

# Journal of the House

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**Tuesday, May 7, 2019**

At ten o'clock in the forenoon the Speaker called the House to order.

## **Devotional Exercises**

Devotional exercises were conducted by Rep. Michael Yantachka of Charlotte.

## **Pledge of Allegiance**

Page Anna Isselhardt of Elmore led the House in the Pledge of Allegiance.

## **Bill Referred to Committee on Appropriations**

### **S. 96**

Senate bill, entitled

An act relating to the provision of water quality services

Appearing on the Calendar, carrying an appropriation, under rule 35(a), was referred to the committee on Appropriations.

## **Bill Referred to Committee on Appropriations**

### **S. 113**

Senate bill, entitled

An act relating to the prohibition of plastic carryout bags, expanded polystyrene, and single-use plastic straws

Appearing on the Calendar, carrying an appropriation, under rule 35(a), was referred to the committee on Appropriations.

## **Second Reading; Bill Amended; Third Reading Ordered**

### **H. 143**

**Rep. LaClair of Barre Town**, for the committee on Government Operations, to which had been referred House bill, entitled

An act relating to appointing town agents

Reported in favor of its passage when amended by striking all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 17 V.S.A. § 2646 is amended to read:

§ 2646. TOWN OFFICERS; QUALIFICATION; ELECTION

At the annual meeting, a town shall choose from among its registered voters the following town officers, who shall serve until the next annual meeting and until successors are chosen, unless otherwise provided by law:

\* \* \*

(11) ~~A town agent to prosecute and defend suits in which the town or town school district is interested. [Repealed.]~~

\* \* \*

Sec. 2. 24 V.S.A. § 1061 is amended to read:

§ 1061. CONVEYANCE OF REAL ESTATE

\* \* \*

(d) Subject to the provisions of subsections (a) and (b) of this section, real estate owned by a city, town, village, or town school district may be conveyed by an agent ~~elected or appointed~~ designated by the legislative body for that purpose, and the conveyance shall be under the hand and seal of ~~such~~ the agent. ~~When the municipality fails to elect an agent, or the office becomes vacant or the municipality is not required by law to elect an agent, the legislative body may appoint such an agent, and~~ The legislative body shall certify the designation of an agent and have the certificate of appointment recorded by the clerk.

\* \* \*

Sec. 3. 32 V.S.A. § 4404 is amended to read:

§ 4404. APPEALS FROM LISTERS AS TO GRAND LIST

\* \* \*

(b) The town clerk forthwith shall call a meeting of the board to hear and determine such appeals, which shall be held at such time, not later than 14 days after the last date allowed for notice of appeal, and at such place within the town as he or she shall designate. Notice of such time and place shall be given by posting a warning therefor in three or more public places in such town, and by mailing a copy of such warning, postage prepaid, to each member of the board, ~~the an agent of the town to prosecute and defend suits designated by the legislative body,~~ the chair of the board of listers, and to all persons so appealing.

\* \* \*

Sec. 4. 32 V.S.A. § 4461 is amended to read:

§ 4461. TIME AND MANNER OF APPEAL

\* \* \*

(b) On or before the last day on which appeals may be taken from the decision of the board of civil authority, ~~the an agent of the town to prosecute and defend suits in which the town is interested~~ designated by the legislative body of the town, in the name of the town, on written application of one or more taxpayers of the town whose combined grand list represents at least three percent of the grand list of the town for the preceding year, shall appeal to the Superior Court from any action of the board of civil authority not involving appeals of the applying taxpayers. However, the ~~town~~ agent designated by the legislative body shall, in any event, have at least six business days after receipt of such taxpayers' application for appeal in which to take the appeal, and the date for the taking of such appeal shall accordingly be extended, if necessary, until the six business days shall have elapsed. The \$70.00 entry fee shall be paid by the applicants with respect to each individual property thus being appealed ~~which~~ that is separately listed in the grand list.

\* \* \*

Sec. 5. 32 V.S.A. § 4463 is amended to read:

§ 4463. OBJECTIONS TO APPEAL

When a taxpayer, ~~town~~ an agent designated by the legislative body of the town, or selectboard claims that an appeal to the Director is in any manner defective or was not lawfully taken, on or before 14 days after mailing of the notice of appeal by the clerk under Rule 74(b) of the Vermont Rules of Civil Procedure, the taxpayer, ~~town~~ agent, or selectboard shall file objections in writing with the Director, and furnish the appellant or appellant's attorney with a copy of the objections. When the taxpayer, ~~town~~ agent, or selectboard so requests, the Director shall thereupon fix a time and place for hearing the objections, and shall notify all parties thereof, by mail or otherwise. Upon hearing or otherwise, the Director shall pass upon the objections and make such order in relation thereto as is required by law. The order shall be recorded or attached in the town clerk's office in the book wherein the appeal is recorded.

Sec. 6. 24 App. V.S.A. chapter 13, § 301 is amended to read:

§ 301. OFFICERS; GENERAL PROVISIONS

The officers of the City of South Burlington shall be those provided by law for towns, except as otherwise provided by this charter. The officers shall have all the powers and duties necessary to carry out the provisions of this charter as well as those provided by law. The offices of Fence Viewer, Weigher of Coal, and Inspector of Lumber shall be abolished.

\* \* \*

(2) The Council by majority vote of all its members shall appoint annually the City Treasurer, whose office shall be no longer elective and the City Attorney, Zoning Administrator, Auditor, First and Second Constable, Grand Juror, ~~City Agent~~, and Trustee of Public Funds.

\* \* \*

Sec. 7. 24 App. V.S.A. chapter 123, § 302 is amended to read:

§ 302. ELECTIVE OFFICERS

(a) The officers elected and their compensation fixed by the Town at its annual meeting shall be:

\* \* \*

(12) ~~A Town Agent~~ [Repealed.]

\* \* \*

Sec. 8. 24 App. V.S.A. chapter 129, § 306 is amended to read:

§ 306. APPOINTED OFFICERS

\* \* \*

(e) The Selectboard shall appoint the following officers using the same procedure specified in the Town's administrative code for employees or vendors engaged by the Town on a contract basis.

\* \* \*

(3) ~~Town Attorney/Town Agent~~

\* \* \*

Sec. 9. 24 App. V.S.A. chapter 149, § 23 is amended to read:

§ 23. LOCAL ELECTED OFFICIALS

(a) Local elective offices to be filled by the voters of the Town of Springfield shall be only those articulated by this charter and shall include:

\* \* \*

(6) ~~Town Agent~~; [Repealed.]

\* \* \*

Sec. 10. 24 App. V.S.A. chapter 155C, § 3 is amended to read:

§ 3. APPOINTED OFFICERS

(a) In addition to all other offices which may be filled by appointment by the Selectboard pursuant to State law, the Selectboard shall appoint the following officers:

\* \* \*

- (3) Delinquent Tax Collector; and
- (4) cemetery commissioners; ;
- (5) ~~Town Agent; and~~ [Repealed.]
- (6) ~~Town Grand Juror.~~ [Repealed.]

\* \* \*

Sec. 11. 24 App. V.S.A. chapter 245, § 6 is amended to read:

#### § 6. VILLAGE OFFICERS

(a) The officers of the corporation shall consist of a Moderator, five trustees, a Clerk, and a Treasurer, ~~and an agent to convey real estate.~~ The officers shall be elected at the annual meeting of the corporation for the term of one year and until their successors are elected, except that trustees shall hold office for five years. One trustee shall be elected at each annual meeting, except that after the approval of this charter at the annual Village meeting, the voters shall elect five trustees, one for the term of one year, one for the term of two years, one for the term of three years, one for the term of four years, and one for the term of five years. The trustees and the Treasurer, at the time of their election, shall be legal voters of the Village of Morrisville or the Town of Morristown.

\* \* \*

#### Sec. 12. TRANSITIONAL PROVISIONS

Any elected town agent in office on the effective date of this act may serve the remainder of his or her term.

#### Sec. 13. EFFECTIVE DATE

This act shall take effect on July 1, 2019.

The bill, having appeared on the Calendar one day for notice, was taken up, read the second time, report of the committee on Government Operations agreed to and third reading ordered.

**Bill Committed****S. 7**

Senate bill, entitled

An act relating to social service integration with Vermont's health care system

Appearing on the Calendar for action, was taken up and pending the reading of the report of the committee on Health Care, on motion of **Rep. Lippert of Hinesburg**, the bill was committed to the committee on Human Services.

**Senate Proposal of Amendment Not Concurred in;  
Committee of Conference Requested and Appointed**

**H. 511**

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

An act relating to criminal statutes of limitations

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

Sec. 1. 13 V.S.A. § 44501 is amended to read:

§ 4501. LIMITATION OF PROSECUTIONS FOR CERTAIN CRIMES

(a) Prosecutions for aggravated sexual assault, aggravated sexual assault of a child, sexual assault, human trafficking, aggravated human trafficking, murder, manslaughter, arson causing death, and kidnapping may be commenced at any time after the commission of the offense.

(b) Prosecutions for ~~manslaughter~~, lewd and lascivious conduct, sexual abuse of a vulnerable adult under subsection 1379(a) of this title, ~~maiming~~, grand larceny, robbery, burglary, embezzlement, forgery, bribery offenses, false claims, fraud under 33 V.S.A. § 141(d), and felony tax offenses shall be commenced within six years after the commission of the offense, and not after.

(c) Prosecutions for any of the following offenses shall be commenced within 40 years after the commission of the offense, and not after:

(1) lewd and lascivious conduct alleged to have been committed against a child under 18 years of age;

(2) sexual exploitation of a minor as defined in subsection 3258(c) of this title;

(3) lewd or lascivious conduct with a child;

(4) sexual exploitation of children under chapter 64 of this title; and

(5) ~~manslaughter alleged to have been committed against a child under 18 years of age~~ sexual abuse of a vulnerable adult under subsection 1379(b) of this title.

(d) Prosecutions for arson and first degree aggravated domestic assault shall be commenced within 11 years after the commission of the offense, and not after.

(e) Prosecutions for other felonies and for misdemeanors shall be commenced within three years after the commission of the offense, and not after.

## Sec. 2 EFFECTIVE DATE

This act shall take effect on passage.

Pending the question, Will the House concur in the Senate proposal of amendment? **Rep. LaLonde of South Burlington** moved that the House refuse to concur and ask for a Committee of Conference, which was agreed to, and the Speaker appointed as members of the Committee of Conference on the part of the House:

**Rep. LaLonde of South Burlington**

**Rep. Grad of Moretown**

**Rep. Burditt of West Rutland**

### Senate Proposal of Amendment Concurred in

#### H. 275

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

An act relating to the Farm-to-Plate Investment Program

The Senate proposes to the House to amend the bill as follows:

First: In Sec. 1, 10 V.S.A. § 330, in subdivision (c)(1), by striking out the words “~~agricultural-economie~~” and inserting in lieu thereof: agricultural economie and

Second: By striking out Sec. 2 (repeal; Farm-to-Plate Investment Program) in its entirety and inserting in lieu thereof a new Sec. 2 to read as follows:

## Sec. 2. FARM-TO-PLATE INVESTMENT PROGRAM; REPORT

On or before January 1, 2031, the Sustainable Jobs Fund shall report to the Senate Committee on Agriculture and the House Committee on Agriculture and Forestry a recommendation of whether the Farm-to-Plate Investment Program should continue to operate as authorized under 10 V.S.A. § 330 or

whether the Program should be repealed. The Sustainable Jobs Fund shall provide a rationale for its recommendation and any proposed legislative action to implement the recommendation.

Which proposal of amendment was considered and concurred in.

**Senate Proposal of Amendment Concurred in  
With a Further Amendment Thereto**

**H. 133**

The Senate proposed to the House to amend House bill, entitled  
An act relating to miscellaneous energy subjects

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

\* \* \* Report Consolidation \* \* \*

Sec. 1. 30 V.S.A. § 203a is amended to read:

§ 203a. FUEL EFFICIENCY FUND

\* \* \*

~~(c) Report. On or before January 15, 2010, and annually thereafter, the Department of Public Service shall report to the General Assembly on the expenditure of funds from the Fuel Efficiency Fund to meet the public's needs for energy efficiency services. The provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the report to be made under this subsection. [Repealed.]~~

\* \* \*

Sec. 2. 2012 Act and Resolves No. 165, Sec. 2 is amended to read:

Sec. 2. MEMORANDUM OF UNDERSTANDING; SMALL  
HYDROELECTRIC PROJECTS

\* \* \*

~~(e) No later than January 15, 2014 and annually by each second January 15 thereafter, the commissioner shall submit a written report to the general assembly detailing the progress of the MOU program, including an identification of each hydroelectric project participating in the program. After five hydroelectric projects participating in the program are approved and commence operation, reports filed under this subsection shall evaluate and provide lessons learned from the program, including recommendations, if any, on how to improve procedures for obtaining approval of micro hydroelectric projects (100 kilowatts capacity or less). The provisions of 2 V.S.A. § 20(d)~~

~~(expiration of required reports) shall not apply to the report to be submitted under this subsection. [Repealed.]~~

\* \* \*

Sec. 3. 30 V.S.A. § 8105 is amended to read:

§ 8105. REPORTING

~~(a) A host community for which a Vermont village green renewable project has been certified under this chapter shall file a report to the Commission and the Commissioner of Public Service by December 31 of each year following certification. The report shall contain such information as is required by the Commission and the Commissioner. The report shall include at a minimum sufficient information for the Commissioner of Public Service to submit the report required by subsection (b) of this section.~~

~~(b) Beginning on March 1, 2010, and annually thereafter, the Commissioner of Public Service shall submit a report to the Senate Committees on Economic Development, Housing and General Affairs, on Finance, and on Natural Resources and Energy, and the House Committees on Ways and Means, on Commerce and Economic Development, and on Energy and Technology, and the Governor, which shall include an update on progress made in the development of the Vermont village green renewable projects authorized under this chapter. The report also shall include an analysis of the costs and benefits of the projects as well as any recommendations consistent with the purposes of this chapter. The provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the report to be made under this subsection. [Repealed.]~~

Sec. 4. 30 V.S.A. § 202b is amended to read:

§ 202b. STATE COMPREHENSIVE ENERGY PLAN

\* \* \*

(e) The Commissioner of Public Service (Commissioner) shall file an annual report on progress in meeting the goals of the Plan. The report shall address each of the following sectors of energy consumption in the State: electricity, nonelectric fuels for thermal purposes, and transportation. In preparing the report, the Commissioner shall consult with the Secretaries of Administration, of Agriculture, Food and Markets, of Natural Resources, and of Transportation and the Commissioner of Buildings and General Services.

\* \* \*

(7) The report shall include any activity that occurs under the Vermont Small Hydropower Assistance Program, the Vermont Village Green Program, and the Fuel Efficiency Fund.

Sec. 5. 30 V.S.A. § 8005b is amended to read:

§ 8005b. RENEWABLE ENERGY PROGRAMS; REPORTS

(a) The Department shall file reports with the General Assembly in accordance with this section.

\* \* \*

(2) The Department shall file the report under include the components of subsection (b) of this section annually each January 15 in its Annual Energy Report required under subsection 202b(e) of this title commencing in 2018 2020 through 2033.

(3) The Department shall file the report under include the components of subsection (c) of this section biennially each March 1 in its Annual Energy Report required under subsection 202b(e) of this title biennially commencing in 2017 2020 through 2033.

\* \* \*

(c) The biennial report under this section shall include at least each of the following:

\* \* \*

(2) Commencing with the report to be filed in 2019, each retail electricity provider's required amount of renewable energy during the two preceding calendar years using the most recent available data for each category of the RES as set forth in section 8005 of this title.

\* \* \*

Sec. 6. 30 V.S.A. § 8010 is amended to read:

§ 8010. SELF-GENERATION AND NET METERING

\* \* \*

(d) On or before January 15, 2020 and every third January 15 thereafter Commencing in 2021 and biennially thereafter, the Department shall submit to the Commission a report that evaluates its evaluation of the current state of net metering in Vermont, which shall be included within the Department's Annual Energy Report required under subsection 202b(e) of this title and shall also be submitted to the Committees listed under subdivision 202b(e)(2) of this title. The Department shall make this report publicly available. The report evaluation shall:

\* \* \*

## \* \* \* Connectivity Fund \* \* \*

Sec. 7. 30 V.S.A. § 202f is amended to read:

§ 202f. TELECOMMUNICATIONS AND CONNECTIVITY ADVISORY BOARD

(a) There is created the Telecommunications and Connectivity Advisory Board for the purpose of making recommendations to the Commissioner of Public Service regarding his or her telecommunications responsibilities and duties as provided in this section. The Connectivity Advisory Board shall consist of eight members, ~~seven voting and one nonvoting~~, selected as follows:

- (1) the State Treasurer or designee;
- (2) the Secretary of Commerce and Community Development or designee;
- (3) five at-large members appointed by the Governor, who shall not be employees or officers of the State at the time of appointment; and
- (4) the Secretary of Transportation or designee, ~~who shall be a nonvoting member.~~

\* \* \*

(h) ~~On September 15, 2015~~ November 15, 2019, and annually thereafter, the Commissioner shall submit to the Connectivity Advisory Board an accounting of monies in the Connectivity Fund and anticipated revenue for the next year. ~~On or before January 1 of each year, the Commissioner, after consulting with the Connectivity Advisory Board, shall recommend to the relevant legislative committees of jurisdiction a plan for apportioning such funds to the High-Cost Program and the Connectivity Initiative.~~

\* \* \*

Sec. 8. 30 V.S.A. § 7516 is amended to read:

§ 7516. CONNECTIVITY FUND

There is created a Connectivity Fund for the purpose of providing support to the High-Cost Program established under section 7515 of this chapter and the Connectivity Initiative established under section 7515b of this chapter. The fiscal agent shall determine annually, on or before ~~September~~ November 1, the amount of monies available to the Connectivity Fund. Such funds shall be apportioned as follows: 45 percent to the High-Cost Program and 55 percent to the Connectivity Initiative.

