

Senate Calendar

TUESDAY, APRIL 24, 2018

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ACTION CALENDAR
UNFINISHED BUSINESS OF THURSDAY, APRIL 19, 2018
House Proposal of Amendment

S. 101

An act relating to the conduct of forestry operations.

The House proposes to the Senate to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 12 V.S.A. chapter 196 is added to read:

CHAPTER 196. VERMONT RIGHT TO CONDUCT FORESTRY
OPERATIONS

§ 5755. FINDINGS

The General Assembly finds that:

(1) Private and public forestlands:

(A) constitute unique and irreplaceable resources, benefits, and values of statewide importance;

(B) contribute to the protection and conservation of wildlife, wildlife habitat, air, water, and soil resources of the State;

(C) provide a resource for the State constitutional right to hunt, fish, and trap;

(D) mitigate the effects of climate change; and

(E) result in general benefit to the health and welfare of the people of the State.

(2) The forest products industry, including maple sap collection:

(A) is a major contributor to and is valuable to the State's economy by providing jobs to its citizens;

(B) is essential to the manufacture of forest products that are used and enjoyed by the people of the State; and

(C) benefits the general welfare of the people of the State.

(3) Private and public forestlands are critical for and contribute significantly to the State's outdoor recreation and tourism economies.

(4) The economic management of public and private forestlands contributes to sustaining long-term forest health, integrity, and productivity.

(5) Forestry operations are adversely impacted by the encroachment of urban, commercial, and residential land uses throughout the State that result in forest fragmentation and conversion and erode the health and sustainability of remaining forests.

(6) As a result of encroachment on forests, conflicts have arisen between traditional forestry land uses and urban, commercial, and residential land uses that threaten to permanently convert forestland to other uses, resulting in an adverse impact to the economy and natural environment of the State.

(7) The encouragement, development, improvement, and continuation of forestry operations will result in a general benefit to the health and welfare of the people of the State and the State's economy.

(8) The forest products industry, in order to survive, likely will need to change, adopt new technologies, and diversify into new products.

(9) Conventional forestry practices, including logging, transportation, and processing of forest products may be subject to unnecessary or adversarial lawsuits based on the theory of nuisance. Nuisance suits could encourage and result in the conversion of forestland and loss of the forest products industry.

(10) It is in the public interest of the people of the State to ensure that lawfully conducted conventional forestry practices are protected and encouraged and are not subject to public and private nuisance actions arising out of conflicts between forestry operations and urban, commercial, and residential uses.

§ 5756. DEFINITIONS

As used in this chapter:

(1) "Commissioner" means the Commissioner of Forests, Parks and Recreation.

(2) "Conventional forestry practices" means:

(A) forestry operations;

(B) a change in ownership or size of a parcel on which a forestry operation is being conducted;

(C) cessation or interruption of a forestry operation or a change in a forestry operation, including a change in the type of a forestry operation;

(D) enrollment in governmental forestry or conservation programs;

(E) adoption of new forestry technology;

(F) construction, maintenance, and repair of log landings, logging roads, and skid trails;

(G) visual changes due to the removal, storage, or stockpiling of vegetation or forest products;

(H) noise from forestry equipment used as part of a forestry operation; or

(I) the transport or trucking of forest products or of equipment on, to, or from the site of a forestry operation.

(3) “Forest product” means logs; pulpwood; veneer; bolt wood; wood chips; stud wood; poles; pilings; biomass; fuel wood; maple sap; or bark.

(4) “Forestry operation” means activities related to the management of forests, including timber harvests; removal, storage, or stockpiling of vegetation or timber; pruning; planting; lumber processing with portable sawmills; reforestation; pest, disease, and invasive species control; wildlife habitat management; and fertilization. “Forestry operation” includes one or both of the following:

(A) the primary processing of forest products on a parcel where a timber harvest occurs; and

(B) the primary processing of forest products at a site that is not the harvest site, provided that:

(i) the person conducting the forestry operations owns or has permission to use the site for the forestry operation;

(ii) the forestry operation was established prior to surrounding activities that are not forestry operations;

(iii) the site is used by the forestry operation for 12 or fewer months in any two-year period or 24 or fewer months in any five-year period;

(iv) the forestry operation complies with all applicable law; and

(v) only portable, nonpermanent equipment is used to process the forest products at the site.

(5) “Timber” means trees, saplings, seedlings, and sprouts from which trees of every size, nature, kind, and description may grow.

(6) “Timber harvest” means a forestry operation involving the harvesting of timber.

§ 5757. FORESTRY OPERATIONS; PROTECTION FROM NUISANCE
LAWSUITS

(a) Except as provided for under subsections (b) and (c) of this section, a person conducting a conventional forestry practice shall be entitled to a rebuttable presumption that the conventional forestry practice does not constitute a public or private nuisance if the person conducts the conventional forestry practice in compliance with the following:

(1) the Acceptable Management Practices for Maintaining Water Quality on Logging Jobs in Vermont as adopted by the Commissioner under 10 V.S.A. § 2622; and

(2) other applicable law.

(b) The presumption under subsection (a) of this section that a person conducting a conventional forestry practice does not constitute a nuisance may be rebutted by showing that a nuisance resulted from:

(1) the negligent operation of the conventional forestry practice; or

(2) a violation of State, federal, or other applicable law during the conduct of the conventional forestry practice.

(c) Nothing in this section shall be construed to limit the authority of State or local boards of health to abate nuisances affecting the public health.

Sec. 2. EFFECTIVE DATE

This act shall take effect on passage.

NEW BUSINESS

Third Reading

H. 624.

An act relating to the protection of information in the statewide voter checklist.

H. 828.

An act relating to disclosures in campaign finance law.

H. 903.

An act relating to regenerative farming.

H. 909.

An act relating to technical and clarifying changes in transportation-related laws.

Second Reading
Favorable with Proposal of Amendment

H. 25.

An act relating to sexual assault survivors' rights.

Reported favorably with recommendation of proposal of amendment by Senator Sears for the Committee on Judiciary.

The Committee recommends that the Senate propose to the House to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 13 V.S.A. § 3501 is amended to read:

§ 3501. DEFINITIONS

(a) As used in this chapter:

* * *

(7) "Weapon of mass destruction" means:

(A) a chemical warfare agent, weaponized biological or biologic warfare agent, nuclear agent, or radiological agent; or

(B) any firearm possessed with the intent to inflict injury or death on multiple persons.

* * *

Sec. 2. 13 V.S.A. § 4003 is amended to read:

§ 4003. CARRYING DANGEROUS WEAPONS

A person who carries or possesses a dangerous or deadly weapon, ~~openly or concealed, or with the intent or avowed purpose of injuring a fellow man, who carries a dangerous or deadly weapon within any state institution or upon the grounds or lands owned or leased for the use of such institution, without the approval of the warden or superintendent of the institution, to injure another~~ shall be imprisoned not more than two years or fined not more than ~~\$200.00~~ \$2,000.00, or both. It shall be a felony punishable by not more than 10 years or a fine of \$25,000.00, or both, if the person intends to injure multiple persons.

Sec. 3. 13 V.S.A. § 1703 is added to read:

§ 1703. DOMESTIC TERRORISM

(a) As used in this section:

(1) "Domestic terrorism" shall mean threatening to engage in, engaging

in, or taking substantial steps to commit a violation of the criminal laws of this State with the intent to:

(A) cause death or serious bodily injury to multiple people; or

(B) threaten any civilian population with mass destruction, mass killings, or kidnapping.

(2) “Substantial step” shall mean conduct that is strongly corroborative of the actor’s intent to complete the commission of the offense.

(b) A person who knowingly and willfully engages in an act of domestic terrorism shall be imprisoned for not more than 20 years or fined not more than \$50,000.00, or both.

Sec. 4. EFFECTIVE DATE

This act shall take effect on passage.

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

An act relating to domestic terrorism.

(Committee vote: 5-0-0)

(For House amendments, see House Journal for February 16, 2017, pages 231-233 and February 17, 2017 page 279)

Proposal of amendment to H. 25 to be offered by Senator Sears

Senator Sears moves that the Senate propose to the House to amend the bill as follows:

First: In Sec. 3, 13 V.S.A. § 1703, subdivision (a)(1), by striking out the words “threatening to engage in,”

Second: By striking out Sec. 1, 13 V.S.A. § 3501, in its entirety and renumbering the remaining sections to be numerically accurate.

H. 378.

An act relating to the creation of the Artificial Intelligence Task Force.

Reported favorably with recommendation of proposal of amendment by Senator Clarkson for the Committee on Government Operations.

The Committee recommends that the Senate propose to the House to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. ARTIFICIAL INTELLIGENCE TASK FORCE; REPORT

(a) Creation. There is created the Artificial Intelligence Task Force to:

(1) investigate the field of artificial intelligence; and

(2) make recommendations on the responsible growth of Vermont's emerging technology markets, the use of artificial intelligence in State government, and State regulation of the artificial intelligence field.

(b) Definition. As used in this section, "artificial intelligence" means models and systems performing functions generally associated with human intelligence, such as reasoning and learning.

(c) Membership. The Task Force shall be composed of the following 12 members:

(1) the Secretary of Commerce and Community Development or designee;

(2) the Secretary of Digital Services or designee;

(3) the Commissioner of Public Safety or designee;

(4) one member to represent the interests of workers appointed by the President of the Vermont State Labor Council, AFL-CIO;

(5) the Executive Director of the American Civil Liberties Union of Vermont or designee;

(6) one member appointed by the Chief Justice of the Supreme Court;

(7) two members who are academics at a postsecondary institute, with one appointed by the Speaker and one appointed by the Committee on Committees;

(8) one member with experience in the field of ethics and human rights, appointed by the Vermont chapter of the National Association of Social Workers;

(9) one member appointed by the Vermont Society of Engineers;

(10) one member who is a secondary or postsecondary student in Vermont, appointed by the Governor; and

(11) one member appointed by the Vermont Medical Society.

(d) Powers and duties. The Task Force shall study the field of artificial intelligence, including the following:

(1) an assessment of the development and use of artificial intelligence technology, including benefits and risks;

(2) whether and how to use artificial intelligence in State government, including an analysis of the fiscal impact, if any, on the State; and

(3) whether State regulation of the artificial intelligence field is needed.

(e) Meetings.

(1) The Secretary of Commerce and Community Development or designee shall call the first meeting of the Task Force to occur on or before October 1, 2018.

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

(3) The Task Force shall meet not more than 10 times and shall cease to exist on June 30, 2019.

(f) Quorum. A majority of membership shall constitute a quorum of the Task Force.

(g) Staff services. The Task Force shall be entitled to staff services of the Agency of Commerce and Community Development.

(h) Reports. On or before February 15, 2019, the Task Force shall submit an update to the Senate Committee on Government Operations and the House Committee on Energy and Technology. On or before June 30, 2019, the Task Force shall submit a final report to the Senate Committee on Government Operations and the House Committee on Energy and Technology that shall include:

(1) a summary of the development and current use of artificial intelligence in Vermont;

(2) a proposal for a definition of artificial intelligence, if needed;

(3) a proposal for State regulation of artificial intelligence, if needed;

(4) a proposal for the responsible and ethical development of artificial intelligence in the State, including an identification of the potential risks and benefits of such development; and

(5) a recommendation on whether the General Assembly should establish a permanent commission to study the artificial intelligence field.

(i) The update and report described in subsection (h) of this section shall be submitted electronically to the Senate Committee on Government Operations and the House Committee on Energy and Technology, unless otherwise requested.

Sec. 2. EFFECTIVE DATE

This act shall take effect on July 1, 2018.

(Committee vote: 5-0-0)

(For House amendments, see House Journal for March 2, 2018, pages 572-574)

H. 404.

An act relating to Medicaid reimbursement for long-acting reversible contraceptives.

Reported favorably with recommendation of proposal of amendment by Senator Ayer for the Committee on Health and Welfare.

The Committee recommends that the Senate propose to the House to amend the bill by striking out Sec. 2, effective date, in its entirety and inserting in lieu thereof the following:

Sec. 2. COVERAGE FOR CERTAIN OVER-THE-COUNTER CONTRACEPTIVES; REPORT

(a) Each health insurer offering qualified health benefit plans through the Vermont Health Benefit Exchange shall, in consultation with its pharmacy benefit manager, if any, determine how to provide coverage for over-the-counter oral contraceptives and over-the-counter emergency contraceptives in its Exchange and non-Exchange plans without requiring a prescription and without imposing cost-sharing requirements.

(b) On or before January 15, 2019, each health insurer shall report to the House Committee on Health Care and the Senate Committees on Health and Welfare and on Finance on how it could provide coverage for over-the-counter oral and emergency contraceptives in its health insurance plans without a prescription or cost-sharing, including any estimated impact on health insurance premiums, and whether the insurer intends to add this benefit to any or all of its health insurance plans.

Sec. 3. EFFECTIVE DATES

(a) Sec. 1 (Medicaid reimbursement) shall take effect on July 1, 2018.

(b) Sec. 2 (over-the-counter contraceptives) and this section shall take effect on passage.

(Committee vote: 5-0-0)

(For House amendments, see House Journal for March 20, 2018, page 746)

Reported favorably by Senator McCormack for the Committee on Appropriations.

The Committee recommends that the bill ought to pass in concurrence with proposal of amendment as recommended by the Committee on Health and Welfare.

(Committee vote: 6-0-1)

H. 593.

An act relating to miscellaneous consumer protection provisions.

Reported favorably with recommendation of proposal of amendment by Senator Soucy for the Committee on Economic Development, Housing and General Affairs.

The Committee recommends that the Senate propose to the House to amend the bill as follows:

First: In Sec. 4, in 9 V.S.A. § 2480a, by striking out subdivision (12) in its entirety and inserting in lieu thereof a new subdivision (12) to read:

(12) “Protected consumer” means a natural person who, at the time a request for a security freeze is made, is:

- (A) under 16 years of age;
- (B) an incapacitated person; or
- (C) a protected person.

Second: In Sec. 4, in 9 V.S.A. § 2480a, by striking out subdivision (18) in its entirety and inserting in lieu thereof a new subdivision (18) to read:

(18) “Sufficient proof of authority” means documentation that shows that a person has authority to act on behalf of a protected consumer, including:

- (A) a birth certificate;
- (B) a court order;
- (C) a lawfully executed power of attorney; or
- (D) a written, notarized statement signed by the person that expressly describes the person’s authority to act on behalf of the protected consumer.

