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Agency of Human Services

Memorandum

To: Senate Committee on Health and Welfare
From: Karen Vastine, Senior Advisor the Commissioner
Re: H.249
Date: April 16, 2019

Background

The Reach Up program provides support services to participants to improve their prospects for upward economic mobility. Support services are tailored to each participant's needs. Support services include: child care, housing assistance, transportation, and other services necessary to achieve the purpose of the Reach Up program.

Transportation is one of the greatest barriers to employment and upward economic mobility for the population served by the Reach Up program. Each year, the Reach Up program purchases approximately 60 cars for participants. Before the Reach Up program purchases a car for a participant, the participant must demonstrate that they have enough money to pay the Purchase & Use tax. Lack of funds often prevents Reach Up participants from being eligible to receive a car.

Original Purpose of the Bill

The original purpose of this bill was to exempt sales and use tax from motor vehicles provided by the Department for Children and Families (DCF) to participants in the Reach Up program and to waive the initial registration fee for such vehicles. This bill supports Reach Up's mission of helping families maintain or obtain employment, overcome obstacles, explore opportunities, improve their finances and reach their goals by mitigating transportation as a barrier. The initiative was supported by DCF and the Department of Motor Vehicles, and was modeled after a similar bill that was enacted last year that benefited Vermont's veterans.

Bill as Passed by the House

The bill, as passed by the House, provides that DCF will fund a pilot program in fiscal year 2020 in which DCF transfers \$434 (which includes the \$360 Purchase & Use tax, \$74 for one year of registration but does *not* include the \$2 clean air fee that is assessed by the DMV) to the Good News Garage for each car purchased by DCF on behalf of a Reach Up or Reach Ahead participant. The Good

News Garage will then transfer \$434 to the Reach Up or Reach Ahead participant to cover the costs of the sales and use tax and the first year of registration.

Funding Mechanism

The bill authorizes DCF to spend \$26,040 from vacancy savings associated with bringing on new employees in the DCF Family Services Division in fiscal year 2020 to pay for the pilot program described above.

DCF's Recommendations

DCF opposes the bill as passed by the House. We disagree with funding this initiative by taking resources from the Family Services Division. Moreover, the pilot is unduly burdensome with respect to the flow of funds.

We respectfully request that the committee restore the version* of H.249 that passed out of House Human Services and was supported by House Transportation. That version included exemptions for the Purchase & Use tax as well as first year's registration.

*Please note that the bill as introduced will need to be read in tandem with the amendments passed by House Human Services.

Bill as introduced:

<https://legislature.vermont.gov/Documents/2020/Docs/BILLS/H-0249/H-0249%20As%20Introduced.pdf>

Bill as amended by House Human Services:

<https://legislature.vermont.gov/Documents/2020/WorkGroups/House%20Human%20Services/Bills/H.249/Drafts,%20Amendments%20and%20Summaries/H.249~Anthea%20Dexter-Cooper~Draft%20No.%201.1,%203-12-2019~3-15-2019.pdf>