\* \* \* Dig Safe \* \* \*

Sec. 9. 30 V.S.A. § 7001 is amended to read:

§ 7001. DEFINITIONS

In this chapter:

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

(2) “Company” means any public utility ~~company which~~, municipality, or person that supplies gas, electricity, hot water, steam, or telecommunications service and ~~which that~~ maintains underground utility facilities, and any cable television company operating a cable television system as defined in section 501 of this title ~~and which that~~ maintains underground utility facilities.

(3) “Damage” includes the substantial weakening of structural or lateral support of an underground utility facility;<sub>2</sub> penetration or destruction of any underground utility facility’s protective coating, housing, or device;<sub>2</sub> or the partial or complete severance of any underground utility facility.

(4) “Excavation activities” means any activities involving that will disturb the subsurface of the earth or could damage underground utility facilities and that may involve the removal of earth, rock, or other materials in the ground, ~~disturbing the subsurface of the earth,~~ or the demolition of any structure, by the discharge of explosives or the use of powered or mechanized equipment, including digging, trenching, blasting, boring, drilling, hammering, post driving, wrecking, razing, ~~or~~ tunneling, or pavement or concrete slab removal within 100 feet of an underground utility facility. Excavation activities shall not include the tilling of the soil for agricultural purposes, routine home gardening with hand tools outside easement areas and public rights-of-way, activities relating to routine public highway maintenance, or the use of hand tools by a company, or the company’s agent or a contractor working under the agent’s direction, to locate or service the company’s facilities, provided the company has a written damage prevention program.

(5) “Person” means any individual, trust, firm, joint stock company, corporation including a government corporation, partnership, association, state, municipality, commission, political subdivision of the ~~state~~ State, or any interstate body.

(6) “Public agency” means the State or any political subdivision thereof, including any governmental agency.

(7) “Approximate location of underground utility facilities” means a strip of land extending not more than 18 inches on either side of the underground utility facilities.

(8) “System” means the public utility underground facility damage prevention system referred to in section 7002 of this title.

(9) “Underground utility facility” or “facility” means any pipe, conduit, wire, or cable located beneath the surface of the earth and maintained by a company, including the protective covering of the pipe, conduit, wire, or cable, as well as any manhole, vault, ~~or~~ pedestal, or component maintained by a company.

(10) “Premark” means to identify the general scope of excavation activities using white paint, stakes, or other suitable white markings, in a manner that will enable the operators of the underground utility facilities to know the boundaries of the proposed excavation activities.

(11) “Powered or mechanized equipment” means equipment that is powered or energized by any motor, engine, or hydraulic or pneumatic device and that is used for excavation or demolition work.

(12) “Hand tools” means tools powered solely by human energy.

(13) “Verified” means the location and depth have been ~~physically determined by hand digging~~ visually determined using careful and prudent excavating techniques such as hand digging, water excavation, or other safe means.

(14) “Damage prevention program” means a program established to ensure employees involved in excavation activities are aware of and utilize appropriate and safe excavating practices.

Sec. 10. 30 V.S.A. § 7003 is amended to read:

§ 7003. RULEMAKING

The Commission shall adopt rules, pursuant to 3 V.S.A. chapter 25 relative to:

(1) minimum requirements for the operation of the System, including notification procedures and the reporting of underground utility facility locations;

(2) procedures for the investigation of complaints;

(3) emergency situations ~~for which notice of excavation activities is not required;~~

(4) uniform standards for the marking of the approximate location of underground utility facilities;

(5) uniform standards for the future installation of underground utility facilities, including the following:

- (A) color coding of facilities;
  - (B) depth requirements for the laying of facilities;
  - (C) subsurface marking of facilities;
  - (D) surface marking of facilities;
  - (E) the filing of as-built plans of facilities with municipalities; and
  - (F) capability for location of facilities by sensors;;
- (6) standards for the granting of exemptions under section 7002 of this title; and
- (7) situations where the premarks cannot be found.

Sec. 11. 30 V.S.A. § 7004 is amended to read:

§ 7004. NOTICE OF EXCAVATION ACTIVITIES

(a) No person or company shall engage in excavation activities, except in an emergency situation as defined by the Commission, without premarking the proposed area of excavation activities and giving notice as required by this section.

(b) Prior to notifying the System, the person shall premark the area of proposed excavation activities in a manner that will enable operators of underground facilities to identify the boundaries of the proposed excavation activities.

(c) At least 48 hours, excluding Saturdays, Sundays, and legal holidays, but not more than 30 days before commencing excavation activities, each person required to give notice of excavation activities shall notify the System referred to in section 7002 of this title. Such notice shall set forth a reasonably accurate and readily identifiable description of the geographical location of the proposed excavation activities and the premarks.

~~(e)~~(d) Notice to the System may be in writing or by telephone. For purposes of this section, the System shall provide a toll-free telephone number.

~~(d) Prior to notifying the System, the person must premark the area of proposed excavation activities in a manner that will enable operators of underground facilities to identify the boundaries of the proposed excavation activities. Premarking is not required if the actual excavation will be continuous and will exceed 500 feet in length.~~

(e) Notice of excavation activities shall be valid for an excavation site until one of the following occurs:

- (1) the excavation is not completed within 30 days of the notification;

(2) the markings become faded, illegible, or destroyed; or

(3) the company installs new underground facilities in a marked area still under excavation.

Sec. 12. 30 V.S.A. § 7006b is amended to read:

§ 7006b. EXCAVATION AREA PRECAUTIONS

Any person engaged in excavating activities in the approximate location of underground utility facilities marked pursuant to section 7006 of this title shall take reasonable precautions to avoid damage to underground utility facilities, including any substantial weakening of the structural or lateral support of such facilities or penetration, severance, or destruction of such facilities. ~~When excavation activities involve horizontal or directional boring, the~~ The person engaged in excavation activities shall expose underground facilities to verify their location and depth, in a safe manner, at each location where the work will cross a facility and at reasonable intervals when paralleling an underground facility. Powered or mechanized equipment may only be used within the approximate location where the facilities have been verified.

Sec. 13. 30 V.S.A. § 7007 is amended to read:

§ 7007. NOTICE OF DAMAGE

When any underground utility facility is damaged during excavation activities, the excavator shall immediately notify the affected company. Under no circumstances shall the excavator backfill or conceal the damaged area until the company inspects and repairs the damage, provided that the excavator shall take reasonable and prudent actions to protect the public from serious injury from the damaged facilities until the company or emergency response personnel arrive at the damaged area. An excavator who causes damage to a pipeline that results in a release of natural or other gas or hazardous liquid shall promptly report the release to emergency responders by calling 911.

\* \* \* Thermal Energy Funds \* \* \*

Sec. 14. 30 V.S.A. § 209(e) is amended to read:

(e) Thermal energy and process fuel efficiency funding.

(1) Each of the following shall be used to deliver thermal energy and process fuel energy efficiency services in accordance with this section for unregulated fuels to Vermont consumers of such fuels. In addition, the Commission may authorize an entity appointed to deliver such services under subdivision (d)(2)(B) of this section to use monies subject to this subsection for the engineering, design, and construction of facilities for the conversion of thermal energy customers using fossil fuels to district heat if the majority of

the district's energy is from biomass sources, the district's distribution system is highly energy efficient, and such conversion is cost effective.

\* \* \*

\* \* \* Standard Offer Program Small Hydroelectric Power \* \* \*

Sec. 15. 30 V.S.A. § 8005a(p) is amended to read:

(p) Existing hydroelectric plants. Notwithstanding any contrary requirement of this section, no later than January 15, 2013, the Commission shall make a standard offer contract available to existing hydroelectric plants in accordance with this subsection.

(1) In this subsection:

(A) "Existing hydroelectric plant" means a hydroelectric plant of five MW plant capacity or less that is located in the State, that was in service as of January 1, 2009, that is a qualifying small power production facility under 16 U.S.C. § 796(17)(C) and 18 C.F.R. part 292, and that does not have an agreement with the Commission's purchasing agent for the purchase of its power pursuant to subdivision 209(a)(8) of this title and Commission rules adopted under subdivision (8). The term includes hydroelectric plants that have never had such an agreement and hydroelectric plants for which such an agreement has expired, ~~provided that the expiration date is prior to December 31, 2015.~~

(B) "LIHI" means the Low-Impact Hydropower Institute.

(2) The term of a standard offer contract under this subsection shall be 10 or 20 years, at the election of the plant owner.

(3) Unless inconsistent with applicable federal law, the price of a standard offer contract shall be ~~the lesser of the following~~ the sum of the following elements:

~~(A) \$0.08 per kWh, adjusted for inflation annually commencing January 15, 2013 using the CPI; or~~

~~(B) The sum of the following elements:~~

~~(i)(A)~~ a two-year rolling average of the ISO New England Inc. (ISO-NE) Vermont zone hourly locational marginal price for energy;

~~(ii)(B)~~ a two-year rolling average of the value of the plant's capacity in the ISO-NE forward capacity market;

~~(iii)(C)~~ the value of avoided line losses due to the plant as a fixed increment of the energy and capacity values;

~~(iv)(D)~~ a two-year rolling average of the market value of environmental attributes, including renewable energy credits; and

~~(v)(E)~~ the value of a 10- or 20-year contract.

(4) The Commission shall determine the price to be paid under this subsection (p) ~~no~~ not later than January 15, 2013.

(A)(i) Annually by January 15 commencing in 2014, the Commission shall recalculate and adjust the energy, and capacity, and environmental attribute elements of the price under subdivisions ~~(3)(B)(i)~~ and ~~(ii)~~ subdivision (3) of this subsection (p). The recalculated and adjusted energy, and capacity, and environmental attribute elements shall apply to all contracts executed under this subdivision, whether or not the contracts were executed prior to the adjustments.

(ii) the Commission may periodically adjust the value of environmental attributes that are applicable to an executed contract based upon whether the plant becomes certified by LIHI or loses such certification.

(B) With respect to the price elements specified in subdivisions ~~(3)(B)(iii)(3)(C)~~ (avoided line losses), ~~(iv) (environmental attributes)~~, and ~~(v)(E)~~ (value of long-term contract) of this subsection (p):

(i) These elements shall remain fixed at their values at the time a contract is signed for the duration of the contract, ~~except that the Commission may periodically adjust the value of environmental attributes that are applicable to an executed contract based upon whether the plant becomes certified by LIHI or loses such certification.~~

(ii) The Commission annually may adjust these elements for inclusion in contracts that are executed after the date any such adjustments are made.

~~(5) In addition to the limits specified in subdivision (3) of this subsection (p), in no event shall an existing hydroelectric plant receive a price in one year higher than its price in the previous year, adjusted for inflation using the CPI, except that if a plant becomes certified by LIHI, the Commission may add to the price any incremental increase in the value of the plant's environmental attributes resulting from such certification.~~

~~(6) Once a plant owner has executed a contract for a standard offer under this subsection (p), the plant owner shall continue to receive the pricing terms agreed on in that contract regardless of whether the Commission subsequently changes any pricing terms under this subsection.~~

~~(7)~~(6) Capacity of existing hydroelectric plants executing a standard offer contract under this subsection shall not count toward the cumulative capacity amount of subsection (c) of this section.

\* \* \* Public Records Exemption \* \* \*

Sec. 16. 1 V.S.A. § 317 is amended to read:

§ 317. DEFINITIONS; PUBLIC AGENCY; PUBLIC RECORDS AND DOCUMENTS

\* \* \*

(c) The following public records are exempt from public inspection and copying:

\* \* \*

(27) Information and records provided to the Department of Public Service or the Public Utility Commission by an individual for the purposes of having the Department or Commission assist that individual in resolving a dispute with a utility regulated by the Department or Commission, or by the utility or any other person in connection with the individual's dispute.

\* \* \*

\* \* \* Certificate of Public Good Hearings \* \* \*

Sec. 17. 30 V.S.A. § 248 is amended to read:

§ 248. NEW GAS AND ELECTRIC PURCHASES, INVESTMENTS, AND FACILITIES; CERTIFICATE OF PUBLIC GOOD

\* \* \*

(4)(A) With respect to a facility located in the State, in response to a request from one or more members of the public or a party, the Public Utility Commission shall hold a ~~nontechnical~~ nonevidentiary public hearing on ~~each~~ a petition for such finding and certificate in at least one county in which any portion of the construction of the facility is proposed to be located. The Commission in its discretion may hold a nonevidentiary public hearing in the absence of any request from a member of the public or a party. From the comments made at ~~the~~ a public hearing, the Commission shall derive areas of inquiry that are relevant to the findings to be made under this section and shall address each such area in its decision. Prior to making findings, if the record does not contain evidence on such an area, the Commission shall direct the parties to provide evidence on the area. This subdivision does not require the Commission to respond to each individual comment.

(B) The Public Utility Commission shall hold ~~technical~~ evidentiary hearings at locations that it selects in any case conducted under this section in which contested issues remain or when any party to a case requests that an evidentiary hearing be held. In the event a case is fully resolved and no party requests a hearing, the Commission may exercise its discretion and determine that an evidentiary hearing is not necessary to protect the interests of the parties or the public, or for the Commission to reach its decision on the matter.

\* \* \*

(i)(1) No company, as defined in sections 201 and 203 of this title, without approval by the Commission, after giving notice of such investment, or filing a copy of that contract, with the Commission and the Department at least 30 days prior to the proposed effective date of that contract or investment:

\* \* \*

(3) The Commission, upon its own motion, or upon the recommendation of the Department, may determine to initiate an investigation. If the Commission does not initiate an investigation within such 30-day period, the contract or investment shall be deemed to be approved. If the Commission determines to initiate an investigation, it shall give notice of that decision to the company proposing the investment or contract, the Department, and such other persons as the Commission determines are appropriate. The Commission shall conclude its investigation within 120 days of issuance of its notice of investigation, or within such shorter period as it deems appropriate. If the Commission fails to issue a decision within that 120-day period, the contract or investment shall be deemed to be approved. The Commission may hold informal, public, or ~~technical~~ evidentiary hearings on the proposed investment or contract.

\* \* \*

\* \* \* Rate Change Hearings \* \* \*

Sec. 18. 30 V.S.A. § 225 is amended to read:

§ 225. RATE SCHEDULES

\* \* \*

(b) Immediately upon receipt of notice of a change in a rate schedule filed by a company, the Department shall investigate the justness and reasonableness of that change. ~~At least 15 days prior to the date on which the change is to become effective~~ Within 30 days of receipt of this notice, the Department shall either report to the Commission the results of its investigations together with its recommendation for acceptance of the change, or it shall notify the Commission and other parties that it opposes the change. If the Department of

Public Service reports its acceptance of the change in rates, the Commission may accept the change, or it may on its own motion conduct an investigation into the justness and reasonableness of the change, or it may order the Department to appear before it to justify its recommendation to accept the change. In no event shall a change go into effect without the approval of the Commission, except when a rate change is suspended and temporary or permanent rates are allowed to go into effect pursuant to subsection 226(a) or 227(a) of this title. The Commission shall consider the Department's recommendation and take action pursuant to sections 226 and 227 of this title before the date on which the changed rate is to become effective within 45 days of receipt of notice of a change in a rate schedule. In the event that the Department opposes the change, the Commission shall hear evidence on the matter and make such orders as justice and law require. In any hearing on a change in rates, whether or not opposed by the Department, the Commission may request the appearance of the Attorney General or appoint a member of the Vermont bar to represent the public or the State.