Third: In Sec. 5, in 9 V.S.A. § 2483a, by striking out subsection (a) in its entirety and inserting in lieu thereof a new subsection (a) to read:

(a) A consumer reporting agency shall place a security freeze for a protected consumer if the protected consumer’s representative submits a request, including proper authority, to the address and in the manner specified by the consumer reporting agency.

Fourth: In Sec. 5, in 9 V.S.A. § 2483a, by striking out subsection (d) in its entirety and inserting in lieu thereof a new subsection (d) to read:

(d)(1) A credit reporting agency shall lift temporarily a protected consumer security freeze to allow access by a specific party or parties or for a specific period of time, upon a request from the protected consumer’s representative.

(2) The protected consumer's representative shall submit the request to the address and in the manner specified by the consumer reporting agency.

(3) The request shall include:

(A) proper authority; and

(B) the unique personal identification number, password, or other method of authentication provided by the credit reporting agency pursuant to subsection (c) of this section.

Fifth: In Sec. 5, in 9 V.S.A. § 2483a, by striking out subsection (j) in its entirety and inserting in lieu thereof a new subsection (j) to read:

(j)(1) A protected consumer security freeze shall remain in place until the credit reporting agency receives a request to remove the freeze from:

(A) the protected consumer's representative; or

(B) the consumer who is subject to the protected consumer security freeze.

(2) A credit reporting agency shall remove a protected consumer security freeze within three business days after receiving a proper request for removal.

(3) The party requesting the removal of a protected consumer security freeze pursuant to subdivision (1) of this subsection shall submit the request to the address and in the manner specified by the consumer reporting agency.

(4) The request shall include:

(A) proper authority; and

(B) the unique personal identification number, password, or other method of authentication provided by the credit reporting agency pursuant to subsection (c) of this section.

Sixth: By adding a Sec. 6a to read:

Sec. 6a. ONE-STOP FREEZE NOTIFICATION

(a) The Attorney General, in consultation with industry stakeholders, shall consider one or more methods to ease the burden on consumers when placing or lifting a credit security freeze, including the right to place a freeze with a single nationwide credit reporting agency and require that agency to initiate a freeze with other agencies.

(b) On or before January 15, 2019, the Attorney General shall report his or her findings and recommendations to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs.

Seventh: In Sec. 7, effective dates, in subsection (a), after the word “section”, by inserting and 6a

(Committee vote: 5-0-0)

(For House amendments, see House Journal for January 16, 2018, pages 106-125 and January 17, 2018, page 130)

H. 710.

An act relating to beer franchises.

Reported favorably with recommendation of proposal of amendment by Senator Baruth for the Committee on Economic Development, Housing and General Affairs.

The Committee recommends that the Senate propose to the House to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. REDESIGNATION; ADDITION OF SUBCHAPTER

7 V.S.A. chapter 23, subchapter 1, which shall include 7 V.S.A. §§ 701-709, is added to read:

Subchapter 1. General Provisions

Sec. 2. 7 V.S.A. § 701 is amended to read:

§ 701. DEFINITIONS

As Except as otherwise provided pursuant to section 752 of this chapter, as used in this chapter:

* * *

(2) “Franchise” or “agreement” shall mean one or more of the following:

* * *

(E) a relationship that has been in existence for at least one year in which the wholesale dealer’s business is substantially reliant on the certificate of approval holder or manufacturer for the continued supply of malt beverages or vinous beverages; ~~and~~ or

(F) a written or oral arrangement for a definite or indefinite period that has been in existence for at least one year in which a certificate of approval holder or manufacturer grants to a wholesale dealer a license to use a trade name, ~~trade mark~~ trademark, service mark, or related characteristic, and in which there is a community of interest in the marketing of goods or services at wholesale, retail, by lease, or otherwise.

* * *

(7) “Wholesale dealer” means a packager licensed pursuant to section 272 of this title or a wholesale dealer licensed pursuant to section 273 of this title.

Sec. 3. 7 V.S.A. § 702 is amended to read:

§ 702. PROHIBITED ACTS BY MANUFACTURER OR CERTIFICATE OF APPROVAL HOLDER

A manufacturer or certificate of approval holder shall not do any of the following:

(1) ~~induce~~ Induce or coerce, or attempt to induce or coerce, any wholesale dealer to accept delivery of any alcoholic beverage, any form of advertisement, or any other commodity, that was not ordered by the wholesale dealer;

(2) ~~induce~~ Induce or coerce, or attempt to induce or coerce, any wholesale dealer to do any illegal act or thing by threatening to cancel or terminate the wholesale dealer’s malt beverages or vinous beverages franchise agreement;

(3) ~~fail~~ Fail or refuse to deliver promptly to a wholesale dealer after the receipt of its order any malt beverages or vinous beverages when the product is ~~publicly advertised~~ available for immediate sale. If a manufacturer or certificate of approval holder believes in good faith that it does not have a sufficient amount of a product available for immediate sale to satisfy the demand of a wholesale dealer and its other customers, it shall allocate the available product between the wholesale dealer and its other customers in a fair and equitable manner.

(4) Require a wholesale dealer to agree to any condition, stipulation, or provision limiting the wholesale dealer’s rights to sell the product of another manufacturer or certificate of approval holder.

Sec. 4. 7 V.S.A. § 707 is amended to read:

§ 707. SALE OR TRANSFER; PURCHASE BY MANUFACTURER

* * *

(e) The provisions of subsections (b) through (d) of this section shall not apply to the sale or transfer of a franchise to the spouse, child, grandchild, sibling, parent, foster child, child-in-law, sibling-in-law, niece, or nephew of the owner of the wholesale dealer.

Sec. 5. 7 V.S.A. chapter 23, subchapter 2 is added to read:

Subchapter 2. Small Manufacturers and Certificate of Approval Holders

§ 751. APPLICATION

(a) The provisions of this subchapter shall apply to any franchise between a wholesale dealer and either:

(1) a certificate of approval holder that produces or distributes a total annual volume of not more than 50,000 barrels of malt beverages and whose products comprise three percent or less of the wholesale dealer's total annual sales of malt beverages by volume; or

(2) a manufacturer that produces a total annual volume of not more than 50,000 barrels of malt beverages and whose products comprise three percent or less of the wholesale dealer's total annual sales of malt beverages by volume.

(b) The provisions of sections 702, 705, and 706 of this title shall apply to any franchise that is subject to the provisions of this subchapter.

§ 752. DEFINITIONS

As used in this subchapter:

(1) "Barrel" means 31 gallons of malt beverages.

(2) "Certificate of approval holder" means a holder of a certificate of approval issued by the Liquor Control Board pursuant to section 274 of this title that produces or distributes a total annual volume of not more than 50,000 barrels of malt beverages and whose products comprise three percent or less of a wholesale dealer's total annual sales of malt beverages by volume.

(3) "Compensation" means the cost of a wholesale dealer's laid-in inventory related to a franchise that has been or is about to be terminated plus five times the average annual gross profits earned by the wholesale dealer on the sale of products pursuant to the franchise during the last three calendar years or, if the franchise has not been in existence for three years, the period of time during which the franchise has been in existence. "Gross profits" shall equal the revenue earned by the wholesale dealer on the sale of products pursuant to the franchise minus the cost of those products, including shipping and taxes.

(4) "Franchise" means an agreement governing a relationship between a wholesale dealer and a certificate of approval holder or manufacturer that was entered into on or after January 1, 2019 and has existed for at least one year and has one or more of the following characteristics:

(A) the wholesale dealer is granted the right to offer and sell the brands of malt beverages offered by the certificate of approval holder or manufacturer;

(B) the wholesale dealer, as an independent business, constitutes a component of a certificate of approval holder's or manufacturer's distribution system;

(C) the wholesale dealer's business is substantially associated with the certificate of approval holder's or manufacturer's brand, advertising, or other commercial symbol designating the manufacturer;

(D) the wholesale dealer's business is substantially reliant on the certificate of approval holder or manufacturer for the continued supply of malt beverages; or

(E) the certificate of approval holder or manufacturer has granted the wholesale dealer a license to use a trade name, trademark, service mark, or related characteristic, and there is a community of interest in the marketing of goods or services at wholesale, retail, by lease, or otherwise.

(5) "Manufacturer" means a manufacturer licensed pursuant to section 271 of this title that produces a total annual volume of not more than 50,000 barrels of malt beverages and whose products comprise three percent or less of a wholesale dealer's total annual sales of malt beverages by volume.

(6) "Total annual sales" means the total volume of all malt beverages sold by a wholesale dealer in the last four completed calendar quarters. A wholesale dealer's total annual sales of malt beverages shall include the worldwide, aggregate amount of all brands of malt beverages that were sold, directly or indirectly, during the last four completed calendar quarters by the wholesaled dealer and any entity that controlled, was controlled by, or was under common control with the wholesale dealer.

(7) "Total annual volume" means:

(A) the amount of malt beverages manufactured worldwide during the last four completed calendar quarters, directly or indirectly, by or on behalf of:

(i) the certificate of approval holder or manufacturer;

(ii) any employee, director, or officer of a certificate of approval holder or manufacturer; or

(iii) an affiliate of the certificate of approval holder or manufacturer, regardless of whether the affiliation is corporate, or is by management, direction, or control; or

(B) the amount of malt beverages distributed worldwide during the last four completed calendar quarters directly or indirectly, by or on behalf of:

(i) the certificate of approval holder;

(ii) any employee, director, or officer of a certificate of approval holder; or

(iii) an affiliate of the certificate of approval holder, regardless of whether the affiliation is corporate, or is by management, direction, or control.

§ 753. CANCELLATION OF FRANCHISE

(a) The terms of a written franchise between the certificate of approval holder or manufacturer and the wholesale dealer shall govern the right to cancel, terminate, refuse to continue, or to cause a wholesale dealer to relinquish a franchise.

(b) In the absence of a provision in a written franchise agreement to the contrary, or if the franchise between the parties is not in writing, the certificate of approval holder or manufacturer may cancel, terminate, refuse to continue, or cause the wholesale dealer to relinquish the franchise for good cause as provided pursuant to section 754 of this subchapter.

(c) In the absence of a provision in a written franchise agreement to the contrary, or if the franchise between the parties is not in writing, the certificate of approval holder or manufacturer may cancel, terminate, refuse to continue, or cause the wholesale dealer to relinquish the franchise for no cause as provided pursuant to section 755 of this subchapter.

§ 754. CANCELLATION FOR GOOD CAUSE; NOTICE; RECTIFICATION

(a)(1) Except as otherwise provided pursuant to section 753 of this subchapter and subsection (d) of this section, a certificate of approval holder or manufacturer that wishes to terminate or cancel a franchise for good cause shall provide the franchisee with at least 120 days' written notice of the intent to terminate or cancel the franchise.

(2) The notice shall state the causes and reasons for the intended termination or cancellation.

(b) A franchisee shall have 120 days in which to rectify any claimed deficiency.

(c) The Superior Court, upon petition and after providing both parties with notice and opportunity for a hearing, shall determine whether good cause exists to allow termination or cancellation of the franchise.

(d) The notice provisions of subsection (a) of this section may be waived if the reason for termination or cancellation is insolvency, the occurrence of an assignment for the benefit of creditors, bankruptcy, or if the certificate of approval holder or manufacturer is able to prove to the court that providing the required notice would do irreparable harm to the marketing of its product.

§ 755. CANCELLATION FOR NO CAUSE; NOTICE; COMPENSATION

Except as otherwise provided pursuant to section 753 of this subchapter, a certificate of approval holder or manufacturer that wishes to terminate or cancel a franchise for no cause shall:

(1) Provide the franchisee with written notice of the intent to cancel or terminate the franchise at least 30 days before the date on which the franchise shall terminate.

(2) On or before the date the franchise shall be canceled or terminated, pay, or have paid on its behalf by a designated wholesale dealer, compensation, as defined pursuant to section 752 of this subchapter, for the franchisee's interest in the franchise. The compensation shall be the wholesale dealer's sole and exclusive remedy for any termination or cancellation pursuant to this section.

§ 756. SALE OR TRANSFER BY WHOLESALE DEALER

(a)(1) In the absence of a provision of the franchise to the contrary, or if the franchise between the parties is not in writing, a wholesale dealer wishing to sell or otherwise transfer its interests in a franchise shall give at least 90 days' written notice of the proposed sale or transfer to the certificate of approval holder or manufacturer.

(2) The notice of intended sale or transfer shall give the full name and address of the proposed transferee, along with full details outlining the qualifications of the proposed transferee which, in the opinion of the wholesale dealer, make the proposed transferee competent to operate the franchise.

(b) If the certificate of approval holder or manufacturer opposes the proposed sale or transfer to the proposed transferee, the certificate of approval holder or manufacturer may either:

(1) prevent the proposed sale or transfer from occurring by paying compensation for the wholesale dealer's interest in the franchise in the same manner as if the franchise were being terminated for no cause pursuant to section 755 of this subchapter; or

(2) not less than 60 days before the date of the proposed sale or transfer, file a petition with the Superior Court that clearly states the certificate of approval holder's or manufacturer's reasons for resisting the proposed sale or transfer.

(c)(1) Upon receipt of a petition pursuant to subdivision (b)(2) of this section, the Superior Court shall hold a hearing on the proposed transfer or sale. The court shall make a full inquiry into the qualifications of the proposed transferee and shall determine whether or not the proposed transferee is in a

position to continue substantially the operations of the franchise, to assume the obligations of the franchise holder, and to conduct the business in a manner that will protect the legitimate interests of the certificate of approval holder or manufacturer.

(2) If the Superior Court finds the proposed transferee is qualified to operate the franchise, it shall approve the transfer of the franchise to the proposed transferee.

(d) The provisions of subsections (b) and (c) of this section shall not apply to the sale or transfer of a franchise to the spouse, child, grandchild, sibling, parent, foster child, child-in-law, sibling-in-law, niece, or nephew of the owner of the wholesale dealer.

§ 757. MERGER OF FRANCHISOR

In the absence of a provision of the franchise to the contrary, or if the franchise between the parties is not in writing, the merger of a certificate of approval holder or manufacturer with a third party shall not void the franchise unless good cause is shown pursuant to section 754 of this subchapter, or the franchise is terminated pursuant to section 755 of this subchapter.

§ 758. HEIRS, SUCCESSORS, AND ASSIGNS

In the absence of a provision of the franchise to the contrary, or if the franchise between the parties is not in writing, the provisions of this subchapter shall apply to the heirs, successors, and assigns of any party to a franchise that is subject to this subchapter.

Sec. 6. 7 V.S.A. § 759 is added to read:

§ 759. WRITTEN AGREEMENT

All franchises entered into pursuant to this subchapter shall be in writing.

