

Journal of the House

Friday, April 1, 2016

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

Devotional Exercises

Devotional exercises were conducted by Chard deNiord, Vermont Poet Laureate from Westminster West, Vt.

Pages Honored

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

Brian Gilhuly of Warren
Zara Gill of Winooski
Abigail Grimm of Burlington
Emily Hathaway of Brandon
Morgan Marckres of Grand Isle
Avery Murray-Gurney of Hinesburg
Ryan McSweeney of Montpelier
Zoe Napier of Woodstock
Peyton Stephenson of Essex
Violet Tabacco of Hardwick

Joint Resolution Referred to Committee

J.R.H. 26

Joint resolution relating to the amendment of the federal Toxic Substances Control Act and its preemption provisions

Offered by: Representatives Deen of Westminster, Beyor of Highgate, Bissonnette of Winooski, Browning of Arlington, Burke of Brattleboro, Corcoran of Bennington, Fields of Bennington, Jewett of Ripton, Krebs of South Hero, Lefebvre of Newark, McCullough of Williston, Miller of Shaftsbury, Morris of Bennington, Morrissey of Bennington, Mrowicki of Putney, Sheldon of Middlebury, Terenzini of Rutland Town, Webb of Shelburne, and Willhoit of St. Johnsbury

Whereas, more than 84,000 chemicals are in use in the United States, and each year more than 1,000 chemicals are added to the list, and

Whereas, more than 90 percent of chemicals in commercial use have not been fully tested for potential impacts on human health or the environment, and

Whereas, on Congress's passage in 1976 of the Toxic Substances Control Act, Pub.L. 94-469 (TSCA), the law grandfathered 62,000 chemicals from regulation, only 200 chemicals have been fully tested since passage, just five chemicals have been banned or restricted, and no chemicals have been banned in 20 years, and

Whereas, biomonitoring studies demonstrate clear links between toxic chemicals and adverse health effects, and

Whereas, the threat of adverse health effects is especially high for certain vulnerable populations such as children or pregnant women, and for these groups, safe exposure levels are much lower, and

Whereas, annually, more than \$2 billion are spent on the medical costs associated with detecting cancer, asthma, and neurobehavioral disorders directly associated with toxic chemicals, and

Whereas, the recent discovery that the chemical perfluorooctanoic acid (PFOA) is contaminating drinking water sources in multiple Vermont locations illustrates the need for legal authority that more effectively regulates toxic chemicals, and

Whereas, the use of PFOA is not regulated and significant health risks to Vermonters exist as a result of pollution from factories closed more than a decade ago, and

Whereas, Congress is considering Toxic Substances Control Act (TSCA) reform in two pieces of pending legislation, S.697, The Frank R. Lautenberg Chemical Safety for the 21st Century Act, and H.R. 2576, The TSCA Modernization Act of 2015, now therefore be it

Resolved by the Senate and House of Representatives:

That the General Assembly urges Congress to pass comprehensive TSCA reform legislation to strengthen and clarify the U.S. Environmental Protection Agency's (EPA) regulation of toxic chemicals, including language that is stronger and more effective than proposed in either S.697 or H.R. 2576, and be it further

Resolved: That the amended TSCA should include a safety standard that identifies and protects vulnerable populations, including potentially exposed workers, children, pregnant women, and those with compromised immune systems, and be it further

Resolved: That before new chemicals are introduced into commerce, TSCA should be amended to include a requirement that industry include sufficient test data, when it submits premanufacture notices, in order that the EPA can determine easily if the chemicals meet the safety standard, and be it further

Resolved: That an amended TSCA provide clear timelines for starting and completing safety assessments on chemicals that are proposed for introduction into commerce or already in use in commerce, and for withdrawing from commerce chemicals found to be unsafe, and be it further

Resolved: That the EPA must receive the necessary financial resources and statutory mandate to initiate a reasonable number of reviews each year on existing chemicals of highest concern, including those already listed on the TSCA Work Plan for Chemical Assessment, and be it further

Resolved: That the states should be preempted from taking action on a specific chemical only if the EPA has taken final action to regulate that chemical and that the scope of preemption should not be broader than the scope of the EPA's action, and be it further

Resolved: That the Secretary of State be directed to send a copy of this resolution to EPA Administrator Gina McCarthy and the Vermont Congressional Delegation.

