

Journal of the House

Tuesday, March 26, 2024

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

Devotional Exercises

Devotional exercises were conducted by Meghan Mayhew Bergman, author, Shaftsbury.

Pledge of Allegiance

Pages Emerson Morrill of Vergennes and Guinevere Velto of Springfield led the House in the Pledge of Allegiance.

Committee Bill Introduced; Referred to Committee on Appropriations

H. 882

By the Committee on Corrections and Institutions,

House bill, entitled

An act relating to capital construction and State bonding budget adjustment

Was read the first time and, pursuant to House Rule 35(a), carrying an appropriation, was referred to the Committee on Appropriations.

Committee Bill Introduced; Referred to Committee on Ways and Means

H. 883

By the Committee on Appropriations,

House bill, entitled

An act relating to making appropriations for the support of government

Was read the first time and, pursuant to House Rule 35(a), affecting the revenue of the State, was referred to the Committee on Ways and Means.

Joint Assembly

At ten o'clock and twenty-nine minutes in the forenoon, the hour for the Joint Assembly having arrived, the Speaker called for a recess and pursuant to the provisions of Joint Senate resolution, entitled

J.R.S. 47. Joint resolution providing for a Joint Assembly to vote on the retention of two Superior Judges and one Magistrate

The Senate appeared in the Hall of the House.

Thereupon, the Joint Assembly having concluded its session, at one o'clock and thirty-six minutes in the afternoon, the Speaker resumed the Chair.

Message from the Senate No. 36

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

Madam Speaker:

I am directed to inform the House that:

The Senate has on its part adopted joint resolution of the following title:

J.R.S. 50. Joint resolution relating to weekend adjournment on March 29, 2024.

In the adoption of which the concurrence of the House is requested.

Senate Bills Referred

Senate bills of the following titles were severally taken up, read the first time, and referred to committee as follows:

S. 150

Senate bill, entitled

An act relating to automobile insurance

To the Committee on Commerce and Economic Development.

S. 183

Senate bill, entitled

An act relating to reenvisioning the Agency of Human Services

To the Committee on Human Services.

S. 213

Senate bill, entitled

An act relating to the regulation of wetlands, river corridor development, and dam safety

To the Committee on Environment and Energy.

S. 246

Senate bill, entitled

An act relating to amending the Vermont basic needs budget and livable

wage

To the Committee on General and Housing.

S. 305

Senate bill, entitled

An act relating to miscellaneous changes related to the Public Utility Commission

To the Committee on Environment and Energy.

Ceremonial Reading

H.C.R. 190

House concurrent resolution designating March 26, 2024 as Robert Frost Day in Vermont

Offered by: Representatives Durfee of Shaftsbury, Bongartz of Manchester, Brownell of Pownal, Carroll of Bennington, Chesnut-Tangerman of Middletown Springs, Conlon of Cornwall, James of Manchester, Morrissey of Bennington, Mrowicki of Putney, Rice of Dorset, Whitman of Bennington, and Williams of Barre City

Offered by: Senators Bray, Campion, Hardy, and Sears

Whereas, Robert Frost was born 150 years ago today, on March 26, 1874, in San Francisco, California, and he was honored, pursuant to 1961 Acts and Resolves No. R-59, as the first Vermont Poet Laureate, and

Whereas, his distinguished literary oeuvre is most memorable for his more than two dozen published poetry collections, and especially noteworthy were his four poetry Pulitzer Prizes awarded in recognition of his volumes entitled: *New Hampshire: A Poem with Notes and Grace Notes* (1924), *Collected Poems* (1931), *A Further Range* (1937), and *A Witness Tree* (1943), and

Whereas, many of Robert Frost's poems epitomized the rural character and landscape of Vermont, and

Whereas, during the 1920s and 1930s, Robert Frost resided in a stone farmhouse in South Shaftsbury, the location for the writing of his iconic poem "Stopping by Woods on a Snowy Evening," one of the selections in his 1924 Pulitzer Prize-winning volume, and

Whereas, his towering presence and leadership at Middlebury College's summertime Bread Loaf School of English in Ripton, where he also resided on a farm after 1938, led to the school's reputation as a stellar center for learning the art of writing, and his many other teaching posts included Bennington College, and

Whereas, Robert Frost was the 1960 recipient of the United States Congressional Gold Medal; recited his poem “The Gift Outright” at President John F. Kennedy’s 1961 inaugural; died in Boston, Massachusetts, in 1963 at 88 years of age; and was buried in the Bennington Centre Cemetery, now therefore be it

Resolved by the Senate and House of Representatives:

That the General Assembly designates March 26, 2024 as Robert Frost Day in Vermont, and be it further

Resolved: That the Secretary of State be directed to send a copy of this resolution to the Robert Frost Stone House in Shaftsbury and to the Bread Loaf School of English in Ripton.

Having been adopted in concurrence on Friday, March 22, 2024 in accord with Joint Rule 16b, was read.

Ceremonial Reading

H.C.R. 191

House concurrent resolution recognizing March 25, 2024 as National Medal of Honor Day in Vermont

Offered by: Committee on Government Operations and Military Affairs

Whereas, the Medal of Honor is the U.S. Armed Forces’ highest accolade for extraordinary military valor, and

Whereas, in 1861, President Abraham Lincoln signed Public Resolution 82, the original Medal of Honor legislation, and

Whereas, the first recipients of the Medal of Honor were a group of soldiers known as Andrews’ Raiders who led a daunting mission to cross Confederate lines and steal a train, and six of these soldiers were honored on March 25, 1863, and

Whereas, during the Civil War, 61 Vermonters, defined as having either been born or enlisted in the State, were Medal of Honor recipients, and

Whereas, the most unusual recipient was Willie Johnston, who, as an 11-year-old resident of the Northeast Kingdom community of Salem, begged to accompany his father upon the older Johnston’s 1861 military enlistment, and

Whereas, Willie Johnston was accepted as a drummer in D Company of the 3rd Vermont Volunteer Infantry Regiment, and

Whereas, during the 1862 Peninsula Campaign, when Union forces failed to invade the Confederate capital of Richmond, Virginia, and were forced to flee

down the Virginia peninsula, young Johnston proved the only drummer in his division to retain his instrument through the harrowing ordeal, and

Whereas, on September 16, 1863, when Willie Johnston was only 13 years of age, U.S. Secretary of War Edwin Stanton presented him with this special medal, and he remains the youngest recipient to this day, and

Whereas, other Vermonters were awarded the Medal of Honor for service during the Indian Wars (1), the Philippines Campaign (1), interim periods (2), World War II (2), and the Vietnam War (1), and

Whereas, Congress established National Medal of Honor Day, first observed in 1991, “to foster public appreciation and recognition of Medal of Honor Recipients,” now therefore be it

Resolved by the Senate and House of Representatives:

That the General Assembly recognizes March 25, 2024 as National Medal of Honor Day in Vermont, and be it further

Resolved: That the Secretary of State be directed to send a copy of this resolution to Robert Burke, Director of the Vermont Office of Veterans Affairs, and to William Mattoon in Springfield.

Having been adopted in concurrence on Friday, March 22, 2024 in accord with Joint Rule 16b, was read.

Second Reading; Bill Amended; Third Reading Ordered

H. 612

Rep. Birong of Vergennes, for the Committee on Government Operations and Military Affairs, to which had been referred House bill, entitled

An act relating to miscellaneous cannabis amendments

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

Sec. 1. 6 V.S.A. § 562(4) is amended to read:

(4)(A) “Hemp products” or “hemp-infused products” means all products with the federally defined tetrahydrocannabinol concentration level for hemp derived from, or made by, processing hemp plants or plant parts, which are prepared in a form available for commercial sale, including cosmetics, personal care products, food intended for animal or human consumption, cloth, cordage, fiber, fuel, paint, paper, construction materials, plastics, and any product containing one or more hemp-derived cannabinoids, such as cannabidiol.

(B) Notwithstanding subdivision (A) of this subdivision (4), “hemp products” and “hemp-infused products” do not include any substance, manufacturing intermediary, or product that:

(i) is prohibited or deemed a regulated cannabis product by administrative rule of the Cannabis Control Board; or

(ii) contains more than 0.3 percent total tetrahydrocannabinol on a dry-weight basis.

(C) A hemp-derived product or substance that is excluded from the definition of “hemp products” or “hemp-infused products” pursuant to subdivision (B) of this subdivision (4) shall be considered a cannabis product as defined by 7 V.S.A. § 831(3); provided, however, that a person duly licensed or registered by the Cannabis Control Board lawfully may possess such products in conformity with the person’s license or hemp processor registration.

Sec. 2. 7 V.S.A. § 861(18) is amended to read:

(18) “Controls,” “is controlled by,” and “under common control” mean the power to direct, or cause the direction or management and policies of a person, ~~whether through the direct or beneficial ownership of voting securities, by contract, or otherwise.~~ A person who ~~directly or beneficially owns~~ has a 10 percent or more ownership interest or equity interest, or the equivalent thereof, in the assets, capital, profits, or stock of another person shall be deemed to control the person.

Sec. 3. 7 V.S.A. § 868 is amended to read:

§ 868. PROHIBITED PRODUCTS

(a) The Except as provided in section 907 of this title relating to a retailer with a medical endorsement, the following are prohibited products and may not be cultivated, produced, or sold pursuant to a license issued under this chapter:

(1) cannabis flower with greater than 30 percent tetrahydrocannabinol;

(2) flavored oil cannabis products sold prepackaged for use with battery- powered devices and any cannabis flower that contains characterizing flavor that is not naturally occurring in the cannabis;

(3) cannabis products that contain delta-9 tetrahydrocannabinol and nicotine or alcoholic beverages; and

(4) any cannabis, cannabis products, or packaging of such items that are designed to make the product more appealing to persons under 21 years of age.

(b)(1) Except as provided by subdivision (2) of this subsection and in section 907 of this title relating to a retailer with a medical endorsement, solid and liquid concentrate cannabis products with greater than 60 percent tetrahydrocannabinol may be produced by a licensee and sold to another licensee in accordance with subchapter 3 of this chapter but shall not be sold to the public by a licensed retailer or integrated licensee.

(2) Liquid concentrate cannabis products with greater than 60 percent tetrahydrocannabinol that are prepackaged for use with battery-powered devices shall be permitted to be sold to the public by a licensed retailer or integrated licensee.

Sec. 4. 7 V.S.A. § 881 is amended to read:

§ 881. RULEMAKING; CANNABIS ESTABLISHMENTS

(a) The Board shall adopt rules to implement and administer this chapter in accordance with subdivisions (1)–(8) of this subsection.

(1) Rules concerning any cannabis establishment shall include:

(A) the form and content of license and renewal applications;

(B) qualifications for licensure that are directly and demonstrably related to the operation of a cannabis establishment, including:

(i) a requirement to submit an operating plan, which shall include information concerning:

(I) the type of business organization, the identity of its controlling owners and principals, and the identity of the controlling owners and principals of its affiliates; and

(II) the sources, amount, and nature of its capital, assets, and financing; the identity of its financiers; and the identity of the controlling owners and principals of its financiers;

(ii) a requirement to file an amendment to its operating plan in the event of a significant change in organization, operation, or financing; and

(iii) the requirement for a fingerprint-based criminal history record check and regulatory record check pursuant to section 883 of this title;

(C) oversight requirements, including provisions to ensure that a licensed establishment complies with State and federal regulatory requirements governing insurance, securities, workers' compensation, unemployment insurance, and occupational health and safety;

(D) inspection requirements;

-
- (E) records to be kept by licensees and the required availability of the records;
 - (F) employment and training requirements;
 - (G) security requirements, including any appropriate lighting, physical security, video, and alarm requirements;
 - (H) health and safety requirements;
 - (I) regulation of additives to cannabis and cannabis products, including cannabidiol derived from hemp and substances that are toxic or designed to make the product more addictive, more appealing to persons under 21 years of age, or to mislead consumers;
 - (J) procedures for seed-to-sale traceability of cannabis, including any requirements for tracking software;
 - (K) regulation of the storage and transportation of cannabis;
 - (L) sanitary requirements;
 - (M) procedures for the renewal of a license, which shall allow renewal applications to be submitted up to 90 days prior to the expiration of the cannabis establishment's license;
 - (N) procedures for suspension and revocation of a license;
 - (O) requirements for banking and financial transactions, including provisions to ensure that the Board, the Department of Financial Regulation, and financial institutions have access to relevant information concerning licensed establishments to comply with State and federal regulatory requirements;
 - (P) disclosure or eligibility requirements for a financier, its owners and principals, and its affiliates, which may include:
 - (i) requirements to disclose information to a licensed establishment, the Board, or the Department of Financial Regulation;
 - (ii) a minimum age requirement and a requirement to conduct a background check for natural persons;
 - (iii) requirements to ensure that a financier complies with applicable State and federal laws governing financial institutions, licensed lenders, and other financial service providers; and
 - (iv) any other requirements, conditions, or limitations on the type or amount of loans or capital investments made by a financier or its affiliates, which the Board, in consultation with the Department of Financial Regulation,

determines are necessary to protect the public health, safety, and general welfare;

(Q) policies and procedures for conducting outreach and promoting participation in the regulated cannabis market by diverse groups of individuals, including those who have been disproportionately harmed by cannabis prohibition;

(R) advertising and marketing; and

(S) requirements for cannabis control testing of hemp, hemp-infused products, cannabis, and cannabis products.

(2)(A) Rules concerning cultivators shall include:

(i) creation of a tiered system of licensing based on the plant canopy size of the cultivation operation or plant count for breeding stock;

(ii) pesticides or classes of pesticides that may be used by cultivators, provided that any rules adopted under this subdivision shall comply with and shall be at least as stringent as the Agency of Agriculture, Food and Markets' Vermont Pesticide Control Regulations;

(iii) standards for indoor cultivation of cannabis;

(iv) procedures and standards for testing cannabis for contaminants, potency, and quality assurance and control;

(v) labeling requirements for cannabis sold to retailers and integrated licensees, including health warnings developed in consultation with the Department of Health;

(vi) regulation of visits to the establishments, including the number of visitors allowed at any one time and record keeping concerning visitors; ~~and~~

(vii) facility inspection requirements and procedures; and

(viii) performance standards that would allow the Board to relegate a cultivator into a lower tier or expand into a tier that may not be otherwise available to new applicants.

* * *

(5) Rules concerning retailers shall include:

(A) requirements for proper verification of age of customers;

(B) restrictions that cannabis shall be stored behind a counter or other barrier to ensure a customer does not have direct access to the cannabis;

(C) requirements that if the retailer sells hemp or hemp products, the hemp and hemp products are clearly labeled as such;

(D) requirements for opaque, child-resistant packaging of cannabis products and child-deterrent packaging for cannabis at point of sale to customer; and

(E) requirements and procedures for facility inspection to occur at least annually;

(F) location or siting requirements that increase the geographic distribution of new cannabis retail establishments based on population and market needs; and

(G) requirements for a medical-use endorsement, including rules requiring access for patients who are under 21 years of age.

* * *

Sec. 5. 7 V.S.A. § 907 is amended to read:

§ 907. RETAILER LICENSE

(a) A retailer licensed under this chapter may:

(1) purchase cannabis and cannabis products from a licensed cannabis establishment; and

(2) transport, possess, package, and sell cannabis and cannabis products to the public for consumption off the registered premises or for cultivation.