Sec. 7. 7 V.S.A. § 752 is amended to read:

§ 752. DEFINITIONS

As used in this subchapter:

* * *

(4) “Franchise” means ~~an~~ a written agreement governing a relationship between a wholesale dealer and a certificate of approval holder or manufacturer that was entered into after January 1, 2019 and has existed for at least one year and has one or more of the following characteristics:

* * *

Sec. 8. 7 V.S.A. § 753 is amended to read:

§ 753. CANCELLATION OF FRANCHISE

(a) The terms of a ~~written~~ franchise between the certificate of approval holder or manufacturer and the wholesale dealer shall govern the right to cancel, terminate, refuse to continue, or to cause a wholesale dealer to relinquish a franchise.

(b) In the absence of a provision in a written franchise agreement to the contrary, ~~or if the franchise between the parties is not in writing,~~ the certificate of approval holder or manufacturer may cancel, terminate, refuse to continue, or cause the wholesale dealer to relinquish the franchise for good cause as provided pursuant to section 754 of this subchapter.

(c) In the absence of a provision in a written franchise agreement to the contrary, ~~or if the franchise between the parties is not in writing,~~ the certificate of approval holder or manufacturer may cancel, terminate, refuse to continue, or cause the wholesale dealer to relinquish the franchise for no cause as provided pursuant to section 755 of this subchapter.

Sec. 9. 7 V.S.A. § 756 is amended to read:

§ 756. SALE OR TRANSFER BY WHOLESALER DEALER

(a)(1) In the absence of a provision of the franchise to the contrary, ~~or if the franchise between the parties is not in writing,~~ a wholesale dealer wishing to sell or otherwise transfer its interests in a franchise shall give at least 90 days' written notice of the proposed sale or transfer to the certificate of approval holder or manufacturer.

* * *

Sec. 10. 7 V.S.A. § 757 is amended to read:

§ 757. MERGER OF FRANCHISOR

In the absence of a provision of the franchise to the contrary, ~~or if the franchise between the parties is not in writing,~~ the merger of a certificate of approval holder or manufacturer with a third party shall not void the franchise unless good cause is shown pursuant to section 754 of this subchapter, or the franchise is terminated pursuant to section 755 of this subchapter.

Sec. 11. 7 V.S.A. § 758 is amended to read:

§ 758. HEIRS, SUCCESSORS, AND ASSIGNS

In the absence of a provision of the franchise to the contrary, ~~or if the franchise between the parties is not in writing,~~ the provisions of this subchapter shall apply to the heirs, successors, and assigns of any party to a franchise that is subject to this subchapter.

Sec. 12. TRANSITION TO WRITTEN CONTRACTS

(a) Franchise agreements that were entered into before January 1, 2019 and are not in writing shall transition to a written franchise agreement as provided pursuant to this subsection:

(1) A certificate of approval holder or manufacturer and a wholesale dealer who are parties to a franchise agreement that was entered into before January 1, 2019 and is not in writing shall negotiate a written franchise agreement to take effect on or before July 1, 2022.

(2) If the certificate of approval holder or manufacturer and the wholesale dealer are unable to reach agreement on the terms of a written franchise agreement on or before July 1, 2022 or if the parties mutually agree that the franchise shall not continue beyond that date, the franchise shall be deemed to terminate on July 1, 2022 and the certificate of approval holder or manufacturer shall pay the wholesale dealer compensation for its interest in the franchise in the same manner as if the franchise were terminated for no cause pursuant to 7 V.S.A. § 755.

(b) As used in this section:

(1) “Certificate of approval holder” has the same meaning as in 7 V.S.A. § 752.

(2) “Manufacturer” has the same meaning as in 7 V.S.A. § 752.

(3) “Wholesale dealer” has the same meaning as in 7 V.S.A. § 701.

Sec. 13. APPLICATION OF ACT TO EXISTING AND PROSPECTIVE FRANCHISE AGREEMENTS

(a) Definitions. As used in this section:

(1) “Certificate of approval holder” has the same meaning as in 7 V.S.A. § 752.

(2) “Manufacturer” has the same meaning as in 7 V.S.A. § 752.

(3) “Wholesale dealer” has the same meaning as in 7 V.S.A. § 701.

(b) Existing Franchise Agreements.

(1) Until July 1, 2022, the provisions of 7 V.S.A. chapter 23, subchapter 1 (existing franchise law) shall apply to all franchise agreements that were entered into before January 1, 2019.

(2) Between January 1, 2019 and July 1, 2022, certificate of approval holders, manufacturers, and wholesale dealers who are parties to a franchise agreement that was entered into before January 1, 2019 and is not in writing shall negotiate a written franchise agreement to take effect on or before July 1,

2022 as provided pursuant to Sec. 12 of this act.

(3) Beginning on July 1, 2022, the provisions of 7 V.S.A. chapter 23, subchapter 2 shall apply to franchise agreements between a certificate of approval holder or manufacturer and a wholesale dealer.

(c) Prospective franchise agreements. The provisions of 7 V.S.A. chapter 23, subchapter 2 shall apply to franchise agreements between a certificate of approval holder or manufacturer and a wholesale dealer that are entered into on or after January 1, 2019.

Sec. 14. EFFECTIVE DATES

(a) This section and Secs. 1, 2, 3, 4, 5, 12, and 13 shall take effect on January 1, 2019.

(b) The remaining sections shall take effect on July 1, 2022.

(Committee vote: 5-0-0)

(For House amendments, see House Journal for March 15, 2018, pages 660-667 and March 16, 2018, page 681)

H. 718.

An act relating to creation of the Restorative Justice Study Committee.

Reported favorably with recommendation of proposal of amendment by Senator Benning for the Committee on Judiciary.

The Committee recommends that the Senate propose to the House to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. FINDINGS

The General Assembly finds that:

(1) Restorative justice has proven to be very helpful in reducing offender recidivism, and, in many cases, has resulted in positive outcomes for victims.

(2) Victims thrive when they have options. Because the criminal justice system does not always meet victims' needs, restorative justice may provide options to improve victims' outcomes.

Sec. 2. RESTORATIVE JUSTICE STUDY COMMITTEE

(a) Creation. There is created the Restorative Justice Study Committee for the purpose of conducting a comprehensive examination of whether there is a role for victim-centered restorative justice principles and processes in domestic and sexual violence and stalking cases.

(b) Membership. The Committee shall be composed of the following members:

(1) the Executive Director of the Vermont Network Against Domestic and Sexual Violence or designee;

(2) an executive director of a dual domestic and sexual violence Network Member Program or designee, appointed by the Executive Director of the Vermont Network Against Domestic and Sexual Violence;

(3) an executive director of a sexual violence Network Member Program or designee, appointed by the Executive Director of the Vermont Network Against Domestic and Sexual Violence;

(4) the Executive Director of the Vermont Center for Crime Victim Services or designee;

(5) a representative of the Vermont Association of Court Diversion Programs;

(6) a representative of a Vermont community justice program;

(7) a prosecutor who handles, in whole or in part, domestic violence, sexual violence, and stalking cases, appointed by the Executive Director of the Department of State's Attorneys and Sheriffs;

(8) the Executive Director of Vermonters for Criminal Justice Reform or designee;

(9) a representative of the Vermont Abenaki community, appointed by the Governor;

(10) the Executive Director of the Discussing Intimate Partner Violence and Accessing Support (DIVAS) Program for incarcerated women;

(11) the Coordinator of the Vermont Domestic Violence Council;

(12) the Commissioner of Corrections or a designee familiar with community and restorative justice programs;

(13) a representative of the Office of the Defender General;

(14) the Court Diversion and Pretrial Services Director;

(15) three members, appointed by the Vermont Network Against Domestic and Sexual Violence;

(16) two victims of domestic and sexual violence or stalking appointed by the Vermont Network Against Domestic and Sexual Violence; and

(17) the Commissioner for Children and Families or designee.

(c) Powers and duties. The Committee shall study whether restorative

justice can be an effective process for holding perpetrators of domestic and sexual violence and stalking accountable while preventing future crime and keeping victims and the greater community safe. In deciding whether restorative justice can be suitable both in the community and in an incarcerative setting for each subset of cases, the Committee shall study the following:

(1) the development of specialized processes to ensure the safety, confidentiality, and privacy of victims;

(2) the nature of different offenses such as domestic violence, sexual violence, and stalking, including the level of harm caused by or violence involved in the offenses;

(3) the appropriateness of restorative justice in relation to the offense;

(4) a review of the potential power imbalances between the people who are to take part in restorative justice for these offenses;

(5) ways to protect the physical and psychological safety of anyone who is to take part in restorative justice for these offenses;

(6) training opportunities related to intake-level staff in domestic and sexual violence and stalking;

(7) community collaboration opportunities in the implementation of statewide protocols among restorative justice programs and local domestic and sexual violence organizations, prosecutors, corrections, and organizations that represent marginalized Vermonters;

(8) the importance of victims' input in the development of any restorative justice process related to domestic and sexual violence and stalking cases;

(9) opportunities for a victim to participate in a restorative justice process, which may include alternatives to face-to-face meetings with an offender;

(10) risk-assessment tools that can assess perpetrators for risk prior to acceptance of referral;

(11) any necessary data collection to provide the opportunity for ongoing improvement of victim-centered response; and

(12) resources required to provide adequate trainings, ensure needed data gathering, support collaborative information sharing, and sustain relevant expertise at restorative justice programs.

(d) Assistance. The Vermont Network Against Domestic and Sexual Violence shall convene the first meeting of the Committee and provide support services.

(e) Reports. On or before December 1, 2018, the Vermont Network Against Domestic and Sexual Violence, on behalf of the Committee, shall submit an interim written report to the House Committee on Corrections and Institutions and to the House and Senate Committees on Judiciary. On or before July 1, 2019, the Vermont Network Against Domestic and Sexual Violence, on behalf of the Committee, shall submit a final report to the House Committee on Corrections and Institutions and to the House and Senate Committees on Judiciary.

(f) Meetings.

(1) The Vermont Network Against Domestic and Sexual Violence shall convene the meetings of the Committee, the first one to occur on or before August 1, 2018.

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

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

(4) The Committee shall meet not more than ten times and shall cease to exist on July 1, 2019.

(g) Compensation and reimbursement. Members of the Committee who are not employees of the State of Vermont and who are not otherwise compensated or reimbursed for their attendance shall be entitled to compensation and reimbursement of expenses pursuant to 32 V.S.A. § 1010 for not more than ten meetings as follows:

(1) Compensation and reimbursement for the two victims of domestic and sexual violence or stalking appointed by the Vermont Network Against Domestic and Sexual Violence shall be paid by the Vermont Network Against Domestic and Sexual Violence.

(2) Compensation and reimbursement for the representative of the Vermont Abenaki community appointed by the Governor as provided in subdivision (b)(9) of this section and the three members appointed by the Vermont Network Against Domestic and Sexual Violence as provided in subdivision (b)(15) of this section shall be paid by the Secretary of Administration from General Funds appropriated to Agency of Administration.

Sec. 3. EFFECTIVE DATE

This act shall take effect on passage.

(Committee vote: 5-0-0)

(For House amendments, see House Journal for February 27, 2018, pages 460-464)

Reported favorably with recommendation of proposal of amendment by Senator Ashe for the Committee on Appropriations.

The Committee recommends that the Senate propose to the House to amend the bill as recommended by the Committee on Judiciary with the following amendment thereto:

In Sec. 2, subsection (g) after the words “ten meetings” by inserting the words from funds appropriated to the Agency of Administration or

(Committee vote: 7-0-0)

H. 719.

An act relating to insurance companies and trust companies.

Reported favorably with recommendation of proposal of amendment by Senator Cummings for the Committee on Finance.

The Committee recommends that the Senate propose to the House to amend the bill as follows:

First: By striking out Sec. 5 in its entirety and following the existing reader assistance heading by inserting in lieu thereof a new Sec. 5 to read as follows:
Sec. 5. 8 V.S.A. § 3665(d) is amended to read:

(d)(1) If an insurer fails to pay timely a an uncontested claim, it shall pay interest on the amount of the claim beginning 30 days after a beneficiary files a properly executed proof of loss. The interest rate shall be the rate paid on proceeds left on deposit, or six percent, whichever is greater.

(2) In the event more than 60 days elapse from the date payment on an uncontested claim is due to a beneficiary, or in the event judgment is entered for a beneficiary or the Department or a settlement agreement between the insurer and the beneficiary or the Department is executed, interest shall accrue from 30 days after the beneficiary filed a proof of loss. ~~The interest rate imposed on the insurer shall be~~ at the judgment rate allowed by law.

Second: By adding two new sections to be Secs. 9 and 10 and one accompanying reader assistance heading, as follows:

* * * Captive Insurance; Affiliated Reinsurance Companies * * *

Sec. 9. 8 V.S.A. § 6001(5) is amended to read:

(5) “Captive insurance company” means any pure captive insurance company, association captive insurance company, sponsored captive insurance company, industrial insured captive insurance company, agency captive insurance company, risk retention group, affiliated reinsurance company, or special purpose financial insurance company formed or licensed under the

provisions of this chapter. For purposes of this chapter, a branch captive insurance company shall be a pure captive insurance company with respect to operations in this State, unless otherwise permitted by the Commissioner.

Sec. 10. 8 V.S.A. chapter 141, subchapter 5 is added to read:

Subchapter 5. Affiliated Reinsurance Companies

§ 6049a. APPLICABLE LAW

(a) An affiliated reinsurance company shall be subject to the provisions of this subchapter and to the provisions of subchapter 1 of this chapter. In the event of any conflict between the provisions of this subchapter and the provisions of subchapter 1 of this chapter, the provisions of this subchapter shall control.

(b) An affiliated reinsurance company shall be subject to all applicable rules adopted pursuant to section 6015 of this chapter that are in effect as of the effective date of this subchapter and those that are adopted after the effective date of this subchapter.

§ 6049b. DEFINITIONS

As used in this subchapter:

(1) “Affiliated reinsurance company” means a company licensed by the Commissioner pursuant to this subchapter to reinsure risks ceded by a ceding insurer that is its parent or affiliate.

(2) “Ceding insurer” means an insurance company approved by the Commissioner and licensed or otherwise authorized to transact the business of insurance or reinsurance in its state or country of domicile, which cedes risk to an affiliated reinsurance company pursuant to a reinsurance contract.

(3) “Organizational documents” means the affiliated reinsurance company’s articles of incorporation and bylaws and such other documents as shall be approved by the Commissioner.