Which was read and, in the Speaker's discretion, treated as a bill and referred to the committee on Fish, Wildlife & Water Resources.

Bill Read Third Time and Passed

H. 863

House bill, entitled

An act relating to making miscellaneous amendments to Vermont's retirement laws

Was taken up and pending third reading of the bill, **Rep. Dame of Essex** moved to amend the bill as follows:

After Sec. 9, Vermont Municipal Employees' Retirement System Rates for Fiscal Year 2017, by adding a new Sec. 10 to read as follows:

Sec. 10. VERMONT PENSION INVESTMENT COMMITTEE; TRANSFER
TO DEFINED CONTRIBUTION PLAN; REPORT

The Vermont Pension Investment Committee shall develop a plan to permit any current State employee that is a member of the Vermont State Employees' Retirement System to transfer his or her membership in the System and the total amount of the accumulated contributions standing to his or her credit in

the Vermont State Retirement Fund to the Defined Contribution Retirement Plan established pursuant to 3 V.S.A. chapter 16A. In addition, the Vermont Pension Investment Committee shall develop a plan to provide each participant in the Defined Contribution Retirement Plan with at least one socially responsible option for investing his or her contributions to the Plan. On or before January 15, 2017, the Vermont Pension Investment Committee shall submit a written report to the General Assembly regarding the plans that it has developed pursuant to this section and a recommendation for any legislative, regulatory, or administrative changes necessary to implement the plans.

and by renumbering the remaining section to be numerically correct

Thereupon, **Rep. Dame of Essex** asked and was granted leave of the House to withdraw his amendment.

Thereupon, the bill was read the third time and passed.

Bill Amended, Read Third Time and Passed

H. 878

House bill, entitled

An act relating to capital construction and State bonding budget adjustment

Was taken up and pending third reading of the bill, **Rep. Hooper of Montpelier** moved to amend the bill as follows:

In Sec. 15, Montpelier; 144 State Street; property transaction, by inserting at the end of the second sentence, before the period “, and costs associated with the sale, including relocation costs”

Which was agreed to. Thereupon, the bill was read the third time and passed.

Action on Bill Postponed

H. 93

House bill, entitled

An act relating to increasing the smoking age from 18 to 21 years of age

Was taken up and pending second reading of the bill, on motion of **Rep. Mrowicki of Putney**, action on the bill was postponed until the next legislative day.

Favorable Report; Third Reading Ordered

J.R.S. 45

Rep. Macaig of Williston, for the committee on Corrections & Institutions, to which had been referred Joint resolution, entitled

Joint resolution relating to the transfer of two State-owned parcels of land to the Town of Duxbury

Reported in favor of its passage. The resolution, having appeared on the Calendar one day for notice, was taken up, read the second time and third reading ordered.

Senate Proposal of Amendment Concurred in**H. 538**

The Senate proposed to the House to amend House bill, entitled

An act relating to captive insurance companies

By striking all after the enacting clause and inserting in lieu thereof the following:

* * * Captive Insurance Company Reports and Statements * * *

Sec. 1. 8 V.S.A. § 6007(c) is amended to read:

(c) Any pure captive insurance company, association captive insurance company, sponsored captive insurance company, or an industrial insured captive insurance company may make written application for filing the required report on a fiscal year-end. If an alternative reporting date is granted:

(1) the annual report is due 75 days after the fiscal year-end; and

(2) in order to provide sufficient detail to support the premium tax return, the pure captive insurance company, association captive insurance company, sponsored captive insurance company, or industrial insured captive insurance company shall file prior to March 15 of each year for each calendar year-end, pages 1, 2, 3, and 5 of the ~~“Captive Annual Statement; Pure or Industrial Insured,”~~ “Vermont Captive Insurance Company Annual Report” verified by oath of two of its executive officers.

* * * Dormant Captive Insurance Companies * * *

Sec. 2. 8 V.S.A. § 6024 is amended to read:

§ 6024. DORMANT CAPTIVE INSURANCE COMPANIES

(a) As used in this section, unless the context requires otherwise, “dormant captive insurance company” means a pure captive insurance company ~~which,~~ sponsored captive insurance company, or industrial insured captive insurance company that has:

(1) ~~at no time, insured controlled unaffiliated business;~~

(2) ceased transacting the business of insurance, including the issuance of insurance policies; and

(3)(2) no remaining liabilities associated with insurance business transactions, or insurance policies issued prior to the filing of its application for a certificate of dormancy under this section.

