

# House Calendar

Wednesday, March 25, 2015

78th DAY OF THE BIENNIAL SESSION

House Convenes at 1:00 P.M.

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**ACTION CALENDAR**

**Third Reading**

**H. 268**

An act relating to approval of the adoption and the codification of the charter of the Town of Franklin and of the merger of Franklin Fire District No. 1 into the Town

**H. 282**

An act relating to professions and occupations regulated by the Office of Professional Regulation

**Favorable with Amendment**

**H. 108**

An act relating to electrical installations

**Rep. Stevens of Waterbury**, for the Committee on **General, Housing & Military Affairs**, recommends the bill be amended by striking all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 26 V.S.A. chapter 15 is amended to read:

**CHAPTER 15. ELECTRICIANS AND ELECTRICAL INSTALLATIONS**

**Subchapter 1. General Provisions**

**§ 881. DEFINITIONS**

As used in this chapter, unless the context clearly requires otherwise:

(1) “Board” means the ~~electricians’ licensing board~~ Electricians’ Licensing Board created under this chapter.

(2) “Commissioner” means the Commissioner of Public Safety.

(3) “Complex structure” shall have the same meaning as the term “public building” as defined in 20 V.S.A. § 2900(8).

(4) “Electrical inspector” means a ~~state~~ State electrical inspector employed pursuant to section 915 of this title.

(5) “Electrical installation” means wires, fixtures, or apparatus installed in a ~~complex~~ structure or at the construction site of ~~such a~~ a structure for the transmission and use of commercially supplied or privately generated electrical energy.

(6) “Electrician’s helper” means a person assisting in the construction, installation, or repair of an electrical installation under the direct supervision of a master or journeyman electrician who is present at the work site.

(7) “Legislative body” means the board of selectmen of a town, the board of aldermen or city council of a city, or the board of trustees of an incorporated village.

(8) “Municipal inspector” means an electrical inspector authorized to conduct municipal inspections pursuant to section 898 of this title.

(9) “Registered apprentice” means an apprentice registered with the ~~apprenticeship division of the state department of labor~~ Apprenticeship Division for the State Department of Labor for electrical training.

(10) “Work notice” means the notice required to be filed under this chapter by an electrician prior to commencement of electrical work.

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## Subchapter 2. Regulation of Electrical Installations by Licensing Board

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### § 893. COMMENCEMENT OF WORK; FEES; WORK NOTICE; INSPECTION OF WORK; CERTIFICATE OF COMPLETION

(a) ~~Electrical work in a complex structure~~ A person shall not commence work on an electrical installation in a complex structure until he or she submits a work notice accompanied by the required fee is submitted to the department ~~Department and the work notice is validated by the department~~ Department validates the work notice. There shall be a base fee of \$40.00 for each work notice, except for electrical work done on an electrical installation in one ~~one-~~ and two-family two-family residential dwellings. In addition to the base fee, the Commissioner shall charge the following fees shall be charged:

#### (1) Services

(A) Temporary—\$30.00.

(B) Permanent—1 phase and 3 phase through 400 amp—\$35.00.

(C) Permanent—401 to 800 amp—\$50.00.

(D) Permanent—801 amp and larger—\$100.00.

#### (2) Transformers

(A) 1 to 25 KVA—\$10.00 each.

(B) 26 to 75 KVA—\$15.00 each.

(C) 76 to 200 KVA—\$25.00 each.

(D) Over 200 KVA—\$35.00 each.

(3) Motors and Generators

(A) Up to 5 hp, KW, KVA—\$10.00 each.

(B) 5 to 25 hp, KW, KVA—\$10.00 each.

(C) 25 to 100 hp, KW, KVA—\$15.00 each.

(D) Over 100 hp, KW, KVA—\$25.00 each.

(4) Other electrical work

(A) Each panel and feeder after the main disconnect—\$35.00.

(B) Outlets for receptacles, switches, fixtures, electric baseboard (per 50 units or portion thereof)—\$20.00.

(C) Yard lights, signs—\$5.00 each.

(D) Fuel oil, kerosene, LP, natural gas, and gasoline pumps—\$15.00 each.

(E) Boilers, furnaces, and other stationary appliances—\$10.00 each.

