

House Calendar

Friday, May 24, 2019

136th DAY OF THE BIENNIAL SESSION

House Convenes at 10:00 A.M.

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ACTION CALENDAR
Unfinished Business of May 21, 2019
Favorable with Amendment
S. 163

An act relating to housing safety and rehabilitation

Rep. Stevens of Waterbury, for the Committee on General; Housing; and Military Affairs, recommends that the House propose to the Senate that the bill be amended by striking all after the enacting clause and inserting in lieu thereof the following:

* * * Housing Health and Safety; Rental Housing

Health Code Enforcement * * *

Sec. 1. 18 V.S.A. § 5 is amended to read:

§ 5. DUTIES OF DEPARTMENT OF HEALTH

The Department of Health shall:

(1) Conduct studies, develop State plans, and administer programs and State plans for hospital survey and construction, hospital operation and maintenance, medical care, and treatment of substance abuse.

(2) Provide methods of administration and such other action as may be necessary to comply with the requirements of federal acts and regulations as relate to studies, development of plans and administration of programs in the fields of health, public health, health education, hospital construction and maintenance, and medical care.

(3) Appoint advisory councils, with the approval of the Governor.

(4) Cooperate with necessary federal agencies in securing federal funds ~~which~~ that become available to the State for all prevention, public health, wellness, and medical programs.

(5) Seek accreditation through the Public Health Accreditation Board.

(6) Create a State Health Improvement Plan and facilitate local health improvement plans in order to encourage the design of healthy communities and to promote policy initiatives that contribute to community, school, and workplace wellness, which may include providing assistance to employers for wellness program grants, encouraging employers to promote employee engagement in healthy behaviors, and encouraging the appropriate use of the health care system.

(7) Serve as the leader on State rental housing health laws.

(8) Provide policy assistance and technical support to municipalities concerning the implementation and enforcement of State rental housing health and safety laws.

Sec. 2. 18 V.S.A. § 603 is amended 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 written inspection report shall:

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

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

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

(D) provide notice in plain language that the landlord and agents of the landlord must have access to the rental unit to make repairs as ordered by the health officer consistent with the access provisions in 9 V.S.A. § 4460.

(3) A local health officer shall:

(A) 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; and

(B)(i) if a municipality has established a code enforcement office, provide information on each inspection according to a schedule and in a format adopted by the Department in consultation with municipalities that have established code enforcement offices; or

(ii) if a municipality has not established a code enforcement office, provide information on each inspection to the Department within seven days of issuing the report using an electronic system designed for that purpose.

(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.

(5) A municipality shall make an inspection report available as a public record.

(b)(1) A local health officer may impose a ~~fine~~ civil penalty of not more than ~~\$100.00~~ \$200.00 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.

(2)(A) If the cumulative amount of penalties imposed pursuant to this subsection is \$800.00 or less, the local health officer, Department of Health, or State's Attorney may bring a civil enforcement action in the Judicial Bureau pursuant to 4 V.S.A. chapter 29.

(B) The waiver penalty for a violation in an action brought pursuant to this subsection is 50 percent of the full penalty amount.

(3) If the cumulative amount of penalties imposed pursuant to this subsection is more than \$800.00, or if injunctive relief is sought, the local health officer, Department of Health, or State's Attorney may commence an action in the Civil Division of the Superior Court for the county in which a violation occurred.

(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. 3. 4 V.S.A. § 1102 is amended to read:

§ 1102. JUDICIAL BUREAU; JURISDICTION

(a) The Judicial Bureau is created within the Judicial Branch under the supervision of the Supreme Court.

(b) The Judicial Bureau shall have jurisdiction of the following matters:

* * *

(21) Violations of State or municipal rental housing health and safety laws when the amount of the cumulative penalties imposed pursuant to 18 V.S.A. § 603 is \$800.00 or less.

* * *

(c) The Judicial Bureau shall not have jurisdiction over municipal parking violations.

(d) Three hearing officers appointed by the Court Administrator shall determine waiver penalties to be imposed for violations within the Judicial Bureau's jurisdiction, except:

~~(1) Municipalities~~ municipalities shall adopt full and waiver penalties for civil ordinance violations pursuant to 24 V.S.A. § 1979. For purposes of municipal violations, the issuing law enforcement officer shall indicate the appropriate full and waiver penalty on the complaint.