(4) “Reinsurance contract” means a contract between an affiliated reinsurance company and a ceding insurer pursuant to which the affiliated reinsurance company agrees to provide reinsurance to the ceding insurer.

§ 6049c. LICENSING; AUTHORITY

(a) An affiliated reinsurance company shall only reinsure the risks of a ceding insurer. An affiliated reinsurance company may cede the risks assumed under a reinsurance contract to another reinsurer, subject to the prior approval of the Commissioner.

(b) In conjunction with the issuance of a license to an affiliated reinsurance company, the Commissioner may issue an order that includes any provisions, terms, and conditions regarding the organization, licensing, and operation of

the affiliated reinsurance company that are deemed appropriate by the Commissioner and that are not inconsistent with the provisions of this chapter.

(c) To qualify for a license, an affiliated reinsurance company shall be subject, in addition to the requirements of subsection 6002(c) of this chapter, to the following:

(1) The information submitted to the Commissioner pursuant to subsection 6002(c)(1)(B) of this chapter shall include:

(A) the source and form of the affiliated reinsurance company's capital and surplus;

(B) the investment policy of the affiliated reinsurance company, which shall provide for a diversified investment portfolio both as to type and issue and shall include a requirement for liquidity and for the reasonable preservation, administration, and management of such assets with respect to the risks associated with any reinsurance transactions.

(2) The application shall include copies of all agreements and documentation, including reinsurance agreements, described in subdivision (1) of this subsection (c) unless otherwise approved by the Commissioner and any other statements or documents required by the Commissioner to evaluate the affiliated reinsurance company's application for licensure.

(d) Subdivision 6002(c)(3) of this chapter shall apply to all information submitted pursuant to subsection (c) of this section and to any order issued to the affiliated reinsurance company pursuant to subsection (b) of this section.

§ 6049d. FORMATION

(a) An affiliated reinsurance company may be incorporated as a stock insurer with its capital divided into shares, or in such other organizational form as may be approved by the Commissioner.

(b) An affiliated reinsurance company's organizational documents shall limit the affiliated reinsurance company's authority to the transaction of the business of insurance or reinsurance and to those activities that the affiliated reinsurance company conducts to accomplish its purposes as expressed in this subchapter.

§ 6049e. MINIMUM CAPITAL AND SURPLUS

An affiliated reinsurance company shall not be issued a license unless it possesses and thereafter maintains unimpaired paid-in capital and surplus of not less than \$5,000,000.00. The Commissioner may prescribe additional capital and surplus based upon the type, volume, and nature of reinsurance business transacted. Except as otherwise provided in this section, the provisions of chapter 159 of this title, Risk Based Capital for Insurers, shall apply in full to an affiliated reinsurance company.

§ 6049f. PERMITTED REINSURANCE

(a) An affiliated reinsurance company shall only reinsure the risks of a ceding insurer, pursuant to a reinsurance contract. An affiliated reinsurance company shall not issue a contract of insurance or a contract for assumption of risk or indemnification of loss other than such reinsurance contract.

(b) The reinsurance contract shall contain all provisions reasonably required or approved by the Commissioner, which requirements shall take into account the laws applicable to the ceding insurer regarding the ceding insurer's taking credit for the reinsurance provided under such reinsurance contract.

(c) An affiliated reinsurance company may cede risks assumed through a reinsurance contract to one or more reinsurers through the purchase of reinsurance, subject to the prior approval of the Commissioner. Except as otherwise provided in this section, the provisions of subchapter 10 of chapter 101 of this title, reinsurance of risks, shall apply in full to an affiliated reinsurance company.

(d) Unless otherwise approved in advance by the Commissioner, a reinsurance contract shall not contain any provision for payment by the affiliated reinsurance company in discharge of its obligations under the reinsurance contract to any person other than the ceding insurer or any receiver of the ceding insurer.

(e) An affiliated reinsurance company shall notify the Commissioner immediately of any action by a ceding insurer or any other person to foreclose on or otherwise take possession of collateral provided by the affiliated reinsurance company to secure any obligation of the affiliated reinsurance company.

§ 6049g. DISPOSITION OF ASSETS; INVESTMENTS

(a) The assets of an affiliated reinsurance company shall be preserved and administered by or on behalf of the affiliated reinsurance company to satisfy the liabilities and obligations of the affiliated reinsurance company incident to the reinsurance contract and other related agreements.

(b) The Commissioner may prohibit or limit any investment that threatens the solvency or liquidity of the affiliated reinsurance company unless the investment is otherwise approved in its plan of operation or in an order issued to the affiliated reinsurance company pursuant to subsection 6049c of this chapter.

§ 6049h. ANNUAL REPORT; BOOKS AND RECORDS

(a) For the purposes of subsection 6007(b) of this chapter:

(1) Each affiliated reinsurance company shall file its report in the form required by subsection 3561(a) of this title, and each affiliated reinsurance company shall comply with the requirements set forth in section 3569 of this title; and

(2) An affiliated reinsurance company shall report using statutory accounting principles, unless the Commissioner requires, approves, or accepts the use of generally accepted accounting principles or another comprehensive basis of accounting, in each case with any appropriate or necessary modifications or adaptations required or approved or accepted by the Commissioner and as supplemented by additional information required by the Commissioner.

(b) Unless otherwise approved in advance by the Commissioner, an affiliated reinsurance company shall maintain its books, records, documents, accounts, vouchers, and agreements in this State. An affiliated reinsurance company shall make its books, records, documents, accounts, vouchers, and agreements available for inspection by the Commissioner at any time. An affiliated reinsurance company shall keep its books and records in such manner that its financial condition, affairs, and operations can be readily ascertained and so that the Commissioner may readily verify its financial statements and determine its compliance with this chapter.

(c) Unless otherwise approved in advance by the Commissioner, all original books, records, documents, accounts, vouchers, and agreements shall be preserved and kept available in this State for the purpose of examination and inspection and until such time as the Commissioner approves the destruction or other disposition of such books, records, documents, accounts, vouchers, and agreements. If the Commissioner approves the keeping outside this State of the items listed in this subsection, the affiliated reinsurance company shall maintain in this State a complete and true copy of each such original. Books, records, documents, accounts, vouchers, and agreements may be photographed, reproduced on film, or stored and reproduced electronically

(d) The provisions of sections 3578a (annual financial reporting) and 3579 (qualified accountants) of this title shall apply in full to an affiliated reinsurance company.

§ 6049i. INSURANCE HOLDING COMPANY SYSTEMS

Except as otherwise provided in this section, the provisions of subchapter 13 of chapter 101 of this title shall apply in full to an affiliated reinsurance company.

§ 6049j. CORPORATE GOVERNANCE; DISCLOSURE

Except as otherwise provided in this section, the provisions of section 3316 of this title shall apply in full to an affiliated reinsurance company.

§ 6049k. OWN RISK AND SOLVENCY ASSESSMENT

Except as otherwise provided in this section, the provisions of chapter 101, subchapter 7A (own risk and solvency assessment) of this title shall apply in full to an affiliated reinsurance company.

§ 6049l. REQUIREMENTS FOR ACTUARIAL OPINIONS

Except as otherwise provided in this section, the provisions of chapter 101, section 3577 (requirements for actuarial opinions) of this title shall apply in full to an affiliated reinsurance company.

§ 6049m. CONFIDENTIALITY

(a) All documents, materials, and other information, including confidential and privileged documents, examination reports, preliminary examination reports or results, working papers, recorded information, and copies of any of these produced by, obtained by, or disclosed to the Commissioner or any other person in the course of an examination made under this subchapter are confidential and shall not be:

(1) subject to subpoena;

(2) subject to public inspection and copying under the Public Records Act; or

(3) discoverable or admissible in evidence in any private civil action.

(b) In furtherance of his or her regulatory duties, the Commissioner may:

(1) share documents, materials, and other information, including those that are confidential and privileged, with other state, federal, or international regulatory agencies and law enforcement authorities, the National Association of Insurance Commissioners, the North American Securities Administrators Association, self-regulatory organizations organized under 15 U.S.C. §§ 78f, 78o-3, and 78q-1, and other self-regulatory organizations and their affiliates or subsidiaries, provided that the recipient agrees in writing to maintain the confidentiality and privileged status of the documents, materials, and other information;

(2) receive documents, materials, and information, including those that are confidential and privileged, from other state, federal, and international regulatory agencies and law enforcement authorities, the National Association of Insurance Commissioners, the North American Securities Administrators Association, self-regulatory organizations organized under 15 U.S.C. §§ 78f,

78o-3, and 78q-1, and other self-regulatory organizations and their affiliates or subsidiaries and shall maintain as confidential or privileged any document, material, or information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the document, material, or information;

(3) enter into written agreements with other state, federal, and international regulatory agencies and law enforcement authorities, the National Association of Insurance Commissioners, the North American Securities Administrators Association, self-regulatory organizations organized under 15 U.S.C. §§ 78f, 78o-3 and 78q-1, and other self-regulatory organizations and their affiliates or subsidiaries governing the sharing and use of information consistent with this section, including agreements providing for cooperation between the Commissioner and other agencies in relation to the activities of a supervisory college; and

(4) participate in a supervisory college for any affiliated reinsurance company that is part of an affiliated group with international operations in order to assess the insurer's compliance with Vermont laws and regulations, as well as to assess its business strategy, financial condition, risk exposure, risk management, governance processes, and legal and regulatory position.

(c) Prior to sharing information under subsection (b) of this section, the Commissioner shall determine that sharing the information will substantially further the performance of the regulatory or law enforcement duties of the recipient and that the information shall not be made public by the Commissioner or an employee or agent of the Commissioner without the written consent of the company, except to the extent provided in subsection (b) of this section.

And by renumbering the remaining section to be numerically correct.

(Committee vote: 7-0-0)

(For House amendments, see House Journal for February 6, 2018, page 313)

H. 915.

An act relating to the protection of pollinators.

Reported favorably with recommendation of proposal of amendment by Senator Branagan for the Committee on Agriculture.

The Committee recommends that the Senate propose to the House to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 6 V.S.A. § 641 is amended to read:

§ 641. DEFINITIONS

As used in this chapter:

(1) “Agricultural seed” includes grass, forage, cereal, oil, fiber, and other kinds of crop seeds commonly recognized as agricultural seeds, lawn seeds, and combinations of such seeds, and may include noxious weed seeds used as agricultural seed.

(2) “Secretary” means the Secretary of Agriculture, Food and Markets or his or her designee.

(3) “Agency” means the Agency of Agriculture, Food and Markets.

(4) “Flower seed” includes seed of herbaceous plants grown for their blooms, ornamental foliage, or other ornamental parts, and commonly known and sold under the name of flower seed.

* * *

(7) “Vegetable seeds” include the seeds of those crops ~~which~~ that are grown in gardens and on truck farms and are generally known and sold under the name of vegetable or herb seeds in this State.

* * *

(11) “Economic poison” shall have the same meaning as in section 911 of this title.

(12) “Neonicotinoid pesticide” means any economic poison containing a chemical belonging to the neonicotinoid class of chemicals, including:

(A) imidacloprid;

(B) nithiazine;

(C) acetamiprid;

(D) clothianidin;

(E) dinotefuran;

(F) thiacloprid;

(G) thiamethoxam; and

(H) any other chemical designated by the Secretary by rule.

(13) “Treated corn or soybean seed” means a corn or soybean seed that is treated or covered with a neonicotinoid pesticide.

(14) “Untreated corn or soybean seed” means corn or soybean seed that is not treated with a neonicotinoid pesticide.

Sec. 2. 6 V.S.A. chapter 35, subchapter 3 is added to read:

Subchapter 3. Seed Supply; Untreated Corn or Soybean Seed

§ 650. SEED SUPPLY; UNTREATED CORN OR SOYBEAN SEED

A person who sells treated corn or soybean seed in the State shall offer for sale untreated corn or soybean seed. As used in this section, “offer for sale” includes arranging for or taking orders for the delivery of untreated corn or soybean seed.

Sec. 3. IMPLEMENTATION OF REQUIREMENT TO OFFER
UNTREATED CORN OR SOYBEAN SEED

A person shall be required to offer untreated corn or soybean seed for sale under 6 V.S.A. § 650 beginning on July 1, 2018 for the purpose of use during the planting season in 2019.

Sec. 4. AGENCY OF AGRICULTURE, FOOD AND MARKETS REPORT
ON IMPACT OF NEONICOTINOID-TREATED SEEDS ON
POLLINATORS

(a) The Secretary of Agriculture, Food and Markets (Secretary) shall assess the effect of neonicotinoid-treated seeds on the loss of pollinator populations in Vermont by independently reviewing claims of pollinator losses by beekeepers. On or before January 15, 2019, the Secretary shall submit to the House Committee on Agriculture and Forestry and the Senate Committee on Agriculture the results of the assessment of pollinator losses. The report shall include:

(1) data collected by the Secretary regarding pollinator losses in the State, provided that the data shall be provided in an aggregated form that does not disclose the identity of individual persons, households, or businesses from whom the data were obtained;

(2) the causes of pollinator losses;

(3) an assessment of whether neonicotinoid-treated seeds caused or contributed to any pollinator losses in Vermont; and

(4) recommendations, if any, for preventing pollinator losses in Vermont.

(b) As used in this section:

(1) “Economic poison” shall have the same meaning as in 6 V.S.A. § 911.

(2) “Neonicotinoid pesticide” means any economic poison containing a chemical belonging to the neonicotinoid class of chemicals.

(3) “Neonicotinoid-treated seed” means agricultural seed treated with a neonicotinoid pesticide.

Sec. 5. EDUCATIONAL CAMPAIGN; PESTICIDES AND POLLINATORS

The Secretary of Agriculture, Food and Markets shall develop and implement an educational program to inform users of pesticides in the State of the effects of pesticides on pollinators and methods or techniques for mitigating the effects of pesticides on pollinators. The Secretary of Agriculture, Food and Markets shall conduct the educational program at least until July 1, 2020.

Sec. 6. EFFECTIVE DATE

This act shall take effect on July 1, 2018.

(Committee vote: 5-0-0)

(No House amendments)

NOTICE CALENDAR

Second Reading

Favorable

H. 894.

An act relating to pensions, retirement, and setting the contribution rates for municipal employees.

Reported favorably by Senator White for the Committee on Government Operations.

(Committee vote: 5-0-0)

(No House amendments)

Reported favorably by Senator Brock for the Committee on Finance.

(Committee vote: 7-0-0)

H. 925.

An act relating to approval of amendments to the charter of the City of Barre.

Reported favorably by Senator Collamore for the Committee on Government Operations.