(b) A ~~pure~~ captive insurance company domiciled in Vermont ~~which~~ that meets the criteria of subsection (a) of this section may apply to the Commissioner for a certificate of dormancy. The certificate of dormancy shall be subject to renewal every five years and shall be forfeited if not renewed within such time.

(c) A dormant captive insurance company ~~which~~ that has been issued a certificate of dormancy shall:

* * *

* * * Protected Cells; Conversion; Sale; Assignment; Transfer * * *

Sec. 3. 8 V.S.A. § 6034b is added to read:

§ 6034b. PROTECTED CELL CONVERSION INTO AN INCORPORATED PROTECTED CELL

(a) Subject to the prior written approval of the Commissioner, on application of the sponsor and with the prior consent of each participant of the affected protected cell or as otherwise permitted pursuant to a participation agreement, a sponsored captive insurance company or a sponsored captive insurance company licensed as a special purpose financial insurance company may convert a protected cell into an incorporated protected cell pursuant to the provisions of section 6034a of this title, without affecting the protected cell's assets, rights, benefits, obligations, and liabilities.

(b) Any such conversion shall be deemed for all purposes to be a continuation of the protected cell's existence together with all of its assets, rights, benefits, obligations, and liabilities, as an incorporated protected cell of the sponsored captive insurance company or sponsored captive insurance company licensed as a special purpose financial insurance company, as applicable. Any such conversion shall be deemed to occur without any transfer or assignment of any such assets, rights, benefits, obligations, or liabilities and without the creation of any reversionary interest in, or impairment of, any such assets, rights, benefits, obligations, and liabilities.

Sec. 4. 8 V.S.A. § 6034c is added to read:

§ 6034c. SALE, TRANSFER, OR ASSIGNMENT OF PROTECTED

CELLS

(a) Subject to the prior written approval of the Commissioner, on application of the sponsor and with the prior consent of each participant of the affected protected cell or as otherwise permitted pursuant to a participation agreement, or the consent of the affected incorporated protected cell, a sponsored captive insurance company or a sponsored captive insurance company licensed as a special purpose financial insurance company may sell, transfer, assign, and otherwise convey a protected cell or incorporated protected cell together with all of the protected cell's assets, rights, benefits, obligations, and liabilities to a new or existing sponsored captive insurance company or sponsored captive insurance company licensed as a special purpose financial insurance company, pursuant to a plan or plans of operation approved by the Commissioner.

(b) Any such sale, transfer, assignment, or conveyance shall be deemed for all purposes to be a continuation of the protected cell's existence together with all of its assets, rights, benefits, obligations, and liabilities, as a protected cell of the transferee.

(c) Any such sale, transfer, assignment, or conveyance shall not be construed to limit any rights or protections applicable to the transferred protected cell or incorporated protected cell and the transferor sponsored captive insurance company or sponsored captive insurance company licensed as a special purpose financial insurance company under this subchapter or under section 6048n of this title, as applicable, that existed immediately prior to any such sale, transfer, assignment, or conveyance.

Sec. 5. 8 V.S.A. § 6034d is added to read:

§ 6034d. PROTECTED CELL CONVERSION

(a)(1) Subject to the prior written approval of the Commissioner, on application of the sponsor and with the prior consent of each participant of the affected protected cells or as otherwise permitted pursuant to a participation agreement and the consent of each affected incorporated protected cell, a sponsored captive insurance company or a sponsored captive insurance company licensed as a special purpose financial insurance company may convert one or more protected cells or incorporated protected cells into a:

(A) single protected cell or incorporated protected cell;

(B) new sponsored captive insurance company;

(C) new sponsored captive insurance company licensed as a special purpose financial insurance company;

(D) new special purpose financial insurance company;

(E) new pure captive insurance company;

(F) new risk retention group;

(G) new industrial insured captive insurance company; or

(H) new association captive insurance company.

(2) Any such conversion shall be subject to section 6031 and subchapters 1 and 4 of this title, as applicable, as well as to a plan or plans of operation approved by the Commissioner, without affecting any protected cell's or incorporated protected cell's assets, rights, benefits, obligations, and liabilities.