(b) In a single transaction, a retailer may provide one ounce of cannabis or the equivalent in cannabis products, or a combination thereof, to a person 21 years of age or older upon verification of a valid government-issued photograph identification card.

(c)(1) Packaging shall include:

(A) the strain and variety of cannabis contained;

(B) the potency of the cannabis represented by the amount of tetrahydrocannabinol and cannabidiol in milligrams total and per serving;

(C) a “produced on” date reflecting the date that the cultivator finished producing the cannabis;

(D) appropriate warnings as prescribed by the Board in rule; and

(E) any additional requirements contained in rules adopted by the Board in accordance with this chapter.

(2) Packaging shall not be designed to appeal to persons under 21 years of age.

(d) A retailer shall display a safety information flyer at the point of purchase and offer a customer a copy of the flyer with each purchase. A retailer shall inform the customer that if the customer elects not to receive the flyer, the information contained in the flyer is available on the website for the Board. The flyer shall be developed by the Board in consultation with the Department of Health, posted on the Board's website, and supplied to the retailer free of charge. At a minimum, the flyer or flyers shall contain information concerning the methods for administering cannabis, the amount of time it may take for cannabis products to take effect, the risks of driving under the influence of cannabis, the potential health risks of cannabis use, the symptoms of problematic usage, how to receive help for cannabis abuse, and a warning that cannabis possession is illegal under federal law.

(e) Delivery of cannabis to customers is prohibited, except as provided in subsection (f) of this section.

(f) A retailer may obtain a medical-use endorsement in compliance with rules adopted by the Board and the endorsement shall permit the retailer to:

(1) sell tax-free cannabis and cannabis products to registered patients directly or through their registered caregivers:

(A) that are otherwise prohibited for sale to nonmedical customers pursuant to subdivisions 868(a)(1) and (b)(1) of this title;

(B) that are otherwise prohibited for sale to nonmedical customers if they are determined to be appropriate for use by a registered patient as determined by the Board through rulemaking; and

(C) quantities in excess of the single transaction limit in subsection (b) of this section provided they do not exceed the per patient possession limit in section 952 of this title .

(2) deliver cannabis and cannabis products to registered patients directly or through their registered caregivers; and

(3) allow registered patients to purchase directly or through their registered caregivers cannabis and cannabis products without leaving their vehicles.

Sec. 6. 7 V.S.A. § 910 is amended to read:

§ 910. CANNABIS ESTABLISHMENT FEE SCHEDULE

The following fees shall apply to each person or product licensed by the Board:

* * *

(4) Retailers.

(A) Retailers that sell cannabis and cannabis products to consumers shall be assessed an annual licensing fee of \$10,000.00.

(B) Retailers that include a medical-use endorsement shall be assessed an annual licensing fee of \$10,250.00.

* * *

Sec. 7. 7 V.S.A. § 951(8) is amended to read:

(8) “Qualifying medical condition” means:

(A) cancer, multiple sclerosis, positive status for human immunodeficiency virus, acquired immune deficiency syndrome, glaucoma, Crohn’s disease, Parkinson’s disease, post-traumatic stress disorder, ulcerative colitis, or the treatment of these conditions, if the disease or the treatment results in severe, persistent, and intractable symptoms; or

(B) a disease or medical condition or its treatment that is chronic, debilitating, and produces one or more of the following intractable symptoms: cachexia or wasting syndrome, chronic pain, severe nausea, or seizures.

Sec. 8. 7 V.S.A. § 955 is amended to read:

§ 955. REGISTRATION; FEES

(a) A registration card shall expire ~~one year after the date of issuance for patients with a qualifying medical condition of chronic pain and the caregivers who serve those patients. For all other patients and the caregivers who serve those patients, a registration card shall expire~~ three years after the date of issuance. A patient or caregiver may renew the card according to protocols adopted by the Board.

(b) The Board shall charge and collect a \$50.00 registration and renewal fee for patients and caregivers. Fees shall be deposited in the Cannabis Regulation Fund as provided in section 845 of this title.

Sec. 9. 7 V.S.A. § 977 is amended to read:

§ 977. FEES

(a) The Board shall charge and collect the following fees for dispensaries:

(1) a one-time ~~\$2,500.00~~ \$1,000.00 application fee;

(2) a ~~\$20,000.00 registration fee for the first year of operation;~~

~~(3) an annual renewal fee of \$25,000.00 for a subsequent year of operation \$5,000.00; and~~

~~(4)(3) an annual Registry identification or renewal card fee of \$50.00 to be paid by the dispensary for each owner, principal, financier, and employee of the dispensary.~~

(b) Fees shall be deposited in the Cannabis Regulation Fund as provided in section 845 of this title.

Sec. 10. 7 V.S.A. § 978(f) is amended to read:

~~(f) The Board may charge and collect fees for review of advertisements. [Repealed.]~~

Sec. 11. 18 V.S.A. § 4230(d) is amended to read:

~~(d) Cannabis-infused~~ Cannabis-infused products. Only the portion of a cannabis-infused product that is attributable to cannabis shall count toward the possession limits of this section. The weight of cannabis that is attributable to cannabis-infused products shall be determined according to methods set forth in rule by the ~~Department of Public Safety in accordance with chapter 86 of this title (therapeutic use of cannabis)~~ Cannabis Control Board.

Sec. 12. 20 V.S.A. § 2730(b) is amended to read:

(b) The term “public building” does not include:

* * *

(5) A farm building that is used in the outdoor cultivation of cannabis by a person licensed pursuant to 7 V.S.A. chapter 33 in accordance with such chapter and related rules.

Sec. 13. 32 V.S.A. § 7902 is amended to read:

§ 7902. CANNABIS EXCISE TAX

(a) There is imposed a cannabis excise tax equal to 14 percent of the sales price of each retail sale in this State of cannabis and cannabis products, including food or beverages.

(b) The tax imposed by this section shall be paid by the purchaser to the retailer or integrated licensee. Each retailer or integrated licensee shall collect from the purchaser the full amount of the tax payable on each taxable sale.

(c) The tax imposed by this section is separate from and in addition to the general sales and use tax imposed by chapter 233 of this title. The tax imposed by this section shall not be part of the sales price to which the general sales and use tax applies. The cannabis excise tax shall be separately itemized from the general sales and use tax on the receipt provided to the purchaser.

(d) The following sales shall be exempt from the tax imposed under this section:

(1) sales under any circumstances in which the State is without power to impose the tax; and

(2) sales made by any dispensary as authorized under 7 V.S.A. chapter 37 or any retailer licensed with a medical-use endorsement as authorized under 7 V.S.A. chapter 33, provided that the cannabis or cannabis product is sold only to registered qualifying patients directly or through their registered caregivers. A retailer that sells cannabis or cannabis products that are exempt from tax pursuant to this subdivision shall retain information pertaining to each exempt transaction as required by the Commissioner of Taxes.

Sec. 14. 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:

* * *

(55) Cannabis and cannabis products, as defined under 7 V.S.A. § 831, sold by any dispensary as authorized under 7 V.S.A. chapter 37 or any retailer licensed with a medical-use endorsement as authorized under 7 V.S.A. chapter 33, provided that the cannabis or cannabis product is sold only to registered qualifying patients directly or through their registered caregivers. A retailer that sells cannabis or cannabis products that are exempt from tax pursuant to this subdivision shall retain information pertaining to each exempt transaction as required by the Commissioner of Taxes.

* * *

Sec. 15. TRANSFER AND APPROPRIATION

Notwithstanding 7 V.S.A. § 845(c), in fiscal year 2025:

(1) \$500,000.00 is transferred from the Cannabis Regulation Fund established pursuant to 7 V.S.A. § 845 to the Cannabis Business Development Fund established pursuant to 7 V.S.A. § 987; and

(2) \$500,000.00 is appropriated from the Cannabis Business 19 Development Fund to the Agency of Commerce and Community Development to fund technical assistance and provide loans and grants pursuant to 7 V.S.A. § 987.

Sec. 16. 7 V.S.A. § 869 is amended to read:

§ 869. CULTIVATION OF CANNABIS; ENVIRONMENTAL AND LAND
USE STANDARDS; REGULATION OF CULTIVATION

(a) A cannabis establishment shall not be regulated as “farming” under the Required Agricultural Practices, 6 V.S.A. chapter 215, or other State law, and cannabis produced from cultivation shall not be considered an agricultural product, farm crop, or agricultural crop for the purposes of 32 V.S.A. chapter 124, 32 V.S.A. § 9741, or other relevant State law.

* * *

(f) Notwithstanding subsection (a) of this section, a cultivator licensed under this chapter who initiates cultivation of cannabis outdoors on a parcel of land shall:

(1) be regulated in the same manner as “farming” and not as “development” on the tract of land where cultivation occurs for the purposes of permitting under 10 V.S.A. chapter 151;

(2)(A) not be regulated by a municipal bylaw adopted under 24 V.S.A. chapter 117 in the same manner that Required Agricultural Practices are not regulated by a municipal bylaw under 24 V.S.A. § 4413(d)(1)(A), except that there shall be the following minimum setback distance between the cannabis plant canopy and a property boundary or edge of a highway:

(i) if the cultivation occurs in a cannabis cultivation district adopted by a municipality pursuant to 24 V.S.A. § 4414a, the setback shall be not larger than 25 feet as established by the municipality; and

(ii) if the cultivation occurs outside of cannabis cultivation district adopted by a municipality pursuant to 24 V.S.A. § 4414a or no cannabis cultivation district has been adopted by the municipality, the setback shall be not larger than 100 feet as established by the municipality;

(B) if a municipality does not have zoning, the setback shall be 10 feet;

(3) be eligible to enroll in the Use Value Appraisal Program under 32 V.S.A. chapter 124 for the cultivation of cannabis;

(4) be exempt under 32 V.S.A. § 9741(3), (25), and (50) from the tax on retail sales imposed under 32 V.S.A. § 9771; and

(5) be entitled to the rebuttable presumption that cultivation does not constitute a nuisance under 12 V.S.A. chapter 195 in the same manner as “agricultural activities” are entitled to the rebuttable presumption, provided

that, notwithstanding 12 V.S.A. § 5753(a)(1)(A), the cultivation is complying with subsections (b) and (d) of this section.

Sec. 17. 24 V.S.A. § 4414a is added to read:

§ 4414a. CANNABIS CULTIVATION DISTRICT

A municipality, after consultation with the municipal cannabis control commission, if one exists, may adopt a bylaw identifying cannabis cultivation districts where the outdoor cultivation of cannabis is preferred within the municipality. Cultivation of cannabis within a cannabis cultivation district shall be presumed not to result in an undue effect on the character of the area affected. The adoption of a cannabis cultivation district shall not have the effect of prohibiting cultivation of outdoor cannabis in the municipality.

Sec. 18. EFFECTIVE DATES

Sec. 6, 7 V.S.A. § 910, shall take effect on July 1, 2025, and the remainder of the act shall take effect on passage.

Rep. Anthony of Barre City, for the Committee on Ways and Means, recommended the bill ought to pass when amended as recommended by the Committee on Government Operations and Military Affairs.

Rep. Scheu of Middlebury, for the Committee on Appropriations, recommended the bill ought to pass when amended as recommended by the Committee on Government Operations and Military Affairs.

The bill, having appeared on the Notice Calendar, was taken up, read the second time, the report of the Committee on Government Operations and Military Affairs agreed to, and third reading was ordered.

Third Reading; Bills Passed

House bills of the following titles were severally taken up, read the third time, and passed:

H. 622

House bill, entitled

An act relating to emergency medical services

H. 655

House bill, entitled

An act relating to qualifying offenses for sealing criminal history records and access to sealed criminal history records

Bill Amended; Recess; Third Reading; Bill Passed**H. 702**

House bill, entitled

An act relating to legislative operations and government accountability

Was taken up and, pending third reading of the bill, **Reps. Cina of Burlington and Donahue of Northfield** moved to amend the bill in Sec. 2, 2 V.S.A. chapter 28, in section 972, in subdivision (a)(1)(B), by adding a new sentence to the end of the subdivision to read as follows:

The Committee shall consider issues of significant public concern referred to the Committee pursuant to a resolution adopted by either chamber of the General Assembly.

Which was agreed to.

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

At three o'clock and two minutes in the afternoon, the Speaker called the House to order.

Pending third reading of the bill, **Rep. McCarthy of St. Albans City** moved to amend the bill by adding a reader assistance heading and two new sections to be Secs. 6a and 6b to read as follows:

* * * State-Funded Grants Review * * *

Sec. 6a. WORKING GROUP ON STATE GRANT PROCESSES

(a) Creation. There is created the Working Group on State Grant Processes for the purpose of assessing the State's current grant awarding procedures.

(b) Membership. The Working Group shall be composed of the following members:

(1) the Secretary of Administration or designee;

(2) six representatives of nonprofit organizations, selected by Common Good Vermont, with at least one representative being a certified public accountant and at least one representative being a certified financial planner, that within 12 months following July 1, 2024 have received a State-funded grant, as follows:

(A) two representatives from human service organizations;

(B) one representative from an arts, culture, or humanities organization; an environmental organization; or a recreational organization;

(C) one representative from an education organization, excluding higher education;

(D) one representative from a nonprofit agency that provides mental health care; and

(E) one representative from Common Good Vermont.

(3) one representative from a Vermont United Way organization, appointed by the Executive Director of the United Way of Vermont;

(4) two current members of the House of Representatives, who shall be appointed by the Speaker of the House;

(5) two current members of the Senate, who shall be appointed by the Committee on Committees;

(6) one representative of the Department of Finance and Management, appointed by the Governor; and

(7) one member, appointed by the Vermont League of Cities and Towns.

(c) Meetings.

(1) The Secretary of Administration or designee shall call the first meeting of the Working Group to occur on or before September 1, 2024.

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

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

(4) The Working Group shall meet not fewer than eight times.

(5) The Chair may establish subcommittees to perform the work set forth in this section.

(d) Powers and duties. The Working Group shall:

(1) assess the State's current grant and contracting funding levels and identify cost of living or other inflationary adjustments;

(2) assess the impact of bridge loans and lines of credit and identify alternative mechanisms for meeting funding needs;

(3) assess grant and contracting processes and practices across State agencies and departments and identify uniform best practices;

(4) determine the specific circumstances under which funding should be reimbursable;

(5) identify the funding sources that are currently reimbursable but are not required to be and recommend solutions to improve reimbursement practices and processes;

(6) identify system improvements that would simplify grant application and reporting processes;

(7) examine ways to ensure consistency between State and federal indirect rates, including:

(A) implementing a standard indirect rate across all State-funded grants;

(B) reviewing the process for nonprofit organizations to qualify for an indirect rate above the standard rate; and

(C) honoring federal indirect rates;

(8) analyze the impact of grants being executed more than 30 days after a notice of award is issued;

(9) analyze the impact of agencies not paying grantees within 30 days after receiving a written request for payment on a grant; and

(10) consider related issues that arise during the course of the Working Group's duties as set forth in this section.

