

1 H.352

2 Introduced by Representative Sullivan of Dorset

3 Referred to Committee on

4 Date:

5 Subject: Public monies; pension; divestment; fossil fuel; taxation;

6 weatherization; electric vehicles

7 Statement of purpose of bill as introduced: This bill proposes to: (1) require
8 the State Treasurer to divest State funds from companies that devote more than
9 25 percent of their business to carbon-based fuel endeavors; (2) impose a
10 carbon tax; and (3) create the Carbon-Free Investment Fund to finance targeted
11 approaches to reduce the use of carbon-based fuels in the transportation and
12 housing sectors through a newly created Vermont Carbon-Free Investment
13 Program.

14 An act relating to the Vermont Carbon-Free Investment Program

15 It is hereby enacted by the General Assembly of the State of Vermont:

16 Sec. 1. STATE TREASURER; VERMONT PENSION INVESTMENT

17 COMMITTEE; DIVESTMENT; FOSSIL FUELS

18 (a) On or before December 31, 2019, the State Treasurer, in consultation
19 with the Vermont Pension Investment Committee (Committee), shall identify
20 any investments held by the State in the State Teachers' Retirement System of

1 Vermont, the Vermont State Employees' Retirement System, and the Vermont
2 Municipal Employees' Retirement System of any interest in any company that
3 devotes more than 25 percent of its business to exploring for, processing,
4 producing, distributing, or selling oil, petroleum, or coal energy sources.

5 (b) On or before December 31, 2020, the Committee shall divest the assets
6 of the State Teachers' Retirement System of Vermont, the Vermont State
7 Employees' Retirement System, and the Vermont Municipal Employees'
8 Retirement System of any interest identified in subsection (a) of this section.

9 (c) On or before March 31, 2021, the Committee shall reinvest the proceeds
10 of the sales of the investments identified and sold pursuant to subsections (a)
11 and (b) of this section in investment grade securities in companies whose
12 securities are included in the Standard and Poor's 500 Environmental and
13 Socially Responsible Index or the NASDAQ Green Economy Global
14 Benchmark Index or their successors.

15 (d) The Treasurer shall deposit any net gains from the sale of the assets
16 described in subsection (b) of this section into the Vermont Carbon-Free
17 Investment Fund, established in 30 V.S.A. § 8221.

18 Sec. 2. 30 V.S.A. chapter 94 is added to read:

19 CHAPTER 94: CARBON-FREE VERMONT

20 Subchapter 1. General

21 § 8201. DEFINITIONS

1 As used in this chapter:

2 (1) “Carbon charge” means the charge adopted under subchapter 2 of
3 this chapter.

4 (2) “CO₂” means carbon dioxide.

5 (3) “Collection date” means the date by which a distributor must remit
6 the carbon charge to the Commissioner of Taxes under section 8212 of this
7 title.

8 (4) “Commission” means the Public Utility Commission under section 3
9 of this title.

10 (5) “Commissioner” means the Commissioner of Taxes.

11 (6) “Customer” shall have the same meaning as in section 8002 of this
12 title.

13 (7) “Distributor” means a person who imports or causes to be imported
14 fuel for use, distribution, or sale within the State or a person who produces,
15 refines, manufactures, or compounds fuel within the State for use, distribution,
16 or sale.

17 (8) “Fiscal year” or “FY” means the period of 12 months ending on
18 June 30.

19 (9) “Fuel” means each form and grade of butane, coal, clear diesel fuel,
20 gasoline, fuel oil, kerosene, natural gas, and propane.

1 (10) “Fund” means the Vermont Carbon-Free Investment Fund
2 established by section 8221 of this title.

3 (11) “Gasoline” means each fuel used or made for use in motor vehicles.

4 (12) “kg” means kilogram.

5 (13) “kWh” means kilowatt hour.

6 (14) “Retail electricity provider” and “provider” shall have the same
7 meaning as in section 8002 of this title.

8 (15) “Tonne” means metric ton or 1,000 kg.

9 Subchapter 2. Carbon Charge: Application, Administration, and
10 Enforcement

11 § 8211. APPLICATION OF CHARGE; CALCULATION AND
12 PUBLICATION OF RATE

13 (a) Application. There shall be a charge of \$5.00 per tonne on the carbon
14 content of fuel applied to the sale in the State of each fuel by a distributor, to
15 be calculated in accordance with this section and assessed on each unit of fuel
16 sold.

17 (b) Exemptions. The charge shall not apply to:

18 (1) the sale of fuel to the U.S. government or its subdivisions, or under
19 any other circumstances in which the State lacks power to apply the charge; or

20 (2) the sale of fuel by a distributor if the same fuel has already been
21 subjected to the carbon charge, provided the sales invoice clearly indicates the

1 amount of fuel that has already been subjected to the charge and the distributor
2 possesses and retains documentation demonstrating the prior payment,
3 including the person who paid and the date and amount of payment.