(F) Elevators—\$75.00 each.

(G) Platform lifts—\$40.00 each.

(H) Fire alarm initiating, signaling, and associated devices (per 50 units or portions thereof)—\$30.00.

(I) Fire alarm main panel and annunciator panels—\$50.00 each.

(J) Fire pumps—\$50.00.

(5) Reinspection fee. For each reinspection for code violations, there will be a fee of \$125.00.

(b) ~~The commissioner~~ Commissioner may establish inspection priorities for electrical inspections. ~~Priorities shall be~~ based on the relative risks to persons and property, the type and size of the complex structure, and the type and number of electrical installations to be installed. Electrical installations regulated by the ~~board~~ Board shall be inspected by the ~~commissioner~~ Commissioner or an electrical inspector in accordance with the procedures and priorities established by the ~~commissioner~~ Commissioner.

(c) ~~An~~ A person shall not cover an electrical installation in any part of a complex structure ~~shall not be covered~~ unless it is inspected by an electrical inspector. ~~The provisions of this subsection may be specifically waived by an~~

~~electrical inspector~~ or if an electrical inspector waives the inspection requirement in writing. Upon completion of a new electrical installation, the applicant shall request a final inspection by an electrical inspector in writing. Within five working days of receipt of the application, the ~~commissioner~~ Commissioner, or inspector, shall conduct an inspection, establish a reasonable date for inspection, or issue a waiver of inspection.

(d) ~~A~~ The Commissioner shall issue a certificate of completion ~~shall be issued~~ if the ~~commissioner~~ Commissioner or electrical inspector determines after inspection that the electrical installation is in compliance with the standards and requirements adopted by the ~~board~~ Board.

(e) ~~No part of a complex structure, in which part a new electrical installation has been made, shall be sold or conveyed for use or occupancy~~ A person shall not sell, convey, occupy, or use any part of a complex structure in which an electrical installation has been installed without first securing a certificate of completion for the new electrical installation.

(f) The ~~commissioner~~ Commissioner or an inspector designated by the ~~commissioner~~ Commissioner shall have authority to enter any premises in which an electrical installation subject to the rules of the ~~board~~ Board is being or has been installed, replaced, or repaired for the purpose of making ~~such an~~ inspection as is necessary to carry out his or her responsibilities under this subchapter. If the owner or occupant of the premises refuses to permit entry by the ~~commissioner~~ Commissioner, or an electrical inspector, any ~~superior court~~ Superior Court, on application of the ~~commissioner~~ Commissioner, shall have jurisdiction to issue an order enforcing such right of entry.

(g) The Board may use its authority to adopt rules under section 891 of this title to apply the requirements of this section to electrical installations in one- and two-family residential dwellings.

§ 894. ENERGIZING INSTALLATIONS; REENERGIZING AFTER EMERGENCY DISCONNECTION

(a) A person shall not connect a new electrical installation in or on a complex structure or an electrical installation used for the testing or construction of a complex structure ~~shall not be connected or caused to be connected;~~ to a source of electrical energy unless the Commissioner or an electrical inspector issues a temporary or permanent energizing permit prior to such the connection, ~~either a temporary or a permanent energizing permit is issued for that installation by the commissioner or an electrical inspector.~~

(b)(1) A person shall not connect an existing electrical installation that was disconnected as the result of an emergency to a source of electrical energy until a licensed journeyman electrician or licensed master electrician inspects the

electrical installation and determines the installation to be safe.

(2) This subsection does not apply to the use of a generator due to an external loss of power.

(c) This section shall not be construed to limit or interfere with a contractor's right to receive payment for electrical work for which a certificate of completion has been granted.

\* \* \*

#### § 899. PRIVATE INSPECTIONS

(a) Upon a determination that the resources of the ~~state~~ State and the municipality are insufficient to provide the approval or inspection services required by this chapter, the ~~commissioner~~ Commissioner may assign responsibility for inspecting electrical installations on its own premises to a ~~private corporation, partnership, or sole proprietorship~~ person that has an ongoing need for services. Applications to conduct private inspections under this section shall be in the manner prescribed by the ~~commissioner~~ Commissioner.