(e) Reporting. The Working Group shall submit a written report to the House Committee on Government Operations and Military Affairs and the Senate Committee on Government Operations with its recommendations based on the analysis conducted pursuant to this section on or before September 1, 2025.

(f) Compensation and reimbursement.

(1) For attendance at meetings during adjournment of the General Assembly, a legislative member of the Working Group serving in the member's capacity as a legislator shall be entitled to per diem compensation and reimbursement of expenses pursuant to 2 V.S.A. § 23 for not more than eight meetings.

(2) Other members of the Working Group shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not more than eight meetings.

(3) Payments to members of the Working Group authorized under this subsection shall be made from monies appropriated to the General Assembly.

(g) Expiration. The Working Group shall cease to exist on December 31, 2025.

Sec. 6b. STATE-FUNDED GRANTS; REPORT ON PROMPT

EXECUTION AND PAYMENT

On or before November 15, 2024, the Agency of Administration, in consultation with the Joint Fiscal Office, shall submit a preliminary written report to the House Committee on Government Operations and Military Affairs and the Senate Committee on Government Operations analyzing and summarizing the fiscal and logistical impacts of requiring State agencies to:

(1) execute State-funded grant agreements within 30 days after providing notice of award to a grantee; and

(2) promptly pay grantees of State-funded grant agreements within 30 days after receipt of a valid written request for payment.

Which was agreed to. Thereafter, the bill was read a third time and passed.

Third Reading; Bills Passed

House bills of the following titles were severally taken up, read the third time, and passed:

H. 707

House bill, entitled

An act relating to revising the delivery and governance of the Vermont workforce system

H. 877

House bill, entitled

An act relating to miscellaneous agricultural subjects

Second Reading; Bill Amended; Third Reading Ordered

H. 585

Rep. McCarthy of St. Albans City, for the Committee on Government Operations and Military Affairs, to which had been referred House bill, entitled

An act relating to amending the pension system for sheriffs and certain deputy sheriffs

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

Sec. 1. 3 V.S.A. § 455 is amended to read:

§ 455. DEFINITIONS

(a) As used in this subchapter:

* * *

(11) “Member” means any employee included in the membership of the Retirement System under section 457 of this title.

* * *

(F) “Group G member” means:

(i) the following employees who are first employed in the positions listed in this subdivision (F)(i) on or after July 1, 2023, or who are members of the System as of June 30, 2022 and make an irrevocable election to prospectively join Group G on or before June 30, 2023, pursuant to the terms set by the Board: facility employees of the Department of Corrections, as Department of Corrections employees who provide direct security and treatment services to offenders under supervision in the community, as employees of a facility for justice-involved youth, ~~or as~~ and employees of the Vermont State Psychiatric Care Hospital employees or as employees of its successor in interest, who provide direct patient care; and

(ii) the following employees who are first employed in the positions listed in this subdivision (F)(ii) or first included in the membership of the System on or after January 1, 2025, or who are members of the System as of December 31, 2024 and make an irrevocable election to join Group G on or before December 31, 2024, pursuant to the terms set by the Board:

(I) all sheriffs; and

(II) deputy sheriffs who:

(aa) are employed by county sheriff’s departments that participate in the Vermont Employees’ Retirement System;

(bb) have attained Level II or Level III law enforcement officer certification from the Vermont Criminal Justice Council;

(cc) are required to perform law enforcement duties as the primary function of their employment; and

(dd) are not full-time deputy sheriffs compensated by the State of Vermont whose primary function is transports as defined in 24 V.S.A. § 290(b) and eligible for Group C pursuant to 3 V.S.A. § 455(9)(B).

* * *

(13) “Normal retirement date” means:

* * *

(E) with respect to a Group G member:

(i) for facility employees of the Department of Corrections, Department of Corrections employees who provide direct security and treatment services to offenders under supervision in the community, employees of a facility for justice-involved youth, or employees of the Vermont State Psychiatric Care Hospital or its predecessor or successor in interest, who provide direct patient care, who were first included in the membership of the System on or before June 30, 2008, who were employed as of June 30, 2022, and who made an irrevocable election to prospectively join Group G on or before July 1, 2023, pursuant to the terms set by the Board, the first day of the calendar month next following the earlier of:

(I) 62 years of age and following completion of five years of creditable service;

(II) completion of 30 years of creditable service; or

(III) 55 years of age and following completion of 20 years of creditable service; or

(ii) for facility employees of the Department of Corrections, Department of Corrections employees who provide direct security and treatment services to offenders under supervision in the community, as employees of a facility for justice-involved youth, or employees of the Vermont State Psychiatric Care Hospital or its predecessor or successor in interest, who provide direct patient care, who were first included in the membership of the System on or after July 1, 2008, who were employed as of June 30, 2022, and who made an irrevocable election to prospectively join Group G on or before July 1, 2023, pursuant to the terms set by the Board, the first day of the calendar month next following the earlier of:

(I) 65 years of age and following completion of five years of creditable service;

(II) attainment of 87 points reflecting a combination of the age of the member and number of years of service; or

(III) 55 years of age and following completion of 20 years of creditable service; or

(iii) for facility employees of the Department of Corrections, Department of Corrections employees who provide direct security and treatment services to offenders under supervision in the community, employees

of a facility for justice-involved youth, or employees of the Vermont State Psychiatric Care Hospital or its predecessor or successor in interest, who provide direct patient care, who first become a Group G member on or after July 1, 2023, the first day of the calendar month next following the earlier of:

(I) attainment of 55 years of age and following completion of 20 years of creditable service; or

(II) 65 years of age and following completion of five years of creditable service;

(iv) for all sheriffs and those deputy sheriffs who meet the requirements pursuant to subdivision (11)(F)(ii) of this subsection (a), who were first included in the membership of the System on or before June 30, 2008, who were employed as of December 31, 2024, and who made an irrevocable election to prospectively join Group G on or before January 1, 2025, pursuant to the terms set by the Board, the first day of the calendar month next following the earlier of:

(I) 62 years of age and following completion of five years of creditable service;

(II) completion of 30 years of creditable service; or

(III) 55 years of age and following completion of 20 years of creditable service;

(v) for all sheriffs and those deputy sheriffs who meet the requirements pursuant to subdivision (11)(F)(ii) of this subsection (a), who were first included in the membership of the System on or after July 1, 2008, who were employed as of December 31, 2024, and who made an irrevocable election to prospectively join Group G on or before January 1, 2025, pursuant to the terms set by the Board, the first day of the calendar month next following the earlier of:

(I) 65 years of age and following completion of five years of creditable service;

(II) attainment of 87 points reflecting a combination of the age of the member and number of years of service; or

(III) 55 years of age and following completion of 20 years of creditable service; or

(vi) for all sheriffs and those deputy sheriffs who meet the requirements pursuant to subdivision (11)(F)(ii) of this subsection (a), who first become a Group G member after January 1, 2025, the first day of the calendar month next following the earlier of:

(I) attainment of 55 years of age and following completion of 20 years of creditable service; or

(II) 65 years of age and following completion of five years of creditable service.

* * *

Sec. 2. 3 V.S.A. § 459 is amended to read:

§ 459. NORMAL AND EARLY RETIREMENT

* * *

(b) Normal retirement allowance.

* * *

(6)(A) Upon normal retirement pursuant to subdivisions 455(a)(13)(E)(i) ~~and, (iii), (iv), and (vi)~~ of this chapter, a Group G member shall receive a normal retirement allowance equal to two and one-half of a percent of the member's average final compensation times years of membership service in Group G. The maximum retirement allowance shall be 50 percent of average final compensation.

(B) Upon normal retirement pursuant to ~~subdivision~~ subdivisions 455(a)(13)(E)(ii) ~~and (v)~~ of this chapter, a Group G member shall receive a normal retirement allowance equal to two and one-half of a percent of the member's average final compensation times years of membership service in Group G. The maximum retirement allowance shall be 60 percent of average final compensation.

* * *

(d) Early retirement allowance.

* * *

(4)(A) Upon early retirement, a Group G member who was previously a Group F member first included in the membership of the System on or before June 30, 2008, and who elected to transfer into Group G ~~on July 1, 2023~~ pursuant to the terms set by the Board, shall receive an early retirement allowance that shall be equal to the normal retirement allowance reduced by the lesser of (i) one-half of one percent for each month equal to the difference between the 240 months and the member's months of creditable service, or (ii) an amount that shall be the actuarial equivalent of the normal retirement allowance computed under subsection (b) of this section.

(B) Upon early retirement, a Group G member who was previously a Group F member first included in the membership of the System on or after July 1, 2008, and who elected to transfer into Group G ~~on July 1, 2023~~ pursuant to the terms set by the Board, shall receive an early retirement allowance that shall be equal to the normal retirement allowance reduced by the lesser of (i) five-ninths of one percent for each month equal to the difference between the 240 months and the member's months of creditable service, or (ii) an amount that shall be the actuarial equivalent of the normal retirement allowance computed under subsection (b) of this section.

* * *

Sec. 3. 3 V.S.A. § 489 is amended to read:

§ 489. BENEFITS

Persons who become members of the Vermont State Retirement System under this subchapter and on behalf of whom contributions are paid as provided in this subchapter shall be entitled to benefits under the Vermont State Retirement System as though they were employees of the State of Vermont. These employees shall be considered "Group F members" as defined in subdivision 455(a)(11)(E) of this title, except that:

(1) elected municipal employees shall not be subject to mandatory retirement requirements; and

(2) sheriffs and those deputy sheriffs who meet the requirements pursuant to subdivision 455(a)(11)(F)(ii)(II) of this chapter shall be considered members of Group G.

Sec. 4. ONE-TIME IRREVOCABLE ELECTION FOR SHERIFFS AND
CERTAIN DEPUTY SHERIFFS

(a) On or before September 1, 2024, the Department of State's Attorneys and Sheriffs, in consultation with the Department of Human Resources and the Office of the State Treasurer, shall establish a list of positions newly eligible for Group G of the Vermont State Employees' Retirement System, which shall be limited to the following:

(1) all sheriffs; and

(2) deputy sheriffs who:

(A) are employed by county sheriff's departments that participate in the Vermont State Employees' Retirement System;

(B) have attained Level II or Level III law enforcement officer certification from the Vermont Criminal Justice Council;

(C) are required to perform law enforcement duties as the primary function of their employment; and

(D) are not full-time deputy sheriffs compensated by the State of Vermont whose primary function is transports as defined in 24 V.S.A. § 290(b) and eligible for Group C pursuant to 3 V.S.A. § 455(9)(B).

(b) In establishing any new deputy sheriff position on and after January 1, 2025, the Department of State's Attorneys and Sheriffs, in consultation with sheriff's departments, shall identify that position as eligible for either Group C membership or Group G membership pursuant to the criteria as set forth in subsection (a) of this section.

(c)(1) A sheriff or deputy sheriff who qualifies for Group G membership shall have a one-time option to transfer to Group G on or before December 1, 2024. For a sheriff or deputy sheriff who qualifies for Group G membership who is first employed on or after December 1, 2024, election to join Group G under this subsection shall be made as soon as possible but shall be within 30 days from the employee's date of hire.

(2) Election to join the Group G plan under this subsection shall be irrevocable.

(d) The effective date of participation in a new group plan for those employees covered under this section and who elect to transfer to Group G shall be January 1, 2025. All past service accrued through the date of transfer shall be calculated based upon the plan in which it was accrued, with all provisions and penalties, if applicable, applied.

(e) The Department of State's Attorneys and Sheriffs shall notify the Office of the State Treasurer of changes in a deputy sheriff's eligibility for Group G within 30 days of the change in eligibility, pursuant to 3 V.S.A. § 455(11)(F)(ii)(II).

(f) Nothing in this section shall be read to extend postretirement health or other insurance benefits to Group G deputy sheriffs who work for county sheriff's departments.

Sec. 5. 32 V.S.A. § 1182(c) is added to read:

(c) Compensation under subsection (a) of this section shall be reduced by 30% for any sheriff whose law enforcement officer certification is permanently revoked pursuant to 20 V.S.A. § 2406.

Sec. 6. EFFECTIVE DATE

This act shall take effect on July 1, 2024.

Rep. Beck of St. Johnsbury, for the Committee on Ways and Means, recommended the bill ought to pass when amended as recommended by the Committee on Government Operations and Military Affairs.

Rep. Dickinson of St. Albans Town, for the Committee on Appropriations, recommended the bill ought to pass when amended as recommended by the Committee on Government Operations and Military Affairs.

The bill, having appeared on the Notice Calendar, was taken up, read the second time, the report of the Committee on Government Operations and Military Affairs agreed to, and third reading was ordered.

Second Reading; Bill Amended; Third Reading Ordered

H. 630

Rep. Buss of Woodstock, for the Committee on Education, to which had been referred House bill, entitled

An act relating to boards of cooperative education services

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

* * * Findings and Intent * * *

Sec. 1. FINDINGS; INTENT

(a) Findings. The General Assembly finds that:

(1) Vermont's school districts are small by national and regional standards, which denies them some of the benefits of scale. As of 2021, Vermont was one of approximately nine states that did not have an established system of cooperative educational service agencies.

(2) Some specialized education services are higher in cost or intensity but lower in incidence. Collaborating to ensure quality education is more regionally available to serve students in the least restrictive environment, with a focus of reintegration into the classroom, may make providing such services more efficient and affordable.

(3) Students should be in the least restrictive setting to reach success. Some students require a higher level of care and access to peers that would not be available in an inclusive setting. Some students who are currently placed in substantially separate programs are not able to access their community, peers, or inclusive activities. Vermont is currently sending many of these students to programs that are geographically far away or out of state. Working cooperatively could prevent these students from being transported such long

distances. Staying closer to home will also afford these students greater opportunities for afterschool or community-based activities.

(4) Market concentration means single districts cannot always rely on competitive bidding to reduce costs and improve quality. Districts often all have separate contracts for the same service, with the same vendor or vendors, which is an avoidable duplicative cost.

(5) For services that all districts need, such as professional development and specialized settings for students with extraordinary needs, collaboration statewide ensures that the highest quality expertise and programming can be shared at scale in ways that benefit all students and districts.

(6) Collaborative management of some functions would yield the same outcome but at a lower price and with fewer demands on administrative time, such that districts can spend proportionally less of every dollar on noninstructional administrative tasks or duplicative services and capabilities.

(7) Examples of functions that can be challenging or less affordable given the small size of Vermont's districts are:

(A) applying for State, federal, and other grants;

(B) supporting staff and educator development, recruitment, and retention;

(C) supporting transformation of operations or implementation of new State initiatives or quality standards;

(D) providing high-quality, evidence- and science-based professional development in a coherent and consistent way;

(E) providing or ensuring access to regionally available specialized settings for students with unique needs or highly specialized needs in the least restrictive environment, with a focus on reintegration and early intervention;

(F) managing prekindergarten programs to ensure equitable access to high-quality prekindergarten programs;

(G) procurement of services to support education, from food service to transportation, given the lack of enough vendors to ensure competitive bidding;

(H) providing skilled facilities planning and management; and

(I) providing appropriate support and instruction for English learners.