Sec. 4. DEPARTMENT OF HOUSING AND COMMUNITY

DEVELOPMENT; COLLECTION OF RENTAL HOUSING DATA

(a) On or before January 15, 2020, the Department of Housing and Community Development shall design a comprehensive rental housing data management system, through which the Department is able to collect, organize, and make available to the public information concerning rental housing in this State, including:

- (1) location of building;
- (2) age of building;
- (3) number of units;
- (4) type of units;
- (5) School Property Account Number;
- (6) owner name and contact information; and
- (7) manager name and contact information.

(b) In performing its duties pursuant to this section, the Department shall consult, and shall have the full cooperation and assistance of:

- (1) the Department of Taxes and other agencies and departments as necessary;
- (2) the Vermont Assessors and Listers Association;
- (3) the Vermont Center for Geographic Information;
- (4) the Vermont Enhanced 911 Board;
- (5) the Vermont Housing Finance Agency;
- (6) the Vermont League of Cities and Towns;
- (7) representatives of the Regional Planning Commissions;
- (8) the Agency of Digital Services; and

(9) any other affected stakeholders.

Sec. 5. RENTAL HOUSING HEALTH AND SAFETY ENFORCEMENT
SYSTEM; RECOMMENDATIONS; REPORT

(a) On or before January 15, 2020, in collaboration with the Rental Housing Advisory Board, the Department of Health and the Department of Public Safety shall develop recommendations for the design and implementation of a comprehensive system for the professional enforcement of State rental housing health and safety laws, which shall include:

(1) an outline of options, including an option for a State government-run system, with a timeline and budget for each;

(2) a needs assessment outlining the demand for inspections based on inspection information collected pursuant to 18 V.S.A. § 603(a)(3) and subsection (c) of this section and other stakeholders and relevant sources; and

(3) any additional recommendations from the Rental Housing Advisory Board, the Department of Public Safety, the Department of Housing and Community Development, or other executive branch agencies.

(b) On or before September 30, 2019, the Department of Health shall provide an interim progress report to the Senate Committee on Economic Development, Housing and General Affairs and the House Committee on General, Housing, and Military Affairs.

(c) On or before August 1, 2019, each municipality in this State shall provide to the Department of Health summary information on its inspection activity from July 1, 2018 through June 30, 2019 in order to assist the Department in completing the needs assessment pursuant to subdivision (a)(2) of this section.

Sec. 6. DUTIES CONTINGENT UPON FUNDING

(a) The following duties imposed on the Department of Housing and Community Development are contingent upon the appropriation of funds in fiscal year 2020 for the purposes specified:

(1) to implement a rental housing data management system pursuant to Sec. 4 of this act;

(2) to update and maintain the RentalCodes.org website, or a similar resource, that provides easy access to information for consumers, landlords, municipal officials, and the public concerning rental housing health and safety laws; and

(3) to design and implement a Vermont Rental Housing Incentive Program pursuant to Sec. 12 of this act.

(b) The following duties imposed on the Department of Health are contingent upon the appropriation of funds in fiscal year 2020 for one additional full-time equivalent position:

(1) to provide additional training to town health officers concerning best practices, the health officer role and responsibilities, and rental housing health and safety issues; and

(2) to provide additional guidance and support to municipalities concerning difficult rental housing enforcement issues.

Sec. 7. 3 V.S.A. § 122 is amended to read:

§ 122. OFFICE OF PROFESSIONAL REGULATION

The Office of Professional Regulation is created within the Office of the Secretary of State. The Office of Professional Regulation shall have a director ~~who shall be~~ who is an exempt employee appointed by the Secretary of State ~~and shall be an exempt employee.~~ The following boards or professions are attached to the Office of Professional Regulation:

* * *

(48) Residential Contractors

Sec. 8. 26 V.S.A. chapter 105 is added to read:

CHAPTER 105. RESIDENTIAL CONTRACTORS

Subchapter 1. General Provisions

§ 5401. REGISTRATION REQUIRED

A person shall register with the Office of Professional Regulation prior to offering or contracting with a homeowner to perform construction, remodeling, or home improvement work on a residential dwelling unit or on a building or premises with four or fewer residential dwelling units, in exchange for consideration of more than \$2,500.00, including labor and materials.