(b) The ~~commissioner~~ Commissioner may grant an application under this section if he or she determines that the applicant has the ability to carry out inspections. The ~~commissioner~~ Commissioner shall consider at least the following factors:

(1) the size of the facility;

(2) self-insurance or other indication of incentive and motivation for safety;

(3) whether the applicant's training program for inspectors and inspection procedures are at least equivalent to the ~~state's~~ State's program and procedures.

(c) A person authorized to perform private inspections under this section shall:

(1) participate in ~~state-sponsored~~ State-sponsored training programs;

(2) file monthly reports with the ~~commissioner~~ Commissioner containing the number and type of inspections, electrical installations, violations for that month, and the license numbers of the electrical contractors performing work;

(3) permit electrical inspectors to perform random inspections of the applicant's facility;

(4) pay the ~~department~~ Department an annual flat fee. The amount of

the fee shall be negotiated by the ~~department~~ Department and the applicant and shall take into consideration the cost to the applicant of conducting private inspections. The fee shall not exceed the fee established under section 893 of this title.

(d) The ~~commissioner~~ Commissioner may revoke an approval to conduct private inspections whenever the ~~commissioner~~ Commissioner determines that the training program is insufficient or that the business has failed to comply with the provisions of subdivisions (c)(1)–(3) of this section.

### Subchapter 3. Licensing Electricians

\* \* \*

#### § 904. TYPE-S JOURNEYMAN ELECTRICIAN

(a) To be eligible for licensure as a type-S journeyman, an applicant shall:

(1) complete an accredited training and experience program recognized by the ~~board~~ Board; or

(2) have had training and experience, within or ~~without~~ outside this ~~state~~ State, acceptable to the ~~board~~ Board; and

(3) pass an examination to the satisfaction of the ~~board~~ Board in one or more of the following fields:

(A) ~~Automatic~~ automatic gas or oil heating;

(B) ~~Outdoor~~ outdoor advertising;

(C) ~~Refrigeration~~ refrigeration or air conditioning;

(D) ~~Appliance~~ appliance and motor repairs;

(E) ~~Well~~ well pumps;

(F) ~~Farm~~ farm equipment;

(G) solar installations;

(H) ~~Any miscellaneous specified~~ an area of specialized competence specified by the Commissioner.

(b) Upon successful completion of the examination and payment of the required fee for each field in which a license is to be issued, the applicant shall receive a license in the form of a wallet-size card which shall be carried at all times while performing his or her trade and shall be displayed upon request. Upon request of the licensee and upon payment of the required fee, the ~~board~~ Board shall issue a license certificate suitable for framing.

\* \* \*



§ 906. QUALIFIED OUT-OF-STATE LICENSEES; EXAMINATIONS NOT REQUIRED

~~Licenses shall be issued without examination on payment of the required fee.~~ The Commissioner shall issue a master's or journeyman's, or type-S journeyman's license, as the case may be, shall be issued without examination on payment of the required fee to a person to whom a master electrician's license or a journeyman electrician's, or substantially equivalent type-S journeyman's license has been previously issued by another state, whose provided that:

(1) the issuing State has adopted standards that are equivalent to those of this state, State; and

(2) if under the laws or regulations of the state issuing the license a similar privilege is granted to electricians licensed under the laws of this state State.

§ 907. RECOGNITION OF EXPERIENCE IN OR OUT OF STATE

~~The board Board,~~ in determining the qualifications of an applicant for a license, may in its discretion give recognition;

(1) in the case of an application for a master's license, to the applicant's experience as a licensed journeyman in another state, or;

(2) in the case of an application for a journeyman's license, to an apprenticeship served in another state, or;

(3) in the case of an application for a type-S journeyman's license, to an apprenticeship or to work experience in the relevant field in this State or in another state; or

(4) may otherwise give recognition to experience or prior qualifications.