(b) Intent. This act is one of the initial steps in ensuring the opportunity to transform Vermont's educational system. It is the intent of the General Assembly to address the delivery, governance, and financing of Vermont's

education system, with the goal of transforming the educational system to ensure high-quality education for all Vermont students, sustainable and transparent use of public resources, and appropriate support and expertise from the Agency of Education.

Sec. 2. 16 V.S.A. chapter 10 is added to read:

CHAPTER 10. BOARDS OF COOPERATIVE EDUCATION SERVICES

§ 601. POLICY

It is the policy of the State to allow and encourage supervisory unions to create boards of cooperative education services to provide shared programs and services on a regional and statewide level. Formation of a board of cooperative education services shall be designed to build upon the geographically focused cooperative regions used by Vermont superintendents as of July 1, 2024; maximize the impact of available dollars through collaborative funding; reduce duplication of programs, personnel, and services; and contribute to equalizing educational opportunities for all pupils.

§ 602. DEFINITIONS

As used in this chapter:

(1) “Educator” means any:

(A) individual licensed under chapter 51 of this title, the majority of whose employed time in a public school district, supervisory union, or board of cooperative education services is assigned to furnish to students direct instructional or other educational services, as defined by rule of the Standards Board, or who is otherwise subject to licensing as determined by the Standards Board; or

(B) individual licensed under chapter 51 of this title, the majority of whose employed time in a public school, school district, or supervisory union is assigned to developing and managing school curriculum, evaluating and disciplining personnel, or supervising and managing a public school system or public school program.

(2) “Supervisory union” means an administrative, planning, and educational service unit created by the State Board under section 261 of this title that consists of two or more school districts. This term also means a supervisory district.

§ 603. CREATION OF BOARD OF COOPERATIVE EDUCATIONSERVICES; ORGANIZATION; SECRETARY APPROVAL

(a) Establishment of boards of cooperative education services. When the boards of two or more supervisory unions vote to explore the advisability of entering into a written agreement to provide shared programs and services, the interested boards shall meet and discuss the terms of any such agreement. At this meeting or a subsequent meeting, the participating boards may enter into a proposed agreement to form an association of supervisory unions to deliver shared programs and services to complement the educational programs of member supervisory unions in a cost-effective manner. An association formed pursuant to this chapter shall be known as a board of cooperative education services (BOCES) and shall be a body politic and corporate with the powers and duties afforded them under this chapter.

(b) Articles of agreement. Agreements to form a BOCES pursuant to this chapter shall take the form of articles of agreement and shall serve as the operating agreement for a BOCES. Agreements shall include a cost-benefit analysis outlining the projected financial savings or enhanced outcomes, or both, that the parties expect to realize through shared services or programs. No agreement or subsequent amendments shall take effect unless approved by the member supervisory union boards and the Secretary of Education. The Secretary shall approve articles of agreement if the Secretary finds that the formation of the proposed BOCES is in the best interests of the State, the students, and the member supervisory unions and aligns with the policy set forth in section 601 of this title, subject to the limitations of subsection (d) of this section. At a minimum, the articles of agreement shall state:

- (1) the names of the participating supervisory unions;
- (2) the mission, purpose, and focus of the BOCES;
- (3) the programs or services to be offered by the BOCES;
- (4) the financial terms and conditions of membership of the BOCES, including any applicable membership fee;
- (5) the service fees for member supervisory unions and the service fees for nonmember supervisory unions, as applicable;
- (6) the detailed procedure for the preparation and adoption of an annual budget with carryforward provisions;
- (7) the method of termination of the BOCES and the withdrawal of member supervisory unions, which shall include the apportionment of assets and liabilities;

(8) the procedure for admitting new members and for amending the articles of agreement;

(9) the powers and duties of the board of directors of the BOCES to operate and manage the association, including:

(A) board meeting attendance requirements;

(B) consequences for failure to attend a board meeting;

(C) a conflict-of-interest policy; and

(D) a policy regarding board member salaries or stipends; and

(10) any other matter not incompatible with law that the member supervisory unions consider necessary to the formation of the BOCES.

(c) Board of directors. A BOCES shall be managed by a board of directors, which shall be composed of one person appointed annually by each member supervisory union board. Appointed persons shall be members of a member supervisory union board or the superintendent or designee of the member supervisory union. Each member of the BOCES board of directors shall be entitled to a vote. No member of the board of directors of a BOCES shall serve as a member of a board of directors or as an officer or employee of any related for-profit or nonprofit organization. The board of directors shall elect a chair from its members and provide for such other officers as it may determine are necessary. The board of directors may also establish subcommittees and create board policies and procedures as it may determine are necessary. The board of directors shall meet not fewer than four times annually. Each member of the board of directors shall provide updates on the activities of the BOCES on a quarterly basis to the member's appointing supervisory union board at an open board meeting.

(d) Number of BOCESs. There shall be not more than seven BOCESs statewide. Supervisory unions shall not be a member of more than one BOCES but may seek services as a nonmember from other BOCESs.

(e) Agency of Education promotion. The Agency of Education shall promote the use of BOCESs as providers of education services and programs for local school districts and supervisory unions and shall include consideration of grant applications that include the use of education cooperatives for the purpose of procuring services and programs. The Agency may designate BOCESs as eligible recipients for any applicable federal or State grants for educational programs.

§ 604. POWERS OF BOARDS OF COOPERATIVE EDUCATIONSERVICES

(a) In addition to any other powers granted by law, a BOCES shall have the power to provide educational programs, services, facilities, and professional and other staff that, in its discretion, best serve the needs of its members. A BOCES shall follow all applicable State and federal laws in its provision of services, including Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794, and the Individuals with Disabilities Education Act, 20 U.S.C. §§ 1400–1482.

(b) A BOCES may employ an executive director who shall serve under the general direction of the board and who shall be responsible for the care and supervision of the BOCES. The board shall annually evaluate the executive director's performance and effectiveness in implementing the programs, policies, and goals of the BOCES. The executive director shall not serve as a board member, officer, or employee of any related for-profit or nonprofit organization.

(c) A BOCES shall be a body politic and corporate and shall have standing to sue and be sued to the same extent as a school district. A BOCES may enter into contracts for the purchase of supplies, materials, services, and for the purchase or leasing of land, buildings, and equipment as considered necessary by the board of directors. Section 559 of this title shall apply to the procurement of services or items with costs that exceed \$40,000.00, as well as high-cost construction contracts, as defined by subsection 559(b) of this title.

(d) The board of directors of a BOCES may apply for State, federal, or private grants, for which a BOCES may be otherwise eligible, to obtain funds necessary to carry out the purpose for which the BOCES is established. Nothing in this chapter is intended to create an entitlement to federal funds distributed by the Agency of Education to local education agencies.

§ 605. FINANCING; BUDGETING; AND ACCOUNTING

(a) Education cooperative fund. A BOCES shall establish and manage a fund to be known as an education cooperative fund. All monies contributed by the member school districts and all grants or gifts from the federal government, State government, charitable foundations, private corporations, or any other source shall be deposited into the fund.

(b) Treasurer.

(1) A BOCES shall appoint a treasurer who may be a treasurer of a member school district and who shall be sworn in before entering the duties of the office.

(2) The treasurer may, subject to the direction of the board of directors, receive and disburse all money belonging to the board without further appropriation.

(3) The treasurer shall keep financial records of cash receipts and disbursements and shall make those records available to the board of directors upon request.

(4) The board of directors shall ensure that its blanket bond covers a newly appointed treasurer before the treasurer enters upon the duties of the office. In lieu of a blanket bond, a BOCES may choose to provide suitable crime insurance coverage. The board of directors may pay reasonable compensation to the treasurer for services rendered and shall evaluate the treasurer's performance annually.

(c) Financial accounting system. A BOCES shall use the uniform chart of accounts and financial reporting requirements used by supervisory unions as its financial accounting system.

(d) Audit. Annually, a BOCES shall cause an independent audit to be made of its financial statements consistent with generally accepted governmental auditing standards and shall discuss and vote to accept the audit report at an open meeting of the board. The board shall transmit a copy of each audit to the boards of its member supervisory unions.

(e) Annual statement. Annually, a BOCES shall prepare financial statements, including:

- (1) a statement of net assets; and
- (2) a statement of revenues, expenditures, and changes in net assets.

(f) Budget. A board of cooperative education services shall adopt a budget prior to the beginning of the fiscal year for which the budget is adopted.

(g) Loans. A BOCES may, upon approval of its members, negotiate or contract with any person, corporation, association, or company for a loan not to exceed the difference between the anticipated revenues for the current fiscal year for the budget of the BOCES and the amount credited to date to said budget in order to pay current obligations. Such loan shall be liquidated within six months thereafter from monies subsequently credited to said budget. The total principal, interest, and fees to be paid on such loan shall not exceed the total amount of the authorized budget for the same length of time.

§ 606. ANNUAL REPORT; PUBLIC INFORMATION

(a) The board of a BOCES shall prepare an annual report concerning the affairs of the BOCES and have it printed and distributed to the boards of the member supervisory unions. The annual report shall include, at a minimum:

(1) information on the programs and services offered by the BOCES, including information on the cost-effectiveness of such programs and services and progress made towards achieving the objectives and purposes set forth in the articles of agreement; and

(2) audited financial statements and the independent auditor's report.

(b) A BOCES shall maintain an internet website that makes the following information available to the public at no cost:

(1) a list of the members of the board of directors of the BOCES;

(2) copies of approved minutes of open meetings held by the board of the BOCES;

(3) a copy of the articles of agreement and any subsequent amendments; and

(4) a copy of the annual report required under subsection (a) of this section.

§ 607. EMPLOYMENT

(a) A BOCES shall be considered to be a public employer and may employ personnel, including educators, to carry out the purposes and functions of the board. Annually, the board of a BOCES shall conduct an area survey of the salaries of the educators and staff employed by the BOCES's member supervisory unions and school districts.

(b) No person shall be eligible for employment by a BOCES as an educator unless the person is appropriately licensed by the Standards Board for Professional Educators pursuant to chapter 51 of this title.

(c) A person employed by a BOCES as an educator shall be a participant in the Vermont State Teachers' Retirement System pursuant to chapter 55 of this title.

(d) A person who is employed by a BOCES and who is not educator shall be a participant in the Vermont Municipal Employees' Retirement System pursuant to 24 V.S.A. chapter 125.

(e) Educators employed by a BOCES shall be entitled to organize pursuant to chapter 57 of this title.

(f) Employees employed by a BOCES and who are not educators shall be entitled to organize pursuant to 21 V.S.A. chapter 22.

(g) Educators and employees who are employed by a BOCES shall be provided health care benefits pursuant to chapter 61 of this title.

Sec. 3. TRANSITION; REPORT

(a) On or before July 1, 2026, each supervisory union board shall consider and vote on the desirability of establishing a board of cooperative education services pursuant to 16 V.S.A. chapter 10. There shall be not more than seven boards of cooperative service established statewide. Supervisory union boards that vote to establish a board of cooperative education services shall hold an organizational meeting pursuant to 16 V.S.A. § 603 on or before July 1, 2027.

(b) On or before July 1, 2028, the Secretary of Education shall review the boards of cooperative education services as they exist, or are anticipated to exist, on that date. On or before November 1, 2028, the Secretary shall issue a written report to the General Assembly and the State Board of Education with the following information and recommendations:

(1) the number of boards of cooperative education services in existence on July 1, 2028, including the names of member supervisory unions and services provided;

(2) the number of supervisory unions that are not members of boards of cooperative education services and information on why such supervisory unions have not joined a board of cooperative education services; and

(3) recommendations for expansion of the membership and powers of boards of cooperative education services, including recommendations for whether membership in such boards shall be mandatory.

Sec. 4. BOCES GRANT PROGRAM; APPROPRIATION

(a) There is established the Boards of Cooperative Education Services Start-up Grant Program, to be administered by the Agency of Education, from funds appropriated for this purpose, to award grants to boards of cooperative education services (BOCES) formed pursuant to 16 V.S.A. chapter 10 after July 1, 2024. BOCES shall be eligible for a single \$10,000.00 grant after the Secretary of Education approves the applicant's initial articles of agreement pursuant to 16 V.S.A. § 603(b). Grants may be used for start-up costs and may include reimbursement to member supervisory unions for costs incurred during the exploration and formation of the BOCES and articles of agreement.

(b) The sum of \$70,000.00 is appropriated from the General Fund to the Agency of Education in fiscal year 2025 to fund the Boards of Cooperative Education Services Start-up Grant Program created in subsection (a) of this

section. Unexpended appropriations shall carry forward into the subsequent fiscal year and remain available for use for this purpose.

* * * Conforming Revisions * * *

Sec. 5. 16 V.S.A. § 261a is amended to read:

§ 261a. DUTIES OF SUPERVISORY UNION BOARD

* * *

(b) Virtual merger. In order to ~~promote the efficient use of financial and human resources~~ maximize the impact of available funding and resources, and to reduce duplication of educational programs, personnel, and services, and whenever legally permissible, supervisory unions are encouraged to reach agreements with other supervisory unions jointly to provide any service or perform any duty under this section pursuant to section 267 of this title, or to form boards of cooperative education services pursuant to chapter 10 of this title. Agreements between supervisory unions are not subject to the waiver requirement of subdivision (a)(8) of this section. Agreements shall include a cost-benefit analysis outlining the projected financial savings or enhanced outcomes, or both, that the parties expect to realize through shared services or programs.

* * *

Sec. 6. 16 V.S.A. § 1691a is amended to read:

§ 1691a. DEFINITIONS

As used in this chapter:

(1) “Administrator” means an individual licensed under this chapter the majority of whose employed time in a public school, school district, ~~or~~ supervisory union, or board of cooperative education services is assigned to developing and managing school curriculum, evaluating and disciplining personnel, or supervising and managing a public school system or public school program.

* * *

(10) “Teacher” means an individual licensed under this chapter the majority of whose employed time in a public school district ~~or,~~ supervisory union, or board of cooperative education services is assigned to furnish to students direct instructional or other educational services, as defined by rule of the Standards Board, or who is otherwise subject to licensing as determined by the Standards Board.

Sec. 7. 16 V.S.A. § 1931(20) is amended to read:

(20) “Teacher” ~~shall mean~~ means any licensed teacher, principal, supervisor, superintendent, or any professional licensed by the Vermont Standards Board for Professional Educators who is regularly employed, or otherwise contracted if following retirement, for the full normal working time for ~~his or her~~ the teacher’s position in a public day school or school district within the State, or in any school or teacher-training institution located within the State, controlled by the State Board of Education, and supported wholly by the State; or in certain public independent schools designated for such purposes by the Board in accordance with section 1935 of this title; or who is regularly employed by a board of cooperative education services created in accordance with chapter 10 of this title. In all cases of doubt, the Board shall determine whether any person is a teacher as defined in this chapter. It ~~shall~~ does not mean a person who is teaching with an emergency license.