Sec. 19. 30 V.S.A. § 226 is amended to read:

§ 226. RATES, HEARINGS, BOND

\* \* \*

(c) If the Department does not oppose the change as provided in section 225 of this title, five persons adversely affected by the change, or, if the change adversely affects less fewer than five persons, any one person so affected may apply at their own expense to the Commission by petition alleging why the change is unreasonable and unjust and asking that the Commission investigate the matter and make such orders as justice and law require. The petition shall be filed at least seven days before the date the rates become effective within 38 days of the date of the notice of rate change that was filed pursuant to section 225 of this title. The Commission may suspend the rates as a result of the petition. The Commission may hold a hearing on the petition. Whether or not a hearing is held, the Commission shall make such orders as justice and law require.

Sec. 20. 30 V.S.A. § 227 is amended to read:

§ 227. SUSPENSION, REFUND

(a) If the Commission orders that a change shall not go into effect until final determination of the proceedings, it shall proceed to hear the matter as promptly as possible and shall make its determination within seven months from the date that the change otherwise would have gone into effect it orders the investigation. If a company files for a change in rate design among classes of ratepayers, and the company has a rate case pending before the

Commission, the Commission shall make its determination on the rate design change within seven months after the rate case is decided by the Commission. If the Commission fails to make its determination within the time periods set by this subsection, the changed rate schedules filed by the company shall become effective and final.

\* \* \*

Sec. 21. 30 V.S.A. § 11 is amended to read:

§ 11. PLEADINGS; RULES OF PRACTICE; HEARINGS; FINDINGS OF FACT

(a) The forms, pleadings, and rules of practice and procedure before the Commission shall be prescribed by it. The Commission shall adopt rules ~~which~~ that include, among other things, provisions that:

\* \* \*

(2) A ~~prehearing~~ scheduling conference shall be ordered in every contested rate case. At such conference the Commission may require the State or any person opposing such rate increase to specify what items shown by the filed exhibits are conceded. Further proof of conceded items shall not be required.

\* \* \*

Sec. 22. 30 V.S.A. § 10 is amended to read:

§ 10. SERVICE OF PROCESS; NOTICE OF HEARINGS; TEMPORARY RESTRAINING ORDERS

\* \* \*

(c) A ~~prehearing~~ scheduling or procedural conference may be held upon any reasonable notice.

\* \* \*

Sec. 23. PUBLIC UTILITY COMMISSION; POSITION

Establishment of a new permanent exempt position of one Deputy Clerk within the Public Utility Commission is authorized in fiscal year 2020.

Sec. 24. EFFECTIVE DATE

This act shall take effect on July 1, 2019.

Pending the question Will the House concur in the Senate proposal of amendment? **Reps. Patt of Worcester, Briglin of Thetford, Chesnut-Tangerman of Middletown Springs, Campbell of St. Johnsbury, Higley of Lowell, Scheuermann of Stowe, Sibia of Dover and Yantachka of**

**Charlotte**, moved to concur in the Senate proposal of amendment with a further amendment thereto as follows:

By striking out Sec. 24, effective date, in its entirety and inserting in lieu thereof five new sections and their reader assistance headings to read as follows:

\* \* \* Energy Storage Facilities \* \* \*

Sec. 24. 30 V.S.A. § 201 is amended to read:

§ 201. DEFINITIONS

\* \* \*

(c) As used in this chapter, “energy storage facility” means a system that uses mechanical, chemical, or thermal processes to store energy for export to the grid.

Sec. 25. 30 V.S.A. § 248 is amended to read:

§ 248. NEW GAS AND ELECTRIC PURCHASES, INVESTMENTS, AND FACILITIES; CERTIFICATE OF PUBLIC GOOD

(a)(1) No company, as defined in section 201 of this title, may:

\* \* \*

(B) invest in an electric generation facility, energy storage facility, or transmission facility located outside this State unless the Public Utility Commission first finds that the same will promote the general good of the State and issues a certificate to that effect.

(2) Except for the replacement of existing facilities with equivalent facilities in the usual course of business, and except for electric generation or energy storage facilities that are operated solely for on-site electricity consumption by the owner of those facilities and for hydroelectric generation facilities subject to licensing jurisdiction under the Federal Power Act, 16 U.S.C. chapter 12, subchapter 1:

(A) no company, as defined in section 201 of this title, and no person, as defined in 10 V.S.A. § 6001(14), may begin site preparation for or construction of an electric generation facility, energy storage facility, or electric transmission facility within the State that is designed for immediate or eventual operation at any voltage; and

(B) no such company may exercise the right of eminent domain in connection with site preparation for or construction of any such transmission facility, energy storage facility, or generation facility, unless the Public Utility

Commission first finds that the same will promote the general good of the State and issues a certificate to that effect.

\* \* \*

(7) When a certificate of public good under this section or amendment to such a certificate is issued for an in-state electric generation or energy storage facility with a capacity that is greater than 15 kilowatts, the certificate holder within 45 days shall record a notice of the certificate or amended certificate, on a form prescribed by the Commission, in the land records of each municipality in which a facility subject to the certificate is located and shall submit proof of this recording to the Commission. The recording under this subsection shall be indexed as though the certificate holder were the grantor of a deed. The prescribed form shall not exceed one page and shall require identification of the land on which the facility is to be located by reference to the conveyance to the current landowner, the number of the certificate, and the name of each person to which the certificate was issued, and shall include information on how to contact the Commission to view the certificate and supporting documents.

\* \* \*

(u) A certificate under this section shall only be required for an energy storage facility that has a capacity of 500 kW or greater.

#### Sec. 26. DEPARTMENT OF PUBLIC SERVICE RECOMMENDATIONS

On or before January 15, 2020, the Department of Public Service, after consultation with stakeholders, shall provide to the General Assembly recommendations, including proposed statutory language, for the regulatory treatment of energy storage facilities. These recommendations shall address both energy storage facilities with a capacity of less than 500 kW and energy storage facilities of any size with grid-exporting capabilities not subject to direct or indirect control by a Vermont distribution utility.

\* \* \* Standard Offer Program Exemption \* \* \*

Sec. 27. 30 V.S.A. § 8005a is amended to read:

#### § 8005a. STANDARD OFFER PROGRAM

\* \* \*

(k) Executed standard offer contracts; transferability; allocation of benefits and costs. With respect to executed contracts for standard offers under this section:

\* \* \*

(B) A retail electricity provider ~~shall be exempt and wholly that was relieved from the requirements of this subdivision if, by the Commission on or before January 25, 2018, shall be exempt from the requirements of this subdivision in any year that the Standard Offer Facilitator allocates electricity pursuant to this subdivision if the retail electricity provider meets the following criteria:~~

(i) during the immediately preceding 12-month period ending October 31, the amount of renewable energy supplied to the provider by generation owned by or under contract to the provider, regardless of whether the provider owned the energy's environmental attributes, was not less than the amount of energy sold by the provider to its retail customers; and

(ii) the retail electricity provider owns and retires an amount of 30 V.S.A. § 8005(a)(1) qualified energy environmental attributes that is not less than the provider's retail sales.

\* \* \*

\* \* \* Effective Date \* \* \*

#### Sec. 28. EFFECTIVE DATE

This act shall take effect on July 1, 2019.

Which was agreed to.

#### **Senate Proposal of Amendment Concurred in**

#### **H. 523**

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

An act relating to miscellaneous changes to the State's retirement systems

The Senate proposes to the House to amend the bill in Sec. 4, Law Enforcement Retirement Benefits Study Committee; Recommendations; Report, by striking out subsection (e) in its entirety and by relettering the remaining subsections in Sec. 4 to be alphabetically correct.

Which proposal of amendment was considered and concurred in.

#### **Second Reading; Proposal of Amendment Agreed to; Third Reading Ordered**

#### **S. 112**

**Rep. Shaw of Pittsford**, for the committee on Corrections and Institutions, to which had been referred Senate bill, entitled

An act relating to earned good time

Reported in favor of its passage in concurrence with proposal of amendment by striking all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. FINDINGS; INTENT

(a) The General Assembly finds that:

(1) For nearly 40 years, Vermont had a system of statutory good time that permitted offenders to receive reductions in their sentences for maintaining good behavior and participating in programming while in the custody of the Commissioner of Corrections. This good time system was repealed in 2005.

(2) In 2018, the General Assembly directed the Commissioner of Corrections, in consultation with the Chief Superior Judge, the Attorney General, the Executive Director of the Department of Sheriffs and State's Attorneys, and the Defender General, to submit a report (the Report) to the Legislature on the advisability and feasibility of reinstating a system of earned good time for persons under Department of Corrections supervision. The Report was filed on November 15, 2018.

(3) In the Report, the Commissioner found that:

(A) empirical studies show that earned good time is effective at prison population management, has little to no community impact or effect on public safety, and is perceived by correctional administrators as having a positive impact on facility control;

(B) earned good time reduces incarceration costs by an amount ranging from \$1,800.00 to \$5,500.00 per inmate, depending on the number of days an inmate's sentence is reduced; and

(C) although research is mixed, studies show that earned good time can result in a crime rate reduction of 1–3.5 percent.

(4) On the basis of the Report's findings, the Commissioner concluded that the Department should "reinstigate a program of earned good time for sentenced inmates and individuals on furlough."

(5) In order to reduce the State's prison population by reintegrating offenders into the community while maintaining public safety, a system of earned good time should be reinstated in Vermont as soon as possible.

(b) It is the intent of the General Assembly that the earned good time program established pursuant to 28 V.S.A. § 818:

(1) be a simple and straightforward program that as much as possible minimizes complexities in implementation and management;

(2) relies on easily ascertainable and objective standards and criteria for awarding good time rather than subjectivity and the application of discretion by the Department of Corrections; and

(3) recognizes that there is a role in the correctional system for providing inmates with an incentive to reduce their sentences by adhering to Department of Corrections requirements.

Sec. 2. 28 V.S.A. § 818 is added to read:

§ 818. EARNED GOOD TIME; REDUCTION OF TERM

(a) On or before July 1, 2020, the Department of Corrections shall file a proposed rule pursuant to 3 V.S.A. chapter 25 implementing an earned good time program.

(b) The earned good time program implemented pursuant to this section shall comply with the following standards:

(1) The program shall be available for all sentenced offenders, including furloughed offenders, provided that the program shall not be available to offenders on probation or parole, to offenders eligible for a reduction of term pursuant to 28 V.S.A. § 811, or to offenders sentenced to life without parole.

(2) Offenders shall earn a reduction of five days in the minimum and maximum sentence for each month during which the offender:

(A) is not adjudicated of a major disciplinary rule violation; and

(B) is not reincarcerated from the community for a violation of release conditions, provided that an offender who loses a residence for a reason other than fault on the part of the offender shall not be deemed reincarcerated under this subdivision.

(3) An offender who receives post-adjudication treatment in a residential setting for a substance use disorder shall earn a reduction of one day in the minimum and maximum sentence for each day that the offender receives the inpatient treatment. While a person is in residential substance abuse treatment, he or she shall not be eligible for good time except as provided in this subsection.

(4) The Department shall provide timely notice no less frequently than every 90 days to the offender and to any victim of record any time the offender receives a reduction in his or her term of supervision pursuant to this section, and the Department shall maintain a system that documents and records all such reductions in each offender's permanent record.

(5) The program shall become effective upon the Department's adoption of final proposed rules pursuant to 3 V.S.A. § 843.

Sec. 3. 28 V.S.A. § 819 is added to read:

§ 819. MERITORIOUS GOOD TIME

(a) Notwithstanding any other provision of law, the Commissioner may, in his or her discretion, award a reduction of up to 30 days in an offender's minimum and maximum sentence if the Commissioner determines that the offender has:

(1) acted to protect the life or safety of another person;

(2) performed an act that put the inmate in harm's way in order to protect or preserve the life of another person; or

(3) performed an act of heroism during an emergency.

(b) An award of meritorious good time under this section may be made to an inmate:

(1) sentenced or committed to the custody of the commissioner as defined in 28 V.S.A. § 701;

(2) furloughed as defined in 28 V.S.A. § 808;

(3) on parole as defined in 28 V.S.A. § 402; or

(4) on supervised community sentence as defined in 28 V.S.A. § 351.

(c) Within 30 days after an award of meritorious good time pursuant to this section, the Department's Victim Services Unit shall provide notice of the award and the newly effective minimum and maximum release dates to any victim of record.

Sec. 4. 13 V.S.A. § 7031 is amended to read:

§ 7031. FORM OF SENTENCES; MAXIMUM AND MINIMUM TERMS

\* \* \*

(b) The sentence of imprisonment of any person convicted of an offense shall commence to run from the date on which the person is received at the correctional facility for service of the sentence. The court shall give the person credit toward service of his or her sentence for any days spent in custody as follows:

(1) The period of credit for concurrent and consecutive sentences shall include all days served from the date of arraignment or the date of the earliest detention for the offense, whichever occurs first, and end on the date of the sentencing. Only a single credit shall be awarded in cases of consecutive sentences, and no credit for one period of time shall be applied to a later period.

(2) In sentencing a violation of probation, the court shall give the person credit for any days spent in custody from the time the violation is filed or the person is detained on the violation, whichever occurs first, until the violation is sentenced. In a case in which probation is revoked and the person is ordered to serve the underlying sentence, the person shall receive credit for all time previously served in connection with the offense.

(3) A defendant who has received pre-adjudication treatment in a residential setting for a substance use disorder after the charge has been filed shall earn a reduction of one day in the offender's minimum and maximum sentence for each day that the offender receives the inpatient treatment.

\* \* \*

#### Sec. 5. APPLICABILITY OF EARNED GOOD TIME; REPORT

On or before December 15, 2019, the Commissioner of Corrections, in consultation with the Chief Superior Judge, the Attorney General, the Executive Director of the Department of Sheriffs and State's Attorneys, the Defender General, and the Executive Director of the Center for Crime Victim's Services shall report to the Senate and House Committees on Judiciary, the Senate Committee on Institutions, and the House Committee on Corrections and Institutions a proposal for the availability of earned good time. The proposal required by this section shall recommend whether the earned good time program required by 28 V.S.A. § 818 should, in addition to being available to offenders sentenced on or after the date the program becomes effective, also be available to offenders in the custody of the Commissioner of Corrections who were sentenced before the effective date of the program.

#### Sec. 6. PRESUMPTIVE PAROLE; REPORT

(a) On or before December 15, 2019, the Department of Corrections and the Parole Board shall report to the House Committee on Corrections and Institutions and the House and Senate Committees on Judiciary a proposal for implementing a system of presumptive parole for inmates in the custody of the Commissioner of Corrections.

(b) The proposal developed pursuant to this section shall:

(1) address who is eligible for presumptive parole;

(2) address how presumptive parole would affect good time;

(3) provide a presumption that an eligible inmate who is serving a sentence of imprisonment shall be released on parole upon completion of the inmate's minimum sentence; and

(4) describe how the Department of Corrections may rebut the presumption of parole and what standard the Parole Board would use to decide whether parole should be granted.

(c) The Department of Corrections and the Parole Board shall consult with the Attorney General and the Defender General in developing the proposal required by this section.

(d) The Department of Corrections and the Parole Board shall provide regular interim reports to the Joint Legislative Justice Oversight Committee on its progress toward developing the proposal required by this section.

Sec. 7. SUNSET; MERITORIOUS GOOD TIME; REPORT

(a) 28 V.S.A. § 819 (meritorious good time) shall be repealed on July 1, 2021.

(b)(1) On or before December 15, 2020, the Department of Corrections shall provide a report on the meritorious good time program established pursuant to 28 V.S.A. § 819 to the House Committee on Corrections and Institutions and the House and Senate Committees on Judiciary.

(2) The report required by this subsection shall include:

(A) the number of offenders who have been awarded a meritorious good time sentence reduction and the basis for each reduction; and

(B) an evaluation of the program and any recommended changes.

Sec. 8. EFFECTIVE DATE

This act shall take effect on passage.

The bill, having appeared on the Calendar one day for notice, was taken up, read the second time, the report of the committee on Corrections and Institutions agreed to and third reading ordered.

**Second Reading; Proposal of Amendment Agreed to;  
Third Reading Ordered**

**S. 131**

**Rep. Jerome of Brandon**, for the committee on Commerce and Economic Development, to which had been referred Senate bill, entitled

An act relating to insurance and securities

Reported in favor of its passage in concurrence with proposal of amendment by striking all after the enacting clause and inserting in lieu thereof the following:

\* \* \* Insurance Regulatory Sandbox; Sunset \* \* \*

Sec. 1. 8 V.S.A. § 15a is added to read:

§ 15a. INSURANCE REGULATORY SANDBOX; INNOVATION

WAIVER; SUNSET

(a) Subject to the limitations specified in subsection (g) of this section, the Commissioner may grant a variance or waiver (innovation waiver or waiver) with respect to the specific requirements of any insurance law, regulation, or bulletin if a person subject to that law, regulation, or bulletin demonstrates to the Commissioner's satisfaction that:

(1) the application of the law, regulation, or bulletin would prohibit the introduction of an innovative or more efficient insurance product or service that the applicant intends to offer during the period for which the proposed waiver is granted;

(2) the public policy goals of the law, regulation, or bulletin will be or have been achieved by other means;

(3) the waiver will not substantially or unreasonably increase any risk to consumers; and

(4) the waiver is in the public interest.