(Committee vote: 4-0-1)

(For House amendments, see House Journal of April 6, 2018, page 925)

Favorable with Proposal of Amendment

H. 676.

An act relating to miscellaneous energy subjects.

Reported favorably with recommendation of proposal of amendment by Senator Lyons for the Committee on Finance.

The Committee recommends that the Senate propose to the House to amend the bill by striking out Sec. 1 in its entirety and inserting in lieu thereof a new Sec. 1 to read as follows:

Sec. 1. 30 V.S.A. § 248(s) is amended to read:

(s) This subsection sets minimum setback requirements that shall apply to in-state ground-mounted solar electric generation facilities approved under this section, unless the facility is installed on a canopy constructed on an area primarily used for parking vehicles that is in existence or permitted on the date the application for the facility is filed.

* * *

(3) On review of an application, the Commission may:

(A) require a larger setback than this subsection requires; ~~or~~

(B) approve an agreement to a smaller setback among the applicant, the municipal legislative body, and each owner of property adjoining the smaller setback; or

(C) require a setback for a facility constructed on an area primarily used for parking vehicles, if the application concerns such a facility.

* * *

(Committee vote: 7-0-0)

(For House amendments, see House Journal for March 16, 2018, pages 683-684)

H. 892.

An act relating to regulation of short-term, limited-duration health insurance coverage and association health plans.

Reported favorably with recommendation of proposal of amendment by Senator Campion for the Committee on Finance.

The Committee recommends that the Senate propose to the House to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 8 V.S.A. § 4062(h)(1) is amended to read:

(h)(1) The authority of the Board under this section shall apply only to the rate review process for policies for major medical insurance coverage and shall not apply to the policy forms for major medical insurance coverage or to the rate and policy form review process for policies for specific disease, accident, injury, hospital indemnity, dental care, vision care, disability income, long-term care, student health insurance coverage, Medicare supplemental coverage, or other limited benefit coverage; to short-term, limited-duration health insurance coverage; or to benefit plans that are paid directly to an individual insured or to his or her assigns and for which the amount of the benefit is not based on potential medical costs or actual costs incurred. Premium rates and rules for the classification of risk for Medicare supplemental insurance policies shall be governed by sections 4062b and 4080e of this title.

Sec. 2. 8 V.S.A. § 4079a is added to read:

§ 4079a. ASSOCIATION HEALTH PLANS

(a) As used in this section, “association health plan” means a policy issued to an association; to a trust; or to one or more trustees of a fund established, created, or maintained for the benefit of the members of one or more associations or a contract or plan issued by an association or trust or by a multiple employer welfare arrangement as defined in the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1001 et seq.

(b) The Commissioner shall adopt rules pursuant to 3 V.S.A. chapter 25 regulating association health plans in order to protect Vermont consumers and promote the stability of Vermont’s health insurance markets, to the extent permitted under federal law, including rules regarding licensure, solvency and reserve requirements, and rating requirements.

(c) The provisions of section 3661 of this title shall apply to association health plans.

Sec. 3. 8 V.S.A. § 4084a is added to read:

§ 4084a. SHORT-TERM, LIMITED-DURATION HEALTH INSURANCE

(a) As used in this section, “short-term, limited-duration health insurance” means health insurance that provides medical, hospital, or major medical expense benefits coverage pursuant to a policy or contract with an insurer and that has an expiration date specified in the policy or contract that is three months or less after the original effective date of the policy or contract.

(b) An insurer shall not provide short-term, limited-duration health insurance coverage unless the insurer has a certificate of authority from the Commissioner to offer health insurance as defined in subdivision 3301(a)(2) of

this title or is licensed or registered with the Commissioner as a nonprofit hospital or medical service corporation, health maintenance organization, or managed care organization, unless the insurer is exempted by subdivision 3368(a)(4) of this title.

(c) A short-term, limited-duration health insurance policy or contract shall be nonrenewable, and an insurer shall not issue a short-term, limited-duration health insurance policy or contract to any person if the issuance would result in the person being covered by short-term, limited-duration health insurance coverage for more than three months in any 12-month period.

(d) A policy or contract for short-term, limited-duration health insurance coverage shall display prominently in the policy or contract and in any application materials provided in connection with enrollment in that coverage, in at least 14-point type, certain disclosures regarding the scope of short-term, limited-duration health insurance coverage, including the types of benefits and consumer protections that are and are not included. The Commissioner shall determine the specific disclosure language that shall be used in all short-term, limited-duration health insurance policies, contracts, and application materials and shall provide the language to the insurers offering that coverage.

(e) The Commissioner shall adopt rules pursuant to 3 V.S.A. chapter 25:

(1) establishing the minimum financial, marketing, service, and other requirements for registration of an insurer to provide short-term, limited-duration health insurance coverage to individuals in this State;

(2) requiring an insurer seeking to provide short-term, limited-duration health insurance coverage to individuals in this State to file its rates and forms with the Commissioner for his or her approval;

(3) requiring an insurer seeking to provide short-term, limited-duration health insurance coverage to individuals in this State to file its advertising materials with the Commissioner for his or her approval; and

(4) establishing such other requirements as the Commissioner deems necessary to protect Vermont consumers and promote the stability of Vermont's health insurance markets.

(f) The provisions of section 4089f of this title, and any rules adopted under that section, shall apply to short-term, limited-duration health insurance coverage.

Sec. 4. 32 V.S.A. § 10401 is amended to read:

§ 10401. DEFINITIONS

As used in this section:

(1) “Health insurance” means any group or individual health care benefit policy, contract, or other health benefit plan offered, issued, renewed, or administered by any health insurer, including any health care benefit plan offered, issued, renewed, or administered by any health insurance company, any nonprofit hospital and medical service corporation, any dental service corporation, or any managed care organization as defined in 18 V.S.A. § 9402. The term includes comprehensive major medical policies, contracts, or plans; short-term, limited-duration health insurance policies and contracts as defined in 8 V.S.A. § 4084a; student health insurance policies; and Medicare supplemental policies, contracts, or plans, but does not include Medicaid or any other State health care assistance program in which claims are financed in whole or in part through a federal program unless authorized by federal law and approved by the General Assembly. The term does not include policies issued for specified disease, accident, injury, hospital indemnity, long-term care, disability income, or other limited benefit health insurance policies, except that any policy providing coverage for dental services shall be included.

* * *

Sec. 5. 33 V.S.A. § 1802 is amended to read:

§ 1802. DEFINITIONS

As used in this subchapter:

* * *

(3) “Health benefit plan” means a policy, contract, certificate, or agreement offered or issued by a health insurer to provide, deliver, arrange for, pay for, or reimburse any of the costs of health services. This term does not include coverage only for accident or disability income insurance, liability insurance, coverage issued as a supplement to liability insurance, workers’ compensation or similar insurance, automobile medical payment insurance, credit-only insurance, coverage for on-site medical clinics, or other similar insurance coverage where benefits for health services are secondary or incidental to other insurance benefits as provided under the Affordable Care Act. The term also does not include stand-alone dental or vision benefits; long-term care insurance; short-term, limited-duration health insurance; specific disease or other limited benefit coverage, Medicare supplemental health benefits, Medicare Advantage plans, and other similar benefits excluded under the Affordable Care Act.

* * *

Sec. 6. 33 V.S.A. § 1811 is amended to read:

§ 1811. HEALTH BENEFIT PLANS FOR INDIVIDUALS AND SMALL EMPLOYERS

(a) As used in this section:

(1) “Health benefit plan” means a health insurance policy, a nonprofit hospital or medical service corporation service contract, or a health maintenance organization health benefit plan offered through the Vermont Health Benefit Exchange or a reflective silver plan offered in accordance with section 1813 of this title that is issued to an individual or to an employee of a small employer. The term does not include coverage only for accident or disability income insurance, liability insurance, coverage issued as a supplement to liability insurance, workers’ compensation or similar insurance, automobile medical payment insurance, credit-only insurance, coverage for on-site medical clinics, or other similar insurance coverage in which benefits for health services are secondary or incidental to other insurance benefits as provided under the Affordable Care Act. The term also does not include stand-alone dental or vision benefits; long-term care insurance; short-term, limited-duration health insurance; specific disease or other limited benefit coverage, Medicare supplemental health benefits, Medicare Advantage plans, and other similar benefits excluded under the Affordable Care Act.

* * *

Sec. 7. EFFECTIVE DATE

This act shall take effect on passage.

(Committee vote: 7-0-0)

(No House amendments)

H. 907.

An act relating to improving rental housing safety.

Reported favorably with recommendation of proposal of amendment by Senator Sirotkin for the Committee on Economic Development, Housing and General Affairs.

The Committee recommends that the Senate propose to the House to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 3 V.S.A. § 2477 is added to read:

§ 2477. RENTAL HOUSING ADVISORY BOARD

(a)(1) The Department of Housing and Community Development shall create the Rental Housing Advisory Board consisting of 11 members, each of whom shall be a resident of Vermont and shall be appointed by the Commissioner of the Department, as follows:

(A) three members representing landlords, one of whom is a for-profit landlord and one of whom represents a nonprofit housing provider;

(B) three members representing tenants;

(C) three members representing municipalities; and

(D) two members of the public.

(2) A member shall serve a term of three years.

(3) The Board shall annually elect a chair from among its members.

(4) A majority of the Board shall constitute a quorum for transacting business.

(5) The Board shall take action by a majority vote of the members present and voting.

(b) The Board shall be staffed by the Department, which, along with the Departments of Health and of Public Safety, shall provide support to the Board as required.

(c) The Board shall have the following powers and duties:

(1) to act as an advisory group to the Governor, General Assembly, and appropriate State agencies on issues related to rental housing statutes, policies, and regulations;

(2) to report regularly to the Vermont Housing Council on its deliberations and recommendations;

(3) to work with appropriate State agencies on developing adequate data on the location and condition of Vermont's rental housing stock;

(4) to provide guidance to the State on the implementation of programs, policies, and regulations better to support decent, safe, and sanitary housing, including recommendations for incentives and programs to assist landlords with building repairs;

(5) to provide information to community partners, municipalities, landlords, and tenants, including educational materials on applicable rental housing statutes, regulations, and ordinances; and

(6) in preparation for a natural disaster, to collect information regarding available resources, disaster-related information, and community needs, and, in the event of a natural disaster, work with government authorities in charge of disaster response and communication.

Sec. 2. TASKS OF RENTAL HOUSING ADVISORY BOARD

(a) On or before January 15, 2019, the Rental Housing Advisory Board created in 3 V.S.A. § 2477 shall submit to the General Assembly potential legislation or policy changes to better support decent, safe, and sanitary rental housing that address the following issues:

(1) recommendations for one State agency to be responsible for overseeing all aspects of rental housing code enforcement; and

(2) whether to retain or modify the current system of rental housing code enforcement, including current statutory provisions for issuance of health orders for violations of a rental housing health code.

(b) In formulating the potential legislation or policy changes identified pursuant to subsection (a) of this section, the Board shall consider the following proposals:

(1) professionalize or otherwise improve the current system of town health officers;

(2) regionalize rental housing code enforcement;

(3) create a public-private system of rental housing code inspections and enforcement;

(4) allow self-certification by property owners of compliance with applicable rental housing codes;

(5) require inspection reports to utilize a hazard index rating system similar to that used by the Department of Public Safety's Division of Fire Safety to standardize timelines for repair and amounts of fines;

(6) require landlords and tenants, as applicable, to submit an action plan for correcting violations within the time limit for correction;

(7) enable a landlord or tenant to appeal an inspection report to address habitability issues;

(8) make inspection reports available to the public online; and

(9) enable a local health officer to file a report of violation in the land records as a lien on the property if a landlord does not comply with the inspection report.

(c) Not later than September 1, 2018 and November 15, 2018, the Board shall report on its progress on formulating the potential legislation or policy changes identified pursuant to subsection (a) of this section to the Senate Committee on Economic Development, Housing and General Affairs and the House Committee on General, Housing, and Military Affairs.

Sec. 3. IMPROVING EFFECTIVENESS OF LOCAL HEALTH OFFICERS;
REPORT

(a) The Department of Health, shall provide the Rental Housing Advisory Board with information on the current system for local health officers and the enforcement of Vermont rental housing and habitability statutes and regulations, as well as any recommendation it has for how the system could be improved or substantially modified, including recommendations for regional approaches to housing code enforcement.

(b) The Department shall develop a system for keeping data about the type and number of complaints concerning violations of the rental safety codes.

(c) The Department shall assign a person to be in charge of providing assistance to local health officers in their duties and make the name and contact information of that person available on request.

Sec. 4. 18 V.S.A. § 602a is amended to read:

§ 602a. DUTIES OF LOCAL HEALTH OFFICERS

(a) A local health officer, within his or her jurisdiction, shall:

(1) upon request of a landlord or tenant, or upon receipt of information regarding a condition that may be a public health hazard, conduct an investigation;

* * *

Sec. 5. 18 V.S.A. § 603 is added to read:

§ 603. RENTAL HOUSING SAFETY; INSPECTION REPORTS

(a)(1) When conducting an investigation of rental housing, a local health officer shall issue a written inspection report on the rental property using the protocols for implementing the Rental Housing Health Code of the Department or the municipality, in the case of a municipality that has established a code enforcement office.

(2)(A) A written inspection report shall:

(i) contain findings of fact that serve as the basis of one or more violations;

(ii) specify the requirements and timelines necessary to correct a violation;

(iii) provide notice that the landlord is prohibited from renting the affected unit to a new tenant until the violation is corrected; and

(iv) provide notice in plain language that, consistent with the access provisions in 9 V.S.A. § 4660, the tenant must allow the landlord and

agents of the landlord access to the rental unit to make repairs as ordered by the health officer.

(B) For purposes of subdivision (2)(A)(iv) of this subsection, the notice concerning access may read: "Notice - The landlord of this property may enter the unit either with the tenant's consent, which shall not be unreasonably withheld, or between 9:00 a.m. and 9:00 p.m. on not less than 48 hours' notice. If the health officer has identified an imminent danger, the landlord shall have access immediately."

(3) A local health officer shall provide a copy of the inspection report to the landlord and any tenants affected by a violation by delivering the report electronically, in person, by first class mail, or by leaving a copy at each unit affected by the deficiency.

(4) If an entire property is affected by a violation, the local health officer shall post a copy of the inspection report in a common area of the property and include a prominent notice that the report shall not be removed until authorized by the local health officer.

(b) A local health officer may impose a fine of not more than \$100.00 per day for each violation that is not corrected by the date provided in the written inspection report, or when a unit is re-rented to a new tenant prior to the correction of a violation.