\* \* \*

§ 910. LICENSE NOT REQUIRED

A license shall not be required for the following types of work:

(1) Any electrical work, including construction, installation, operation, maintenance, and repair of electrical installations in, on or about equipment or premises, which are owned or leased by the operator of any industrial or manufacturing plant, if the work is done under the supervision of an electrical engineer or master electrician in the employ of the operator;

(2) Installation in laboratories of exposed electrical wiring for experimental purposes only;

(3) Any electrical work by an owner ~~or his or her regular employees~~ in the owner's freestanding ~~single-unit~~ single-unit or two-unit residence, in outbuildings accessory to ~~such freestanding single-unit~~ his or her residence, or any structure on an owner-occupied ~~farms; farm.~~

(4) Electrical installations performed as a part of a training project of a vocational school or other educational institution. However, the installation shall be inspected if the building in which the installation is made, is to be used as a ~~“complex structure”~~; or occupied following the training.

(5) Electrical work performed by an electrician's helper under the direct supervision of a person who holds an appropriate license issued under this chapter;.

(6) ~~Any electrical work in a building used for dwelling or residential purposes which contains no more than two dwelling units; [Repealed.]~~

(7) Installation of solar electric modules and racking ~~on complex structures~~ to the point of connection to field-fabricated wiring and erection of net metered wind turbines.

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## Sec. 2. TYPE-S JOURNEYMAN'S LICENSE; STAKEHOLDER ENGAGEMENT PROCESS

(a) The Department of Public Safety shall conduct a stakeholder engagement process to solicit feedback and participation by interested persons in developing the type-S journeyman's license for renewable energy installations pursuant to 26 V.S.A. § 904.

(b) The Department shall seek input from stakeholders on potential testing and certification standards, areas of specialization, credit for prior work experience within or outside Vermont, recognition of other states' or national accreditation or licensure standards, and other relevant issues.

(c) On or before January 15, 2016, the Department shall report on the results of the stakeholder engagement process to the House Committee on General, Housing and Military Affairs and to the Senate Committee on Economic Development, Housing and General Affairs.

## Sec. 3. EFFECTIVE DATES

This act shall take effect on July 1, 2015, except that the amendments to 26 V.S.A. § 910 in Sec. 1 shall take effect on July 1, 2017.

**( Committee Vote: 7-0-1)**

**Rep. Masland of Thetford**, for the Committee on **Ways & Means**, recommends the bill ought to pass when amended as recommended by the Committee on **General, Housing & Military Affairs**.

(Committee Vote: 11-0-0)

### H. 135

An act relating to authorizing the Vermont Department of Health to charge fees necessary to support Vermont's status as a Nuclear Regulatory Commission Agreement State

**Rep. Deen of Westminster**, for the Committee on **Fish, Wildlife & Water Resources**, recommends the bill be amended by striking all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 18 V.S.A. § 1653 is amended to read:

#### § 1653. FEDERAL-STATE AGREEMENTS

(a) The ~~governor~~ Governor, on behalf of the ~~state~~ State of Vermont, may enter into agreements with the federal government providing for discontinuance of certain of the federal government's responsibilities with respect to byproduct, source, and special nuclear materials and the assumption thereof by the ~~state~~ State of Vermont.

(b) In the event of such agreement:

(1) The ~~agency~~ Agency shall provide by rule for general or specific licensing of byproducts, source, special nuclear materials, or devices or equipment utilizing such materials. The rule shall provide for amendment, suspension, or revocation of licenses.

(2) The ~~agency~~ Agency shall be authorized to exempt certain byproduct, source, or special nuclear materials or kinds of uses or users from the licensing or registration requirements set forth in this section when the ~~agency~~ Agency makes a finding that the exemption of such materials or kinds of uses or users will not constitute a significant risk to the health and safety of the public.

(3) The Agency may collect a fee for licenses issued under this section. The fee schedule for these licenses shall be the schedule adopted by the U.S. Nuclear Regulatory Commission and published in 10 C.F.R. § 170.31 that is in effect as of the effective date of this section. Fees collected under this section shall be credited to the Nuclear Regulatory Fund established and managed under subdivision (b)(4) of this section and shall be available to the Agency to offset the costs of providing services under this section.

(4) There is established the Nuclear Regulatory Fund to consist of the fees collected under subdivision (b)(3) of this section and any other monies

that may be appropriated to or deposited into the Fund. Balances in the Nuclear Regulatory Fund shall be expended solely for the purposes set forth in this section and shall not be used for the general obligations of government. All balances in the Fund at the end of any fiscal year shall be carried forward and remain part of the Fund, and interest earned by the Fund shall be deposited in the Fund. The Nuclear Regulatory Fund is established in the State Treasury pursuant to 32 V.S.A. chapter 7, subchapter 5.