(b) An application for an innovation waiver shall include the following information:

(1) the identity of the person applying for the waiver;

(2) a description of the product or service to be offered if the waiver is granted, including how the product or service functions and the manner and terms on which it will be offered;

(3) an explanation of the potential benefits to consumers of the product or service;

(4) an explanation of the potential risks to consumers posed by the product or service and how the applicant proposes to mitigate such risks;

(5) an identification of the statutory or regulatory provision that prohibits the introduction, sale, or offering of the product or service; and

(6) any additional information required by the Commissioner.

(c)(1) An innovation waiver shall be granted for an initial period of up to 12 months, as deemed appropriate by the Commissioner.

(2) Prior to the end of the initial waiver period, the Commissioner may grant a one-time extension for up to an additional 12 months. An extension request shall be made to the Commissioner at least 30 days prior to the end of

the initial waiver period and shall include the length of the extension period requested and specific reasons why the extension is necessary. The Commissioner shall grant or deny an extension request before the end of the initial waiver period.

(d) An innovation waiver shall include any terms, conditions, and limitations deemed appropriate by the Commissioner, including limits on the amount of premium that may be written in relation to the underlying product or service and the number of consumers that may purchase or utilize the underlying product or service; provided that in no event shall a product or service subject to an innovation waiver be purchased or utilized by more than 10,000 Vermont consumers.

(e) A product or service offered pursuant to an innovation waiver shall include the following written disclosures to consumers in clear and conspicuous form:

(1) the name and contact information of the person providing the product or service;

(2) that the product or service is authorized pursuant to an innovation waiver for a temporary period of time and may be discontinued at the end of the waiver period, the date of which shall be specified;

(3) contact information for the Department, including how a consumer may file a complaint with the Department regarding the product or service; and

(4) any additional disclosures required by the Commissioner.

(f) The Commissioner's decision to grant or deny a waiver or extension shall not be subject to the contested-case provisions of the Vermont Administrative Procedures Act.

(g)(1) Pursuant to the authority granted by this section, the Commissioner shall not grant a waiver with respect to any of the following:

(A) Any law, regulation, bulletin, or other provision that is not subject to the Commissioner's jurisdiction under Title 8;

(B) section 3304, 3366, or 6004(a)–(b) of this title or any other requirement as to the minimum amount of paid-in capital or surplus required to be possessed or maintained by any person;

(C) chapter 107 (concerning health insurance), 112 (concerning the Vermont Life and Health Insurance Guaranty Association Act), 117 (concerning workers' compensation insurance), 129 (concerning insurance trade practices), or 131 (concerning licensing requirements), and chapter 154

(concerning long-term care insurance) of this title or any regulations or bulletins directly relating thereto;

(D) section 4211 (concerning volunteer drivers) of this title;

(E) any law, regulation, or bulletin required for the Department to maintain its accreditation by the National Association of Insurance Commissioners unless said law or regulation permits variances or waivers;

(F) the application of any taxes or fees; and

(G) any other law or regulation deemed ineligible by the Commissioner.

(2) The authority granted to the Commissioner under this section shall not be construed to allow the Commissioner to grant or extend a waiver that would abridge the recovery rights of Vermont policyholders.

(h) A person who receives a waiver under this section shall be required to make a deposit of cash or marketable securities with the State Treasurer in an amount subject to such conditions and for such purposes as the Commissioner determines necessary for the protection of consumers.

(i)(1) At least 30 days prior to granting an innovation waiver, the Commissioner shall provide public notice of the draft waiver by publishing the following information:

(A) the specific statute, regulation, or bulletin to which the draft waiver applies;

(B) the proposed terms, conditions, and limitations of the draft waiver;

(C) the proposed duration of the draft waiver; and

(D) any additional information deemed appropriate by the Commissioner.

(2) The notice requirement of this subsection may be satisfied by publication on the Department's website.

(j)(1) If a waiver is granted pursuant to this section, the Commissioner shall provide public notice of the existence of the waiver by providing the following information:

(A) the specific statute, regulation, or bulletin to which the waiver applies;

(B) the name of the person who applied for and received the waiver;

(C) the duration of and any other terms, conditions, or limitations of

the waiver; and

(D) any additional information deemed appropriate by the Commissioner.

(2) The notice requirement of this subsection may be satisfied by publication on the Department's website.

(k) The Commissioner, by regulation, shall adopt uniform procedures for the submission, granting, denying, monitoring, and revocation of petitions for a waiver pursuant to this section. The procedures shall set forth requirements for the ongoing monitoring, examination, and supervision of, and reporting by, each person granted a waiver under this section and shall permit the Commissioner to attach reasonable conditions or limitations on the conduct permitted pursuant to a waiver. The procedures shall provide for an expedited application process for a product or service that is substantially similar to one for which a waiver has previously been granted by the Commissioner. The procedures shall include an opportunity for public comment on draft waivers under consideration by the Commissioner.

(l) Upon expiration of an innovation waiver, the person who obtained the waiver shall cease all activities that were permitted only by the waiver and comply with all generally applicable laws and regulations.

(m) The ability to grant a waiver under this section shall not be interpreted to limit or otherwise affect the authority of the Commissioner to exercise discretion to waive or enforce requirements as permitted under any other section of this title or any regulation or bulletin adopted pursuant thereto.

(n)(1) Biannually, beginning on January 15, 2020, the Commissioner shall submit a report to the General Assembly providing the following information:

(A) the total number of petitions for waivers that have been received, granted, and denied by the Commissioner;

(B) for each waiver granted by the Commissioner, the information specified under subsection (f) of this section;

(C) a list of any regulations or bulletins that have been adopted or amended as a result of or in connection with a waiver granted under this section;

(D) with respect to each statute to which a waiver applies, the Commissioner's recommendation as to whether such statute should be continued, eliminated, or amended in order to promote innovation and establish a uniform regulatory system for all regulated entities; and

(E) a list of any waivers that have lapsed or been revoked and, if revoked, a description of other regulatory or disciplinary actions, if any, that resulted in, accompanied, or resulted from such revocation.

(2) In the report submitted to the General Assembly on or before January 15, 2020, the Commissioner shall include a recommendation on whether there are any opportunities for the State to monetize its role in developing innovative insurance products and services that are subsequently offered in other jurisdictions. The Commissioner's recommendation shall ensure that any regulatory financial incentives under a monetization proposal would not conflict with the best interests of Vermont policyholders or the public good of the State.

(o) No new waivers or extensions shall be granted after July 1, 2021.

(p) This section shall be repealed on July 1, 2023.

\* \* \* Capital and Surplus Requirements \* \* \*

Sec. 2. [Deleted.]

Sec. 3. 8 V.S.A. § 3366 is amended to read:

§ 3366. ASSETS OF COMPANIES

(a)(1) ~~Such~~ A foreign or alien insurer authorized to do business in this State shall possess and thereafter maintain unimpaired paid-in capital or basic surplus of not less than \$2,000,000.00 and, when first so authorized, shall possess and maintain free surplus of not less than \$3,000,000.00. ~~Such~~

(2) The capital and surplus shall be in the form of cash or marketable securities, a portion of which may be held on deposit with the State Treasurer, such securities as designated by the insurer and approved by the Commissioner, in an amount and subject to ~~sueh~~ conditions determined by the Commissioner. ~~Such~~ The conditions shall include a requirement that any interest or other earnings attributable to such cash or marketable securities shall inure to the benefit of the insurer until such time as the Commissioner determines that the deposit must be used for the benefit of the policyholders of the insurer or some other authorized public purpose relating to the regulation of the insurer.

(3) The Commissioner may prescribe additional capital or surplus for all insurers authorized to transact the business of insurance based upon the type, volume, and nature of insurance business transacted. The Commissioner may reduce or waive the capital and surplus amounts required by this section pursuant to a plan of dissolution for the company approved by the Commissioner.

(b) The express purpose of subsection (a) of this section and the Commissioner's power to require the deposit of cash or marketable securities set forth therein is to protect the interests of Vermont policyholders in the event of the insolvency of the insurer. Except to the extent it would contravene applicable provisions of 9A V.S.A. Article 9, the State of Vermont shall be deemed to control the funds on deposit and to have a lien on the funds for the benefit of the Vermont policyholders affected by the insolvency. The lien so created shall be superior to any lien filed by a general creditor of the insurer.

\* \* \* Domestic Surplus Lines Insurer; Home State Surplus Lines  
Premium Taxation \* \* \*

Sec. 4. 8 V.S.A. § 5022 is amended to read:

§ 5022. DEFINITIONS

\* \* \*

(b) As used in this chapter:

(1) “Admitted insurer” means an insurer possessing a certificate of authority licensed to transact business in this State issued by the Commissioner pursuant to section 3361 of this title. For purposes of this chapter, “admitted insurer” shall not include a domestic surplus lines insurer.

\* \* \*

(3) “Domestic insurer” means any insurer that has been chartered by, incorporated, organized, or constituted within or under the laws of this State.

(4) “Domestic risk” means a subject of insurance which that is resident, located, or to be performed in this State.

(5) “Domestic surplus lines insurer” means a domestic insurer with which insurance coverage may be placed under this chapter.

~~(4)~~(6) “To export” means to place surplus lines insurance with a non-admitted insurer.

~~(5)~~(7) “Home state” means, with respect to an insured:

(A)(i) the state in which an insured maintains its principal place of business or, in the case of an individual, the individual's principal residence; or

(ii) if 100 percent of the insured risk is located outside the state referred to in subdivision (A)(i) of this subsection, the state to which the greatest percentage of the insured's taxable premium for that insurance contract is allocated.

(B) If more than one insured from an affiliated group are named insureds on a single non-admitted insurance contract, the term “home state” means the home state, as determined pursuant to subdivision (A) of this subdivision ~~(5)~~(7), of the member of the affiliated group that has the largest percentage of premium attributed to it under such insurance contract.

~~(6)~~(8) “NAIC” means the National Association of Insurance Commissioners.

~~(7)~~(9) “Surplus lines broker” means an individual licensed under this chapter and chapter 131 of this title.

~~(8)~~(10) “Surplus lines insurance” means coverage not procurable from admitted insurers.

~~(9)~~(11) “Surplus lines insurer” means a non-admitted insurer with which insurance coverage may be placed under this chapter.

Sec. 5. 8 V.S.A. § 5023a is added to read:

§ 5023a. DOMESTIC SURPLUS LINES INSURER; AUTHORIZED

(a) Surplus lines insurance may be procured from a domestic surplus lines insurer if all of the following criteria are met:

(1) The board of directors of the insurer has adopted a resolution seeking certification as a domestic surplus lines insurer and the Commissioner has approved such certification.

(2) The insurer is already eligible to offer surplus lines insurance in at least one other state besides Vermont.

(3) The insurer meets the requirements of section 5026 of this title.

(4) All other requirements of this chapter are met.

(b) The requirements of 8 V.S.A. § 80 shall not apply to domestic surplus lines insurers. A domestic surplus lines insurer shall be deemed to be a non-admitted insurer for purposes of chapter 138 of this title.

Sec. 6. 8 V.S.A. § 5024 is amended to read:

§ 5024. CONDITIONS FOR PLACEMENT OF INSURANCE

(a) Insurance coverage, except as described in section 5025 of this chapter, shall not be placed with a ~~non-admitted~~ surplus lines insurer unless the full amount of insurance required is not reasonably procurable from admitted insurers actually transacting that kind and class of insurance in this State; and the amount of insurance exported shall be only the excess over the amount procurable from admitted insurers actually transacting and insuring that kind and class of insurance.

---

\* \* \*

Sec. 7. 8 V.S.A. § 5026 is amended to read:

§ 5026. SOLVENT INSURERS REQUIRED

(a) Where Vermont is the home state of the insured, surplus lines brokers shall not knowingly place or continue surplus lines insurance with ~~non-~~admitted surplus lines insurers who are insolvent or unsound financially, and in no event shall any surplus lines broker place any insurance with a non-admitted insurer unless such insurer:

\* \* \*

(b) Notwithstanding the capital and surplus requirements of this section, a ~~non-admitted surplus lines~~ insurer may receive approval upon an affirmative finding of acceptability by the Commissioner. The finding shall be based upon such factors as quality of management, capital, and surplus of any parent company, company underwriting profit and investment-income trends, market availability, and company record and reputation within the industry. In no event, however, shall the Commissioner make an affirmative finding of acceptability when the surplus lines insurer's capital and surplus is less than \$4,500,000.00.

\* \* \*

Sec. 8. 8 V.S.A. § 5027 is amended to read:

§ 5027. EVIDENCE OF THE INSURANCE; CHANGES; PENALTY

(a) Where Vermont is the home state of the insured, the surplus lines broker, upon placing a domestic risk with a surplus lines insurer, either domestic or foreign, shall promptly deliver to the insured the policy issued by the surplus lines insurer, or if such policy is not then available, a certificate, cover note, or other confirmation of insurance, showing the description and location of the subject of the insurance, coverage, conditions and term of the insurance, the premium and rate charged and taxes collected from the insured, and the name and address of the insured and surplus lines insurer. If the risk is assumed by more than one insurer, the document or documents shall state the name and address and proportion of the entire risk assumed by each insurer.

\* \* \*

Sec. 9. 8 V.S.A. § 5028 is amended to read:

§ 5028. INFORMATION REQUIRED ON CONTRACT

Where Vermont is the home state of the insured, each surplus lines broker through whom a surplus lines insurance coverage is procured shall endorse on

the outside of the policy and on any confirmation of the insurance, his or her name, address and license number, and the name and address of the producer, if any, through whom the business originated. Where such coverage is placed with an eligible surplus lines insurer there shall be stamped or written conspicuously in no smaller than 10 point boldface type of a contrasting color upon the first page of the policy and the confirmation of insurance if any, “The company issuing this policy ~~has not been licensed by the State of Vermont~~ is a surplus lines insurer and the rates charged have not been approved by the Commissioner of Financial Regulation. Any default on the part of the insurer is not covered by the Vermont Insurance Guaranty Association.”

Sec. 10. 8 V.S.A. § 5029 is amended to read:

§ 5029. SURPLUS LINES INSURANCE VALID

(a) Insurance contracts procured as surplus lines insurance from ~~non-~~admitted surplus lines insurers in accordance with this chapter shall be valid and enforceable to the same extent as insurance contracts procured from admitted insurers.

(b) The insurance trade practices provisions of sections 4723 and 4724(1)–(7) and (9)–(18) of this title, and the cancellation provisions of sections 3879–3883 (regarding fire and casualty policies) and 4711–4715 (regarding commercial risk policies) of this title shall apply to surplus lines insurers, both domestic and foreign.

(c) Other provisions of this title not specifically applicable to surplus lines insurers shall not apply.

Sec. 11. 8 V.S.A. § 5030 is amended to read:

§ 5030. LIABILITY OF ~~NON-ADMITTED~~ SURPLUS LINES INSURER  
FOR LOSSES AND UNEARNED PREMIUMS

If a ~~non-~~admitted surplus lines insurer has assumed a surplus lines coverage through the intervention of a licensed surplus lines broker of this State, and if the premium for that coverage has been received by that broker, then in all questions thereafter arising under the coverage as between the insurer and the insured, the insurer shall be deemed to have received that premium and the insurer shall be liable to the insured for losses covered by such insurance and for any return premiums due on that insurance to the insured whether or not the broker is indebted to the insurer for such insurance or for any other cause.

Sec. 12. 8 V.S.A. § 5035 is amended to read:

§ 5035. SURPLUS LINES TAX

(a) Where Vermont is the home state of the insured, gross premiums

charged, less any return premiums, for surplus lines coverages placed with ~~non-admitted~~ surplus lines insurers are subject to a premium receipts tax of three percent, which shall be collected from the insured by the surplus lines broker at the time of delivery of policy or other confirmation of insurance, in addition to the full amount of the gross premium charged by the insurer for the insurance. The tax on any portion of the premium unearned at termination of insurance shall be returned to the policyholder by the surplus lines broker. Nothing contained in this section will preclude a surplus lines broker from charging a fee to the purchaser of the contract sufficient to recover the amount of this tax. ~~Where the insurance covers properties, risks, or exposures located or to be performed both in and out of this State, the sum payable shall be computed based on gross premiums charged, less any return premiums, as follows:~~

~~(1) An amount equal to three percent on that portion of the premiums applicable to properties, risks, or exposures located or to be performed in Vermont; plus~~

~~(2) An amount equal to a percentage on that portion of the premiums applicable to properties, risks, or exposures located or to be performed outside Vermont. Such percentage shall be determined based on the laws of the jurisdiction within which the property, risk, or exposure is located or to be performed.~~

\* \* \*

Sec. 13. 8 V.S.A. § 5036 is amended to read:

§ 5036. DIRECT PLACEMENT OF INSURANCE

\* \* \*

~~(b) If any such insurance also covers a subject located or to be performed outside this State, a proper pro rata portion of the entire premium shall be allocated to the subjects of insurance located or to be performed in this State.~~

~~(e) Any insurance with a non-admitted insurer procured through negotiations or by application in whole or in part made within this State, where this State is the home state of the insured, or for which premium in whole or in part is remitted directly or indirectly from within this State, shall be deemed insurance subject to subsection (a) of this section.~~

~~(d)~~(c) A tax at the rate of three percent of the gross amount of premium, less any return premium, ~~in respect of risks located in this State~~, shall be levied upon an insured who procures insurance subject to subsection (a) of this section. Before March 1 of the year after the year in which the insurance was procured, continued, or renewed, the insured shall remit to the Commissioner

the amount of the tax. The Commissioner before June 1 of each year shall certify and transmit to the Commissioner of Taxes the sums so collected.