(c) If a local health officer fails to conduct an investigation pursuant to section 602a of this title or fails to issue an inspection report pursuant to this section, a landlord or tenant may request that the Department, at its discretion, conduct an investigation or contact the local board of health to take action.

Sec. 6. 32 V.S.A. § 6069 is amended to read:

§ 6069. LANDLORD CERTIFICATE

* * *

(f) Annually, on or before October 31, the Department shall prepare and make available to a member of the public upon request a database in the form of a sortable spreadsheet that contains the following information for each rental unit for which the Department received a certificate pursuant to this section:

- (1) name of owner or landlord;
- (2) mailing address of landlord;
- (3) location of rental unit;
- (4) type of rental unit;

(5) number of units in building; and

(6) School Property Account Number.

Sec. 7. ACCELERATED WEATHERIZATION PROGRAM; HOUSING
IMPROVEMENT PROGRAM; STATE TREASURER; FUNDING

(a) The General Assembly finds that, in addition to the weatherization efforts provided under the Home Weatherization Assistance Program established in 33 V.S.A. chapter 25, an increased pace of weatherization would result in both environmental and economic benefits to the State. Accelerated weatherization efforts will:

(1) decrease the emission of greenhouse gases; and

(2) increase job opportunities in the field of weatherization.

(b) The General Assembly further finds that the State of Vermont has one of the oldest housing stocks in the United States, with many owned and rented homes in need of basic health and safety repairs and having high levels of lead paint and mold. Increased housing improvement initiatives will:

(1) enable Vermonters to live in safer, healthier housing; and

(2) reduce health care costs by reducing the incidence of respiratory illnesses, allergies, and other health problems.

(c) In fiscal years 2019 and 2020, the State Treasurer is authorized to invest up to \$5,000,000.00 of funds from the credit facility established in 10 V.S.A. § 10 for an accelerated weatherization and housing improvement program, provided that:

(1) for owner-occupied homes, the funds shall be used to support weatherization efforts and housing improvement efforts for homeowners with a family income that is not more than 120 percent of the area or statewide median family income, whichever is higher, as reported by the U.S. Department of Housing and Urban Development for the most recent year for which data are available; and

(2) for multi-family rental homes, the funds shall be used in conjunction with other State programs, and that not less than 50 percent of the tenant households residing in properties to be rehabilitated shall have an annual household income that is not more than 80 percent of the area or statewide median family income, whichever is higher, as reported by the U.S. Department of Housing and Urban Development for the most recent year for which data are available.

Sec. 8. EFFECTIVE DATES

(a) This section and Sec. 1 (advisory board) shall take effect on passage.

(b) Sec. 6 (rental housing database) shall take effect on July 1, 2019.

(c) The remaining sections shall take effect on July 1, 2018.

(Committee vote: 5-0-0)

(No House amendments)

House Proposals of Amendment

S. 92

An act relating to interchangeable biological products.

The House proposes to the Senate to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

* * * Interchangeable Biological Products * * *

Sec. 1. 18 V.S.A. § 4601 is amended to read:

§ 4601. DEFINITIONS

~~For the purposes of this chapter, unless the context otherwise clearly requires~~ As used in this chapter:

(1) ~~“Brand name” means the registered trademark name given to a drug product by its manufacturer or distributor;~~ “Biological product” means a virus, therapeutic serum, toxin, antitoxin, vaccine, blood, blood component or derivative, allergenic product, protein (except any chemically synthesized polypeptide), or analogous product, or arsphenamine or derivative of arsphenamine (or any other trivalent organic arsenic compound), applicable to the prevention, treatment, or cure of a disease or condition in human beings.

(2) ~~“Generic name” means the official name of a drug product as established by the United States Adopted Names Council (USAN) or its successor, if applicable;~~ “Brand name” means the registered trademark name given to a drug product by its manufacturer or distributor.

(3) ~~“Pharmacist” means a natural person licensed by the state board of pharmacy to prepare, compound, dispense, and sell drugs, medicines, chemicals, and poisons;~~

(4) ~~“Generic drug” means a drug listed by generic name and considered to be chemically and therapeutically equivalent to a drug listed by brand name, as both names are identified in the most recent edition of or supplement to the federal U.S. Food and Drug Administration’s “Orange Book” of approved drug products;~~ Approved Drug Products with Therapeutic Equivalence Evaluations (the Orange Book).

(4) “Generic name” means the official name of a drug product as established by the U. S. Adopted Names Council (USAN) or its successor, if applicable.

(5) “Interchangeable biological product” means a biological product that the U.S. Food and Drug Administration has:

(A) licensed and determined, pursuant to 42 U.S.C. § 262(k)(4), to be interchangeable with the reference product against which it was evaluated; or

(B) determined to be therapeutically equivalent as set forth in the latest edition of or supplement to the U.S. Food and Drug Administration’s Approved Drug Products with Therapeutic Equivalence Evaluations (the Orange Book).

(6) “Pharmacist” means a natural person licensed by the State Board of Pharmacy to prepare, compound, dispense, and sell drugs, medicines, chemicals, and poisons.

(5)(7) “Prescriber” means any duly licensed physician, dentist, veterinarian, or other practitioner licensed to write prescriptions for the treatment or prevention of disease in man or animal.

(8) “Proper name” means the non-proprietary name of a biological product.

(9) “Reference product” means the single biological product licensed pursuant to 42 U.S.C. § 262(a) against which the interchangeable biological product was evaluated by the U.S. Food and Drug Administration pursuant to 42 U.S.C. § 262(k).

Sec. 2. 18 V.S.A. § 4605 is amended to read:

§ 4605. ALTERNATIVE DRUG OR BIOLOGICAL PRODUCT SELECTION

(a)(1) When a pharmacist receives a prescription for a drug which that is listed either by generic name or brand name in the most recent edition of or supplement to the U.S. Department of Health and Human Services’ publication Approved Drug Products With Therapeutic Equivalence Evaluations (the “Orange Book”) of approved drug products, the pharmacist shall select the lowest priced drug from the list which is equivalent as defined by the “Orange Book,” unless otherwise instructed by the prescriber, or by the purchaser if the purchaser agrees to pay any additional cost in excess of the benefits provided by the purchaser’s health benefit plan if allowed under the legal requirements applicable to the plan, or otherwise to pay the full cost for the higher priced drug.

(2) When a pharmacist receives a prescription for a biological product, the pharmacist shall select the lowest priced interchangeable biological product unless otherwise instructed by the prescriber, or by the purchaser if the purchaser agrees to pay any additional cost in excess of the benefits provided by the purchaser's health benefit plan if allowed under the legal requirements applicable to the plan, or otherwise to pay the full cost for the higher priced biological product.

(3) Notwithstanding subdivisions (1) and (2) of this subsection, when a pharmacist receives a prescription from a Medicaid beneficiary, the pharmacist shall select the preferred brand-name or generic drug or biological product from the Department of Vermont Health Access's preferred drug list.

(b) The purchaser shall be informed by the pharmacist or his or her representative that an alternative selection as provided under subsection (a) of this section will be made unless the purchaser agrees to pay any additional cost in excess of the benefits provided by the purchaser's health benefit plan if allowed under the legal requirements applicable to the plan, or otherwise to pay the full cost for the higher priced drug or biological product.

(c) When refilling a prescription, pharmacists shall receive the consent of the prescriber to dispense a drug or biological product different from that originally dispensed, and shall inform the purchaser that a generic substitution shall be made pursuant to this section unless the purchaser agrees to pay any additional cost in excess of the benefits provided by the purchaser's health benefit plan if allowed under the legal requirements applicable to the plan, or otherwise to pay the full cost for the higher priced drug or biological product.

(d) Any pharmacist substituting a generically equivalent drug or interchangeable biological product shall charge no more than the usual and customary retail price for that selected drug or biological product. This charge shall not exceed the usual and customary retail price for the prescribed brand.

(e)(1) Except as described in subdivision (4) of this subsection, within five business days following the dispensing of a biological product, the dispensing pharmacist or designee shall communicate the specific biological product provided to the patient, including the biological product's name and manufacturer, by submitting the information in a format that is accessible to the prescriber electronically through one of the following:

- (A) an interoperable electronic medical records system;
- (B) an electronic prescribing technology;
- (C) a pharmacy benefit management system; or
- (D) a pharmacy record.

(2) Entry into an electronic records system as described in subdivision (1) of this subsection shall be presumed to provide notice to the prescriber.

(3)(A) If a pharmacy does not have access to one or more of the electronic systems described in subdivision (1) of this subsection, the pharmacist or designee shall communicate to the prescriber the information regarding the biological product dispensed using telephone, facsimile, electronic transmission, or other prevailing means.

(B) If a prescription is communicated to the pharmacy by means other than electronic prescribing technology, the pharmacist or designee shall communicate to the prescriber the information regarding the biological product dispensed using the electronic process described in subdivision (1) of this subsection unless the prescriber requests a different means of communication on the prescription.

(4) Notwithstanding any provision of this subsection to the contrary, a pharmacist shall not be required to communicate information regarding the biological product dispensed in the following circumstances:

(A) the U.S. Food and Drug Administration has not approved any interchangeable biological products for the product prescribed; or

(B) the pharmacist dispensed a refill prescription in which the product dispensed was unchanged from the product dispensed at the prior filling of the prescription.

(f) The Board of Pharmacy shall maintain a link on its website to the current lists of all biological products that the U.S. Food and Drug Administration has determined to be interchangeable biological products.

Sec. 3. 18 V.S.A. § 4606 is amended to read:

§ 4606. BRAND CERTIFICATION

If the prescriber has determined that the generic equivalent of a drug or the interchangeable biological product for the biological product being prescribed has not been effective or with reasonable certainty is not expected to be effective in treating the patient's medical condition or causes or is reasonably expected to cause adverse or harmful reactions in the patient, the prescriber shall indicate "brand necessary," "no substitution," "dispense as written," or "DAW" in the prescriber's own handwriting on the prescription blank or shall indicate the same using electronic prescribing technology and the pharmacist shall not substitute the generic equivalent or interchangeable biological product. If a prescription is unwritten and the prescriber has determined that the generic equivalent of the drug or the interchangeable biological product for the biological product being prescribed has not been effective or with reasonable certainty is not expected to be effective in treating the patient's

medical condition or causes or is reasonably expected to cause adverse or harmful reactions in the patient, the prescriber shall expressly indicate to the pharmacist that the brand-name drug or biological product is necessary and substitution is not allowed and the pharmacist shall not substitute the generic equivalent drug or interchangeable biological product.

Sec. 4. 18 V.S.A. § 4607 is amended to read:

§ 4607. INFORMATION; LABELING

(a) Every pharmacy in the state State shall have posted a sign in a prominent place that is in clear unobstructed view which shall read: “Vermont law requires pharmacists in some cases to select a less expensive generic equivalent drug or interchangeable biological product for the drug or biological product prescribed unless you or your physician direct otherwise. Ask your pharmacist.”

(b) The label of the container of all drugs and biological products dispensed by a pharmacist under this chapter shall indicate the generic or proper name using an abbreviation if necessary, the strength of the drug or biological product, if applicable, and the name or number of the manufacturer or distributor.

Sec. 5. 18 V.S.A. § 4608 is amended to read:

§ 4608. LIABILITY

(a) Nothing in this chapter shall affect a licensed hospital with the development and maintenance of a hospital formulary system in accordance with that institution’s policies and procedures that pertain to its drug distribution system developed by the medical staff in cooperation with the hospital’s pharmacist and administration.

(b) The substitution of a generic drug or interchangeable biological product by a pharmacist under the provisions of this chapter does not constitute the practice of medicine.

Sec. 6. 8 V.S.A. § 4089i is amended to read:

§ 4089i. PRESCRIPTION DRUG COVERAGE

* * *

(g) A health insurance or other health benefit plan offered by a health insurer or by a pharmacy benefit manager on behalf of a health insurer that provides coverage for prescription drugs shall apply the same cost-sharing requirements to interchangeable biological products as apply to generic drugs under the plan.

(h) As used in this section:

* * *

(6) “Interchangeable biological products” shall have the same meaning as in 18 V.S.A. § 4601.

(h)(i) The Department of Financial Regulation shall enforce this section and may adopt rules as necessary to carry out the purposes of this section.

* * * Health Insurance Plan Reporting * * *

Sec. 7. 8 V.S.A. § 4062 is amended to read:

§ 4062. FILING AND APPROVAL OF POLICY FORMS AND PREMIUMS

* * *

(b)(1) In conjunction with a rate filing required by subsection (a) of this section, an insurer shall file a plain language summary of the proposed rate. All summaries shall include a brief justification of any rate increase requested, the information that the Secretary of the U.S. Department of Health and Human Services (HHS) requires for rate increases over 10 percent, and any other information required by the Board. The plain language summary shall be in the format required by the Secretary of HHS pursuant to the Patient Protection and Affordable Care Act of 2010, Public Law 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Public Law 111-152, and shall include notification of the public comment period established in subsection (c) of this section. In addition, the insurer shall post the summaries on its website.

(2)(A) In conjunction with a rate filing required by subsection (a) of this section, an insurer shall disclose to the Board:

(i) for all covered prescription drugs, including generic drugs, brand-name drugs excluding specialty drugs, and specialty drugs dispensed at a pharmacy, network pharmacy, or mail-order pharmacy for outpatient use:

(I) the percentage of the premium rate attributable to prescription drug costs for the prior year for each category of prescription drugs;

(II) the year-over-year increase or decrease, expressed as a percentage, in per-member, per-month total health plan spending on each category of prescription drugs; and

(III) the year-over-year increase or decrease in per-member, per-month costs for prescription drugs compared to other components of the premium rate; and

(ii) the specialty tier formulary list.

(B) The insurer shall provide, if available, the percentage of the premium rate attributable to prescription drugs administered by a health care provider in an outpatient setting that are part of the medical benefit as separate from the pharmacy benefit.

(C) The insurer shall include information on its use of a pharmacy benefit manager, if any, including which components of the prescription drug coverage described in subdivisions (A) and (B) of this subdivision (2) are managed by the pharmacy benefit manager, as well as the name of the pharmacy benefit manager or managers used.

(c)(1) The Board shall provide information to the public on the Board's website about the public availability of the filings and summaries required under this section.

~~(2)(A) Beginning no later than January 1, 2014, the~~ The Board shall post the rate filings pursuant to subsection (a) of this section and summaries pursuant to subsection (b) of this section on the Board's website within five calendar days of following filing. The Board shall also establish a mechanism by which members of the public may request to be notified automatically each time a proposed rate is filed with the Board.