§ 5402. EXEMPTIONS

This chapter does not apply to:

(1) an employee acting within the scope of his or her employment for a business organization registered under this chapter;

(2) a professional engineer, licensed architect, or a tradesperson licensed by the Department of Public Safety acting within the scope of his or her license;

(3) delivery or installation of consumer appliances, audio-visual equipment, telephone equipment, or computer network equipment;

(4) landscaping;

(5) work on a structure that is not attached to a residential building;

(6) work that would otherwise require registration that a person performs in response to an emergency, provided the person applies for registration within a reasonable time after performing the work.

§ 5403. MANDATORY REGISTRATION AND VOLUNTARY

CERTIFICATION DISTINGUISHED

(a)(1) The system of mandatory registration established by this chapter is intended to protect against fraud, deception, breach of contract, and violations of law, but is not intended to establish standards for professional qualifications or workmanship that is otherwise lawful.

(2) The provisions of 3 V.S.A. § 129a, with respect to a registration, shall be construed in a manner consistent with the limitations of this subsection.

(b) The Director of Professional Regulation, in consultation with public safety officials and recognized associations or boards of builders, remodelers, architects, and engineers, may:

(1) adopt rules providing for the issuance of voluntary certifications, as defined in subdivision 3101a(1) of this title, that signify demonstrated competence in particular subfields and specialties related to residential construction;

(2) establish minimum qualifications, and standards for performance and conduct, necessary for certification; and

(3) discipline a certificant for violating adopted standards or other law, with or without affecting the underlying registration.

Subchapter 2. Administration

§ 5405. DUTIES OF THE DIRECTOR

(a) The Director of Professional Regulation shall:

(1) provide information to the public concerning registration, certification, appeal procedures, and complaint procedures;

(2) administer fees established under this chapter;

(3) receive applications for registration or certification, issue registrations and certifications to applicants qualified under this chapter, deny or renew registrations or certifications, and issue, revoke, suspend, condition, and reinstate registrations and certifications as ordered by an administrative law officer; and

(4) prepare and maintain a registry of registrants and certificants.

(b) The Director, after consultation with an advisor appointed pursuant to section 5406 of this title, may adopt rules to implement this chapter.

§ 5406. ADVISORS

(a) The Secretary of State shall appoint two persons pursuant to 3 V.S.A. § 129b to serve as advisors in matters relating to residential contractors and construction.

(b) To be eligible to serve, an advisor shall:

(1) register under this chapter;

(2) have at least three years' experience in residential construction immediately preceding appointment; and

(3) remain active in the profession during his or her service.

(c) The Director of Professional Regulation shall seek the advice of the advisors in implementing this chapter.

§ 5407. FEES

A person regulated under this chapter shall pay the following fees at initial application and biennial renewal:

(1) Registration, individual: \$75.00.

(2) Registration, business organization: \$250.00.

(3) State certifications: \$75.00 for a first certification and \$25.00 for each additional certification.

Subchapter 3. Registrations

§ 5408. ELIGIBILITY

To be eligible for registration, the Director of Professional Regulation shall find that the applicant:

(1) is in compliance with the provisions of this chapter and rules adopted pursuant to this chapter;

(2) is in compliance with State laws respecting child support, taxes, judgment orders, and workers' compensation; and

(3) has satisfied any judgment order related to the provision of professional services to a homeowner.

§ 5409. REQUIREMENTS OF REGISTRANTS

(a) Insurance. A person registered under this chapter shall maintain professional liability insurance in the amount of \$300,000.00 per claim and \$1,000,000.00 aggregate, evidence of which may be required as a precondition to issuance or renewal of a registration.

(b) Writing.

(1) A person registered under this chapter shall execute a written contract prior to receiving a deposit or commencing residential construction work if the estimated value of the labor and materials exceeds \$2,500.00.

(2) A contract shall specify:

(A) Price. One of the following provisions for the price of the contract:

(i) a maximum price for all work and materials;

(ii) a statement that billing and payment will be made on a time and materials basis, not to exceed a maximum price; or

(iii) a statement that billing and payment will be made on a time and materials basis and that there is no maximum price.

(B) Work dates. Estimated start and completion dates.

(C) Scope of work. A description of the services to be performed and a description of the materials to be used.

(D) Change order provision. A description of how and when amendments to the contract may be approved and recorded.

(3) The parties shall record an amendment to the contract in a signed writing.

