



STATE OF VERMONT
GENERAL ASSEMBLY
HOUSE COMMITTEE ON ENERGY AND
TECHNOLOGY

MEMORANDUM

To: Representative Kitty Toll, Chair, House Committee on Appropriations
From: Representative Tim Briglin, Chair, House Committee on Energy and
Technology
Date: February 21, 2020
Subject: Provisions in the Governor's Proposed FY 2021 State Budget

The House Committee on Energy and Technology has reviewed the Governor's recommended FY 2021 State Budget as it pertains to subject matters within our Committee's jurisdiction.

Our recommendations address, in turn, each of the items listed in the "index of budget language for review" that you provided to us on January 31, 2020. The Committee unanimously supports the recommendations in this letter.

Sec. B.1100, subsection (b) contains six proposed FY 2020 one-time General Fund appropriations relevant to our Committee's work.

First, there is a \$3,000,000 appropriation to the Agency of Transportation for programs and initiatives to foster electric vehicle adoption.

Recommendation: The Committee supports the Administration's proposed plug-in electric vehicle (PEV) investments, with one limitation. While the Committee supports the \$1,800,000 appropriation to the existing statewide PEV incentive program, we do not support raising the income eligibility cap above its current threshold, which is about \$96,000 (160% of median household income). We believe that by maintaining the existing cap we will ensure that the incentives are available to those Vermonters who most need them.

Second, there is a \$2,000,000 appropriation to the Department of Economic Development to serve as capitalization funding for the battery and energy storage research manufacturing sector.

Recommendation: The Committee defers to the House Committee on Commerce and Economic Development as to whether this is an economic development initiative worthy of support. The Committee strongly supports the expanded deployment of battery and energy storage technologies in Vermont's electric grid to enhance grid resilience, expand the utility of renewable energy generation, and

reduce costs for ratepayers. However, this appropriation will be used to invest in private companies developing grid modernization technologies, not the actual deployment of these technologies to support Vermont's electrical grid.

Third, there is a \$250,000 appropriation to the Department of Economic Development to implement a heat pump pilot program.

Recommendation: The Committee supports this appropriation. This pilot program will support the installation of several dozen dual control systems for existing hybrid heat systems comprised of an air-source heat pump and an alternative heat source, such as an auxiliary combustion furnace. The funded projects will provide the State with important data in terms of accurately measuring the benefits of heat pumps in Vermont. Those benefits include a reduction in overall system costs (which will be passed on to ratepayers), a reduction in the use of fossil fuels, as well as an increase in homeowner comfort, which will encourage the adoption of heat pumps in our State.

Fourth, there is a \$1,000,000 appropriation to the Department of Economic Development to fund the Technology-Based Economic Development Program.

Recommendation: The Committee's jurisdiction is over government information technology systems. The Committee defers to the House Committee on Commerce and Economic Development as to whether this is an economic development initiative worthy of support.

Fifth, there is a \$300,000 appropriation to the Department of Public Service for the deployment of broadband service pursuant to 2019 Acts and Resolves No. 79.

Recommendation: The Committee supports this appropriation. Last year, as part of Act 79 (the broadband bill), the General Assembly made significant revisions to the required contents of the State's Telecommunications Plan. We also specified that the next Plan should be completed by December 1, 2020. We recognized, then, that the Department of Public Service might not have the necessary time or resources to complete the Plan by that date. Accordingly, we requested that the Commissioner notify the General Assembly if it became apparent that additional time or resources were needed, and we authorized the Commissioner to submit a proposal for contracting with an outside entity. The \$300,000 requested here is for the Department to hire a qualified vendor to prepare the Plan in a form and manner consistent with our statutory requirements. We support this investment of resources.

Sixth, there is a \$1,000,000 appropriation to the Secretary of State for the development of a statewide business portal.

Recommendation: The Committee supports this appropriation. The Committee supports the work of the Secretary of State's Office in collaboration with the Administration to create an online business portal that will allow businesses to register with the State through a one-stop process that integrates the requirements of all State agencies in a single, unified application process.

Sec. D.100, subdivision (a)(3)(c) appropriates \$378,700 from the Municipal and Regional Planning Fund (a special fund containing property transfer tax revenue) to the Agency of Digital Services for the Vermont Center for Geographic Information.

Recommendation: The Committee supports this appropriation. This appropriation will support VCGI's efforts to provide geospatial data, services, and geographic information system infrastructure for public use consistent with its statutory mission.

Secs. D.104 and D.105 concern the Tax Computer System Modernization Fund. First, the proposal changes the Fund's retainage percentage from 30% of new incremental tax receipts to not more than 2% of the total revenue collected from billed and offset liabilities made by the Department of Taxes. Second, the proposal extends from 2022 to 2025 the \$10,000,000 appropriation from the Fund to the Department of Taxes for improvements to IT systems.

Recommendation: The Committee supports these revisions. The amendments will result in greater tax revenue going to the General Fund and will provide the Department additional time to upgrade its IT systems.

This concludes our recommendations. If you have any questions or would like additional information from us, please do not hesitate to reach out, as you deem appropriate.

Thank you for the opportunity to provide input on these important matters.