Sec. 8. 24 V.S.A. § 5051(10) is amended to read:

(10) “Employee” means the following persons employed on a regular basis by a school district ~~or~~, by a supervisory union, or by a board of cooperative education services for ~~no~~ not fewer than 1,040 hours in a year and for ~~no~~ not fewer than 30 hours a week for the school year, as defined in 16 V.S.A. § 1071, or for ~~no~~ not fewer than 1,040 hours in a year and for ~~no~~ not fewer than 24 hours a week year-round; provided, however, that if a person who was employed on a regular basis by a school district as either a special education or transportation employee and who was transferred to and is working in a supervisory union or a board of cooperative education services in the same capacity pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E) and if that person is also employed on a regular basis by a school district within the supervisory union, then the person is an “employee” if these criteria are met by the combined hours worked for the supervisory union and school district. The term ~~shall~~ also ~~mean~~ means persons employed on a regular basis by a municipality other than a school district for ~~no~~ not fewer than 1,040 hours in a year and for ~~no~~ not fewer than 24 hours per week, including persons employed in a library at least one-half of whose operating expenses are met by municipal funding:

* * *

Sec. 9. 16 V.S.A. § 1981 is amended to read:

§ 1981. DEFINITIONS

As used in this chapter unless the context requires otherwise:

* * *

(8) “School board negotiations council” means, for a supervisory district, its school board, and, for school districts within a supervisory union or board of cooperative education services, the body comprising representatives designated by each school board within the supervisory union or board of cooperative education services and by the supervisory union board or board of cooperative education services to engage in professional negotiations with a teachers’ or administrators’ organization.

(9) “Teachers’ organization negotiations council” or “administrators’ organization negotiations council” means the body comprising representatives designated by each teachers’ organization or administrators’ organization within a supervisory district ~~or~~, supervisory union, or board of cooperative education services to act as its representative for professional negotiations.

Sec. 10. 21 V.S.A. § 1722 is amended to read:

§ 1722. DEFINITIONS

As used in this chapter:

* * *

(18) “School board negotiations council” means, for a supervisory district, its school board, and, for school districts within a supervisory union or board of cooperative education services, the body comprising representatives designated by each school board within the supervisory union or board of cooperative education services and by the supervisory union board or board of cooperative education services to engage in collective bargaining with their school employees’ negotiations council.

(19) “School employees’ negotiations council” means the body comprising representatives designated by each exclusive bargaining agent within a supervisory district ~~or~~, supervisory union, or board of cooperative education services to engage in collective bargaining with its school board negotiations council.

(20) “Supervisory district” and “supervisory union” ~~shall~~ have the same ~~meaning~~ meanings as in 16 V.S.A. § 11.

(21) “Municipal school employee” means an employee of a supervisory union ~~or~~, school district, or board of cooperative education services who is not otherwise subject to 16 V.S.A. chapter 57 (labor relations for teachers and administrators) and who is not otherwise excluded pursuant to subdivision (12) of this section.

* * *

Sec. 11. 16 V.S.A. § 2101 is amended to read:

§ 2101. DEFINITIONS

As used in this chapter:

(1) “Participating employee” means a school employee who is eligible for and has elected to receive health benefit coverage through a school employer.

(2) “School employee”:

(A) includes the following individuals:

(i) an individual employed by a school employer as a teacher or administrator as defined in section 1981 of this title;

(ii) a municipal school employee as defined in 21 V.S.A. § 1722;

(iii) an individual employed as a supervisor as defined in 21 V.S.A. § 1502;

(iv) a confidential employee as defined in 21 V.S.A. § 1722;

(v) a certified employee of a school employer; and

(vi) any other permanent employee of a school employer not covered by subdivisions (i)-(v) of this subdivision (2); and

(B) notwithstanding subdivision (A) of this subdivision (2), excludes individuals who serve in the role of superintendent.

(3) “School employer” means a supervisory union or school district as those terms are defined in section 11 of this title, or a board of cooperative education services formed pursuant to chapter 10 of this title.

* * * Effective Date * * *

Sec. 12. EFFECTIVE DATE

This act shall take effect on July 1, 2024.

Rep. Beck of St. Johnsbury, for the Committee on Ways and Means, recommended the report of the Committee on Education be amended in Sec. 4, BOCES grant program; appropriation, by striking out subsection (b) in its entirety and inserting in lieu thereof a new subsection (b) to read as follows:

(b) Notwithstanding any provision of 16 V.S.A. § 4025 to the contrary, the sum of \$70,000.00 is appropriated from the Education Fund to the Agency of Education in fiscal year 2025 to fund the Boards of Cooperative Education Services Start-up Grant Program created in subsection (a) of this section.

Unexpended appropriations shall carry forward into the subsequent fiscal year and remain available for use for this purpose.

Rep. Mihaly of Calais, for the Committee on Appropriations, recommended that the bill ought to pass when amended as recommended by the Committee on Education and when further amended as recommended by the Committee on Ways and Means.

The bill, having appeared on the Notice Calendar, was taken up, read the second time, and the report of the Committee on Education amended as recommended by the Committee on Ways and Means. The report of the Committee on Education, as amended, agreed to and third reading ordered.

Action on Bill Postponed

H. 687

House bill, entitled

An act relating to community resilience and biodiversity protection through land use

Was taken up and, pending second reading of the bill, on motion of **Rep. Sheldon of Middlebury**, action on the bill was postponed until March 27, 2024.

Committee Bill; Second Reading; Point of Order; Question Divided; Bill Amended; Third Reading Ordered

H. 880

Rep. LaLonde of South Burlington spoke for the Committee on Judiciary.

House bill, entitled

An act relating to increasing access to the judicial system

Rep. Demrow of Corinth, for the Committee on Ways and Means, recommended that the bill ought to pass when amended by striking out Secs. 3 and 4 in their entireties and inserting in lieu thereof the following:

Sec. 3. 32 V.S.A. § 5811(18) is amended to read:

(18) "Vermont net income" means, for any taxable year and for any corporate taxpayer:

(A) the taxable income of the taxpayer for that taxable year under the laws of the United States, without regard to 26 U.S.C. § 168(k), and excluding income that under the laws of the United States is exempt from taxation by the states:

(i) increased by:

(I) the amount of any deduction for State and local taxes on or measured by income, franchise taxes measured by net income, franchise taxes for the privilege of doing business and capital stock taxes; and

(II) to the extent such income is exempted from taxation under the laws of the United States by, the amount received by the taxpayer on and after January 1, 1986 as interest income from state and local obligations, other than obligations of Vermont and its political subdivisions, and any dividends or other distributions from any fund to the extent such dividend or distribution is attributable to such Vermont State or local obligations;

(III) the amount of any deduction for a federal net operating loss; and

(IV) the amount of any deduction allowed under 26 U.S.C. § 250(a); and

(ii) decreased by:

* * *

Sec. 4. 32 V.S.A. § 5832 is amended to read:

§ 5832. TAX ON INCOME OF CORPORATIONS

A tax is imposed for each calendar year, or fiscal year ending during that calendar year, upon the income earned or received in that taxable year by every taxable corporation, reduced by any Vermont net operating loss allowed under section 5888 of this title, such tax being the greater of:

(1) an amount determined in accordance with the following schedule:

Vermont net income of the corporation for the taxable year allocated or apportioned to Vermont under section 5833 of this title	Tax
\$0-10,000.00	6.00%
10,001.00-25,000.00	\$600.00 plus 7.0% of the excess over \$10,000.00
25,001.00 and over	\$1,650.00 plus 8.5% <u>10%</u> of the excess over 25,000.00

or

(2)(A) \$75.00 for small farm corporations. “Small farm corporation” means any corporation organized for the purpose of farming, which during the taxable year is owned solely by active participants in that farm business and receives less than \$100,000.00 Vermont gross receipts from that farm operation, exclusive of any income from forest crops; or

* * *

Sec. 5. 9 V.S.A. § 5302 is amended to read:

§ 5302. NOTICE FILING

* * *

(e) At the time of the filing of the information prescribed in subsection (a), (b), (c), or (d) of this section, except investment companies subject to 15 U.S.C. § 80a-1 et seq., the issuer shall pay to the Commissioner a fee of ~~\$600.00~~ \$740.00. The fee is nonrefundable.

(f) Investment companies subject to 15 U.S.C. § 80a-1 et seq. shall pay to the Commissioner an initial notice filing fee of ~~\$2,000.00~~ \$2,250.00 and an annual renewal fee of ~~\$1,650.00~~ \$1,900.00 for each portfolio or class of investment company securities for which a notice filing is submitted.

* * *

Sec. 6. ACCESS TO JUSTICE; POSITIONS; APPROPRIATIONS

(a) Judiciary.

(1) The following classified limited service positions are established in the Judiciary in fiscal year 2025:

- (A) 10 Judicial Assistants;
- (B) two IT Help Desk Analysts;
- (C) two Centralized Service Analysts;
- (D) one Database Administrator;
- (E) seven Sheriff’s Deputies;
- (F) 11 Judicial Officers II; and
- (G) one Security Supervisor.

(2)(A) The sum of \$2,261,500.00 is appropriated from the General Fund to the Judiciary in fiscal year 2025 to provide a partial year’s funding for the positions established in subdivision (1) of this subsection (a), for contracts for language access services, and for the Court Technology Fund.

(B) It is the intent of the General Assembly to appropriate an annualized amount to the Judiciary in fiscal year 2026 for the positions, language access services, and the Court Technology Fund. The Judiciary shall include the annualized amounts necessary to support these expenditures in its fiscal year 2026 budget presentation.

(b) Department of State's Attorneys and Sheriffs.

(1)(A) The following exempt limited service positions are established in the Department of State's Attorneys and Sheriffs in fiscal year 2025:

(i) 10 Deputy State's Attorneys; and

(ii) one Deputy State's Attorney – Pre-Charge Diversion.

(B) The following classified limited service positions are established in the Department of State's Attorneys and Sheriffs in fiscal year 2025:

(i) 10 Victim Advocates; and

(ii) 10 Administrative Staff.

(2)(A) The sum of \$1,701,000.00 is appropriated from the General Fund to the Department of State's Attorneys and Sheriffs in fiscal year 2025 to provide a partial year's funding for the positions created in subdivision (1) of this subsection (b).

(B) It is the intent of the General Assembly to appropriate an annualized amount to the Department of State's Attorneys and Sheriffs in fiscal year 2026 for the positions established in subdivision (1) of this subsection (b). The Department of State's Attorneys and Sheriffs shall include the annualized amounts necessary to support these expenditures in its fiscal year 2026 budget presentation.

(c) Office of the Defender General.

(1) One exempt limited service position, Bennington County Juvenile Attorney, is established in the Office of the Defender General in fiscal year 2025.

(2)(A) The sum of \$1,344,700.00 is appropriated from the General Fund to the Office of the Defender General in fiscal year 2025 to provide a partial year's funding for:

(i) the position established in subdivision (1) of this subsection (c);

(ii) the contract for services for Orleans County;

(iii) additional assigned counsel contracts;

- (iv) the contract for the Bennington County Juvenile Attorney;
- (v) additional serious felony units;
- (vi) the approved Data Manager position;
- (vii) in-person training for Office staff and contractors; and
- (viii) the Office's case management system.

(B) It is the intent of the General Assembly to appropriate an annualized amount to the Office of the Defender General in fiscal year 2026 for the purposes set forth in subdivision (A) of this subdivision (2). The Office of the Defender General shall include the annualized amounts necessary to support these expenditures in its fiscal year 2026 budget presentation.

(d) Department of Corrections.

(1)(A) Six classified limited service positions are established in the Department of Corrections in fiscal year 2025 to assist with remote hearings.

(B) The sum of \$300,000.00 is appropriated from the General Fund to the Department of Corrections in fiscal year 2025 to provide a partial year's funding for the positions established in subdivision (A) of this subdivision (1). The Department of Corrections shall include the annualized amounts necessary to support these expenditures in its fiscal year 2026 budget presentation.

(2) The sum of \$750,000.00 is appropriated from the General Fund to the Department of Corrections for grants to the community justice centers for Justice Reinvestment II. The Department shall include this amount in the base funding for community justice center grants in the Justice Reinvestment II component of its fiscal year 2026 budget proposal.

(e) Office of the Attorney General/Court Diversion.

(1) One exempt limited service position – Pre-Charge Diversion is established in the Office of the Attorney General in fiscal year 2025.

(2)(A) The sum of \$397,400.00 is appropriated from the General Fund to the Office of the Attorney General in fiscal year 2025 to provide a partial year's funding for:

- (i) the position established in subdivision (1) of this subsection
- (e);
- (ii) grants to community justice centers to expand their workforce by 3.5 full-time equivalent positions to help address caseload pressures; and
 - (iii) additional resources to the Court Diversion Program.

(B) The Office of the Attorney General shall include the annualized amounts necessary to support the expenditures described in this subsection (e) in its fiscal year 2026 budget presentation.

(f) Center for Crime Victim Services.

(1) One classified Grants Administrator position is established in the Center for Crime Victim Services in fiscal year 2025.

(2) The sum of \$42,700.00 is appropriated from the General Fund to the Center for Crime Victim Services in fiscal year 2025 to provide a partial year's funding for the position established in subdivision (1) of this subsection. The Center for Crime Victim Services shall include the annualized amount necessary to support this expenditure in its fiscal year 2026 budget presentation.

(g) Vermont Access to Justice Coalition. In fiscal year 2025, the sum of \$262,500.00 is appropriated from the General Fund to the Agency of Administration for a partial year's grant to the Vermont Access to Justice Coalition to provide legal services to Vermonters with low incomes. The Agency shall include the annualized amount necessary to support this expenditure in its fiscal year 2026 budget presentation.

(h) One-time funding.

(1) The sum of \$150,000.00 is appropriated from the General Fund to the Office of the Defender General in fiscal year 2025 to restore funding for the Public Defense Special Fund.

(2) The sum of \$300,000.00 is appropriate from the General Fund to the Center for Crime Victim Services in fiscal year 2025 to cover the deficit in the Domestic and Sexual Violence Special Fund.

(i) Annually, as part of their budget presentations, the agencies that received new positions pursuant to this section shall report on the status of their case backlogs and caseload pressures, as applicable, and on any need to convert one or more of the limited service positions established in this section to permanent positions.

Sec. 7. EFFECTIVE DATES

This act shall take effect on July 1, 2024, except that Secs. 3 (add-back of corporate income tax deductions) and 4 (corporate income tax brackets) shall take effect on January 1, 2025 and apply to taxable years beginning on and after January 1, 2025.

and that after passage the title of the bill be amended to read: "An act relating to increasing access to justice and to corporate taxes and fees"

Thereupon, **Rep. Donahue of Northfield** raised a Point of Order that the report of the Committee on Ways and Means was not germane to the bill because the revenue that would be raised by the report would fund beyond H.880, which the Speaker ruled not well-taken because the same revenue stream that the report recommends for H.880 is also recommended for H.721, that revenue stream provides funding to specifically support the policy of those two bills, and it cannot be separated between them.

Rep. Squirrell of Underhill, for the Committee on Appropriations, recommended the report of the Committee on Ways and Means be amended in Sec. 6, access to justice; positions; appropriations, as follows:

First: By striking out subsection (a) in its entirety and inserting in lieu thereof a new subsection (a) to read as follows:

(a) Judiciary.

(1) The following classified limited service positions are established in the Judiciary in fiscal year 2025:

- (A) 10 Judicial Assistants;
- (B) two IT Help Desk Analysts;
- (C) two Centralized Service Analysts;
- (D) one Database Administrator;
- (E) 11 Judicial Officers II; and
- (F) one Security Supervisor.