(c) Down payment. Unless a contract specifies that billing and payment will be made on a time and materials basis and that there is no maximum price, the contract may require a down payment of up to one-third of the contract price, or of the price of materials, whichever is greater.

§ 5410. PROHIBITIONS AND REMEDIES

(a) A person who does not register pursuant to this chapter when required engages in unauthorized practice pursuant to 3 V.S.A. § 127.

(b) The Office of Professional Regulation may discipline a registrant or certificant for unprofessional conduct as provided in 3 V.S.A. § 129a, except that 3 V.S.A. § 129a(b) does not apply to a registrant.

(c) The following conduct by a registrant, certificant, applicant, or person who later becomes an applicant constitutes unprofessional conduct:

(1) failure to enter into a written contract when required by this chapter;

(2) failure to maintain liability or workers' compensation insurance as required by law;

(3) committing a deceptive act in commerce in violation of 9 V.S.A. § 2453;

(4) falsely claiming certification under this chapter, provided that this subdivision does not prevent accurate and nonmisleading advertising or statements related to credentials that are not offered by this State; and

(5) selling or fraudulently obtaining or furnishing a certificate of registration, certification, license, or any other related document or record, or assisting another person in doing so, including by reincorporating or altering a trade name for the purpose or with the effect of evading or masking revocation, suspension, or discipline against a registration issued under this chapter.

Sec. 9. CREATION OF POSITIONS WITHIN THE OFFICE OF PROFESSIONAL REGULATION; LICENSING.

(a) There are created within the Secretary of State's Office of Professional Regulation two new positions in the licensing division.

(b) Any funding necessary to support the positions created in subsection (a) of this section and the implementation of 26 V.S.A. chapter 105 created in Sec. 9 of this act shall be derived from the Office's Professional Regulatory Fee Fund and not from the General Fund.

Sec. 10. IMPLEMENTATION

Notwithstanding 26 V.S.A. § 5401:

(1) The initial biennial registration term for residential contractors pursuant to 26 V.S.A. chapter 105 created in Sec. 8 of this act shall begin on April 1, 2020.

(2) The Secretary of State may begin receiving applications for the initial registration term on December 1, 2019.

Sec. 11. SECRETARY OF STATE; STATUS REPORT

On or before January 15, 2021, the Office of Professional Regulation shall report to the House Committees on Commerce and Economic Development and on Government Operations and to the Senate Committees on Economic Development, Housing and General Affairs and on Government Operations concerning the implementation of 26 V.S.A. chapter 105, including:

- (1) the number of registrations and certifications;
- (2) the resources necessary to implement the chapter;
- (3) the number and nature of any complaints or enforcement actions;

and

- (4) any other issues the Office deems appropriate.

* * * Housing Rehabilitation and Weatherization; Vermont Rental

Housing Incentive Program * * *

Sec. 12. 10 V.S.A. chapter 29, subchapter 3 is amended to read:

Subchapter 3. ~~Vermont Economic Progress Council~~ Housing Incentive Program

§ 699. RENTAL HOUSING INCENTIVE PROGRAM

(a) Purpose. Recognizing that Vermont's rental housing stock is some of the oldest in the country, and that much of it needs updating to meet code requirement and other standards, this section is intended to incentivize private apartment owners to make significant improvements to both housing quality and weatherization by providing small grants that would be matched by the private apartment owner.

(b) Creation of Program. The Department of Housing and Community Development shall design and implement a Vermont Rental Housing Incentive Program to provide funding to regional nonprofit housing partner organizations to provide incentive grants to private landlords for the rehabilitation and improvement, including weatherization, of existing rental housing stock.

(c) Administration. The Department shall require any nonprofit regional housing partner organization that receives funding under this program to develop a standard application form for property owners that describes the application process and includes clear instructions and examples to help

property owners apply, a selection process that ensures equitable selection of property owners, and a grants management system that ensures accountability for funds awarded to property owners.

(d) Grant Guidelines. The Department shall ensure that all grants comply with the following guidelines:

(1) Each grant shall be capped at a standard limit set by the Department, which shall not exceed \$7,000.00 per rental unit.

(2) Each grant shall be matched by the property owner at least two-to-one. The required match shall be met through dollars raised and not through in-kind services.

(3) No property owner may receive a grant for more than four rental units.

(4) Each project funded must include a weatherization component and must result in all building codes being met and all permits received.