~~(e)~~(d) The tax shall be collectible from the insured by civil action brought by the Commissioner.

Sec. 14. 8 V.S.A. § 5038 is amended to read:

§ 5038. ACTIONS AGAINST INSURER; SERVICE OF PROCESS

\* \* \*

(b) Each ~~non-admitted~~ surplus lines insurer ~~assuming that assumes~~ a surplus lines coverage shall be deemed thereby to have subjected itself to this chapter.

\* \* \*

\* \* \* HIV-Related Tests \* \* \*

Sec. 15. 8 V.S.A. § 4724 is amended to read:

§ 4724. UNFAIR METHODS OF COMPETITION OR UNFAIR OR  
DECEPTIVE ACTS OR PRACTICES DEFINED

The following are hereby defined as unfair methods of competition or unfair or deceptive acts or practices in the business of insurance:

\* \* \*

(7) Unfair discrimination; arbitrary underwriting action.

\* \* \*

(C)(i) Inquiring or investigating, directly or indirectly as to an applicant's, an insured's or a beneficiary's sexual orientation, or gender identity in an application for insurance coverage, or in an investigation conducted by an insurer, reinsurer, or insurance support organization in connection with an application for such coverage, or using information about gender, marital status, medical history, occupation, residential living arrangements, beneficiaries, zip codes, or other territorial designations to determine sexual orientation or gender identity;

\* \* \*

(iii) Making adverse underwriting decisions because medical records or a report from an insurance support organization reveal that an applicant or insured has demonstrated ~~AIDS-related~~ HIV-related concerns by seeking counseling from health care professionals;

\* \* \*

(20) HIV-related tests. Failing to comply with the provisions of this subdivision regarding HIV-related tests. “HIV-related test” means a test approved by the United States Food and Drug Administration ~~and the Commissioner, included in the current Centers for Disease Control and Prevention recommended laboratory HIV testing algorithm for serum or plasma specimens,~~ used to determine the existence of HIV antibodies or antigens in the blood, ~~urine, or oral mucosal transudate (OMT).~~

\* \* \*

(B)(i) No person shall request or require that an individual submit to an HIV-related test unless he or she has first obtained the individual’s written informed consent to the test. Before written, informed consent may be granted, the individual shall be informed, by means of a printed information statement ~~which that~~ shall have been read aloud to the individual by any agent of the insurer at the time of application or later and then given to the individual for review and retention, of the following:

(I) an explanation of the test or tests to be given, including: the tests’ relationship to AIDS, the insurer’s purpose in seeking the test, potential uses and disclosures of the results, limitations on the accuracy of and the meaning of the test’s results, the importance of seeking counseling about the individual’s test results after those results are received, and the availability of information from and the telephone numbers of the Vermont Department of Health AIDS hotline and the Centers for Disease Control and Prevention; and

(II) an explanation that the individual is free to consult, at personal expense, with a personal physician or counselor or the State Vermont Department of Health, which shall remain confidential, or to obtain an anonymous test at the individual’s choice and personal expense, before deciding whether to consent to testing and that such delay will not affect the status of any application or policy; and

\* \* \*

(ii) In addition, before drawing blood ~~or obtaining a sample of the urine or OMT for the HIV-related test or tests,~~ the person doing so shall give the individual to be tested an informed consent form containing the information required by the provisions of this subdivision (B), and shall then obtain the individual’s written informed consent. ~~If an OMT test is administered in the presence of the agent or broker, the individual’s written informed consent need only be obtained prior to administering the test, in accordance with the provisions of this subdivision (B).~~

(C)(i) The forms for informed consent, information disclosure, and test results disclosure used for HIV-related testing shall be filed with and

approved by the Commissioner pursuant to section 3541 of this title; and

(ii) ~~Any testing procedure shall be filed and approved by the Commissioner in consultation with the Commissioner of Health.~~

(D) ~~No laboratory may be used by an insurer or insurance support organization for the processing of HIV-related tests unless it is approved by the Vermont Department of Health. Any requests for approval under this subdivision shall be acted upon within 120 days. The Department may approve a laboratory without on-site inspection or additional proficiency data if the laboratory has been certified under the Clinical Laboratory Improvement Act, 42 U.S.C. § 263a or if it meets the requirements of the federal Health Care Financing Administration under the Clinical Laboratory Improvement Amendments.~~

(E) ~~The test protocol shall be considered positive only if test results are two positive ELISA tests, and a Western Blot test confirms the results of the two ELISA tests, or upon approval of any equally or more reliable confirmatory test or test protocol which has been approved by the Commissioner and the U.S. Food and Drug Administration. If the result of any test performed on a sample of urine or OMT is positive or indeterminate, the insurer shall provide to the individual, no later than 30 days following the date of the first urine or OMT test results, the opportunity to retest once, and the individual shall have the option to provide either a blood sample, a urine sample, or an OMT sample for that retest. This retest shall be in addition to the opportunities for retest provided in subdivisions (F) and (G) of this subdivision (20).~~

(F) ~~If an individual has at least two positive ELISA tests but an indeterminate Western Blot test result, the Western Blot test may be repeated on the same sample. If the Western Blot test result is indeterminate, the insurer may delay action on the application, but no change in preexisting coverage, benefits, or rates under any separate policy or policies held by the individual may be based upon such indeterminacy. If action on an application is delayed due to indeterminacy as described herein, the insurer shall provide the individual the opportunity to retest once after six but not later than eight months following the date of the first indeterminate test result. If the retest Western Blot test result is again indeterminate or is negative, the test result shall be considered as negative, and a new application for coverage shall not be denied by the insurer based upon the results of either test. Any underwriting decision granting a substandard classification or exclusion based on the individual's prior HIV-related test results shall be reversed, and the company performing a retest which had forwarded to a medical information bureau reports based upon the individual's prior HIV-related test results shall~~

~~request the medical information bureau to remove any abnormal codes listed due to such prior test results.~~

(D) HIV-related tests required by insurers or insurance support organizations must be processed in a laboratory certified under the Clinical Laboratory Improvement Act, 42 U.S.C. § 263a, or that meets the requirements of the federal Health Care Financing Administration under the Clinical Laboratory Improvement Amendments.

(E) The test protocol shall be considered positive only if testing results meet the most current Centers for Disease Control and Prevention recommended laboratory HIV testing algorithm or more reliable confirmatory test or test protocol that has been approved by the United States Food and Drug Administration.

(F) If the HIV-1/2 antibody differentiation test result is indeterminate, the insurer may delay action on the application, but no change in preexisting coverage, benefits, or rates under any separate policy or policies held by the individual shall be based upon such indeterminacy. If the HIV-1 NAT test result is negative, a new application for coverage shall not be denied by the insurer. If the HIV-1 NAT test is invalid, the full testing algorithm shall be repeated. No application for coverage shall be denied based on an indeterminate or invalid result. Any underwriting decision granting a substandard classification or exclusion based on the individual's prior HIV-related test results shall be reversed, and the company performing any previous HIV-related testing that had forwarded to a medical information bureau reports based upon the individual's prior HIV-related test results shall request the medical information bureau to remove any abnormal codes listed due to such prior test results.

(G)(i) Upon the written request of an individual for a retest, an insurer shall retest, at the insurer's expense, any individual who was denied insurance, or offered insurance on any other than a standard basis, because of the positive results of an HIV-related test:

\* \* \*

~~(II) in any event, upon the approval by the Commissioner of an alternative test or test protocol for the presence of HIV antibodies or antigens updates to the Centers for Disease Control and Prevention recommended laboratory HIV testing algorithm for serum or plasma specimens.~~

\* \* \*

Sec. 16. 18 V.S.A. § 501b is amended to read:

§ 501b. CERTIFICATION OF LABORATORIES

\* \* \*

(d) Laboratory certification and approval	Annual fee shall be:
Drug laboratory approval	\$500.00
Drug laboratory alternate approval	\$300.00
Drug laboratory approval renewal	\$300.00
HIV laboratory approval	\$300.00
HIV laboratory alternate approval	\$100.00
HIV laboratory approval renewal	\$100.00
<del>HIV laboratory (insurance) approval</del>	<del>\$500.00</del>
<del>HIV laboratory (insurance) alternate approval</del>	<del>\$300.00</del>
<del>HIV laboratory (insurance) approval renewal</del>	<del>\$300.00</del>

\* \* \*

\* \* \* Victim Restitution Fund \* \* \*

Sec. 17. 9 V.S.A. § 5616 is added to read:

§ 5616. VERMONT VICTIM RESTITUTION FUND

(a) Purpose. The purpose of this section is to provide restitution assistance to victims of securities violations who:

(1) were awarded restitution in a final order issued by the Commissioner or were awarded restitution in the final order in a legal action initiated by the Commissioner;

(2) have not received the full amount of restitution ordered before the application for restitution assistance is due; and

(3) demonstrate to the Commissioner's satisfaction that there is no reasonable likelihood that they will receive the full amount of restitution in the future.

(b) Definitions. As used in this section,

(1) "Claimant" means a person who files an application for restitution assistance under this section on behalf of a victim. The claimant and the victim may be the same but do not have to be the same. The term includes the named party in a restitution award in a final order, the executor of a named party in a restitution award in a final order, and the heirs and assigns of a named party in a restitution award in a final order.

(2) "Final order" means a final order issued by the Commissioner or a final order in a legal action initiated by the Commissioner.

(3) "Fund" means the Victim Restitution Special Fund created by this section.

(4) "Securities violation" means a violation of this chapter and any related administrative rules.

(5) "Victim" means a person who was awarded restitution in a final order.

(6) "Vulnerable person" means:

(A) a person who meets the definition of vulnerable person under 33 V.S.A. § 6902(14); or

(B) a person who is at least 60 years of age.

(c) Eligibility.

(1) A natural person who was a resident of Vermont at the time of the alleged fraud is eligible for restitution assistance.

(2) The Commissioner shall not award securities restitution assistance under this section:

(A) to more than one claimant per victim;

(B) unless the person ordered to pay restitution has not paid the full amount of restitution owed to the victim before the application for restitution assistance from the fund is due;

(C) if there was no award of restitution in the final order; or

(D) to a claimant who has not exhausted his or her appeal rights.

(d) Denial of Assistance. The Commissioner shall not award restitution assistance if the victim:

(1) sustained the monetary injury as a result of:

(A) participating or assisting in the securities violation; or

(B) attempting to commit or committing the securities violation;

(2) profited or would have profited from the securities violation; or

(3) is an immediate family member of the person who committed the securities violation.

(e) Application for Restitution Assistance and Maximum Amount of Restitution Assistance Award.

(1) The Commissioner may adopt procedures and forms for application for restitution assistance under this section.

(2) An application must be received by the Department within two years after the deadline for payment of restitution established in the final order.

(3) Except as provided in subdivision (4) of this subsection, the maximum award from the fund for each claimant shall be the lesser of \$25,000.00 or 25 percent of the amount of unpaid restitution awarded in a final order.

(4) If the claimant is a vulnerable person, the maximum award from the fund shall be the lesser of \$50,000.00 or 50 percent of the amount of unpaid restitution awarded in the final order

(f) Victim Restitution Fund. The Victim Restitution Special Fund, pursuant to 32 V.S.A. chapter 7, subchapter 5, is created to provide funds for the purposes specified in this section. All monies received by the State by reason of grant or donation for use in providing uncompensated victims restitution shall be deposited into the Victim Restitution Special Fund. Interest earned on the fund shall be retained in the Fund.

(g) Award Not Subject to Execution, Attachment, or Garnishment. An award made by the Commissioner under this section is not subject to execution, attachment, garnishment, or other process.

(h) State's Liability for Award. The Commissioner shall have the discretion to suspend applications and awards based on the solvency of the fund. The State shall not be liable for any determination made under this section.

(i) Subrogation of Rights of State.

(1) The State is subrogated to the rights of the person awarded restitution under this chapter to the extent of the award.

(2) The subrogation rights are against the person who committed the securities violation or a person liable for the pecuniary loss.

(j) Rulemaking Authority. The Commissioner may adopt rules to implement this section.

(k) Bulletin. The Commissioner shall publish a bulletin defining the term "immediate family member" for purposes of this section

\* \* \* New England Equity Crowdfunding \* \* \*

Sec. 18. 9 V.S.A. § 5305 is amended to read:

§ 5305. SECURITIES REGISTRATION FILINGS

\* \* \*

(b) A person filing a registration statement shall pay a filing fee of \$600.00. A person filing a registration statement in connection with the New England Crowdfunding Initiative shall be exempt from the filing fee requirement. Open-end investment companies shall pay a registration fee and an annual renewal fee for each portfolio as long as the registration of those securities remains in effect. If a registration statement is withdrawn before the effective date or a preeffective stop order is issued under section 5306 of this title, the Commissioner shall retain the fee.

\* \* \*

\* \* \* Surplus Lines Insurance Compact; Repeal \* \* \*

Sec. 19. REPEAL

8 V.S.A. chapter 138A (Surplus Lines Insurance Multi-state Compliance Compact) is repealed.

\* \* \* Insurance Producers; Licensing Requirements; Definitions \* \* \*

Sec. 20. 8 V.S.A. § 4791 is amended to read:

§ 4791. DEFINITIONS

As used in this chapter:

\* \* \*

(3) “Adjuster” means any person who investigates claims ~~and~~ or negotiates settlement of claims arising under policies of insurance in behalf of insurers under such policies, or who advertises or solicits business from insurers as an adjuster. Lawyers settling claims of clients shall not be considered an adjuster. A license as an adjuster shall not be required of an official or employee of a domestic fire or casualty insurance company or of a duly licensed resident insurance producer of a domestic or duly licensed foreign insurer who is authorized by such insurer to appraise losses under policies issued by such insurer.

(4) “Public adjuster” means any person who investigates claims ~~and~~ or negotiates settlement of claims arising under policies of insurance in behalf of the insured under such policies or who advertises or solicits business as such adjuster. Lawyers settling claims of clients shall not be deemed to be insurance public adjusters.

\* \* \*

\* \* \* Fair Credit Reporting; Definition of Credit Report \* \* \*

Sec. 21. 9 V.S.A. § 2480a(3) is amended to read:

(3) “Credit report” means a consumer report, as defined in 15 U.S.C. § 1681a, that is used or collected in whole or in part for the purpose of serving as a factor in establishing a consumer’s eligibility for credit for personal, family, or household purposes any written, oral, or other communication of any information by a credit reporting agency bearing on a consumer’s credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living, including an investigative credit report. The term does not include:

(A) a report containing information solely as to transactions or experiences between the consumer and the person making the report; or

(B) an authorization or approval of a specific extension of credit directly or indirectly by the issuer of a credit card or similar device.

\* \* \* Effective Date \* \* \*

#### Sec. 22. EFFECTIVE DATE

This act shall take effect on July 1, 2019.

**Rep. Beck of St. Johnsbury**, for the committee on Ways and Means, recommended that the House propose to the Senate to amend the bill as recommended by the committee on Commerce and Economic Development and when amended as follows:

First: In Sec. 1, 8 V.S.A. § 15a, by striking out subsection (n) in its entirety and inserting in lieu thereof a new subsection (n) to read as follows:

(n) Biannually, beginning on January 15, 2020, the Commissioner shall submit a report to the General Assembly providing the following information:

(1) the total number of petitions for waivers that have been received, granted, and denied by the Commissioner;

(2) for each waiver granted by the Commissioner, the information specified under subsection (f) of this section;

(3) a list of any regulations or bulletins that have been adopted or amended as a result of or in connection with a waiver granted under this section;

(4) with respect to each statute to which a waiver applies, the Commissioner’s recommendation as to whether such statute should be continued, eliminated, or amended in order to promote innovation and establish a uniform regulatory system for all regulated entities; and

(5) a list of any waivers that have lapsed or been revoked and, if revoked, a description of other regulatory or disciplinary actions, if any, that resulted in, accompanied, or resulted from such revocation.