~~(3)~~(5) Any person having a license immediately before the effective date of an agreement under subsection (a) of this section from the federal government or agreement state relating to byproduct material, source material, or special nuclear material and which on the effective date of this agreement is subject to the control of this ~~state~~ State shall be considered to have a like license with the ~~state~~ State of Vermont until the expiration date specified in the license from the federal government or agreement state or until the end of the ~~ninetieth~~ 90th day after the person receives notice from the ~~agency~~ Agency that the license will be considered expired.

~~(4)~~(6) The ~~agency~~ Agency shall require each person who possesses or uses byproduct, source, or special nuclear materials to maintain records relating to the receipt, storage, transfer, or disposal of such materials and such other records as the ~~agency~~ Agency may require subject to such exemptions as may be provided by rule.

~~(5)~~(7) Violations:

(A) It shall be unlawful for any person to use, manufacture, produce, transport, transfer, receive, acquire, own, or possess any byproduct, source, or special nuclear material unless licensed by or registered with the ~~agency~~ Agency in accordance with the provisions of this chapter.

(B) The ~~agency~~ Agency shall have the authority in the event of an emergency to impound or order the impounding of byproduct, source, and special nuclear materials in the possession of any person who is not equipped to observe or fails to observe the provisions of this chapter or any rules or regulations issued thereunder.

~~(6)~~(8) The provisions of this section relating to the control of byproduct, source, and special nuclear materials shall become effective on the effective date of an agreement between the federal government and this ~~state~~ State as provided in section 1656 of this title.

## Sec. 2. EFFECTIVE DATE

This act shall take effect on July 1, 2015.

**( Committee Vote: 7-2-0)**

**Rep. Till of Jericho**, for the Committee on **Ways & Means**, recommends the bill ought to pass when amended as recommended by the Committee on **Fish, Wildlife & Water Resources**.

**(Committee Vote: 10-0-1)**

#### **H. 488**

An act relating to the State's Transportation Program and miscellaneous changes to laws related to transportation.

**(Rep. Brennan of Colchester** will speak for the Committee on **Transportation**.)

**Rep. Masland of Thetford**, for the Committee on **Ways & Means**, recommends the bill ought to pass.

**(Committee Vote: 11-0-0)**

**Rep. Helm of Fair Haven**, for the Committee on **Appropriations**, recommends the bill ought to pass when amended as follows:

Sec. 10, in subsection (f), by inserting a new first sentence to read:

"The Committee shall meet no more than six times."

**( Committee Vote: 10-0-1)**

#### **Action Under Rule 52**

#### **H.R. 7**

House resolution reaffirming the friendly bilateral relationships between Taiwan and both the United States and Vermont and the important role of Taiwan in the international community

**(For text see House Journal 3/24/2015)**

#### **NOTICE CALENDAR**

#### **Committee Bill for Second Reading**

#### **H. 489**

An act relating to revenue.

**(Rep. Ancel of Calais** will speak for the Committee on **Ways & Means**.)

#### **H. 490**

An act relating to making appropriations for the support of government.

**(Rep. Johnson of South Hero** will speak for the Committee on **Appropriations**.)

## Favorable with Amendment

### S. 98

An act relating to captive insurance companies

**Rep. Kitzmiller of Montpelier**, for the Committee on **Commerce & Economic Development**, recommends that the House propose to the Senate that the bill be amended as follows:

First: In Sec. 2, 8 V.S.A. § 6004, subsection (c), after the first sentence, by inserting the following: “The Commissioner shall issue a bulletin defining “marketable securities” for the purpose of this subsection.”

Second: By adding Sec. 6 to read as follows:

Sec. 6. 8 V.S.A. § 6036(d) is amended to read:

(d) A participant shall ~~insure only its own risks through a sponsored captive insurance company~~ not insure any risks other than its own and the risks of affiliated entities or of controlled unaffiliated entities.