4 (c) Calculation. For each fuel, the Commissioner shall convert the amount
5 per tonne stated in subsection (a) of this section to a rate per unit of fuel using
6 the applicable CO₂ emissions coefficient published by the U.S. Energy
7 Information Administration on February 2, 2016 or such carbon emission
8 coefficients as may be recommended by the Secretary of Natural Resources
9 based on the best available science. In addition to CO₂, the Secretary's
10 recommended coefficients may include emissions of other greenhouse gases,
11 such as methane and nitrous oxide.

12 (d) Publication. On or before January 15 of each year, the Commissioner
13 shall publish the carbon charge rate per unit that will be in effect during the
14 following fiscal year for each fuel.

15 § 8212. ADMINISTRATION; ENFORCEMENT

16 (a) Collection; remittance.

17 (1) The distributor shall collect the carbon charge on completion of each
18 sale or delivery of fuel to which the charge applies. The distributor shall
19 identify the charge collected as a separate invoice entry on each sale of fuel.

20 (2) On or before the 15th day of each month, each distributor liable for
21 the carbon charge shall return to the Commissioner, under oath of a person

1 with legal authority to bind the distributor, a statement containing its name and
2 place of business, the quantity and type of fuel subject to the carbon charge
3 sold in the preceding calendar month, and any other information required by
4 the Commissioner, along with the charge due for the fuel sold in the preceding
5 month.

6 (b) Deposit. The Commissioner shall deposit all revenues from the carbon
7 charge into the Vermont Carbon-Free Investment Fund, established in section
8 8221 of this chapter.

9 (c) Records; inspection. Every distributor shall maintain, for no fewer than
10 three years, accurate records documenting all transactions to which the carbon
11 charge applies and all transactions for which exemption is claimed under
12 section 656 of this title. The Commissioner may inspect these records at all
13 reasonable times during normal business hours.

14 (d) Enforcement; confidentiality of returns. The enforcement provisions of
15 32 V.S.A. chapter 103 shall apply to the obligations of a distributor under this
16 chapter and, for this purpose, those obligations shall be considered liabilities
17 under Title 32. The confidentiality requirements of 32 V.S.A. § 3102 shall
18 apply to records submitted to the Commissioner under this subchapter.

1 Subchapter 3. Vermont Carbon-Free Investment Program

2 § 8221. VERMONT CARBON-FREE INVESTMENT FUND

3 (a) The Vermont Carbon-Free Investment Fund is created within the
4 Department of Public Service to support the Carbon-Free Investment Program,
5 established in this subchapter.

6 (b)(1) The Commissioner of Public Services shall administer the Fund as a
7 special fund under the provisions of 32 V.S.A. chapter 7, subchapter 5.

8 (2) The Fund shall consist of:

9 (A) any amounts transferred or appropriated to it by the General
10 Assembly;

11 (B) any net gains received by the State from the sale of any interest in
12 any company that devotes more than 25 percent of its business to exploring
13 for, processing, producing, distributing, or selling oil, petroleum, or coal
14 energy sources as well as any dividends received by the State from any such
15 interest;

16 (C) any dividends received by the State from investments in
17 companies whose securities are included in the Standard and Poor's 500
18 Environmental and Socially Responsible Index or the NASDAQ Green
19 Economy Global Benchmark Index or their successors; and

20 (D) any funds raised from the carbon tax levied pursuant to section
21 8211 of this chapter.

1 (3) Interest earned on the Fund and any balance remaining at the end of
2 the fiscal year shall remain in the Fund.

3 (4) Monies in the Fund shall be used as follows:

4 (A) Beginning on July 1, 2020, and quarterly thereafter, 75 percent of
5 the monies held in the Fund shall be remitted to the Department to support the
6 Vermont Carbon-Free Investment Program established in section 8222 of this
7 title; and

8 (B) Beginning on July 1, 2020, and quarterly thereafter, 25 percent of
9 the monies held in the Fund shall be remitted to the Home Weatherization
10 Assistance Fund established in 33 V.S.A. § 2501.

11 (c) On or before January 15 of each year, the Commissioner shall submit to
12 the House Committee on Ways and Means and the Senate Committee on
13 Finance an annual report of the Fund's activities and performance.

14 § 8222. VERMONT CARBON-FREE INVESTMENT PROGRAM

15 (a) There is established the Vermont Carbon-Free Investment Program that
16 shall be administered by the Department of Public Service. Beginning on
17 July 1, 2020, the Program shall award grants to:

18 (1) individual homeowners to partially defray the costs of home
19 weatherization and investment in alternative heating systems shown to reduce
20 significantly the uses of petroleum or coal-based heating sources; and

1 (2) individuals or businesses to defray the costs of early investment in
2 electric vehicle charging technologies.

3 (b) The Department shall adopt guidelines for administering the program,
4 including grant award criteria that will prioritize the distribution of grant funds
5 based on the household income of grant applicants.

6 Sec. 3. EFFECTIVE DATE

7 This act shall take effect on passage.