger, Passive House Alliance of Vermont

Kenn Sassorossi, Housing Vermont

Krister Adams, Vermont State Housing Authority

Marissa Parisi, Hunger Free Vermont

Julie Iffland, Randolph Area Community Development Corporation

Paul Hill, Jr., Vermont Community Loan Fund

Elizabeth Kulas, Housing Trust of Rutland County, Inc.

Jim Lovinsky, Lamoille Housing Partnership

Connie Snow, Windham & Windsor Housing Trust

Eileen Peltier, Central Vermont Community Land Trust

Cindy Reid, Cathedral Square Corporation

Gabrielle Stebbins, Renewable Energy Vermont

Chris Curtis, Vermont Legal Aid

Sarah Launderville, Vermont Center for Independent Living

Deb Katz, Citizens Awareness Network

Editorial: Pushing for change

April 9, 2014

While more seasonal temperatures have shifted our thoughts toward spring and summer, weatherizing homes for colder months still is very much on the minds of advocates for low-income Vermonters.

Today, the state's Weatherization Assistance Program is working toward a goal of weatherizing 14,850 more low-income units by 2020 as part of a mandate by the governor. That's more than 2,000 households per year that need weatherization.

The state's energy challenges are unique. Vermont ranks 50th in the nation in energy affordability; households below 200 percent of the poverty level spend \$3,214 more on energy bills each year than what is considered affordable; and the state has the second-oldest housing stock in the nation.

The current cost to weatherize a home is about \$8,500. To continue to stay on track to meet the goal, the program, which employs about 150 people statewide in livable wage jobs, needs \$12 million a year to maintain the program. In fiscal year 2014, the allocation came from the 0.5 percent fuel gross receipts tax on all non-transportation fuels sold in the state, as well as Green Mountain Power-Central Vermont Public Service merger money.

The Weatherization Assistance Program has been wildly successful across Vermont. In part, it was temporarily funded with federal stimulus money, which gave the state a strong start five years ago toward its weatherization goals. Now that the one-time stimulus money has dried up, the demand for services has remained. In turn, Vermonters were suddenly faced with long waiting lists.

However, low-income Vermonters who had their homes weatherized through the program are experiencing an average of 37 percent energy savings, or more than \$1,000 a year on energy costs. That translates to about 270 gallons of No. 2 heating fuel, or almost 465,000 gallons for all homes weatherized in the program just last year. That stretches heating aid dollars by reducing the overall cost of heating Vermonters' homes.

It makes sense: The funding mechanism is already in place, and the 0.5 percentage point increase would allow the program and other partners to help the state meet its goal of weatherizing 80,000 homes by 2020

Those are all measurable assets.

Yet, there has been talk around the State House of reducing the funding for the Weatherization Assistance Program. That seems like the wrong decision, when the results have been markedly positive. One option for continuing the weatherization fund at current levels is to raise the gross receipts tax to 1 percent and dedicate the money to the program. It makes sense: The funding mechanism is already in place, and the 0.5 percentage point increase would

allow the program and other partners to help the state meet its goal of weatherizing 80,000 homes by 2020, advocates say.

The state's Climate Caucus, a bipartisan group of legislators from both chambers, recently urged support for funding the program at the \$12 million level; however, in its letter to House Speaker Shap Smith, it fell short of calling for an increase in the gross receipts tax. In addition, a coalition of about 35 organizations that work or advocate for low-income Vermonters made a plea for the full funding. That group did propose increasing the gross receipts tax to 1 percent.

According to the Department of Taxes, the gross receipts tax is currently 0.5 percent on heating oil, kerosene and other dyed diesel fuels delivered to a business or residence; natural gas; propane; electricity and coal. Most Vermont households spend between \$700 and \$2,800 a year on heating fuel, so a tax of 1 percent would amount to approximately \$14 a year for the average family.

Increasing the tax does not require rewriting our energy policy. It may mean starting hard discussion among lawmakers and the administration about what's best for our citizens. But in this case, a slight tweak to a statute is a minimal increase for a long-term solution that moves the growing number of Vermonters out of poverty. That's a win-win.

<http://www.timesargus.com/article/20140409/OPINION01/704099961/1021>

Vermont ranks 50th in the nation in energy affordability; households below 200 percent of the poverty level spend \$3,214 more on energy bills each year than what is considered affordable

The Vermont Statutes Online

Title 10: Conservation and Development

Chapter 23: AIR POLLUTION CONTROL

10 V.S.A. § 581. Building efficiency goals

§ 581. Building efficiency goals

It shall be goals of the State:

(1) To improve substantially the energy fitness of at least 20 percent of the State's housing stock by 2017 (more than 60,000 housing units), and 25 percent of the State's housing stock by 2020 (approximately 80,000 housing units).

(2) To reduce annual fuel needs and fuel bills by an average of 25 percent in the housing units served.

(3) To reduce total fossil fuel consumption across all buildings by an additional one-half percent each year, leading to a total reduction of six percent annually by 2017 and 10 percent annually by 2025.

(4) To save Vermont families and businesses a total of \$1.5 billion on their fuel bills over the lifetimes of the improvements and measures installed between 2008 and 2017.

(5) To increase weatherization services to low income Vermonters by expanding the number of units weatherized, or the scope of services provided, or both, as revenue becomes available in the Home Weatherization Assistance Fund. (Added 2007, No. 92 (Adj. Sess.), § 6; amended 2013, No. 50, § E.324.3.)