(5) Only existing properties that are vacant or blighted are eligible for grants.

(6) At least 50 percent of the rental units assisted must have rents that are affordable to households earning no more than 80 percent of area median income.

(e) As used in this section:

(1) “Blighted” means that a rental unit is not fit for human habitation and does not comply with the requirements of applicable building, housing, and health regulations.

(2) “Vacant” means that a rental unit has not been leased or occupied for at least 90 days prior to the date a property owner submits a grant application and remains unoccupied at the time the grant is awarded.

* * * Affordable Housing * * *

Sec. 13. STATE TREASURER RECOMMENDATION FOR FINANCING OF AFFORDABLE HOUSING INITIATIVE

(a) Evaluation. On or before January 15, 2020, the State Treasurer shall evaluate options for funding and financing affordable housing in the State. The evaluation shall include:

(1) a plan to build upon the success of the affordable housing bond, created in 10 V.S.A. § 315, formed in coordination with the Vermont Housing and Conservation Board, the Vermont Housing Finance Agency,

the Vermont Department of Housing and Community Development, and the Vermont Affordable Housing Coalition, for the creation or preservation of 1,000 housing units over five years for Vermonters with incomes up to 120 percent of the area median income as determined by the U.S. Department of Housing and Urban Development. In creating the plan, the State Treasurer and the other entities listed in this subdivision (a)(1) shall also consult with the business community, public and private housing developers, and experts in housing finance and affordable housing initiatives both in Vermont and nationwide;

(2) alternatives for financing the plan that take into consideration the use of appropriations, general obligation bonds, revenue bonds, investments, new revenues, and other financing mechanisms, including initiatives undertaken by other states;

(3) the plan shall assume that the 1,000 units shall be in addition to what would otherwise have been created or preserved by State funding through the Vermont Housing and Conservation Board equal to its FY 2019 base general fund and capital appropriations, and the other resources it typically leverages; and

(4) provisions for meeting housing needs consistent with publicly developed plans such as Vermont's Consolidated Plan, the 2017 Vermont Roadmap to End Homelessness, and Vermont Housing Finance Agency's Qualified Action Plan in the following areas:

(A) creating new multifamily and single-family homes;

(B) addressing blighted properties and other existing housing stock requiring reinvestment, including in mobile home parks;

(C) providing service-supported housing in coordination with the Agency of Human Services, including for those who are elderly, homeless, in recovery, experiencing severe mental illness or other disability, or leaving incarceration; and

(D) providing for the housing needs of households with extremely low income.

(b) Cooperation. In conducting the evaluation described in subsection (a) of this section, the State Treasurer shall have the cooperation of the Agency of Commerce and Community Development and the Department of Taxes.

(c) Report. The State Treasurer shall submit a report with recommendations based on the evaluation described in subsection (a) of this section to the Senate Committees on Economic Development, Housing and General Affairs, on Appropriations, and on Finance and the House Committees

on General, Housing, and Military Affairs, on Appropriations, and on Ways and Means. The report shall also include a legislative proposal to implement the recommendations proposed in the report.

* * * Effective Date * * *

Sec. 14. EFFECTIVE DATE

(a) This act shall take effect on July 1, 2019.

(Committee vote: 8-2-1)

(For text see Senate Journal March 28, April 3, 2019)

Rep. Townsend of South Burlington, for the Committee on Appropriations, recommends the bill ought to pass in concurrence with proposal of amendment as recommended by the Committee on General; Housing; and Military Affairs and when further amended as follows:

By striking out Sec. 9 in its entirety and inserting in lieu thereof a new Sec. 9 to read as follows:

Sec. 9. CREATION OF POSITIONS WITHIN THE OFFICE OF
PROFESSIONAL REGULATION; LICENSING

(a) There are created within the Secretary of State's Office of Professional Regulation two new positions in the licensing division:

(1) one new permanent classified Licensing Administrator; and

(2) one new permanent exempt Licensing Staff Attorney position.

(b) Any funding necessary to support the positions created in subsection (a) of this section and the implementation of 26 V.S.A. chapter 105 created in Sec. 8 of this act shall be derived from the Office's Professional Regulatory Fee Fund and not from the General Fund.