(2)(A) The sum of \$2,261,500.00 is appropriated from the General Fund to the Judiciary in fiscal year 2025 to provide a partial year's funding for the positions established in subdivision (1) of this subsection (a), for contracts for language access services and contracts with sheriff's deputies, and for the Court Technology Fund.

(B) It is the intent of the General Assembly to appropriate an annualized amount to the Judiciary in fiscal year 2026 for the positions, contracts for language access services, contracts with sheriff's deputies, and the Court Technology Fund. The Judiciary shall include the annualized amounts necessary to support these expenditures in its fiscal year 2026 budget presentation.

Second: In subsection (c), in subdivision (2)(A), by striking out subdivision (iv) in its entirety and renumbering the remaining subdivisions to be numerically correct

Third: By adding a new subsection (j) to read as follows:

(j) It is the intent of the General Assembly to use a portion of the revenues generated through the amended taxes and fees in Secs. 3–5 of this act to fund the appropriations set forth in this section.

Which was agreed to.

Pending the question, Shall the bill be amended as recommended by the Committee on Ways and Means, as amended?, **Rep. Donahue of Northfield** asked that the question be divided by first considering sections 3-5 and their applicable dates and by thereafter considering section 6 with its applicable date, and the Speaker ruled the question was divisible in that manner.

Rep. Long of Newfane presiding.

Speaker presiding.

Pending the question, Shall the bill be amended as recommended by the Committee on Ways and Means, as amended, in the first division of amendment, which is Sections 3 – 5 and their applicable effective dates?, **Rep. Donahue of Northfield** 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 bill be amended as recommended by the Committee on Ways and Means, as amended, in the first division of amendment, which is Sections 3 – 5 and their applicable effective dates?, was decided in the affirmative. Yeas, 97. Nays, 40.

Those who voted in the affirmative are:

Andrews of Westford	Demrow of Corinth	Mihaly of Calais
Andriano of Orwell *	Dodge of Essex	Morris of Springfield
Anthony of Barre City	Dolan of Essex Junction	Mrowicki of Putney
Arsenault of Williston	Dolan of Waitsfield *	Mulvaney-Stanak of Burlington
Austin of Colchester	Durfee of Shaftsbury	Notte of Rutland City
Bartholomew of Hartland	Emmons of Springfield	Noyes of Wolcott
Berbeco of Winooski	Farlice-Rubio of Barnet	Ode of Burlington *
Black of Essex	Garofano of Essex	Pajala of Londonderry
Bluemle of Burlington	Goldman of Rockingham	Patt of Worcester
Bongartz of Manchester	Graning of Jericho	Pouech of Hinesburg
Bos-Lun of Westminster	Headrick of Burlington *	Priestley of Bradford
Boyden of Cambridge	Hooper of Burlington	Rice of Dorset
Brown of Richmond	Houghton of Essex Junction	Roberts of Halifax
Brownell of Pownal	Howard of Rutland City	Satcowitz of Randolph
Brumsted of Shelburne	Hyman of South Burlington	Scheu of Middlebury
Burditt of West Rutland	James of Manchester	Sheldon of Middlebury
Burke of Brattleboro	Jerome of Brandon	Sibilia of Dover
Burrows of West Windsor	Kornheiser of Brattleboro	Sims of Craftsbury
Buss of Woodstock	Krasnow of South Burlington	Squirrell of Underhill
Campbell of St. Johnsbury		

Carpenter of Hyde Park	LaBounty of Lyndon	Stebbins of Burlington
Carroll of Bennington	Lalley of Shelburne *	Stevens of Waterbury
Casey of Montpelier	LaLonde of South	Stone of Burlington
Chapin of East Montpelier	Burlington	Surprenant of Barnard
Chase of Chester	LaMont of Morristown	Taylor of Colchester
Chase of Colchester	Lanpher of Vergennes	Templeman of Brownington
Chesnut-Tangerman of	Leavitt of Grand Isle	Toleno of Brattleboro
Middletown Springs	Lipsky of Stowe	Torre of Moretown
Christie of Hartford	Logan of Burlington	Troiano of Stannard
Cina of Burlington	Long of Newfane	Waters Evans of Charlotte
Coffey of Guilford	Masland of Thetford	White of Bethel
Cole of Hartford	McCarthy of St. Albans	Whitman of Bennington
Conlon of Cornwall	City	Williams of Barre City
Cordes of Lincoln	McGill of Bridport	Wood of Waterbury

Those who voted in the negative are:

Arrison of Weathersfield	Galfetti of Barre Town	Morgan of Milton *
Bartley of Fairfax	Goslant of Northfield	Morrissey of Bennington
Beck of St. Johnsbury *	Gregoire of Fairfield	Oliver of Sheldon
Birong of Vergennes	Hango of Berkshire	Page of Newport City
Brady of Williston *	Harrison of Chittenden	Parsons of Newbury
Branagan of Georgia	Higley of Lowell	Peterson of Clarendon
Brennan of Colchester	Hooper of Randolph	Quimby of Lyndon
Canfield of Fair Haven	Labor of Morgan	Shaw of Pittsford
Clifford of Rutland City	Laroche of Franklin	Smith of Derby
Corcoran of Bennington	Maguire of Rutland City	Taylor of Milton
Demar of Enosburgh	Marcotte of Coventry	Toof of St. Albans Town
Dickinson of St. Albans	Mattos of Milton	Walker of Swanton
Town	McCoy of Poultney	Williams of Granby
Donahue of Northfield *	Minier of South Burlington	

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

Elder of Starksboro	McFaun of Barre Town	Pearl of Danville
Graham of Williamstown	Nicoll of Ludlow	Rachelson of Burlington
Holcombe of Norwich	Nugent of South Burlington	Sammis of Castleton
McCann of Montpelier	O'Brien of Tunbridge	Small of Winooski

Rep. Andriano of Orwell explained his vote as follows:

“Madam Speaker:

I vote yes because Vermonters are imploring us to increase public safety and to do so we must decrease the court backlog. The only way to do that is to pay for it, and that’s what these sections of the bill do. Thank you.”

Rep. Beck of St. Johnsbury explained his vote as follows:

“Madam Speaker:

Vermont’s Corporate Income Tax has tripled in the last ten years. We don’t have a revenue problem, we have a spending problem, a big one.”

Rep. Brady of Williston explained her vote as follows:

“Madam Speaker:

Like many of us, I have had a lot of hard conversations with constituents recently. One of them reminded me that the job of a citizen legislator is to make the best decision we can based on our values, beliefs, and community input with the very limited time and resources we have. I believe in the power of government to solve problems, particularly for those most marginalized in our society. I believe in progressive taxation to fight rising inequality and I certainly do not believe in trickle-down economics. But I believe most deeply in the power of public education as the one institution we have to close opportunity gaps and create a more just and hopeful future. Public education and particularly what we do in the early years is prevention, including prevention for being involved in the criminal justice system or being unhoused or many of the challenges we are wrestling with in this body and in society. Prevention is harder to quantify and takes longer to measure. I am hearing - quite loudly and consistently - in my community and in my committee that we are at an inflection point in education in the State for a variety of complex reasons that are no one individual or legislature’s fault. I believe we can and must do better for all kids and make funding of public education more predictable and sustainable. So, the best decision I can make today is that large policy and new revenue commitments now diminish our ability to do the hard work ahead on education and make critical investments for all kids and our collective future.”

Rep. Dolan of Waitsfield explained her vote as follows:

“Madam Speaker:

I voted yes for public safety – a major priority of all our communities. However, I must stress that the State is facing an education spending crisis that demands our immediate and sustained attention.”

Rep. Donahue of Northfield explained her vote as follows:

“Madam Speaker:

Almost everyone agrees on the priority to support our criminal justice system. But fiscal responsibility means choices among priorities. Achieving

these priorities means offsetting with other spending choices, not raising new taxes that harm our economy and thus harm future revenues. I vote no.”

Rep. Headrick of Burlington explained his vote as follows:

“Madam Speaker:

As of this morning, of the 1,382 incarcerated Vermonters, 435 are being detained without having been sentenced by the courts.”

Rep. Lalley of Shelburne explained her vote as follows:

“Madam Speaker:

I voted yes because public safety is degrading quality of life and adding to the costs of policing in my community. The problems this creates increasingly pose an unfunded mandate on taxpayers in Shelburne.”

Rep. Morgan of Milton explained his vote as follows:

“Madam Speaker:

We are funding more judges in the General Fund as requested. Getting serious about our sentencing of crimes sends a clear message to criminals – let’s put teeth in that. More money is not always the answer. Taxing our corporations certainly isn’t the answer.”

Rep. Ode of Burlington explained her vote as follows:

“Madam Speaker:

The Judicial Branch is a co-equal branch of government alongside the Legislative and Executive Branches. It deserves to be adequately funded – and it must be if Vermonters are to have access to justice.”

Thereafter, the bill was amended as recommended by the Committee on Ways and Means, as amended, in the second division of amendment, which is Section 6 and its applicable effective date.

Pending the question, Shall the bill be read a third time?, **Rep. Demrow of Corinth** moved to amend the bill as follows:

First: In Sec. 2, 13 V.S.A. § 7282, in subdivision (a)(8)(D), following “June 30, 2013,” by inserting “but before July 1, 2023,”

Second: In Sec. 2, 13 V.S.A. § 7282, in subdivision (a)(8)(E), by striking out “June 30, 2024” and inserting in lieu thereof “June 30, 2023”

Third: By striking out Sec. 7, effective dates, in its entirety and inserting in lieu thereof a new Sec. 7 to read as follows:

Sec. 7. EFFECTIVE DATES

This act shall take effect on July 1, 2024, except that:

(1) this section shall take effect on passage;

(2) notwithstanding 1 V.S.A. § 214, Sec. 2, 13 V.S.A. § 7282, shall take effect on passage and shall apply retroactively to July 1, 2023; and

(3) Secs. 3 (add-back of corporate income tax deductions) and 4 (corporate income tax brackets) shall take effect on January 1, 2025 and apply to taxable years beginning on and after January 1, 2025.

Which was agreed to. Thereupon, third reading was ordered.

Recess

At five o'clock and fifty-five minutes in the evening, the Speaker declared a recess until the fall of the gavel.

At six o'clock and forty-one minutes in the evening, the Speaker called the House to order.

Second Reading; Bill Amended; Third Reading Ordered**H. 721**

Rep. Houghton of Essex Junction, for the Committee on Health Care, to which had been referred House bill, entitled

An act relating to expanding access to Medicaid and Dr. Dynasaur

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

Sec. 1. SHORT TITLE

This act shall be known and may be cited as the “Medicaid Expansion Act of 2024.”

Sec. 2. FINDINGS

The General Assembly finds that:

(1) Medicaid is a comprehensive public health insurance program, funded jointly by state and federal governments. Vermont’s Medicaid program currently covers adults with incomes up to 133 percent of the federal poverty level (FPL), children up to 19 years of age from families with incomes up to 312 percent FPL, and pregnant individuals with incomes up to 208 percent FPL.

(2) States may customize their Medicaid programs with permission from the federal government through waivers and demonstrations. Vermont is the only state in the nation that operates its entire Medicaid program under a comprehensive statewide demonstration, called the Global Commitment to Health, that offers the same services to residents in all regions of the State.

(3) Vermont's unique Medicaid program provides comprehensive coverage for a full array of health care services, including primary and specialty care; reproductive and gender-affirming care; hospital and surgical care; prescription drugs; long-term care; mental health, dental, and vision care; disability services; substance use disorder treatment; and some social services and supportive housing services.

(4) There are no monthly premiums for most individuals covered under Vermont's Medicaid program, and co-payments are minimal or nonexistent for most Medicaid coverage. For example, the highest co-payment for prescription drugs for a Medicaid beneficiary is just \$3.00.

(5) Close to one-third of all Vermonters, including a majority of all children in the State, have coverage provided through Vermont Medicaid, making it the largest health insurance program in Vermont.

(6) In 2021, the six percent uninsured rate for Vermonters who had an annual income between 251 and 350 percent FPL was double the three percent overall uninsured rate. And for those 45 to 64 years of age, the estimated number of uninsured Vermonters increased more than 50 percent over the previous three years, from 4,900 uninsured in 2018 to 7,400 in 2021.

(7) Cost is the primary barrier to health insurance coverage for uninsured Vermonters. More than half (51 percent) of uninsured individuals identify cost as the only reason they do not have insurance.

(8) During the COVID-19 public health emergency, the uninsured rate for Vermonters with incomes just above Medicaid levels (between 139 and 200 percent FPL) fell from six percent in 2018 to two percent in 2021. This drop was due in large part to the federal Medicaid continuous coverage requirement, which allowed individuals to remain on Medicaid throughout the pandemic even if their incomes rose above the Medicaid eligibility threshold. A majority of Vermonters (56 percent) with incomes between 139 and 200 percent FPL were on Medicaid in 2021.

(9) The end of the public health emergency and the beginning of the federally required Medicaid "unwinding" means that many of these Vermonters are losing their comprehensive, low- or no-cost Medicaid health coverage.

(10) Almost nine in 10 (88 percent) insured Vermonters visited a doctor in 2021, compared with just 48 percent of uninsured Vermonters. Insured Vermonters are also significantly more likely to seek mental health care than uninsured Vermonters (34 percent vs. 21 percent).

(11) Marginalized populations are more likely than others to forgo health care due to cost. Vermonters who are members of gender identity minority groups are the most likely not to receive care from a doctor because they cannot afford to (12 percent). In addition, eight percent of each of the following populations also indicated that they are unlikely to receive care because of the cost: Vermonters under 65 years of age who have a disability, Vermonters who are Black or African American, and Vermonters who are LGBTQ.

(12) Many Vermonters under 65 years of age who have insurance are considered “underinsured,” which means that their current or potential future medical expenses are more than what their incomes can bear. The percentage of underinsured Vermonters is increasing, from 30 percent in 2014 to 37 percent in 2018 and to 40 percent in 2021.

(13) Vermonters 18 to 24 years of age are the most likely to be underinsured among those under 65 years of age, with 37 percent or 38,700 young adults falling into this category.

(14) The highest rates of underinsurance are among individuals with the lowest incomes, who are just over the eligibility threshold for Medicaid. Among Vermonters under 65 years of age, 43 percent of those earning 139–150 percent FPL and 49 percent of those earning 151–200 percent FPL are underinsured.

(15) Underinsured Vermonters 18 to 64 years of age spend on average approximately 2.5 times more on out-of-pocket costs than fully insured individuals, with an average of \$4,655.00 for underinsured adults compared with less than \$1,900.00 for fully insured individuals.

(16) Individuals with lower incomes or with a disability who turn 65 years of age and must transition from Medicaid to Medicare often face what is known as the “Medicare cliff” or the “senior and disabled penalty” when suddenly faced with paying high Medicare costs. Individuals with incomes between \$14,580.00 and \$21,876.00 per year, and couples with incomes between \$19,728.00 and \$29,580.00 per year, can go from paying no monthly premiums for Medicaid or a Vermont Health Connect plan to owing hundreds of dollars per month in Medicare premiums, deductibles, and cost-sharing requirements.