(b) Any such conversion shall be deemed for all purposes to be a continuation of each such protected cell's or incorporated protected cell's existence together with all of its assets, rights, benefits, obligations, and liabilities, as a new protected cell or incorporated protected cell, a licensed sponsored captive insurance company, a sponsored captive insurance company licensed as a special purpose financial insurance company, a special purpose financial insurance company, a pure captive insurance company, a risk retention group, an industrial insured captive insurance company, or an association captive insurance company, as applicable. Any such conversion shall be deemed to occur without any transfer or assignment of any such assets, rights, benefits, obligations, or liabilities and without the creation of any reversionary interest in, or impairment of, any such assets, rights, benefits, obligations, and liabilities.

(c) Any such conversion shall not be construed to limit any rights or protections applicable to any converted protected cell or incorporated protected cell and such sponsored captive insurance company or sponsored captive insurance company licensed as a special purpose financial insurance company under this subchapter or under subchapter 4 of this title, as applicable, that existed immediately prior to the date of any such conversion.

* * * Risk Retention Groups; Governance Standards * * *

Sec. 6. 8 V.S.A. § 6052(g) is amended 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~~ member of the governing body of the risk retention group.

(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~~ have been 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, during three or more of the previous five years.

(2) The board shall have a majority of independent directors. 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.~~ If the Commissioner disagrees with the board's determination regarding independence, the board, within six months, shall take such actions as are necessary in order to obtain written confirmation from the Commissioner that the board meets the independence requirements set forth in this subdivision (1)(C) of this subsection.

(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~~ business plan 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 material service providers;

(ii) the performance of officers and material 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 quarterly financial statements and 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.

* * *

* * * Effective Date * * *

Sec. 7. EFFECTIVE DATE

This act shall take effect on passage.

Which proposal of amendment was considered and concurred in.

Adjournment

At ten o'clock and forty minutes in the forenoon, on motion of **Rep. Turner of Milton**, the House adjourned until Tuesday, April 5, 2016, at ten o'clock in the forenoon, pursuant to the provisions of J.R.S. 49.

Concurrent Resolutions Adopted

The following concurrent resolutions, having been placed on the Consent Calendar on the preceding legislative day, and no member having requested floor consideration as provided by the Joint Rules of the Senate and House of Representatives, are hereby adopted in concurrence.

H.C.R. 302

House concurrent resolution congratulating the 2016 Burlington High School Seahorses Division I championship boys' basketball team;

H.C.R. 303

House concurrent resolution honoring Donald and Allison Hooper on their special agricultural, civic, educational, and entrepreneurial contributions to Vermont;

H.C.R. 304

House concurrent resolution honoring the Rutland Middle School's 8th Grade Unity Team for an exceptional effort in developing and implementing its 2016 Mock Vermont Legislature Project;

H.C.R. 305

House concurrent resolution congratulating the United Church of Bethel on its bicentennial anniversary;

H.C.R. 306

House concurrent resolution congratulating recent Vermont winners of the Girl Scout Gold Award;

H.C.R. 307

House concurrent resolution recognizing the 2016 Middlebury Union High School Tigers boys' Nordic skiing team as the fastest Nordic skiers in the State of Vermont;

H.C.R. 308

House concurrent resolution congratulating Vinny Pigeon and Kasia Bilodeau as 2015 Special Olympics Vermont honorees;

H.C.R. 309

House concurrent resolution congratulating the first Vermont Career and Technical Education Presidential Scholar nominees;

H.C.R. 310

House concurrent resolution congratulating the 2016 and three-time Division I Essex Hornets championship girls' ice hockey team;

H.C.R. 311

House concurrent resolution designating March 30, 2016 as Alzheimer's Awareness and Advocacy Day in Vermont;

H.C.R. 312

House concurrent resolution congratulating the 2015 U-32 High School Raiders Division II championship girls' track and field team;

H.C.R. 313

House concurrent resolution congratulating the 2015 U-32 High School Raiders Division II championship boys' track and field team;

H.C.R. 314

House concurrent resolution congratulating the 2016 Essex High School gymnastics team on winning its 11th consecutive State championship;

H.C.R. 315

House concurrent resolution honoring Maurice Dickey Drysdale for his bold and dynamic leadership at the *Herald of Randolph* ;

S.C.R. 41

Senate concurrent resolution in memory of Manchester's pioneering developer Ben Hauben;

[The full text of the concurrent resolutions appeared in the House Calendar

Addendum on the preceding legislative day and will appear in the Public Acts and Resolves of the 2016, seventy-third Biennial session.]