Second: By striking out Sec. 8, 8 V.S.A. § 5027, in its entirety and inserting in lieu thereof a new Sec. 8 to read as follows:

Sec. 8. [Deleted.]

Third: By striking out Sec. 16, 18 V.S.A. § 501b, in its entirety and inserting in lieu thereof a new Sec. 16 to read as follows:

Sec. 16. 18 V.S.A. § 501b is amended to read:

§ 501b. CERTIFICATION OF LABORATORIES

\* \* \*

(d) Laboratory certification and approval	Annual fee shall be:
Drug laboratory approval	\$500.00
Drug laboratory alternate approval	\$300.00
Drug laboratory approval renewal	\$300.00
HIV laboratory approval	\$300.00
HIV laboratory alternate approval	\$100.00
HIV laboratory approval renewal	\$100.00
HIV laboratory (insurance) approval	\$500.00
HIV laboratory (insurance) alternate approval	\$300.00
HIV laboratory (insurance) approval renewal	\$300.00

\* \* \*

Fourth: In Sec. 17, 9 V.S.A. § 5616, by striking out subsection (f) in its entirety and inserting in lieu thereof a new subsection (f) to read as follows:

(f) Victim Restitution Fund. The Victim Restitution Special Fund, pursuant to 32 V.S.A. chapter 7, subchapter 5, is created to provide funds for the purposes specified in this section. All monies received by the State by reason of grant or donation for use in providing uncompensated victims restitution shall be deposited into the Victim Restitution Special Fund. The Department may direct a party to deposit a sum not to exceed 15 percent of the total settlement amount into the Fund in conjunction with settling a State securities law enforcement matter. Interest earned on the fund shall be retained in the Fund.

**Rep. Hooper of Montpelier**, for the committee on Appropriations, recommended that the House propose to the Senate to amend the bill as recommended by the committees on Commerce and Economic Development and Ways and Means.

The bill having appeared on the Calendar one day for notice was taken up, read the second time, the report of the committee Commerce and Economic Development was amended as recommended by the committee on Ways and Means. Thereupon, the report of the committee on Commerce and Economic Development, as amended, was agreed to and third reading was ordered.

### **Message from the Senate No. 50**

A message was received from the Senate by Mr. Marshall, its Assistant Secretary, as follows:

Madam Speaker:

I am directed to inform the House that:

The Senate has considered bills originating in the House of the following titles:

**H. 132.** An act relating to adopting protections against housing discrimination for victims of domestic and sexual violence.

**H. 528.** An act relating to the Rural Health Services Task Force.

And has passed the same in concurrence with proposals of amendment in the adoption of which the concurrence of the House is requested.

The Senate has on its part adopted concurrent resolutions originating in the House of the following titles:

**H.C.R. 154.** House concurrent resolution honoring former Representative David L. Deen of Westminster.

**H.C.R. 155.** House concurrent resolution honoring Fair Haven Grade School principal Wayne Cooke on his exemplary career in public education.

**H.C.R. 156.** House concurrent resolution in memory of Georgia community leader Harold Edmund Wilcox.

**H.C.R. 157.** House concurrent resolution congratulating the Fairbanks Museum & Planetarium on its 125th anniversary of conducting continuous meteorological services.

**H.C.R. 158.** House concurrent resolution congratulating the 2019 St. Johnsbury Academy Hilltoppers boys' Alpine ski team on winning its second consecutive State championship.

**H.C.R. 159.** House concurrent resolution congratulating the 2019 St. Johnsbury Academy Hilltoppers boys' and girls' Alpine skiing teams on winning the trophy for the highest combined score at the State championship meet.

**H.C.R. 160.** House concurrent resolution congratulating the 2019 St. Johnsbury Academy Division I girls' indoor track team on winning the school's fifth consecutive Division I championship.

**H.C.R. 161.** House concurrent resolution congratulating the 2019 St. Johnsbury Academy Hilltoppers Division I championship boys' basketball team.

**H.C.R. 162.** House concurrent resolution congratulating the 2018 St. Johnsbury Academy Hilltoppers Division III championship field hockey team.

**H.C.R. 163.** House concurrent resolution congratulating the St. Johnsbury Academy girls' basketball team on winning the school's second consecutive Division I championship.

**H.C.R. 164.** House concurrent resolution congratulating the 2018–2019 Colchester High School debate program for its outstanding record and State championship victory.

### **Senate Proposal of Amendment Concurred in**

#### **H. 528**

The Senate proposed to the House to amend House bill, entitled  
An act relating to the Rural Health Services Task Force

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

#### **Sec. 1. RURAL HEALTH SERVICES TASK FORCE; REPORT**

(a) Creation. There is created the Rural Health Services Task Force to evaluate the current state of rural health care in Vermont and identify ways to sustain the system and to ensure it provides access to affordable, high-quality health care services.

(b) Membership. The Rural Health Services Task Force shall be composed of the following members:

(1) the Secretary of Human Services or designee;

(2) the Chair of the Green Mountain Care Board or designee;

(3) the Chief of the Office of Rural Health and Primary Care in the Department of Health or designee;

(4) the Chief Health Care Advocate from the Office of the Health Care Advocate or designee;

(5) two representatives of rural Vermont hospitals, selected by the Vermont Association of Hospitals and Health Systems, who shall represent hospitals that are located in different regions of the State and that face different levels of financial stability;

(6) one representative of Vermont's federally qualified health centers, who shall be a Vermont-licensed health care professional, selected by Bi-State Primary Care Association;

(7) one Vermont-licensed physician from an independent practice located in a rural Vermont setting, selected jointly by the Vermont Medical Society and HealthFirst;

(8) one representative of Vermont's free clinic programs, selected by the Vermont Coalition of Clinics for the Uninsured;

(9) one representative of Vermont's designated and specialized service agencies, selected by Vermont Care Partners;

(10) one preferred provider from outside the designated and specialized service agency system, selected by the Commissioner of Health;

(11) one Vermont-licensed mental health professional from an independent practice located in a rural Vermont setting, selected by the Commissioner of Mental Health;

(12) one representative of Vermont's home health agencies, selected jointly by the VNAs of Vermont and Bayada Home Health Care; and

(13) one representative of long-term care facilities, selected by the Vermont Health Care Association.

(c) Powers and duties. The Rural Health Services Task Force, in consultation with Vermont-certified accountable care organizations and other interested stakeholders, shall consider issues relating to rural health care delivery in Vermont, including:

(1) the current system of rural health care delivery in Vermont, including the role of rural hospitals in the health care continuum;

(2) how to ensure the sustainability of the rural health care system, including identifying the major financial, administrative, and workforce barriers;

(3) ways to overcome any existing barriers to the sustainability of the rural health care system, including prospective ideas for the future of access to

health care services in rural Vermont across the health care continuum;

(4) ways to encourage and improve care coordination among institutional and community service providers; and

(5) the potential consequences of the failure of one or more rural Vermont hospitals.

(d) Assistance. The Rural Health Services Task Force shall have the administrative, technical, and legal assistance of the Agency of Human Services and the Green Mountain Care Board.

(e) Findings and recommendations. On or before January 15, 2020, the Rural Health Services Task Force shall present its findings and recommendations, including any recommendations for legislative action, to the House Committees on Health Care and on Human Services and the Senate Committee on Health and Welfare.

(f) Meetings.

(1) The Chair of the Green Mountain Care Board or designee shall call the first meeting of the Rural Health Services Task Force to occur on or before July 1, 2019.

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

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

(4) The Task Force shall cease to exist following the presentation of its findings and recommendations or on January 15, 2020, whichever occurs first.

## Sec. 2. REPORT; ANALYSIS OF RESIDENTIAL MENTAL HEALTH NEEDS

(a) The Department of Mental Health shall evaluate and determine the mental health bed needs for residential programs across the State by geographic area and provider type, including long-term residences (group homes), intensive residential recovery facilities, and secure residential recovery facilities. This evaluation shall include a review of needs in rural locations, current and historic occupancy rates, an analysis of admission and referral data, and an assessment of barriers to access for individuals requiring residential services. The evaluation shall include consultation with providers and with past or present program participants or individuals in need of residential programs, or both.

(b) On or before December 15, 2019, the Department shall submit a report to the House Committees on Appropriations and on Health Care and to the

Senate Committees on Appropriations and on Health and Welfare containing its findings and recommendations related to the analysis required pursuant to subsection (a) of this section.

Sec. 3. AFFORDABLE HOUSING OPTIONS; LEGISLATIVE INTENT

The Department of Mental Health, in collaboration with the Vermont Housing and Conservation Board, the Vermont State Housing Authority, and other community service organizations, shall initiate efforts to increase the number of affordable housing opportunities for individuals with mental health needs, including those experiencing homelessness, by identifying potential funding sources for supportive housing and services and by using Section 8 vouchers to the greatest extent possible. If funding is available to invest in these affordable housing opportunities, it is the intent of the General Assembly that the funds shall be used to create new options for affordable permanent housing around the State based on My Pad, Housing First, and other evidence-based supportive housing models.

Sec. 4. EFFECTIVE DATE

This act shall take effect on passage.

Which proposal of amendment was considered and concurred in.

**Recess**

At eleven o'clock and thirty minutes in the forenoon, the Speaker declared a recess until the fall of the gavel.

At one o'clock and twenty-four minutes in the afternoon, the Speaker called the House to order.

**Message from Governor**

A message was received from His Excellency, the Governor, by Ms. Brittney L. Wilson, Secretary of Civil and Military Affairs, as follows:

Madam Speaker:

I am directed by the Governor to inform the House of Representatives that on the 6th day of May, 2019, he signed bills originating in the House of the following titles:

**H. 204 An act relating to miscellaneous provisions affecting navigators, Medicaid records, and the Department of Vermont Health Access**

**H. 321 An act relating to aggravated murder for killing a firefighter or an emergency medical provider**

**Second Reading; Proposal of Amendment Agreed to;  
Third Reading Ordered**

**S. 73**

**Rep. Donahue of Northfield**, for the committee on Health Care, to which had been referred Senate bill, entitled

An act relating to licensure of ambulatory surgical centers

Reported in favor of its passage in concurrence with proposal of amendment by striking all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 18 V.S.A. chapter 49 is added to read:

CHAPTER 49. AMBULATORY SURGICAL CENTERS

Subchapter 1. General Provisions

§ 2141. DEFINITIONS

As used in this chapter:

(1) “Ambulatory surgical center” means any distinct entity that operates primarily for the purpose of providing surgical services to patients not requiring hospitalization and for which the expected duration of services would not exceed 24 hours following an admission. The term does not include:

(A) a facility that is licensed as part of a hospital; or

(B) a facility that is used exclusively as an office or clinic for the private practice of one or more licensed health care professionals, unless one or more of the following descriptions apply:

(i) the facility holds itself out to the public or to other health care providers as an ambulatory surgical center, surgical center, surgery center, surgicenter, or similar facility using a similar name or a variation thereof;

(ii) procedures are carried out at the facility using general anesthesia, except as used in oral or maxillofacial surgery or as used by a dentist with a general anesthesia endorsement from the Board of Dental Examiners; or

(iii) patients are charged a fee for the use of the facility in addition to the fee for the professional services of one or more of the health care professionals practicing at that facility.

(2) “Health care professional” means:

(A) a physician licensed pursuant to 26 V.S.A. chapter 23 or 33;

(B) an advanced practice registered nurse licensed pursuant to 26 V.S.A. chapter 28;

(C) a physician assistant licensed pursuant to 26 V.S.A. chapter 31;

(D) a podiatrist licensed pursuant to 26 V.S.A. chapter 7; or

(E) a dentist licensed pursuant to 26 V.S.A. chapter 12.

(3) "Patient" means a person admitted to or receiving health care services from an ambulatory surgical center.

#### Subchapter 2. Licensure of Ambulatory Surgical Centers

##### § 2151. LICENSE

No person shall establish, maintain, or operate an ambulatory surgical center in this State without first obtaining a license for the ambulatory surgical center in accordance with this subchapter.

##### § 2152. APPLICATION; FEE

(a) An application for licensure of an ambulatory surgical center shall be made to the Department of Health on forms provided by the Department and shall include all information required by the Department. Each application for a license shall be accompanied by a license fee.

(b) The annual licensing fee for an ambulatory surgical center shall be \$600.00.

(c) Fees collected under this section shall be credited to a special fund established and managed pursuant to 32 V.S.A. chapter 7, subchapter 5 and shall be available to the Department of Health to offset the costs of licensing ambulatory surgical centers.

##### § 2153. LICENSE REQUIREMENTS

(a) Upon receipt of an application for a license and the licensing fee, the Department of Health shall issue a license if it determines that the applicant and the ambulatory surgical center facilities meet the following minimum standards:

(1) The applicant shall demonstrate the capacity to operate an ambulatory surgical center in accordance with rules adopted by the Department.

(2) The applicant shall demonstrate that its facilities comply fully with standards for health, safety, and sanitation as required by State law, including standards set forth by the State Fire Marshal and the Department of Health, and municipal ordinance.

(3) The applicant shall have a clear process for responding to patient complaints.

(4) The applicant shall participate in the Patient Safety Surveillance and Improvement System established pursuant to chapter 43A of this title.

(5) The applicant shall maintain certification from the Centers for Medicare and Medicaid Services and shall accept Medicare and Medicaid patients for ambulatory surgical center facility services.

(6) The ambulatory surgical center facilities, including the buildings and grounds, shall be subject to inspection by the Department, its designees, and other authorized entities at all times.

(b) A license is not transferable or assignable and shall be issued only for the premises and persons named in the application.

#### § 2154. REVOCATION OF LICENSE; HEARING

The Department of Health, after notice and opportunity for hearing to the applicant or licensee, is authorized to deny, suspend, or revoke a license in any case in which it finds that there has been a substantial failure to comply with the requirements established under this chapter. Such notice shall be served by registered mail or by personal service, shall set forth the reasons for the proposed action, and shall set a date not less than 60 days from the date of the mailing or service on which the applicant or licensee shall be given opportunity for a hearing. After the hearing, or upon default of the applicant or licensee, the Department shall file its findings of fact and conclusions of law. A copy of the findings and decision shall be sent by registered mail or served personally upon the applicant or licensee. The procedure governing hearings authorized by this section shall be in accordance with the usual and customary rules provided for such hearings.

#### § 2155. APPEAL

Any applicant or licensee, or the State acting through the Attorney General, aggrieved by the decision of the Department of Health after a hearing may, within 30 days after entry of the decision as provided in section 2154 of this title, appeal to the Superior Court for the district in which the appellant is located. The court may affirm, modify, or reverse the Department's decision, and either the applicant or licensee or the Department or State may appeal to the Vermont Supreme Court for such further review as is provided by law. Pending final disposition of the matter, the status quo of the applicant or licensee shall be preserved, except as the court otherwise orders in the public interest.

#### § 2156. INSPECTIONS

The Department of Health shall make or cause to be made such inspections and investigations as it deems necessary. If the Department finds a violation as the result of an inspection or investigation, the Department shall post a report on the Department's website summarizing the violation and any corrective action required.

§ 2157. RECORDS

(a) Information received by the Department of Health through filed reports, inspections, or as otherwise authorized by law shall:

(1) not be disclosed publicly in a manner that identifies or may lead to the identification of one or more individuals or ambulatory surgical centers;

(2) be exempt from public inspection and copying under the Public Records Act; and

(3) be kept confidential except as it relates to a proceeding regarding licensure of an ambulatory surgical center.

(b) The provisions of subsection (a) of this section shall not apply to the summary reports of violations required to be posted on the Department's website pursuant to section 2156 of this chapter.

§ 2158. NONAPPLICABILITY

The provisions of chapter 42 of this title, Bill of Rights for Hospital Patients, do not apply to ambulatory surgical centers.

§ 2159. RULES

The Department of Health shall adopt rules pursuant to 3 V.S.A. chapter 25 as needed to carry out the purposes of this chapter. The rules shall include requirements regarding:

(1) the ambulatory surgical center's maintenance of a transport agreement with at least one emergency medical services provider for emergency patient transportation;

(2) the ambulatory surgical center's maintenance of a publicly accessible policy for providing charity care to eligible patients; and

(3) the ambulatory surgical center's participation in quality reporting programs offered by the Centers for Medicare and Medicaid Services.

Sec. 2. 18 V.S.A. § 1909 is amended to read:

§ 1909. INSPECTIONS

The licensing agency shall make or cause to be made such inspections and ~~investigation~~ investigations as it deems necessary. If the licensing agency

finds a violation as the result of an inspection or investigation, the licensing agency shall post a report on the licensing agency's website summarizing the violation and any corrective action required.