(17) The Patient Protection and Affordable Care Act, Pub. L. No. 111-148, allows young adults to remain on their parents' private health insurance plans until they reach 26 years of age. The same option does not exist under Dr. Dynasaur, Vermont's public children's health insurance program established in accordance with Title XIX (Medicaid) and Title XXI (SCHIP) of the Social Security Act, however, so young adults who come from families without private health insurance are often uninsured or underinsured.

(18) In order to promote the health of young adults and to increase access to health care services, the American Academy of Pediatrics recommends that coverage under Medicaid and SCHIP, which in Vermont means Dr. Dynasaur, be made available to all individuals from 0 to 26 years of age.

Sec. 3. 33 V.S.A. § 1901 is amended to read:

§ 1901. ADMINISTRATION OF PROGRAM

* * *

(b) The Secretary shall make coverage under the Dr. Dynasaur program established in accordance with Title XIX (Medicaid) and Title XXI (SCHIP) of the Social Security Act available to the following individuals whose modified adjusted gross income is at or below 312 percent of the federal poverty level for the applicable family size:

- (1) all Vermont residents up to 21 years of age; and
- (2) pregnant individuals of any age.

(c) The Secretary may charge a monthly premium, in amounts set by the General Assembly, per family for pregnant ~~women~~ and individuals, children, and young adults eligible for medical assistance under Sections 1902(a)(10)(A)(i)(III), (IV), (VI), and (VII) of Title XIX of the Social Security Act, whose family income exceeds 195 percent of the federal poverty level, as permitted under section 1902(r)(2) of that act. Fees collected under this subsection shall be credited to the State Health Care Resources Fund established in section 1901d of this title and shall be available to the Agency to offset the costs of providing Medicaid services. Any co-payments, coinsurance, or other cost sharing to be charged shall also be authorized and set by the General Assembly.

* * *

Sec. 4. AGENCY OF HUMAN SERVICES; TECHNICAL ANALYSIS;
REPORTS

(a) The Agency of Human Services, in collaboration with interested stakeholders, shall undertake a technical analysis relating to expanding access to Medicaid and Dr. Dynasaur, to rates paid to health care providers for delivering services to individuals on Medicaid and Dr. Dynasaur, and to the structure of Vermont's health insurance markets.

(b) The technical analysis relating to expanding access to Medicaid and Dr. Dynasaur shall examine the feasibility of; consider the need for one or more federal waivers or one or more amendments to Vermont's Global Commitment to Health Section 1115 demonstration, or both, for; develop a proposed implementation timeline and estimated costs of implementation for; and estimate the programmatic costs of, each of the following:

(1) expanding eligibility for Medicaid for adults who are 26 years of age or older but under 65 years of age and not pregnant to individuals with incomes at or below 312 percent of the federal poverty level (FPL) by 2030;

(2) expanding eligibility for Dr. Dynasaur to all Vermont residents up to 26 years of age with incomes at or below 312 percent FPL by 2030;

(3) expanding eligibility for the Immigrant Health Insurance Plan established pursuant to 33 V.S.A. chapter 19, subchapter 9 to all individuals up to 65 years of age with incomes up to 312 percent FPL who have an immigration status for which Medicaid or Dr. Dynasaur is not available by 2030; and

(4) implementing a proposed schedule of sliding-scale cost-sharing requirements for beneficiaries of the expanded Medicaid, Dr. Dynasaur, and Immigrant Health Insurance Plan programs.

(c)(1) The technical analysis relating to Medicaid provider reimbursement rates shall include:

(A) an analysis of the expected enrollment by proposed expansion population for each of the programs described in subsection (b) of this section;

(B) an examination of the insurance coverage individuals in each proposed expansion population currently has, if any, and the average reimbursement rates under that coverage by provider type as a percentage of the Medicare rates for the same services;

(C) an analysis of how current Vermont Medicaid rates compare to rates paid to Vermont providers, by provider type, under Medicare;

(D) an assessment of how other states' public option and Medicaid buy-in programs set provider rates, which providers are included, the basis for those rates by provider type, and any available data regarding the impacts of those rates on provider participation and patient access to care;

(E) an estimate of the costs to the State, by provider type, if providers were reimbursed at 125 percent, 145 percent, 160 percent, and 200 percent of Medicare rates;

(F) if a fee schedule is benchmarked to Medicare rates, how best to structure a methodology that avoids federal Medicare rate cuts while ensuring appropriate inflationary indexing;

(G) if rate differentials will continue between primary care and specialty care services under the RBRVS fee schedule, an estimate of the costs of including comprehensive prenatal, labor and delivery, postpartum, other reproductive health care services, and psychiatric services under the primary care rate; and

(H) a proposed methodology for comparing Medicaid home health and pediatric palliative care rates against Medicare home health prospective payment system or Medicare hospice rates.

(2) As used in this section, "provider type" means the designated and specialized service agencies and each category of health care provider that provides services for which the Department of Vermont Health Access maintains a reimbursement methodology, including hospital inpatient services; hospital outpatient services; professional services reimbursed based on the RBRVS fee schedule for both primary care and specialty care services; services provided by federally qualified health centers and rural health centers; suppliers of durable medical equipment, prosthetics, orthotics, and supplies; clinical laboratory services; home health services; hospice services; pediatric palliative care services; ambulance services; anesthesia services; dental services; assistive community care services; and applied behavior analysis services.

(d) The technical analysis relating to Vermont's health insurance markets shall include:

(1) determining the potential advantages and disadvantages to individuals, small businesses, and large businesses of modifying Vermont's current health insurance market structure, including the impacts on health insurance premiums and on Vermonters' access to health care services;

(2) exploring other affordability mechanisms to address the 2026 expiration of federal enhanced premium tax credits for plans issued through the Vermont Health Benefit Exchange; and

(3) examining the feasibility of creating a public option or other mechanism through which otherwise ineligible individuals or employees of small businesses, or both, could buy into Vermont Medicaid coverage.

(e)(1) On or before January 15, 2025, the Agency of Human Services shall submit the technical analysis required by this section to the House Committees on Health Care and on Appropriations and to the Senate Committees on Health and Welfare, on Finance, and on Appropriations. The analysis shall include the feasibility of each item described in subsections (b)–(d) of this section; the federal strategy for achieving each item, including identification of any necessary federal waivers, the process for obtaining such waivers, and the likelihood of approval for each such waiver; the costs, both programmatic costs and technological and operational costs; a timeline for implementation of each recommended action; and a description of any legislative needs.

(2) On or before January 15, 2026, the Agency of Human Services shall provide the following to the House Committees on Health Care and on Appropriations and to the Senate Committees on Health and Welfare, on Finance, and on Appropriations:

(A) an analysis of how current Vermont Medicaid rates compare to rates paid to Vermont providers, by provider type, under average commercial health insurance fee schedules; and

(B) an estimate of the costs to the State and an analysis of the advantages and disadvantages of benchmarking rates for RBRVS-equivalent professional services based on the average commercial health insurance rates paid to Vermont providers rather than the Medicare fee-for-service physician fee schedule.

Sec. 5. 33 V.S.A. § 1901e is amended to read:

§ 1901e. GLOBAL COMMITMENT FUND

* * *

(c)(1) Annually, on or before October 1, the Agency shall provide a detailed report to the Joint Fiscal Committee that describes the managed care organization's investments under the terms and conditions of the Global Commitment to Health Medicaid Section 1115 waiver, including the amount of the investment and the agency or departments authorized to make the investment.

(2) In addition to the annual report required by subdivision (1) of this subsection, the Agency shall provide the information set forth in subdivisions (A)–(E) of this subdivision annually as part of its budget presentation. The Agency may choose to provide the required information for the subset of the

Global Commitment investments being independently evaluated in any one year. The information to be provided shall include:

- (A) a detailed description of the investment;
- (B) which Vermonters are served by the investment;
- (C) the cost of the investment;
- (D) the efficacy of the investment; and
- (E) where in State government the investment is managed, including the division or office responsible for the management.

Sec. 6. 33 V.S.A. §1901c is added to read:

§ 1901c. MEDICAID COVERED SERVICE CONSIDERATIONS; REPORT

Annually on or before January 15, the Commissioner of Vermont Health Access shall report to the House Committee on Health Care and the Senate Committee on Health and Welfare regarding each service that the Department of Vermont Health Access considered for new, modified, expanded, or reduced coverage under the Vermont Medicaid program during the preceding fiscal year, including the reason for considering the service, the factors considered, the stakeholders consulted, the coverage decision made, and the rationale for the decision.

Sec. 7. MEDICARE SAVINGS PROGRAMS; INCOME ELIGIBILITY

The Agency of Human Services shall make the following changes to the Medicare Savings Programs:

- (1) increase the Qualified Medicare Beneficiary (QMB) Program income threshold to 190 percent of the federal poverty level (FPL);
- (2) increase the Specified Low-Income Medicare Beneficiary (SLMB) Program income threshold to 210 percent FPL; and
- (3) increase the Qualifying Individual (QI) Program income threshold to 225 percent FPL.

Sec. 8. MEDICAID STATE PLAN AMENDMENTS

(a) The Agency of Human Services shall request approval from the Centers for Medicare and Medicaid Services to amend Vermont's Medicaid state plan to expand eligibility for the Medicare Savings Programs as set forth in Sec. 7 of this act.

(b) If amendments to Vermont's Medicaid state plan or to Vermont's Global Commitment to Health Section 1115 demonstration, or both, are necessary to implement any of the other provision of this act, the Agency of

Human Services shall seek approval from the Centers for Medicare and Medicaid Services as expeditiously as possible.

Sec. 9. REPEAL OF VPHARM PROGRAM

33 V.S.A. § 2073 (VPharm assistance program) is repealed on the later of January 1, 2027 or 12 months following approval by the Centers for Medicare and Medicaid Services of the amendment to Vermont's Medicaid state plan to expand eligibility for the Medicare Savings Programs as set forth in Secs. 7 and 8(a) of this act.

Sec. 10. 2013 Acts and Resolves No. 73, Sec. 60(10), as amended by 2017 Acts and Resolves No. 73, Sec. 14, 2018 Acts and Resolves No. 187, Sec. 5, 2019 Acts and Resolves No. 71, Sec. 21, 2021 Acts and Resolves No. 73, Sec. 14, and 2023 Acts and Resolves No. 78, Sec. E.306.1, is further amended to read:

(10) Secs. 48–51 (health care claims tax) shall take effect on July 1, 2013 and Sec. 52 (Health IT-Fund; sunset) shall take effect on July 1, ~~2025~~ 2027.

Sec. 11. 2019 Acts and Resolves No. 6, Sec. 105, as amended by 2019 Acts and Resolves No. 71, Sec. 19, 2022 Acts and Resolves No. 83, Sec. 75, and 2023 Acts and Resolves No. 78, Sec. E.306.2, is further amended to read:

Sec. 105. EFFECTIVE DATES

* * *

(b) Sec. 73 (further amending 32 V.S.A. § 10402) shall take effect on July 1, ~~2025~~ 2027.

Sec. 12. APPROPRIATIONS

(a) In fiscal year 2025, the sum of \$1,200,000.00 in Global Commitment funds is appropriated to the Agency of Human Services to implement the Dr. Dynasaur eligibility expansion set forth in Sec. 3 of this act.

(1) In fiscal year 2025, the sum of \$360,000.00 is appropriated from the General Fund to the Agency of Human Services, Global Commitment appropriation for the State match for implementation of the Dr. Dynasaur eligibility expansion set forth in Sec. 3 of this act.

(2) In fiscal year 2025, the sum of \$840,000.00 in federal funds is appropriated to the Agency of Human Services, Global Commitment appropriation for implementation of the Dr. Dynasaur eligibility expansion set forth in Sec. 3 of this act.

(b) In fiscal year 2025, the sum of \$450,000.00 in Global Commitment funds is appropriated to the Agency of Human Services for the technical analysis required by Sec. 4 of this act.

(1) In fiscal year 2025, the sum of \$250,000.00 is appropriated from the General Fund to the Agency of Human Services, Global Commitment appropriation for the State match for the technical analysis required by Sec. 4 of this act.

(2) In fiscal year 2025, the sum of \$200,000.00 in federal funds is appropriated to the Agency of Human Services, Global Commitment appropriation for the technical analysis required by Sec. 4 of this act.

(c) The sum of \$200,000.00 is appropriated to the Department of Vermont Health Access in fiscal year 2025, of which \$100,000.00 is from the General Fund and \$100,000.00 is in federal funds, to implement the Medicare Savings Programs eligibility expansion as set forth in Sec. 7 of this act.

Sec. 13. EFFECTIVE DATES

This act shall take effect on passage, except:

(1) Sec. 3 (33 V.S.A. § 1901; Dr. Dynasaur eligibility expansion) shall take effect on January 1, 2026;

(2) Sec. 7 (Medicare Savings Programs; income eligibility) shall take effect upon the later of January 1, 2026 or approval by the Centers for Medicare and Medicaid Services of the amendment to Vermont's Medicaid state plan as directed in Sec. 8(a); and

(3) Sec. 12 (appropriations) shall take effect on July 1, 2024.

Rep. Andrews of Westford, for the Committee on Ways and Means, recommended that the report of the Committee on Health Care be amended as follows:

First: By striking out Sec. 13, effective dates, in its entirety and inserting in lieu thereof a new Sec. 13 to read as follows:

Sec. 13. 32 V.S.A. § 5811(18) is amended to read:

(18) "Vermont net income" means, for any taxable year and for any corporate taxpayer:

(A) the taxable income of the taxpayer for that taxable year under the laws of the United States, without regard to 26 U.S.C. § 168(k), and excluding income that under the laws of the United States is exempt from taxation by the states:

(i) increased by:

(I) the amount of any deduction for State and local taxes on or measured by income, franchise taxes measured by net income, franchise taxes for the privilege of doing business and capital stock taxes; and

(II) to the extent such income is exempted from taxation under the laws of the United States by, the amount received by the taxpayer on and after January 1, 1986 as interest income from state and local obligations, other than obligations of Vermont and its political subdivisions, and any dividends or other distributions from any fund to the extent such dividend or distribution is attributable to such Vermont State or local obligations;

(III) the amount of any deduction for a federal net operating loss; and

(IV) the amount of any deduction allowed under 26 U.S.C. § 250(a); and

(ii) decreased by:

* * *

Second: By adding a new section to be Sec. 14 to read as follows:

Sec. 14. 32 V.S.A. § 5832 is amended to read:

§ 5832. TAX ON INCOME OF CORPORATIONS

A tax is imposed for each calendar year, or fiscal year ending during that calendar year, upon the income earned or received in that taxable year by every taxable corporation, reduced by any Vermont net operating loss allowed under section 5888 of this title, such tax being the greater of:

(1) an amount determined in accordance with the following schedule:

Vermont net income of the corporation for the taxable year allocated or apportioned to Vermont under section 5833 of this title	Tax
\$0-10,000.00	6.00%
10,001.00-25,000.00	\$600.00 plus 7.0% of the excess over \$10,000.00
25,001.00 and over	\$1,650.00 plus 8.5% <u>10%</u> of the excess over 25,000.00

or

(2)(A) \$75.00 for small farm corporations. “Small farm corporation” means any corporation organized for the purpose of farming, which during the taxable year is owned solely by active participants in that farm business and receives less than \$100,000.00 Vermont gross receipts from that farm operation, exclusive of any income from forest crops; or

(B) An amount determined in accordance with section 5832a of this title for a corporation that qualifies as and has elected to be taxed as a digital business entity for the taxable year; or

(C) For C corporations with Vermont gross receipts from \$0.00–\$500,000.00, the greater of the amount determined under subdivision (1) of this section or \$100.00; or

(D) For C corporations with Vermont gross receipts from \$500,001.00–\$1,000,000.00, the greater of the amount determined under subdivision (1) of this section or \$500.00; or

(E) For C corporations with Vermont gross receipts from \$1,000,001.00–\$5,000,000.00, the greater of the amount determined under subdivision (1) of this section or \$2,000.00; or

(F) For C corporations with Vermont gross receipts from \$5,000,001.00–\$300,000,000.00, the greater of the amount determined under subdivision (1) of this section or \$6,000.00; or

(G) For C corporations with Vermont gross receipts greater than \$300,000,000.00, the greater of the amount determined under subdivision (1) of this section or \$100,000.00.