Third: By striking out Sec. 8 in its entirety and by inserting in lieu thereof a new Sec. 8 (to be renumbered as Sec. 9) to read as follows:

Sec. 9. 8 V.S.A. § 6052(g) is added to read:

(g) This subsection establishes governance standards for a risk retention group.

(1) As used in this subsection:

(A) “Board of directors” or “board” means the governing body of a risk retention group elected by risk retention group members to establish policy, elect or appoint officers and committees, and make other governing decisions.

(B) “Director” means a natural person designated in the articles of the risk retention group or designated, elected, or appointed by any other manner, name, or title to act as a director.

(C) “Independent director” means a director who does not have a material relationship with the risk retention group. A person that is a direct or indirect owner of or subscriber in the risk retention group – or is an officer, director, or employee of such an owner and insured, unless some other position of such officer, director, or employee constitutes a “material relationship” – as contemplated under subdivision 3901(a)(4)(E)(ii) of the federal Liability Risk Retention Act, is considered to be “independent.” A director has a material relationship with a risk retention group if he or she, or a member of his or her immediate family:

(i) In any 12-month period, receives from the risk retention group, or from a consultant or service provider to the risk retention group, compensation or other item of value in an amount equal to or greater than five percent of the risk retention group's gross written premium or two percent of the risk retention group's surplus, as measured at the end of any fiscal quarter falling in such 12-month period, whichever is greater. This provision also applies to compensation or items of value received by any business with which the director is affiliated. Such material relationship shall continue for one year after the item of value is received or the compensation ceases or falls below the threshold established in this subdivision, as applicable.

(ii) Has a relationship with an auditor as follows: Is affiliated with or employed in a professional capacity by a current or former internal or external auditor of the risk retention group. Such material relationship shall continue for one year after the affiliation or employment ends.

(iii) Has a relationship with a related entity as follows: Is employed as an executive officer of another company whose board of directors includes executive officers of the risk retention group, unless a majority of the membership of such other company's board of directors is the same as the membership of the board of directors of the risk retention group. Such material relationship shall continue until the employment or service ends.

(D) "Material service provider" includes a captive manager, auditor, accountant, actuary, investment advisor, attorney, managing general underwriter, or other person responsible for underwriting, determination of rates, premium collection, claims adjustment or settlement, or preparation of financial statements, whose aggregate annual contract fees are equal to or greater than five percent of the risk retention group's annual gross written premium or two percent of its surplus, whichever is greater. It does not mean defense counsel retained by a risk retention group, unless his or her annual fees are equal to or greater than five percent of a risk retention group's annual gross premium or two percent of its surplus, whichever is greater.

(2) The board of directors shall determine whether a director is independent; review such determinations annually; and maintain a record of the determinations, which shall be provided to the Commissioner promptly, upon request. The board shall have a majority of independent directors. If the risk retention group is reciprocal, then the attorney-in-fact is required to adhere to the same standards regarding independence as imposed on the risk retention group's board of directors.

(3) The term of any material service provider contract entered into with a risk retention group shall not exceed five years. The contract, or its renewal, requires approval of a majority of the risk retention group's independent

directors. The board of directors has the right to terminate a contract at any time for cause after providing adequate notice, as defined in the terms of the contract.

(4) A risk retention group shall not enter into a material service provider contract without the prior written approval of the Commissioner.

(5) A risk retention group's plan of operation shall include written policies approved by its board of directors requiring the board to:

(A) provide evidence of ownership interest to each risk retention group member;

(B) develop governance standards applicable to the risk retention group;

(C) oversee the evaluation of the risk retention group's management, including the performance of its captive manager, managing general underwriter, or other person or persons responsible for underwriting, rate determination, premium collection, claims adjustment and settlement, or preparation of financial statements;

(D) review and approve the amount to be paid under a material service provider contract; and

(E) at least annually, review and approve:

(i) the risk retention group's goals and objectives relevant to the compensation of officers and service providers;

(ii) the performance of officers and service providers as measured against the risk retention group's goals and objectives;

(iii) the continued engagement of officers and material service providers.