(Committee Vote: 7-3-1)

Rep. Masland of Thetford, for the Committee on Ways and Means, recommends the bill ought to pass in concurrence with proposal of amendment as recommended by the Committee on General; Housing; and Military Affairs and Appropriations and when further amended as follows:

First: In Sec. 8, by striking out 26 V.S.A. § 5401 and inserting in lieu thereof a new § 5401 to read:

§ 5401. REGISTRATION REQUIRED

(a) A person shall register with the Office of Professional Regulation prior to contracting with a homeowner to perform residential construction work in

exchange for consideration of \$2,500.00 or more, including labor and materials.

(b) Unless otherwise exempt under section 5402 of this title, as used in this chapter, “residential construction” means to build, demolish, or alter a residential dwelling unit or a building or premises with four or fewer residential dwelling units, and includes interior and exterior construction, renovation, and repair; painting; paving; roofing; weatherization; installation or repair of heating, plumbing, electrical, water, or wastewater systems; and other activities the Office specifies by rule consistent with this chapter.

Second: In Sec. 8, in 26 V.S.A. § 5407(1), by striking out “\$75.00” and inserting in lieu thereof “\$50.00”

Third: In Sec. 8, in 26 V.S.A. § 5409(a), by striking out “professional liability insurance” and inserting in lieu thereof “liability insurance”

Fourth: In Sec. 8, in 26 V.S.A. § 5409(b)(1), by striking out “\$2,500.00” and inserting in lieu thereof “\$5,000.00”

Fifth: By striking out Sec. 10 in its entirety and inserting in lieu thereof a new Sec. 10 to read:

Sec. 10. IMPLEMENTATION

Notwithstanding any contrary provision of 26 V.S.A. chapter 105:

(1) The initial biennial registration term for residential contractors pursuant to 26 V.S.A. chapter 105 shall begin on April 1, 2020.

(2) The Secretary of State may begin receiving applications for the initial registration term on December 1, 2019.

(3) Prior to April 1, 2021, the Office of Professional Regulation shall not take any enforcement action for unauthorized practice under 26 V.S.A. § 5410(a) against a residential contractor who fails to register as required by this act.

(Committee Vote: 6-5-0)

Amendment to be offered by Rep. Higley of Lowell to S. 163

Representative Higley of Lowell moves that the House propose to the Senate that the bill be amended by striking out Secs. 7–11 in their entirety and inserting in lieu thereof the following:

Secs. 7–11. [Deleted.]

Unfinished Business of May 23, 2019 Senate Proposal of Amendment

H. 351

An act relating to workers' compensation, unemployment insurance, and ski tramway amendments

The Senate concurs in the House proposal of amendment thereto by striking all after the enacting clause and inserting in lieu thereof the following::

Sec. 1. 21 V.S.A. § 384(a) is amended to read:

(a)(1) An employer shall not employ any employee at a rate of less than ~~\$9.15. Beginning on January 1, 2016, an employer shall not employ any employee at a rate of less than \$9.60. Beginning on January 1, 2017, an employer shall not employ any employee at a rate of less than \$10.00. Beginning on January 1, 2018, an employer shall not employ any employee at a rate of less than \$10.50, and beginning~~ \$10.78. Beginning on January 1, 2019 2020, an employer shall not employ any employee at a rate of less than \$11.50. Beginning on January 1, 2021, an employer shall not employ any employee at a rate of less than \$12.50, and on each subsequent January 1, the minimum wage rate shall be increased by five percent or the percentage increase of the Consumer Price Index, CPI-U, U.S. city average, not seasonally adjusted, or successor index, as calculated by the U.S. Department of Labor or successor agency for the 12 months preceding the previous September 1, whichever is smaller, but in no event shall the minimum wage be decreased. The minimum wage shall be rounded off to the nearest \$0.01.

(2) An employer in the hotel, motel, tourist place, and restaurant industry shall not employ a service or tipped employee at a basic wage rate less than one-half the minimum wage. As used in this subsection, "a service or tipped employee" means an employee of a hotel, motel, tourist place, or restaurant who customarily and regularly receives more than \$120.00 per month in tips for direct and personal customer service.

(3) If the minimum wage rate established by the U.S. government is greater than the rate established for Vermont for any year, the minimum wage rate for that year shall be the rate established by the U.S. government.

Sec. 2. EFFECTIVE DATE

This act shall take effect on July 1, 2019.

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

An act relating to increasing the minimum wage to \$12.50 per hour.

(For House Proposal of Amendment see House Journal March 20, 2019)