Sec. 3. 18 V.S.A. § 1910 is amended to read:

§ 1910. RECORDS

(a) Information received by the licensing agency through filed reports, inspection, or as otherwise authorized under this ~~by~~ law, shall:

(1) not be disclosed publicly in such a manner as to identify individuals or hospitals, except in a proceeding involving the question of licensure that identifies or may lead to the identification of one or more individuals or hospitals;

(2) be exempt from public inspection and copying under the Public Records Act; and

(3) be kept confidential except as it relates to a proceeding regarding licensure of a hospital.

(b) The provisions of subsection (a) of this section shall not apply to the summary reports of violations required to be posted on the licensing agency's website pursuant to section 1909 of this chapter.

Sec. 4. 18 V.S.A. § 9375(b) is amended to read:

(b) The Board shall have the following duties:

\* \* \*

(14)(A) Collect and review data from ambulatory surgical centers licensed pursuant to chapter 49 of this title, which may include data on an ambulatory surgical center's scope of services, volume, utilization, payer mix, quality, coordination with other aspects of the health care system, and financial condition. The Board's processes shall be appropriate to ambulatory surgical centers' scale and their role in Vermont's health care system, and the Board shall consider ways in which ambulatory surgical centers can be integrated into systemwide payment and delivery system reform.

(B) The Board shall report to the House Committee on Health Care and the Senate Committee on Health and Welfare annually, on or before January 15, using claims data from the Vermont Healthcare Claims Uniform Reporting and Evaluation System (VHCURES), regarding high-volume outpatient surgeries and procedures performed in ambulatory surgical center and hospital settings in Vermont, any changes in utilization over time, and a comparison of the commercial insurance rates paid for the same surgeries and

procedures performed in ambulatory surgical centers and in hospitals in Vermont.

Sec. 5. 18 V.S.A. § 9405b is amended to read:

§ 9405b. HOSPITAL COMMUNITY REPORTS AND AMBULATORY SURGICAL CENTER QUALITY REPORTS

\* \* \*

(d) The Commissioner of Health shall publish or otherwise make publicly available on its website each ambulatory surgical center's performance results from quality reporting programs offered by the Centers for Medicare and Medicaid Services and shall update the information at least annually.

Sec. 6. EFFECTIVE DATES

(a) Sec. 1 (18 V.S.A. chapter 49) shall take effect on January 1, 2020, provided that any ambulatory surgical center in operation on that date shall have six months to complete the licensure process.

(b) Secs. 2 (18 V.S.A. § 1909) and 3 (18 V.S.A. § 1910) shall take effect on July 1, 2019.

(c) Sec. 4 (18 V.S.A. § 9375(b)) and this section shall take effect on passage.

(d) Sec. 5 (18 V.S.A. § 9405b) shall take effect on January 1, 2020.

**Rep. Ancel of Calais**, for the committee on Ways and Means, recommended that the House propose to the Senate to amend the bill as recommended by the committee on Health Care and when amended as follows:

First: In Sec. 1, in 18 V.S.A. § 2152, by striking out subsection (c) in its entirety and inserting in lieu thereof a new subsection (c) to read as follows:

(c) Fees collected under this section shall be credited to the Hospital Licensing Fees Special Fund and shall be available to the Department of Health to offset the costs of licensing ambulatory surgical centers.

Second: By adding a new section to be Sec. 3a to read:

Sec. 3a. 18 V.S.A. § 9373 is amended to read:

§ 9373. DEFINITIONS

As used in this chapter:

\* \* \*

(18) "Net patient revenues" has the same meaning as in 33 V.S.A. § 1951.

Third: In Sec. 4, 18 V.S.A. § 9375(b), in subdivision (14)(A), in the first sentence, following “of this title,” by inserting “which shall include net patient revenues and” and by striking out subdivision (14)(B) in its entirety and inserting in lieu thereof a new subdivision (14)(B) to read:

(B) The Board shall report to the House Committees on Health Care and on Ways and Means and the Senate Committees on Health and Welfare and on Finance annually, on or before January 15, each ambulatory surgical center’s net patient revenues and, using claims data from the Vermont Healthcare Claims Uniform Reporting and Evaluation System (VHCURES), information regarding high-volume outpatient surgeries and procedures performed in ambulatory surgical center and hospital settings in Vermont, any changes in utilization over time, and a comparison of the commercial insurance rates paid for the same surgeries and procedures performed in ambulatory surgical centers and in hospitals in Vermont.

The bill having appeared on the Calendar one day for notice was taken up, read the second time, the report of the committee on Health Care was amended as recommended by the committee on Ways and Means. Thereupon, the report of the committee on Health Care, as amended, was agreed to and third reading was ordered.

#### **Action on Bill Postponed**

##### **H. 79**

House bill, entitled

An act relating to eligibility for farm-to-school grant assistance

Was taken up and pending consideration of the Senate proposal of amendment, on motion of **Rep. O'Brien of Tunbridge**, action on the bill was postponed until May 8, 2019.

#### **Action on Bill Postponed**

##### **H. 104**

House bill, entitled

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

Was taken up and pending consideration of the Senate proposal of amendment, on motion of **Rep. Gannon of Wilmington**, action on the bill was postponed until May 8, 2019.

**Bill Committed****H. 521**

House bill, entitled

An act relating to amending the special education laws

Appearing on the Calendar for action, was taken up and pending consideration of the Senate proposal of amendment, on motion of **Rep. Webb of Shelburne**, the bill was committed to the committee on Education.

**Proposed Amendment to the Vermont Constitution Adopted  
Proposal #5**

**Rep. Pugh of South Burlington** recommended for the committee on Human Services, to which had been referred the Proposal, reported in favor of its adoption in concurrence.

Thereupon, having appeared on the Calendar for Notice for four legislative days pursuant to House rule 51a, was read and taken up.

PROPOSAL 5

## Sec. 1. PURPOSE

(a) This proposal would amend the Constitution of the State of Vermont to ensure that every Vermonter is afforded personal reproductive liberty. The Constitution is our founding legal document stating the overarching values of our society. This amendment is in keeping with the values espoused by the current Vermont Constitution. Chapter I, Article 1 declares “That all persons are born equally free and independent, and have certain natural, inherent, and unalienable rights.” Chapter I, Article 7 states “That government is, or ought to be, instituted for the common benefit, protection, and security of the people.” The core value reflected in Article 7 is that all people should be afforded all the benefits and protections bestowed by the government, and that the government should not confer special advantages upon the privileged. This amendment would reassert the principles of equality and personal liberty reflected in Articles 1 and 7 and ensure that government does not create or perpetuate the legal, social, or economic inferiority of any class of people. This proposed constitutional amendment is not intended to limit the scope of rights and protections afforded by Article 7 or any other provision in the Vermont Constitution.

(b) The right to reproductive liberty is central to the exercise of personal autonomy and involves decisions people should be able to make free from compulsion of the State. Enshrining this right in the Constitution is critical to ensuring equal protection and treatment under the law and upholding the right of all people to health, dignity, independence, and freedom.

Sec. 2. Article 22 of Chapter I of the Vermont Constitution is added to read:

Article 22. [Personal reproductive liberty]

That the people are guaranteed the liberty and dignity to determine their own life's course. The right to personal reproductive autonomy is central to the liberty protected by this Constitution and shall not be denied or infringed unless justified by a compelling State interest achieved by the least restrictive means.

Sec. 3. EFFECTIVE DATE

The amendment set forth in Sec. 2 shall become a part of the Constitution of the State of Vermont on the first Tuesday after the first Monday of November 2022 when ratified and adopted by the people of this State in accordance with the provisions of 17 V.S.A. chapter 32.

Pending the question, Shall the proposal be adopted? **Rep. Pugh of South Burlington** demanded the Yeas and Nays, which demand was sustained by the Constitutional number. The Clerk proceeded to call the roll and the question, Shall the proposal be adopted? was decided in the affirmative. Yeas, 106. Nays, 38.

Those who voted in the affirmative are:

Ancel of Calais	Gardner of Richmond	O'Sullivan of Burlington
Anthony of Barre City	Giambatista of Essex	Pajala of Londonderry
Austin of Colchester	Grad of Moretown	Partridge of Windham
Bartholomew of Hartland	Haas of Rochester	Patt of Worcester
Bates of Bennington	Harrison of Chittenden *	Potter of Clarendon
Beck of St. Johnsbury	Hashim of Dummerston	Pugh of South Burlington *
Birong of Vergennes	Hooper of Montpelier	Rachelson of Burlington
Bock of Chester	Hooper of Randolph	Ralph of Hartland
Briglin of Thetford	Houghton of Essex	Redmond of Essex
Brownell of Pownal	Howard of Rutland City	Rogers of Waterville
Brumsted of Shelburne	James of Manchester	Scheu of Middlebury
Burke of Brattleboro	Jerome of Brandon	Scheuermann of Stowe
Campbell of St. Johnsbury	Jessup of Middlesex	Seymour of Sutton
Carroll of Bennington	Jickling of Randolph	Sheldon of Middlebury
Chase of Colchester	Killacky of South Burlington	Sibilia of Dover
Chesnut-Tangerman of Middletown Springs	Kimbell of Woodstock	Squirrell of Underhill
Christensen of Weathersfield	Kitzmiller of Montpelier	Stevens of Waterbury
Christie of Hartford	Kornheiser of Brattleboro	Sullivan of Dorset *
Cina of Burlington	Krowinski of Burlington	Sullivan of Burlington
Coffey of Guilford	LaLonde of South Burlington	Szott of Barnard
Colburn of Burlington *	Lanpher of Vergennes	Taylor of Colchester
Colston of Winooski	Lefebvre of Newark	Till of Jericho
Conlon of Cornwall	Leffler of Enosburgh *	Toleno of Brattleboro
Conquest of Newbury	Lippert of Hinesburg	Toll of Danville
Copeland-Hanzas of	Long of Newfane	Townsend of South Burlington

Bradford	Macaig of Williston	Trieber of Rockingham
Corcoran of Bennington	Masland of Thetford	Troiano of Stannard
Cordes of Lincoln	McCarthy of St. Albans City	Walz of Barre City
Demrow of Corinth	McCormack of Burlington	Webb of Shelburne
Dolan of Waitsfield	McCullough of Williston	White of Hartford
Donovan of Burlington	Mrowicki of Putney *	Wood of Waterbury
Durfee of Shaftsbury	Murphy of Fairfax	Yacovone of Morristown
Elder of Starksboro	Nicoll of Ludlow	Yantachka of Charlotte
Emmons of Springfield	Notte of Rutland City	Young of Greensboro
Fegard of Berkshire	Noyes of Wolcott	
Gannon of Wilmington	O'Brien of Tunbridge	
	Ode of Burlington *	

Those who voted in the negative are:

Bancroft of Westford	Graham of Williamstown	Myers of Essex
Batchelor of Derby	Gregoire of Fairfield *	Norris of Shoreham
Brennan of Colchester	Hango of Berkshire	Page of Newport City
Browning of Arlington	Helm of Fair Haven	Palasik of Milton
Burditt of West Rutland *	Higley of Lowell	Quimby of Concord
Canfield of Fair Haven	LaClair of Barre Town	Rosenquist of Georgia *
Cupoli of Rutland City	Marcotte of Coventry	Savage of Swanton
Dickinson of St. Albans Town	Martel of Waterford	Shaw of Pittsford
Donahue of Northfield	Mattos of Milton	Smith of Derby
Feltus of Lyndon	McCoy of Poultney	Smith of New Haven
Gamache of Swanton	McFaun of Barre Town	Strong of Albany
Goslant of Northfield	Morgan of Milton	Terenzini of Rutland Town
	Morrissey of Bennington	Toof of St. Albans Town

Those members absent with leave of the House and not voting are:

Fagan of Rutland City	Hill of Wolcott
Gonzalez of Winooski	Hooper of Burlington

**Rep. Burditt of West Rutland** explained his vote as follows:

“Madam Speaker:

I had a member ask me how I was voting on Prop 5. I told him I was voting no. I was asked if I was against women’s reproductive rights? I said, ‘Not at all.’ I’m against opening and changing our Constitution.”

**Rep. Colburn of Burlington** explained her vote as follows:

“Madam Speaker:

Reproductive freedom put simply is freedom. I vote yes.”

**Rep. Gregoire of Fairfield** explained his vote as follows:

“Madam Speaker:

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Amending the Constitution is a serious issue; it is a last resort action not to be taken lightly. Abortion is legal and will remain legal. We are not in a situation where a right is being abridged or where the document's intent is in need of updating. I vote no to opening the amendment process. That is the issue actually in front of us today."

**Rep. Harrison of Chittenden** explained his vote as follows:

"Madam Speaker:

While I voted no on H.57, I supported Proposal 5 after careful consideration because it offers some balance with the inclusion of "compelling state interest" and most importantly, allows the proposal to go forward on a path that will put the issue before the voters. The Vermont Constitution belongs to all Vermonters and as such, all voters deserve the right to decide if this proposal should be in their constitution.

**Rep. Leffler of Enosburgh** explained her vote as follows:

"Madam Speaker:

Any day which this body can promote additional liberty for Vermonters is a good day. A Constitutional Amendment has the potential to directly judge the will of Vermonters and put into our most precious and important governing document new language to guide our state in perpetuity. Proposition Five received my vote for two clear reasons:

First and foremost, more than 180 legislators should have the opportunity to speak and vote on this issue. I like to think that we all vote for our constituents, however this gives us the opportunity to remove all doubt. Vermonters should have the chance to vote on this issue.

Second, the language in this proposition is clear, without convolution or caveats. Unlike other legislation we have seen this year, it asserts individual liberty within the 'compelling state interest achieved by the least restrictive means.' It serves the interests of Vermonters while protecting our most vulnerable women and children."

**Rep. Mrowicki of Putney** explained his vote as follows:

"Madam Speaker:

I vote to keep abortion safe and legal for all women, not just the wealthy. The recent attacks on women's choice would ensure that only the wealthy would have access to safe abortions, the way it was before Roe v. Wade.

My vote is for all women to keep their choice, and keep abortion safe and legal for all."

**Rep. Ode of Burlington** explained her vote as follows:

“Madam Speaker:

The right to reproductive liberty is central to the exercise of personal autonomy and involves decisions people should be able to make free from compulsion of the State. Enshrining this right in the constitution is critical to ensuring equal protection and treatment under the law and upholding the right of all people to health, dignity, independence, and freedom.

Proposition 5 is about letting the people of Vermont vote to decide whether they agree.”

**Rep. Pugh of South Burlington** explained her vote as follows:

“Madam Speaker:

For more than 40 years Vermont has supported reproductive liberty. Now it is necessary and appropriate to enable Vermont voters to decide if personal reproductive autonomy is a fundamental right to be protected by the Vermont Constitution.”

**Rep. Rosenquist of Georgia** explained his vote as follows:

“Madam Speaker:

I vote no to protest the continued disregard for the most vulnerable among us (the unborn).”

**Rep. Sullivan of Dorset** explained her vote as follows:

“Madam Speaker:

The right to personal autonomy is central to the liberty protected by this Constitution and shall not be denied or infringed unless justified by the least restrictive means.

The constitution acts as a check on state government. It does, and Prop 5 will, protect Vermonters from state intrusion on individual liberties.”

### **Second Reading; Bill Amended; Third Reading Ordered**

#### **S. 31**

**Rep. Smith of Derby**, for the committee on Health Care, to which had been referred Senate bill, entitled

An act relating to informed health care financial decision making

Reported in favor of its passage when amended by striking all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 18 V.S.A. chapter 42 is amended to read:

CHAPTER 42. BILL OF RIGHTS FOR HOSPITAL PATIENTS AND  
PATIENT ACCESS TO INFORMATION

Subchapter 1. Bill of Rights for Hospital Patients

§ 1851. DEFINITIONS

As used in this ~~chapter~~ subchapter:

(1) “Hospital” means a ~~general~~ hospital required to be licensed under ~~18 V.S.A. chapter 43~~ of this title.

(2) “Patient” means a person admitted to a hospital on an inpatient basis.

§ 1852. PATIENTS’ BILL OF RIGHTS; ADOPTION

\* \* \*

(12) The patient has the right to receive an itemized, detailed, and understandable explanation of charges regardless of the source of payment and to be provided with information about financial assistance and billing and collections practices.

\* \* \*

Subchapter 2. Access to Information

§ 1854. PUBLIC ACCESS TO INFORMATION

\* \* \*

§ 1855. AMBULATORY SURGICAL PATIENTS; EXPLANATION OF CHARGES

(a) As used in this section:

(1) “Ambulatory surgical center” has the same meaning as in section 9432 of this title.

(2) “Hospital” means a hospital required to be licensed under chapter 43 of this title.

(b) A patient receiving outpatient surgical services or an outpatient procedure at an ambulatory surgical center or hospital shall receive an itemized, detailed, and understandable explanation of charges regardless of the source of payment and shall be provided with information about the ambulatory surgical center’s or hospital’s financial assistance and billing and collections practices.