Third: By adding a new section to be Sec. 15 to read as follows:

Sec. 15. 9 V.S.A. § 5302 is amended to read:

§ 5302. NOTICE FILING

* * *

(e) At the time of the filing of the information prescribed in subsection (a), (b), (c), or (d) of this section, except investment companies subject to 15 U.S.C. § 80a-1 et seq., the issuer shall pay to the Commissioner a fee of ~~\$600.00~~ \$740.00. The fee is nonrefundable.

(f) Investment companies subject to 15 U.S.C. § 80a-1 et seq. shall pay to the Commissioner an initial notice filing fee of ~~\$2,000.00~~ \$2,250.00 and an annual renewal fee of ~~\$1,650.00~~ \$1,900.00 for each portfolio or class of investment company securities for which a notice filing is submitted.

* * *

Fourth: By adding a new section to be Sec. 16 to read as follows:

Sec. 16. EFFECTIVE DATES

(a) This section and Secs. 1 (short title), 2 (findings), 4 (technical analysis and reports), 5 (Global Commitment investments), 6 (Medicaid covered service considerations), 8 (Medicaid state plan amendments), 9 (repeal of VPharm program), and 10 and 11 (extension of Health IT-Fund) shall take effect on passage.

(b) Sec. 3 (33 V.S.A. § 1901; Dr. Dynasaur eligibility expansion) shall take effect on January 1, 2026.

(c) Sec. 7 (Medicare Savings Programs; income eligibility) shall take effect upon the later of January 1, 2026 or approval by the Centers for Medicare and Medicaid Services of the amendment to Vermont's Medicaid state plan as directed in Sec. 8(a).

(d) Secs. 12 (appropriations) and 15 (securities registration fee) shall take effect on July 1, 2024.

(e) Secs. 13 (add-back of corporate income tax deductions) and 14 (corporate income tax brackets) shall take effect on January 1, 2025 and apply to taxable years beginning on and after January 1, 2025.

Rep. Scheu of Middlebury, for the Committee on Appropriations, recommended that the report of the Committee on Ways and Means be amended by adding a fifth instance of amendment to read as follows:

Fifth: In Sec. 12, appropriations, by adding a new subsection to be subsection (d) to read as follows:

(d) It is the intent of the General Assembly to use a portion of the revenues generated through the amended taxes and fees in Secs. 13–15 of this act to fund the appropriations set forth in this section.

The bill, having appeared on the Notice Calendar, was taken up, read the second time, and the report of the Committee on Ways and Means amended as recommended by the Committee on Appropriations.

Pending the question, Shall the report of the Committee on Health Care be amended as recommended by the Committee on Ways and Means, as amended?, **Rep. McCoy of Poultney** 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 report of the Committee on Health Care be amended as recommended by the Committee on Ways and Means, as amended?, was decided in the affirmative. Yeas, 92. Nays, 39.

Those who voted in the affirmative are:

Andrews of Westford	Cordes of Lincoln	McCarthy of St. Albans City
Anthony of Barre City	Demrow of Corinth	McGill of Bridport *
Arrison of Weathersfield	Dodge of Essex	Mihaly of Calais
Arsenault of Williston	Dolan of Essex Junction	Morris of Springfield
Austin of Colchester	Dolan of Waitsfield	Mulvaney-Stanak of Burlington
Bartholomew of Hartland	Durfee of Shaftsbury	Notte of Rutland City
Berbeco of Winooski	Emmons of Springfield	Noyes of Wolcott
Black of Essex *	Farlice-Rubio of Barnet	Ode of Burlington
Bluemle of Burlington	Garofano of Essex	Pajala of Londonderry
Bongartz of Manchester	Goldman of Rockingham *	Patt of Worcester
Bos-Lun of Westminster	Graning of Jericho	Pouech of Hinesburg
Boyden of Cambridge	Headrick of Burlington	Priestley of Bradford
Brown of Richmond	Holcombe of Norwich	Rice of Dorset
Brownell of Pownal	Hooper of Burlington	Satcowitz of Randolph
Brumsted of Shelburne	Houghton of Essex Junction *	Scheu of Middlebury
Burke of Brattleboro	Howard of Rutland City	Sheldon of Middlebury
Burrows of West Windsor	Hyman of South Burlington	Sims of Craftsbury
Buss of Woodstock	James of Manchester	Squirrell of Underhill
Campbell of St. Johnsbury	Jerome of Brandon	Stebbins of Burlington
Carpenter of Hyde Park	Kornheiser of Brattleboro	Stevens of Waterbury
Carroll of Bennington	Krasnow of South Burlington	Stone of Burlington
Casey of Montpelier	LaBounty of Lyndon	Taylor of Colchester
Chapin of East Montpelier	Lalley of Shelburne	Templeman of Brownington
Chase of Chester	LaLonde of South Burlington	Toleno of Brattleboro
Chase of Colchester	LaMont of Morristown	Torre of Moretown
Chesnut-Tangerman of Middletown Springs	Lanpher of Vergennes	Troiano of Stannard
Christie of Hartford	Leavitt of Grand Isle	Waters Evans of Charlotte
Cina of Burlington *	Logan of Burlington	Whitman of Bennington
Coffey of Guilford	Long of Newfane	Williams of Barre City
Cole of Hartford	Masland of Thetford	Wood of Waterbury
Conlon of Cornwall		
Corcoran of Bennington		

Those who voted in the negative are:

Bartley of Fairfax	Hango of Berkshire	Page of Newport City
Beck of St. Johnsbury	Harrison of Chittenden	Parsons of Newbury
Birong of Vergennes	Higley of Lowell	Peterson of Clarendon
Branagan of Georgia	Hooper of Randolph	Quimby of Lyndon
Brennan of Colchester	Labor of Morgan	Roberts of Halifax
Canfield of Fair Haven	Laroche of Franklin	Shaw of Pittsford
Clifford of Rutland City	Lipsky of Stowe	Sibilia of Dover
Demar of Enosburgh	Maguire of Rutland City	Taylor of Milton *
Dickinson of St. Albans Town	Mattos of Milton	Toof of St. Albans Town
Donahue of Northfield	McCoy of Poultney *	Walker of Swanton
Galfetti of Barre Town	Minier of South Burlington	White of Bethel
Goslant of Northfield	Morgan of Milton *	Williams of Granby
	Morrissey of Bennington	

Gregoire of Fairfield

Oliver of Sheldon

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

Andriano of Orwell

McCann of Montpelier

Pearl of Danville

Brady of Williston

McFaun of Barre Town

Rachelson of Burlington

Burditt of West Rutland

Mrowicki of Putney

Sammis of Castleton

Elder of Starksboro

Nicoll of Ludlow

Small of Winooski

Graham of Williamstown

Nugent of South Burlington

Smith of Derby

Marcotte of Coventry

O'Brien of Tunbridge

Surprenant of Barnard

Rep. Black of Essex explained her vote as follows:

“Madam Speaker:

It is a rare occurrence when we can make an investment and know exactly what the payoff will be. I vote yes to put \$175 per month back into the social security checks of nearly 20,000 Vermonters who need and deserve it the most.”

Rep. Cina of Burlington explained his vote as follows:

“Madam Speaker:

Read my lips, yes, new taxes on corporations, so that Vermont can take this important step forward toward guaranteeing the human right of health care to all Vermonters.”

Rep. Goldman of Rockingham explained her vote as follows:

“Madam Speaker:

I voted yes on H.721. Increasing access to Medicaid for 19- and 20- year-olds and pregnant individuals will support them in staying healthier and cost less for them and to the system over time. Premium and cost-sharing support for those reaching 65 years old and going from Medicaid to Medicare may put \$2,000 a year in their pockets. This will make more money available for food, heat, and other needs for low-income individuals.”

Rep. Houghton of Essex Junction explained her vote as follows:

“Madam Speaker:

H.721 takes significant steps for health and well-being for our most vulnerable older and disabled Vermonters by drawing down significant federal dollars and will help our hospitals decrease uncompensated care. This is good fiscal policy.”

Rep. McCoy of Poultney explained her vote as follows:

“Madam Speaker:

As the senior member from St. Johnsbury previously stated...we do not have a revenue problem, we have a spending problem.”

Rep. McGill of Bridport explained her vote as follows:

“Madam Speaker:

I voted yes because this is a critical investment in the health and welfare of struggling Vermonters.”

Rep. Morgan of Milton explained his vote as follows:

“Madam Speaker:

Again, we are asking businesses to shoulder more and more tax burden. With something of this importance, we should be shifting our priorities on the General Fund of the budget. We must control our spending!”

Rep. Taylor of Milton explained his vote as follows:

“Madam Speaker:

We’ve had some great initiatives presented in bills today. If these are so important, which I believe they are, let’s find a way to fund them without raising taxes. We can’t have everything. What bills can we scrap, or initiatives we can end to offset the spending? We need to prioritize, and Vermonters can’t afford to keep paying more.”

Thereafter, the bill was amended as recommended by the Committee on Health Care, as amended, and third reading ordered.

Bill Amended; Third Reading; Bill Passed

H. 546

House bill, entitled

An act relating to administrative and policy changes to tax laws

Was taken up and, pending third reading of the bill, **Rep. Kornheiser of Brattleboro** moved to amend the bill as follows:

In Sec. 8, 32 V.S.A. § 4452, in subsection (d) by adding a sentence at the end of that reads “The valuations provided by the Division for property used for the transmission and distribution of electricity shall be used by the listers as the valuations of that property for purposes of property taxation.”

Which was agreed to.

Pending the question, Shall the bill be read a third time?, **Rep. Kornheiser of Brattleboro** moved to amend the bill by striking out Sec. 15, effective dates, and its reader assistance heading in their entireties and inserting in lieu thereof new Secs. 15 and 16 and their reader assistance headings to read as follows:

* * * Fees * * *

Sec. 15. 18 V.S.A. § 5017 is amended to read:

§ 5017. FEES FOR COPIES

(a) For a certified copy of a vital event certificate, the fee shall be \$10.00.

(b) The State Registrar shall waive the fee for certified copies of vital event certificates issued to:

(1) an individual attesting to a lack of fixed, regular, and adequate nighttime residence; and

(2) an individual between 18 and 24 years of age who resided in a foster home or residential child care facility between 16 and 18 years of age pursuant to placement by a child-placing agency.

* * * Effective Dates * * *

Sec. 16. EFFECTIVE DATES

(a) This section, Secs. 1 (reappraisals), 2 (property valuation and review waiver), 9 (exemption for county-owned property), 10 (fuel tax extension), 11 and 12 (extension of Health IT Fund), 13 (Local Government Revenue Working Group), and 14 (Wealth Tax Commission) shall take effect on passage.

(b) Notwithstanding 1 V.S.A. § 214, Secs. 3 and 4 (link to federal income tax laws) shall take effect retroactively on January 1, 2024 and apply to taxable years beginning on and after January 1, 2023.

(c) Sec. 5 (renter credit expansion) shall take effect on passage and apply to claim years 2025 and after.

(d) Secs. 6 and 7 (repeal of property tax credit late fee) shall take effect on passage and apply to claim years 2024 and after.

(e) Sec. 8 (utility property valuation) shall take effect on passage and apply to grand lists filed on or after April 1, 2025.

(f) Sec. 15 (fee waiver for vital event certificates) shall take effect on July 1, 2024.

Which was agreed to. Thereafter, the bill was read a third time and passed.

Action on Bill Postponed**H. 829**

House bill, entitled

An act relating to creating permanent upstream eviction protections and enhancing housing stability

Was taken up and, pending second reading of the bill, on motion of **Rep. Stevens of Waterbury**, action on the bill was postponed until March 27, 2024.

**Committee Bill; Second Reading; Bill Amended;
Third Reading Ordered****H. 873**

Rep. Conlon of Cornwall spoke for the Committee on Education.

House bill, entitled

An act relating to financing the testing for and remediation of the presence of polychlorinated biphenyls (PCBs) in schools

Rep. Beck of St. Johnsbury, for the Committee on Ways and Means, recommended that the bill ought to pass when amended as follows:

In Sec. 1, PCB testing and remediation in schools, in subdivision (c)(1)(A), after “funds that remain” and before “for grants to schools” by striking out “in the Education Fund” and inserting in lieu thereof “at the Agency of Education”

and in Sec. 1, in subdivision (c)(1)(B), after “(B)” and before “are sufficient to fully fund” by striking out “whether the remaining funds in the Education Fund” and inserting in lieu thereof “whether the funds appropriated to the Agency of Education for investigation, remediation, and removal of PCBs in schools”

and in Sec. 1, in subdivision (c)(1)(C), after “when the Secretary of Natural Resources estimates” and before “will be insufficient to award grants” by striking out “the remaining funds in the Education Fund” and inserting in lieu thereof “the funds appropriated to the Agency of Education for investigation, remediation, and removal of PCBs in schools”

and in Sec 1, in subdivision (d)(1), after “that there is \$4,000,000.00 or less of funds remaining” and before “for the investigation, remediation, and removal of PCBs” by striking out “in the Education Fund” and inserting in lieu thereof “at the Agency of Education”

and in Sec. 1, in subdivision (d)(2), after “to transfer \$2,000,000.00” and before “to the Agency of Education” by inserting “from the Environmental Contingency Fund”

Rep. Mihaly of Calais, for the Committee on Appropriations, recommended the bill ought to pass when amended as recommended by the Committee on Ways and Means.

The bill, having appeared on the Notice Calendar, was taken up, read the second time, and the report of the Committee on Ways and Means agreed to.

Pending the question, Shall the bill be read a third time?, **Rep. Dolan of Waitsfield** moved to amend the bill in Sec. 1, PCB testing and remediation in schools, in subsection (e), by adding a new sentence after the current last sentence to read as follows:

As part of the submission to the General Assembly, the Secretary shall recommend the source of the necessary funds, provided that the Secretary shall first consider all other sources of funding before recommending the Education Fund as a source of the necessary funds.

Which was agreed to. Thereafter, third reading was ordered.

Adjournment

At eight o'clock and nine minutes in the evening, on motion of **Rep. McCoy of Poultney**, the House adjourned until tomorrow at one o'clock in the afternoon.