* * *

Sec. 8. 18 V.S.A. § 4636 is added to read:

§ 4636. IMPACT OF PRESCRIPTION DRUG COSTS ON HEALTH INSURANCE PREMIUMS; REPORT

(a)(1) Each health insurer with more than 1,000 covered lives in this State shall report to the Green Mountain Care Board, for all covered prescription drugs, including generic drugs, brand-name drugs, and specialty drugs provided in an outpatient setting or sold in a retail setting:

(A) the 25 most frequently prescribed drugs and the average wholesale price for each drug;

(B) the 25 most costly drugs by total plan spending and the average wholesale price for each drug; and

(C) the 25 drugs with the highest year-over-year price increases and the average wholesale price for each drug.

(2) A health insurer shall not be required to provide to the Green Mountain Care Board the actual price paid, net of rebates, for any prescription drug.

(b) The Green Mountain Care Board shall compile the information reported pursuant to subsection (a) of this section into a consumer-friendly

report that demonstrates the overall impact of drug costs on health insurance premiums. The data in the report shall be aggregated and shall not reveal information as specific to a particular health benefit plan.

(c) The Board shall publish the report required pursuant to subsection (b) of this section on its website on or before January 1 of each year.

* * * Prescription Drug Price Transparency and Notice of
New High-Cost Drugs * * *

Sec. 9. 18 V.S.A. § 4635 is amended to read:

§ 4635. PHARMACEUTICAL PRESCRIPTION DRUG COST
TRANSPARENCY

(a) As used in this section:

(1) “Manufacturer” shall have the same meaning as “pharmaceutical manufacturer” in section 4631a of this title.

(2) “Prescription drug” means a drug as defined in 21 U.S.C. § 321.

(b)(1)(A) The Green Mountain Care Board, in collaboration with the Department of Vermont Health Access, shall identify create annually up to 15 a list of 10 prescription drugs on which the State spends significant health care dollars and for which the wholesale acquisition cost has increased by 50 percent or more over the past five years or by 15 percent or more over the past 12 months during the previous calendar year, creating a substantial public interest in understanding the development of the drugs’ pricing. The drugs identified shall represent different drug classes. The list shall include at least one generic and one brand-name drug and shall indicate each of the drugs on the list that the Department considers to be specialty drugs. The Department shall include the percentage of the wholesale acquisition cost increase for each drug on the list; rank the drugs on the list from those with the largest increase in wholesale acquisition cost to those with the smallest increase; indicate whether each drug was included on the list based on its cost increase over the past five years or during the previous calendar year, or both; and provide the Department’s total expenditure for each drug on the list during the most recent calendar year.

(B) The Department of Vermont Health Access shall create annually a list of 10 prescription drugs on which the State spends significant health care dollars and for which the cost to the Department of Vermont Health Access, net of rebates and other price concessions, has increased by 50 percent or more over the past five years or by 15 percent or more during the previous calendar year, creating a substantial public interest in understanding the development of the drugs’ pricing. The list shall include at least one generic and one brand-

name drug and shall indicate each of the drugs on the list that the Department considers to be specialty drugs. The Department shall rank the drugs on the list from those with the greatest increase in net cost to those with the smallest increase and indicate whether each drug was included on the list based on its cost increase over the past five years or during the previous calendar year, or both.

(C)(i) Each health insurer with more than 5,000 covered lives in this State for major medical health insurance shall create annually a list of 10 prescription drugs on which its health insurance plans spend significant amounts of their premium dollars and for which the cost to the plans, net of rebates and other price concessions, has increased by 50 percent or more over the past five years or by 15 percent or more during the previous calendar year, or both, creating a substantial public interest in understanding the development of the drugs' pricing. The list shall include at least one generic and one brand-name drug and shall indicate each of the drugs on the list that the health insurer considers to be specialty drugs.

(ii) A health insurer shall not be required to identify the exact percentage by which the net cost to its plans for any prescription drug increased over any specific period of time, but shall rank the drugs on its list in order from the largest to the smallest cost increase and shall provide the insurer's total expenditure, net of rebates and other price concessions, for each drug on the list during the most recent calendar year.

(2) The Board Department of Vermont Health Access and the health insurers shall provide to the Office of the Attorney General and the Green Mountain Care Board the list lists of prescription drugs developed pursuant to this subsection and the percentage of the wholesale acquisition cost increase for each drug and annually on or before June 1. The Office of the Attorney General and the Green Mountain Care Board shall make all of the information available to the public on the Board's website their respective websites.

(c)(1)(A) For each prescription drug identified Of the prescription drugs listed by the Department of Vermont Health Access and the health insurers pursuant to subsection (b) subdivisions (b)(1)(B) and (C) of this section, the Office of the Attorney General shall identify 15 drugs as follows:

(i) of the drugs appearing on more than one payer's list, the Office of the Attorney General shall identify the top 15 drugs on which the greatest amount of money was spent across all payers during the previous calendar year, to the extent information is available; and

(ii) if fewer than 15 drugs appear on more than one payer's list, the Office of the Attorney General shall rank the remaining drugs based on the amount of money spent by any one payer during the previous calendar year, in

descending order, and select as many of the drugs at the top of the list as necessary to reach a total of 15 drugs.

(B) For the 15 drugs identified by the Office of the Attorney General pursuant to subdivision (A) of this subdivision (1), the Office of the Attorney General shall require the drug's manufacturer of each such drug to provide a justification all of the following:

(i) Justification for the increase in the wholesale acquisition net cost of the drug to the Department of Vermont Health Access, to one more health insurers, or both, which shall be provided to the Office of the Attorney General in a format that the Office of the Attorney General determines to be understandable and appropriate and shall be provided in accordance with a timeline specified by the Office of the Attorney General. The manufacturer shall submit to the Office of the Attorney General all relevant information and supporting documentation necessary to justify the manufacturer's wholesale acquisition net cost increase over to the Department of Vermont Health Access, to one more health insurers, or both during the identified period of time, which may include including:

(A)(I) all factors that have contributed to the wholesale acquisition each factor that specifically caused the net cost increase over to the Department of Vermont Health Access, to one more health insurers, or both during the specified period of time;

(B)(II) the percentage of the total wholesale acquisition cost increase attributable to each factor; and

(C)(III) an explanation of the role of each factor in contributing to the wholesale acquisition cost increase.

(ii) A separate version of the information submitted pursuant to subdivision (i) of this subdivision (1)(B), which shall be made available to the public by the Office of the Attorney General and the Green Mountain Care Board pursuant to subsection (d) of this section. In the event that the manufacturer believes it necessary to redact certain information in the public version as proprietary or confidential, the manufacturer shall provide an explanation for each such redaction to the Office of the Attorney General. The information, format, and any redactions shall be subject to approval by the Office of the Attorney General.

(iii) Additional information in response to all requests for such information by the Office of the Attorney General.

(2) Nothing in this section shall be construed to restrict the legal ability of a prescription drug manufacturer to change prices to the extent permitted under federal law.

~~(d)(1) The Attorney General, in consultation with the Department of Vermont Health Access, shall provide a report to the General Assembly on or before December 1 of each year based on the information received from manufacturers pursuant to this section. The Attorney General shall also post the report and the public version of each manufacturer's information submitted pursuant to subdivision (c)(1)(B)(ii) of this section on the Office of the Attorney General's website.~~

(2) The Green Mountain Care Board shall post on its website the report prepared by the Attorney General pursuant to subdivision (1) of this subsection and the public version of each manufacturer's information submitted pursuant to subdivision (c)(1)(B)(ii) of this section, and may inform the public of the availability of the report and the manufacturers' justification information.

(e) Information provided to the Office of the Attorney General pursuant to this section is exempt from public inspection and copying under the Public Records Act and shall not be released in a manner that allows for the identification of an individual drug or manufacturer or that is likely to compromise the financial, competitive, or proprietary nature of the information, except for the information prepared for release to the public pursuant to subdivision (c)(1)(B)(ii) of this section.

(f) The Attorney General may bring an action in the Civil Division of the Superior Court, Washington County for injunctive relief, costs, and attorney's fees, and to impose on a manufacturer that fails to provide any of the information required by subsection (c) of this section, in the format requested by the Office of the Attorney General and in accordance with the timeline specified by the Office of the Attorney General, a civil penalty of ~~no~~ not more than \$10,000.00 per violation. Each unlawful failure to provide information shall constitute a separate violation. In any action brought pursuant to this section, the Attorney General shall have the same authority to investigate and to obtain remedies as if the action were brought under the Consumer Protection Act, 9 V.S.A. chapter 63.

Sec. 10. 18 V.S.A. § 4637 is added to read:

§ 4637. NOTICE OF INTRODUCTION OF NEW HIGH-COST
PRESCRIPTION DRUGS

(a) As used in this section:

(1) "Manufacturer" shall have the same meaning as "pharmaceutical manufacturer" in section 4631a of this title.

(2) "Prescription drug" means a drug as defined in 21 U.S.C. § 321.

(b) A prescription drug manufacturer shall notify the Office of the Attorney General in writing if it is introducing a new prescription drug to

market at a wholesale acquisition cost that exceeds the threshold set for a specialty drug under the Medicare Part D program. The manufacturer shall provide the written notice within three calendar days following the release of the drug in the commercial market. A manufacturer may make the notification pending approval by the U.S. Food and Drug Administration (FDA) if commercial availability is expected within three calendar days following the approval.

(c) Not later than 30 calendar days following notification pursuant to subsection (b) of this section, the manufacturer shall provide all of the following information to the Office of the Attorney General in a format that the Office prescribes:

(1) a description of the marketing and pricing plans used in the launch of the new drug in the United States and internationally;

(2) the estimated volume of patients who may be prescribed the drug;

(3) whether the drug was granted breakthrough therapy designation or priority review by the FDA prior to final approval; and

(4) the date and price of acquisition if the drug was not developed by the manufacturer.

(d) The manufacturer may limit the information reported pursuant to subsection (c) of this section to that which is otherwise in the public domain or publicly available.

(e) The Office of the Attorney General shall publish on its website at least quarterly the information reported to it pursuant to this section. The information shall be published in a manner that identifies the information that is disclosed on a per-drug basis and shall not be aggregated in a manner that would not allow identification of the drug.

(f) The Attorney General may bring an action in the Civil Division of the Superior Court, Washington County for injunctive relief, costs, and attorney's fees and to impose on a manufacturer that fails to provide the information required by subsection (c) of this section a civil penalty of not more than \$1,000.00 per day for every day after the notification period described in subsection (b) of this section that the required information is not reported. In any action brought pursuant to this section, the Attorney General shall have the same authority to investigate and to obtain remedies as if the action were brought under the Consumer Protection Act, 9 V.S.A. chapter 63.

* * * Disclosures by Pharmacists * * *

Sec. 11. 18 V.S.A. § 9473(b) is amended to read:

(b) A pharmacy benefit manager or other entity paying pharmacy claims

shall not:

(1) impose a higher co-payment for a prescription drug than the co-payment applicable to the type of drug purchased under the insured's health plan;

(2) impose a higher co-payment for a prescription drug than the maximum allowable cost for the drug; or

(3) require a pharmacy to pass through any portion of the insured's co-payment to the pharmacy benefit manager or other payer;

(4) prohibit or penalize a pharmacy or pharmacist for providing information to an insured regarding the insured's cost-sharing amount for a prescription drug; or

(5) prohibit or penalize a pharmacy or pharmacist for the pharmacist or other pharmacy employee disclosing to an insured the cash price for a prescription drug or selling a lower cost drug to the insured if one is available.

* * * Effective Dates * * *

Sec. 12. EFFECTIVE DATES

(a) Secs. 1–6 (interchangeable biological products) shall take effect on July 1, 2018.

(b) Sec. 11 (18 V.S.A. § 9473; disclosures by pharmacists) shall take effect on July 1, 2018 and shall apply to all contracts taking effect on or after that date.

(c) The remaining sections shall take effect on passage.

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

An act relating to prescription drug price transparency and cost containment.

S. 173

An act relating to sealing criminal history records when there is no conviction.

The House proposes to the Senate to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 13 V.S.A. § 7602 is amended to read:

§ 7602. EXPUNGEMENT AND SEALING OF RECORD,
POSTCONVICTION; PROCEDURE

* * *

(c)(1) The court shall grant the petition and order that the criminal history record be expunged pursuant to section 7606 of this title if the following conditions are met:

(A) At least 10 years have elapsed since the date on which the person successfully completed the terms and conditions of the sentence for the conviction.

(B) The person has not been convicted of a felony arising out of a new incident or occurrence ~~since the person was convicted of the qualifying crime in the last 7 years.~~

(C) The person has not been convicted of a misdemeanor during the past five years.

(D) Any restitution ordered by the court for any crime of which the person has been convicted has been paid in full.

(E) After considering the particular nature of any subsequent offense, the court finds that expungement of the criminal history record for the qualifying crime serves the interest of justice.