Sec. 2. 18 V.S.A. § 9375(b) is amended to read:

(b) The Board shall have the following duties:

\* \* \*

(14) Collect and review data from each psychiatric hospital licensed pursuant to chapter 43 of this title, which may include data regarding a psychiatric hospital's scope of services, volume, utilization, discharges, payer mix, quality, coordination with other aspects of the health care system, and financial condition. The Board's processes shall be appropriate to psychiatric hospitals' scale and their role in Vermont's health care system, and the Board shall consider ways in which psychiatric hospitals can be integrated into systemwide payment and delivery system reform.

Sec. 3. 18 V.S.A. § 9351 is amended to read:

§ 9351. HEALTH INFORMATION TECHNOLOGY PLAN

(a)(1) The Department of Vermont Health Access, in consultation with the Department's Health Information Exchange Steering Committee, shall be responsible for the overall coordination of Vermont's statewide Health Information Technology Plan. The Plan shall be revised annually and updated comprehensively every five years to provide a strategic vision for clinical health information technology.

(2) The Department shall submit the proposed Plan to the Green Mountain Care Board annually on or before November 1. The Green Mountain Care Board shall approve, reject, or request modifications to the Plan within 45 days following its submission; if the Board has taken no action after 45 days, the Plan shall be deemed to have been approved.

(3)(A) The Department, in consultation with the Steering Committee, shall administer the Plan, ~~which shall~~.

(B) The Plan shall include the implementation of an integrated electronic health information infrastructure for the sharing of electronic health information among health care facilities, health care professionals, public and private payers, and patients. The Plan shall provide for each patient's electronic health information to be accessible to health care facilities, health care professionals, and public and private payers to the extent permitted under federal law unless the patient has affirmatively elected not to have the patient's electronic health information shared in that manner.

(C) The Plan shall include standards and protocols designed to promote patient education, patient privacy, physician best practices, electronic connectivity to health care data, access to advance care planning documents,

and, overall, a more efficient and less costly means of delivering quality health care in Vermont.

\* \* \*

Sec. 4. VERMONT HEALTH INFORMATION EXCHANGE; OPT-OUT CONSENT POLICY; IMPLEMENTATION

(a) The Department of Vermont Health Access, in consultation with its Health Information Exchange Steering Committee, shall administer a robust stakeholder process to develop an implementation strategy for the consent policy for the sharing of patient health information through the Vermont Health Information Exchange (VHIE), as revised pursuant to Sec. 3 of this act. The implementation strategy shall:

(1) include substantial opportunities for public input;

(2) focus on the creation of patient education mechanisms and processes that:

(A) combine new information on the consent policy with existing patient education obligations, such as disclosure requirements under the Health Insurance Portability and Accountability Act of 1996 (HIPAA);

(B) aim to address diverse needs, abilities, and learning styles with respect to information delivery;

(C) clearly explain:

(i) the purpose of the VHIE;

(ii) the way in which health information is currently collected;

(iii) how and with whom health information may be shared using the VHIE;

(iv) the purposes for which health information may be shared using the VHIE;

(v) how to opt out of having health information shared using the VHIE; and

(vi) how patients can change their participation status in the future; and

(D) enable patients to fully understand their rights regarding the sharing of their health information and provide them with ways to find answers to associated questions, including providing contact information for the Office of the Health Care Advocate;

(3) identify the mechanisms by which Vermonters will be able to easily opt out of having their health information shared through the VHIE and a timeline identifying when each mechanism will be available, which shall begin in advance of the July 1, 2020 change to the consent policy;

(4) include plans for developing or supplementing consent management processes at the VHIE to reflect the needs of patients and providers;

(5) include multisector communication strategies to inform each Vermonter about the VHIE, the consent policy, and their ability to opt out of having their health information shared through the VHIE; and

(6) identify a methodology for evaluating the extent to which the public outreach regarding the VHIE, consent policy, and opt-out processes has been successful.

(b)(1) The Department of Vermont Health Access shall provide updates on the stakeholder engagement process and the consent policy implementation strategy to the House Committee on Health Care, the Senate Committee on Health and Welfare, the Health Reform Oversight Committee, and the Green Mountain Care Board on or before August 1 and November 1, 2019.

(2) The Department of Vermont Health Access shall provide a final report on the outcomes of the stakeholder engagement process and the consent policy implementation strategy to the House Committee on Health Care, the Senate Committee on Health and Welfare, and the Green Mountain Care Board on or before January 15, 2020.

#### Sec. 5. EFFECTIVE DATES

(a) Secs. 1 (18 V.S.A. chapter 42) and 2 (18 V.S.A. § 9375(b) shall take effect on July 1, 2019.

(b) Sec. 3 (18 V.S.A. § 9351) shall take effect on July 1, 2020.

(c) Sec. 4 (Vermont Health Information Exchange; opt-out consent policy; implementation) and this section shall take effect on passage.

and that after passage the title of the bill be amended to read: “An act relating to informed health care financial decision making and the consent policy for the Vermont Health Information Exchange”

The bill, having appeared on the Calendar one day for notice, was taken up, read the second time, report of the committee on Health Care agreed to and third reading ordered.

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**Action on Bill Postponed****H. 132**

House bill, entitled

An act relating to adopting protections against housing discrimination for victims of domestic and sexual violence

Was taken up and pending consideration of the Senate proposal of amendment, on motion of **Rep. Stevens of Waterbury**, action on the bill was postponed until May 9, 2019.

**Senate Proposal of Amendment Concurred in  
With a Further Amendment Thereto****H. 514**

The Senate proposed to the House to amend House bill, entitled  
An act relating to miscellaneous tax provisions

The Senate proposes to the House to amend the bill as follows:

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

Sec. 10. 32 V.S.A. § 9202(10)(D)(iii) is added to read:

(iii) Food or beverage purchased for resale, provided that at the time of sale the purchaser provides the seller an exemption certificate in a form approved by the Commissioner. However, when the food or beverage purchased for resale is subsequently resold, the subsequent purchase does not come within this exemption unless the subsequent purchase is also for resale and an exemption certificate is provided.

Second: By inserting a Sec. 12a to read as follows:

Sec. 12a. TAX DATA ANALYSIS

(a) The Department of Taxes, with the cooperation of other executive agencies, shall analyze how existing federal and State tax data could be used to identify opportunities for State executive agencies to maximize the eligibility of Vermonters for federal and State programs. For each opportunity, the Department shall identify:

(1) how existing tax data could be used to streamline eligibility criteria and application processes;

(2) any current restrictions on the use of federal and State tax data in the context of the opportunity; and

(3) any changes to current law or to current data practices that would be required to maximize the benefit to the Vermont beneficiary while ensuring taxpayer confidentiality.

(b) The Department of Taxes shall submit its analysis in the form of a report to the Senate Committee on Finance and the House Committee on Ways and Means no later than December 1, 2019.

Third: In Sec. 17 after the section heading “REPORT ON NONPOSTSECONDARY USE OF HIGHER EDUCATION INVESTMENT PLAN FUNDS” by striking out the word “The” and inserting in lieu thereof the following: As far as practicable, the

Fourth: By inserting a Sec. 17a to read as follows:

Sec. 17a. REPEAL

Sec. 17 (report) of this act shall be repealed on July 1, 2021.

Fifth: In Sec. 20, 32 V.S.A. § 6061(4)(B)(i), after “former spouse of the claimant,” by inserting the following: for any period that the spouse or former spouse is not a member of the household,

Sixth: In Sec. 32, land use change tax, in subsection (a), by striking out the following: “In the instance where a parcel is withdrawn and value established, and then a portion of the withdrawn parcel is developed, the land use change tax on the entire originally withdrawn parcel is due.”

Seventh: By inserting a Sec. 32a to read as follows:

Sec. 32a. LAND USE CHANGE TAX

No later than October 15, 2019, the Department of Taxes shall make recommendations to the Current Use Advisory Board for rulemaking to address the application of the land use change tax when land is withdrawn from current use and subsequently only a portion of the land is developed.

Eighth: By inserting a Sec. 36b to read as follows:

Sec. 36b. 32 V.S.A. § 9741 is amended to read:

§ 9741. SALES NOT COVERED

Retail sales and use of the following shall be exempt from the tax on retail sales imposed under section 9771 of this title and the use tax imposed under section 9773 of this title.

\* \* \*

(3) Agriculture feeds, seed, plants, baler twine, silage bags, agricultural wrap, sheets of plastic for bunker covers, liming materials, breeding and other

livestock, semen breeding fees, baby chicks, turkey poults, agriculture chemicals other than pesticides, ~~veterinary supplies~~, and bedding; and fertilizers and pesticides for use and consumption directly in the production for sale of tangible personal property on farms, including stock, dairy, poultry, fruit and truck farms, orchards, nurseries, or in greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities for sale.

\* \* \*

(53) Prescription drugs intended for animal use, and durable medical equipment and prosthetics intended for animal use, and veterinary supplies intended for animal use. As used in this subdivision, “prescription drugs intended for animal use” means a drug dispensed only by or upon the lawful written order of a licensed veterinarian, and “veterinary supplies” mean tangible personal property therapeutic in nature, not normally used absent illness or injury, and not intended for repeated usage.

Ninth: In Sec. 38, effective dates, in subdivision (3), by striking out “and” and inserting in lieu thereof , and after “36a (automotive parts)” by inserting and 36b (veterinary supplies)

Pending the question Will the House concur in the Senate proposal of amendment? **Rep. Young of Greensboro**, moved to concur in the Senate proposal of amendment with a further amendment thereto as follows:

First: by inserting a Sec. 7a and 7b to read as follows:

Sec. 7a. 32 V.S.A. § 5833 is amended to read:

#### § 5833. ALLOCATION AND APPORTIONMENT OF INCOME

(a) If the income of a taxable corporation is derived from any trade, business, or activity conducted entirely within this State, the Vermont net income of the corporation shall be allocated to this State in full. If the income of a taxable corporation is derived from any trade, business, or activity conducted both within and outside this State, the amount of the corporation's Vermont net income ~~which~~ that shall be apportioned to this State, so as to allocate to this State a fair and equitable portion of that income, shall be determined by multiplying that Vermont net income by the arithmetic average of the following factors, with the sales factor described in subdivision (3) of this subsection double-weighted:

(1) The average of the value of all the real and tangible property within this State (A) at the beginning of the taxable year and (B) at the end of the taxable year (but the Commissioner may require the use of the average of such value on the 15th or other day of each month, in cases where he or she

determines that such computation is necessary to more accurately reflect the average value of property within Vermont during the taxable year), expressed as a percentage of all such property both within and outside this State;

(2) The total wages, salaries, and other personal service compensation paid during the taxable year to employees within this State, expressed as a percentage of all such compensation paid whether within or outside this State;

(3) The gross sales, or charges for services performed, within this State, expressed as a percentage of such sales or charges whether within or outside this State.

(A) Sales of tangible personal property are made in this State if:

(i) the property is delivered or shipped to a purchaser, other than the United States U.S. government, who takes possession within this State, regardless of f.o.b. point or other conditions of sale; or

(ii) the property is shipped from an office, store, warehouse, factory, or other place of storage in this State; and

(A)(I) the purchaser is the United States U.S. government; or

(B)(II) the corporation is not taxable in the State in which the purchaser takes possession. Sales other than sales of tangible personal property are in this State if the income producing activity is performed in this State or the income producing activity is performed both in and outside this State and a greater proportion of the income producing activity is performed in this State than in any other state, based on costs of performance.

(B) Sales, other than the sale of tangible personal property, are in this State if the taxpayer's market for the sales is in this State. The taxpayer's market for sales is in this State:

(i) in the case of sale, rental, lease, or license of real property, if and to the extent the property is located in this State;

(ii) in the case of rental, lease, or license of tangible personal property, if and to the extent the property is located in this State;

(iii) in the case of sale of a service, if and to the extent the service is delivered to a location in this State; and

(iv) in the case of intangible property:

(I) that is rented, leased, or licensed, if and to the extent the property is used in this State, provided that intangible property utilized in marketing a good or service to a consumer is "used in this State" if that good or service is purchased by a consumer who is in this State; and

(II) that is sold, if and to the extent the property is used in this State, provided that:

(aa) a contract right, government license, or similar intangible property that authorizes the holder to conduct a business activity in a specific geographic area is “used in this State” if the geographic area includes all or part of this State;

(bb) receipts from intangible property sales that are contingent on the productivity, use, or disposition of the intangible property shall be treated as receipts from the rental, lease, or licensing of such intangible property under subdivision (iv)(I) of this subdivision (B); and

(cc) all other receipts from a sale of intangible property shall be excluded from the numerator and denominator of the receipts factor.

(C) If the state or states of assignment under subdivision (B) of this subsection cannot be determined, the state or states of assignment shall be reasonably approximated.

(D) If the taxpayer is not taxable in a state to which a receipt is assigned under subdivision (B) or (C) of this subsection, or if the state of assignment cannot be determined under subdivision (B) of this subsection or reasonably approximated under subdivision (C) of this subsection, such receipt shall be excluded from the denominator of the receipts factor.

(E) The Commissioner of Taxes shall adopt regulations as necessary to carry out the purposes of this section.

(b) If the application of the provisions of this section does not fairly represent the extent of the business activities of a corporation within this State, the corporation may petition for, or the Commissioner may require, with respect to all or any part of the corporation’s business activity, if reasonable:

(1) ~~Separate~~ separate accounting;

(2) ~~The~~ the exclusion or modification of any or all of the factors;

(3) ~~The~~ the inclusion of one or more additional factors ~~which~~ that will fairly represent the corporation’s business activity in this State; or

(4) the employment of any other method to effectuate an equitable allocation and apportionment of the corporation’s income.

#### Sec. 7b. REPORT

As part of the General Assembly’s continuing effort to modernize Vermont’s corporate income tax code and to foster economic development in the State, the Department of Taxes, with the assistance of the Joint Fiscal

Office and the Office of Legislative Council, shall provide the General Assembly with a report, not later than December 15, 2019, analyzing the following issues related to Vermont's corporate income tax. The report shall:

(1) identify and analyze any fiscal, legal, distributional, and administrative issues related to moving Vermont from its current apportionment formula under 32 V.S.A. § 5833 to a single sales factor;

(2) evaluate the impact of the current exclusion of overseas business organizations from an affiliated group, and identify and analyze any fiscal, legal, distributional, and administrative issues related to eliminating that exclusion;

(3) in consultation with the Vermont Banker's Association, compare the impact of the current bank franchise tax to the impact of a taxing regime where there is no bank franchise tax, and financial institutions pay the Vermont corporate tax based on Vermont's current apportionment factors with the market-based sourcing changes made in this act; and

(4) examine alternatives to Vermont's corporate income tax which could more accurately capture corporate economic activity within Vermont, focusing particularly on corporations who conduct business in the State, but who have little or no taxable income.

Second: In Sec. 17a (repeal) by striking out "2021" and inserting "2022"

Third: By striking out Secs. 32 (land use change tax) and 32a (rulemaking) in their entirety and inserting in lieu thereof the following:

Sec. 32. [Deleted.]

Sec. 32a. [Deleted.]

Fourth: By striking out Sec. 36b (veterinary supplies) in its entirety and inserting in lieu thereof the following:

Sec. 36b. 32 V.S.A. § 9741 is amended to read:

§ 9741. SALES NOT COVERED

Retail sales and use of the following shall be exempt from the tax on retail sales imposed under section 9771 of this title and the use tax imposed under section 9773 of this title.

\* \* \*

(3) Agriculture feeds, seed, plants, baler twine, silage bags, agricultural wrap, sheets of plastic for bunker covers, liming materials, breeding and other livestock, semen breeding fees, baby chicks, turkey poults, agriculture chemicals other than pesticides, ~~veterinary supplies~~, and bedding; and

fertilizers and pesticides for use and consumption directly in the production for sale of tangible personal property on farms, including stock, dairy, poultry, fruit and truck farms, orchards, nurseries, or in greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities for sale.

\* \* \*

(53) Prescription drugs intended for animal use, and durable medical equipment, prosthetics and veterinary supplies intended for agricultural use. As used in this subdivision, “prescription drugs intended for animal use” means a drug dispensed only by or upon the lawful written order of a licensed veterinarian, and “veterinary supplies” mean tangible personal property therapeutic in nature, not normally used absent illness or injury, and not intended for repeated usage.

Fifth: In Sec. 37 (repeals), by striking out subdivision (1) in its entirety and renumbering the remaining subdivisions to be numerically correct.

Sixth: In Sec. 38 (effective dates) by adding a subdivision (5) to read:

(5) Sec. 7a (market-based sourcing) shall take effect on January 1, 2020, and apply to tax years starting after that date.

Which was agreed to.

### **Adjournment**

At three o'clock and thirty-one minutes in the afternoon, on motion of **Rep. McCoy of Poultney**, the House adjourned until tomorrow at ten o'clock and thirty minutes in the forenoon.