(6) A risk retention group shall have an audit committee composed of at least three independent board members. A nonindependent board member may participate in the committee's activities, if invited to do so by the audit committee, but he or she shall not serve as a committee member. The Commissioner may waive the requirement of an audit committee if the risk retention group demonstrates to the Commissioner's satisfaction that having such committee is impracticable and the board of directors is able to perform sufficiently the committee's responsibilities. The audit committee shall have a written charter defining its responsibilities, which shall include:

(A) assisting board oversight of the integrity of financial statements, compliance with legal and regulatory requirements, and qualifications, independence, and performance of the independent auditor or actuary;



(B) reviewing annual and quarterly audited financial statements with management;

(C) reviewing annual audited financial statements with its independent auditor and, if it deems advisable, the risk retention group's quarterly financial statements as well;

(D) reviewing risk assessment and risk management policies;

(E) meeting with management, either directly or through a designated representative of the committee;

(F) meeting with independent auditors, either directly or through a designated representative of the committee;

(G) reviewing with the independent auditor any audit problems and management's response;

(H) establishing clear hiring policies applicable to the hiring of employees or former employees of the independent auditor by the risk retention group;

(I) requiring the independent auditor to rotate the lead audit partner having primary responsibility for the risk retention group's audit, as well as the audit partner responsible for reviewing that audit, so that neither individual performs audit services for the risk retention group for more than five consecutive fiscal years; and

(J) reporting regularly to the board of directors.

(7) The board of directors shall adopt governance standards, which shall be available to risk retention group members through electronic or other means, and provided to risk retention group members, upon request. The governance standards shall include:

(A) a process by which risk retention group members elect directors.

(B) director qualifications, responsibilities, and compensation;

(C) director orientation and continuing education requirements;

(D) a process allowing the board access to management and, as necessary and appropriate, independent advisors;

(E) policies and procedures for management succession; and

(F) policies and procedures providing for an annual performance evaluation of the board.

(8) The board of directors shall adopt a code of business conduct and ethics applicable to directors, officers, and employees of the risk retention

group and criteria for waivers of code provisions, which shall be available to risk retention group members through electronic or other means, and provided to risk retention group members, upon request. Provisions of the code shall address:

(A) conflicts of interest;

(B) matters covered under the Vermont corporate opportunities doctrine;

(C) confidentiality;

(D) fair dealing;

(E) protection and proper use of risk retention group assets;

(F) standards for complying with applicable laws, rules, and regulations; and

(G) mandatory reporting of illegal or unethical behavior affecting operation of the risk retention group.

(9) The president or chief executive officer of a risk retention group shall promptly notify the Commissioner in writing of any known material noncompliance with the governance standards established in this subsection.

Fourth: By striking out Sec. 9 (effective date) in its entirety and by inserting in lieu thereof a new Sec. 9 (renumbered as Sec. 10) to read as follows:

Sec. 10. EFFECTIVE DATE; APPLICATION

This act shall take effect on passage. Sec. 9 (governance standards applicable to risk retention groups) shall apply to risk retention groups first licensed on or after the effective date of this act, and shall apply to all other risk retention groups one year after the effective date of this act.

and by renumbering the remaining sections to be numerically correct.

and that after passage the title of the bill be amended to read: “An act relating to captive insurance companies and risk retention groups”

**(Committee vote: 11-0-0)**

**Favorable**

**S. 2**

An act relating to the establishment of a State Latin Motto

**Rep. Devereux of Mount Holly**, for the Committee on **Government Operations**, recommends that the bill ought to pass in concurrence.

**(Committee Vote: 11-0-0)**

**For Informational Purposes**

**House Appropriations Committee**

**Members' amendments to Fiscal Year 2016**

**Proposed Omnibus Appropriations Bill (H.490)**

The House Committee on Appropriations requests all members of the House, who intend to introduce amendments to the proposed FY 2016 omnibus appropriations bill (H.490), to meet with the committee in room 42 at **8:45 a.m. on Thursday, March 26, before 2<sup>nd</sup> reading**, OR at **8:45 a.m. on Friday, March 27, before 3<sup>rd</sup> reading**. If possible, please schedule a time with Theresa Utton-Jerman (828-5767, Room: 40 or tutton@leg.state.vt.us) to meet with the Committee.

**In addition, please notify the Chair or Vice-Chair as soon as possible if you intend to offer an amendment.**