* * *

Sec. 2. 13 V.S.A. § 7603 is amended to read:

§ 7603. EXPUNGEMENT AND SEALING OF RECORD, NO
CONVICTION; PROCEDURE

~~(a) A person who was cited or arrested for a qualifying crime or qualifying crimes arising out of the same incident or occurrence may file a petition with the court requesting expungement or~~ Unless either party objects in the interest of justice, the court shall issue an order sealing of the criminal history record related to the citation or arrest if one of the following conditions is met of a person:

~~(1) No criminal charge is filed by the State and the statute of limitations has expired.~~

~~(2) The twelve months after the dismissal if:~~

~~(A) the court does not make a determination of probable cause at the time of arraignment or dismisses the charge at the time of arraignment and the statute of limitations has expired; or~~

~~(3)(B) The the charge is dismissed before trial:~~

~~(A) without prejudice and the statute of limitations has expired; or~~

~~(B) with prejudice.~~

~~(4)(2) The at any time if the prosecuting attorney and the defendant and~~

~~the respondent stipulate that the court may grant the petition to expunge and seal the record.~~

~~(b) The State's Attorney or Attorney General shall be the respondent in the matter. If a party objects to sealing or expunging a record pursuant to this section, the court shall schedule a hearing to determine if sealing or expunging the record serves the interest of justice. The petitioner defendant and the respondent prosecuting attorney shall be the only parties in the matter.~~

~~(c) The court shall grant the petition and order that the criminal history record be expunged pursuant to section 7606 of this title if it finds that expungement of the criminal history record serves the interest of justice. [Repealed.]~~

~~(d) The court shall grant the petition and order that all or part of the criminal history record be sealed pursuant to section 7607 of this title if:~~

~~(1) The court finds that sealing the criminal history record better serves the interest of justice than expungement.~~

~~(2) The person committed the qualifying crime after reaching 19 years of age. [Repealed.]~~

~~(e) Unless either party objects in the interest of justice, the court shall issue an order expunging a criminal history record related to the citation or arrest of a person:~~

~~(1) not more than 45 days after:~~

~~(A) acquittal if the defendant is acquitted of the charges; or~~

~~(B) dismissal if the charge is dismissed with prejudice before trial;~~

~~(2) at any time if the prosecuting attorney and the defendant stipulate that the court may grant the petition to expunge the record.~~

~~(f) Unless either party objects in the interest of justice, the court shall issue an order to expunge a record sealed pursuant to subsection (a) or (g) of this section after the statute of limitations has expired.~~

~~(g) A person may file a petition with the court requesting sealing or expungement of a criminal history record related to the citation or arrest of the person at any time. The court shall grant the petition and issue an order sealing or expunging the record if it finds that sealing or expunging the record serves the interest of justice.~~

~~(h) The court may expunge any records that were sealed pursuant to this section prior to July 1, 2018 unless the State's Attorney's office that prosecuted the case objects. Thirty days prior to expunging a record pursuant to this subsection, the court shall provide to the State's Attorney's office that prosecuted the case written notice of its intent to expunge the record.~~

Sec. 3. 13 V.S.A. § 7606 is amended to read:

§ 7606. EFFECT OF EXPUNGEMENT

* * *

(d)(1) The court ~~may~~ shall keep a special index of cases that have been expunged together with the expungement order and the certificate issued pursuant to ~~section 7602 or 7603 of this title~~ this chapter. The index shall list only the name of the person convicted of the offense, his or her date of birth, the docket number, and the criminal offense that was the subject of the expungement.

(2) The special index and related documents specified in subdivision (1) of this subsection shall be confidential and shall be physically and electronically segregated in a manner that ensures confidentiality and that limits access to authorized persons.

(3) Inspection of the expungement order and the certificate may be permitted only upon petition by the person who is the subject of the case ~~or by the court if the court finds that inspection of the documents is necessary to serve the interest of justice~~. The Administrative Judge may permit special access to the index and the documents for research purposes pursuant to the rules for public access to court records.

(4) All other court documents in a case that are subject to an expungement order shall be destroyed.

(5) The Court Administrator shall establish policies for implementing this subsection.

(e) Upon receiving an inquiry from any person regarding an expunged record, an entity shall respond that “NO RECORD EXISTS.”

Sec. 4. DEPARTMENT OF STATE’S ATTORNEYS AND SHERIFFS;
EXPUNGEMENT-ELIGIBLE CRIMES; AUTOMATIC
EXPUNGEMENT AND SEALING OF CRIMINAL HISTORY
RECORDS; REPORT

The Department of State’s Attorneys and Sheriffs, in consultation with the Office of the Court Administrator, the Vermont Crime Information Center, the Office of the Attorney General, the Office of the Defender General, the Center for Crime Victim Services, and Vermont Legal Aid, shall:

(1) consider:

(A) expanding the list of qualifying crimes eligible for expungement pursuant to 13 V.S.A. § 7601 to include any nonviolent drug-related offenses;

(B) the implications of such an expansion on public health, economic development, and law enforcement efforts in the State; and

(C) the viability of automating the process of expunging and sealing criminal history records;

(2) seek input from the Vermont Governor’s Opioid Coordination Council; and

(3) on or before November 1, 2018, report to the Joint Legislative Justice Oversight Committee on the findings of the group, including any recommendations on specific crimes to add to the definition of qualifying crimes pursuant to 13 V.S.A. § 7601.

Sec. 5. EFFECTIVE DATE

This act shall take effect on July 1, 2018.

S. 289

An act relating to protecting consumers and promoting an open Internet in Vermont.

The House proposes to the Senate to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

* * * Legislative Findings * * *

Sec. 1. FINDINGS

The General Assembly finds and declares that:

(1) Our State has a compelling interest in preserving and promoting an open Internet in Vermont.

(2) As Vermont is a rural state with many geographically remote locations, broadband Internet access service is essential for supporting economic and educational opportunities, strengthening health and public safety networks, and reinforcing freedom of expression and democratic, social, and civic engagement.

(3) The accessibility and quality of communications networks in Vermont, specifically broadband Internet access service, will critically impact our State’s future.

(4) Net neutrality is an important topic for many Vermonters. Nearly 50,000 comments attributed to Vermonters were submitted to the FCC during the *Notice of Proposed Rulemaking* regarding the *Restoring Internet Freedom Order*, WC Docket No. 17-108, FCC 17-166. Transparency with respect to the network management practices of ISPs doing business in Vermont will continue to be of great interest to many Vermonters.

(5) In 1996, Congress recognized that “[t]he Internet and other interactive computer services offer a forum for a true diversity of political

discourse, unique opportunities for cultural development, and myriad avenues for intellectual activity” and “[i]ncreasingly Americans are relying on interactive media for a variety of political, educational, cultural, and entertainment services.” 47 U.S.C. § 230(a)(3) and (5).

(6) Many Vermonters do not have the ability to choose easily between Internet service providers (ISPs). This lack of a thriving competitive market, particularly in isolated locations, disadvantages the ability of consumers and businesses to protect their interests sufficiently.

(7) Without net neutrality, “ISPs will have the power to decide which websites you can access and at what speed each will load. In other words, they’ll be able to decide which companies succeed online, which voices are heard – and which are silenced.” Tim Berners-Lee, founder of the World Wide Web and Director of the World Wide Web Consortium (W3C), December 13, 2017.

(8) The Federal Communications Commission’s (FCC’s) recent repeal of the federal net neutrality rules pursuant to its *Restoring Internet Freedom Order* manifests a fundamental shift in policy.

(9) The FCC anticipates that a “light-touch” regulatory approach under Title I of the Communications Act of 1934, rather than “utility-style” regulation under Title II, will further advance the Congressional goals of promoting broadband deployment and infrastructure investment.

(10) The FCC’s regulatory approach is unlikely to achieve the intended results in Vermont. The policy does little, if anything, to overcome the financial challenges of bringing broadband service to hard-to-reach locations with low population density. However, it may result in degraded Internet quality or service. The State has a compelling interest in preserving and protecting consumer access to high quality Internet service.

(11) The economic theory advanced by the FCC in 2010 known as the “virtuous circle of innovation” seems more relevant to the market conditions in Vermont. See *In re Preserving the Open Internet*, 25 F.C.C.R. 17905, 17910-11 (2010).

(12) As explained in the FCC’s 2010 Order, “The Internet’s openness. . . enables a virtuous circle of innovation in which new uses of the network – including new content, applications, services, and devices – lead to increased end-user demand for broadband, which drives network improvements, which in turn lead to further innovative network uses. Novel, improved, or lower-cost offerings introduced by content, application, service, and device providers spur end-user demand and encourage broadband providers to expand their networks and invest in new broadband technologies.” 25 FCC Rcd. at 17910-11, upheld by *Verizon v. FCC*, 740 F.3d 623, 644-45 (D.C. Circuit 2014).

(13) As affirmed by the FCC five years later, “[t]he key insight of the virtuous cycle is that broadband providers have both the incentive and the ability to act as gatekeepers standing between edge providers and consumers. As gatekeepers, they can block access altogether; they can target competitors, including competitors in their own video services; and they can extract unfair tolls.” *Open Internet Order*, 30 FCC Rcd at para. 20.

(14) The State may exercise its traditional role in protecting consumers from potentially unfair and anticompetitive business practices. Doing so will provide critical protections for Vermont individuals, entrepreneurs, and small businesses that do not have the financial clout to negotiate effectively with commercial providers, some of whom may provide services and content that directly compete with Vermont companies or companies with whom Vermonters do business.

(15) The FCC’s most recent order expressly contemplates state exercise of traditional police powers on behalf of consumers: “we do not disturb or displace the states’ traditional role in generally policing such matters as fraud, taxation, and general commercial dealings, so long as the administration of such general state laws does not interfere with federal regulatory objectives.” *Restoring Internet Freedom Order*; WC Docket No. 17-108, FCC 17-166, para. 196.

(16) The benefits of State measures designed to protect the ability of Vermonters to have unfettered access to the Internet far outweigh the benefits of allowing ISPs to manipulate Internet traffic for pecuniary gain.

(17) The most recent order of the FCC contemplates federal and local enforcement agencies preventing harm to consumers: “In the unlikely event that ISPs engage in conduct that harms Internet openness. . . we find that utility-style regulation is unnecessary to address such conduct. Other legal regimes – particularly antitrust law and the FTC’s authority under Section 5 of the FTC Act to prohibit unfair and deceptive practices – provide protections to consumers.” para. 140. The Attorney General enforces antitrust violations or violations of the Consumer Protection Act in Vermont.

(18) The Governor’s Executive Order No. 2-18, requiring all State agency contracts with Internet service providers to include net neutrality protections, manifests a significant and reasonable step toward preserving an open Internet in Vermont.

(19) The State has a compelling interest in knowing with certainty what services it receives pursuant to State contracts.

(20) Procurement laws are for the benefit of the State. When acting as a market participant, the government enjoys unrestricted power to contract with

whomever it deems appropriate and purchase only those goods or services it desires.

(21) The disclosures required by this act are a reasonable exercise of the State's traditional police powers and will support the State's efforts to monitor consumer protection and economic factors in Vermont, particularly with regard to competition, business practices, and consumer choice, and will also enable consumers to stay apprised of the network management practices of ISPs offering service in Vermont.

(22) The State is in the best position to balance the needs of its constituencies with policies that best serve the public interest. The State has a compelling interest in promoting Internet consumer protection and net neutrality standards. Any incidental burden on interstate commerce resulting from the requirements of this act is far outweighed by the compelling interests the State advances.

* * * Consumer Protection; Disclosure; Net Neutrality Compliance * * *

Sec. 2. 9 V.S.A. § 2466c is added to read:

§ 2466c. INTERNET SERVICE; NETWORK MANAGEMENT;
ATTORNEY GENERAL REVIEW AND DISCLOSURE

(a) The Attorney General shall review the network management practices of Internet service providers in Vermont and, to the extent possible, make a determination as to whether the provider's broadband Internet access service complies with the open Internet rules contained in the Federal Communications Commission's 2015 Open Internet Order, "Protecting and Promoting the Open Internet," WC Docket No. 14-28, Report and Order on Remand, Declaratory Ruling and Order, 30 FCC Rcd 5601.

(b) The Attorney General shall disclose his or her findings under this section on a publicly available, easily accessible website maintained by his or her office.

* * * Net Neutrality Study; Attorney General * * *

Sec. 3. NET NEUTRALITY STUDY

On or before December 15, 2018, the Attorney General, in consultation with the Commissioner of Public Service and with input from industry and consumer stakeholders, shall submit findings and recommendations in the form of a report or draft legislation to the Senate Committees on Finance and on Economic Development, Housing and General Affairs and the House Committees on Energy and Technology and on Commerce and Economic Development reflecting whether and to what extent the State should enact net neutrality rules applicable to Internet service providers offering broadband

Internet access service in Vermont. Among other things, the Attorney General shall consider:

(1) the scope and status of federal law related to net neutrality and ISP regulation;

(2) the scope and status of net neutrality rules proposed or enacted in state and local jurisdictions;

(3) methods for and recommendations pertaining to the enforcement of net neutrality requirements;

(4) the economic impact of federal or state changes to net neutrality policy, including to the extent practicable methods for and recommendations pertaining to tracking broadband investment and deployment in Vermont and otherwise monitoring market conditions in the State;

(5) the efficacy of the Governor's Executive Order No. 2-18, requiring all State agency contracts with Internet service providers to include net neutrality protections;

(6) proposed courses of action that balance the benefits to society that the communications industry brings with actual and potential harms the industry may pose to consumers; and

(7) any other factors and considerations the Attorney General deems relevant to making recommendations pursuant to this section.

* * * Connectivity Initiative; Grant Eligibility; H.581 * * *

Sec. 4. 30 V.S.A. § 7515b is amended to read:

§ 7515b. CONNECTIVITY INITIATIVE

(a) The purpose of the Connectivity Initiative is to provide each service location in Vermont access to Internet service that is capable of speeds of at least 10 Mbps download and 1 Mbps upload, or the FCC speed requirements established under Connect America Fund Phase II, whichever is higher, beginning with locations not served as of December 31, 2013 according to the minimum technical service characteristic objectives applicable at that time. Within this category of service locations, priority shall be given first to unserved and then to underserved locations. As used in this section, "unserved" means a location having access to only satellite or dial-up Internet service and "underserved" means a location having access to Internet service with speeds that exceed satellite and dial-up speeds but are less than 4 Mbps download and 1 Mbps upload. Any new services funded in whole or in part by monies from this Initiative shall be capable of being continuously upgraded to reflect the best available, most economically feasible service capabilities.

(b) The Department of Public Service shall publish annually a list of census blocks eligible for funding based on the Department's most recent broadband mapping data. The Department annually shall solicit proposals from service providers to deploy broadband to eligible census blocks. Funding shall be available for capital improvements only, not for operating and maintenance expenses. The Department shall give priority to proposals that reflect the lowest cost of providing services to unserved and underserved locations; however, the Department also shall consider:

- (1) the proposed data transfer rates and other data transmission characteristics of services that would be available to consumers;
- (2) the price to consumers of services;
- (3) the proposed cost to consumers of any new construction, equipment installation service, or facility required to obtain service;
- (4) whether the proposal would use the best available technology that is economically feasible;
- (5) the availability of service of comparable quality and speed; and
- (6) the objectives of the State's Telecommunications Plan.

* * * Effective Date * * *

Sec. 5. EFFECTIVE DATE

This act shall take effect on passage.

CONFIRMATIONS

The following appointments will be considered by the Senate, as a group, under suspension of the Rules, as moved by the President *pro tempore*, for confirmation together and without debate, by consent thereby given by the Senate. However, upon request of any senator, any appointment may be singled out and acted upon separately by the Senate, with consideration given to the report of the Committee to which the appointment was referred, and with full debate; and further, all appointments for the positions of Secretaries of Agencies, Commissioners of Departments, Judges, Magistrates, and members of the Public Utility Commission shall be fully and separately acted upon.

Scot L. Kline of Essex – Superior Judge – By Senator Benning for the Committee on Judiciary. (4/19/18)

Andrew Hathaway of Waterbury – Member, Children and Family Council for Prevention Programs – By Senator Cummings for the Committee on Health and Welfare. (4/19/18)