

DRAFT BUDGET MEMO (NOT FINAL)

February 23, 2024

Dear Rep. Lanpher,

Please find this letter as the House Committee on Government Operations and Military Affairs (HGO&MA) response to the HAC Memo requesting feedback on the Governor's Recommended Fiscal Year 2025 Budget as it relates to areas that touch on our jurisdiction.

Truth & Reconciliation Commission & H.649

We support adequate funding for the Commissioners, staff and activities. H.649 which has passed the House and now is in the Senate will allow the Commission to fill the current vacancy and begin its full work in earnest by the start of FY2025. H.649 as introduced contemplated the annual appropriation of \$1.1M.

Pensions

HGO&MA recommends continuing to fully fund the recommended ADEC funding for the public pension systems and OPEB pre-funding. HGO&MA is currently considering H.585, which would allow Sheriffs currently in VSERS Group F a window to opt-in to Group G. The Retirement Division suggests this would be revenue neutral, but we will seek to confirm this assessment with JFO before passing the bill.

Elections

We support the Secretary of State's office ask for funding of \$800,000 in General Fund to support the 2024 election administration and \$60,000 to offset costs from professional licensure compact adoption. We recognize that while we support the modernization and reciprocity of licensure as a benefit to Vermont professionals and the businesses and organizations they work in, we will need to find new funding sources to support the regulation of these professions in the interest of public health and safety.

PEGTV & Vermont Access Network

PEG TV and Vermont Access Network's is asking for us to secure funding for continued community media services. We support modernizing the funding structure to support their work covering local democracy. As local news outlets struggle, their work is even more vital so that the public is informed about local elections and the proceedings of local government. Their one-time ask is \$1M, but recognizing the cost pressures we support discusses

Technology Modernization Fund/ADS -

In FY2024, the Agency of Digital Services requested \$10,000,000 for Network & Security Infrastructure Modernization and \$5,000,000 for IT investments to modernize existing IT systems. We appropriated portions of these funds, but testimony to JITOC suggests much of it remains unspent. We will take further testimony, in consultation with JITOC to confirm that these funds are still needed for FY2025.

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Criminal Justice Council

The committee supports continuing funding with the modernization of the training academy and bringing up law enforcement training to the IADLEST standards. We support the Governor's Recommendation, and are seeking to confirm through additional testimony that those funds are adequate to complete the second year of the three year plan that began in FY2024.

Courthouse Security

Along with House Judiciary's efforts to recommend investing in our prosecutors and courts, we broadly support the recommendations of the S.17/Act 30 Report on Courthouse Security that we heard on Feb. 7, 2024. This would make our courthouses much safer, increase efficiency and support staff who can help with both security and administrative tasks to help move dockets along. Adopting the full recommendation would increase the appropriation by about **\$2M** from \$6.8M to \$8.8M in FY2025. We would ask that this be considered as part of the public safety package HAC is considering.

Cannabis Control Board and H.612

We support the CCB's, funding and staffing requests for FY2025. Additionally, we are working on H.612 which looks to get control over on regulated, synthetic THC products that are hemp, derived, and contemplates a new license type where adult use retailers could earn a medical endorsement in order to preserve access to cannabis for therapeutic uses as medical registrants decline, and medical dispensaries become economically unviable. Hearing that the cannabis sales and revenue projections for this second year of the adult use are ahead of projections, we feel it is appropriate to replenish the Business Development Fund. This fund was created in ACCD prior to the launch of the cannabis market to support cannabis businesses owned by individuals that are directly harmed or come from communities disproportionately impacted by cannabis prohibition. The request in the current draft of H.612 is to use **\$500,000** as a one-time transfer of cannabis excise task revenue to the fund.

H.622 - Emergency Medical Services

The committee is continuing work on this bill in collaboration with House Health Care that makes important changes to Medicaid reimbursement, and in the HGO&MA jurisdiction looks to make modifications to the EMS Advisory Committee and establish a Task Force to address multiple issues facing the EMS system. The VT Dept. of Health suggested that they would need **\$375,000** for a task force. This Task Force would need There is also funding contemplated for training, and it may be that additional funds could be obtained from the existing funding source to cover some additional training support for EMS.

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H.626 - Animal Welfare Division

This bill looks to create and staff an Animal Welfare Division within the Dept. of Public Safety. We heard compelling testimony that crimes involving animal cruelty put pressure on local Animal Control officers, Vermont State Police, games wardens and other law enforcement agencies who often don't have the expertise or jurisdiction over these cases. This bill also looks to regulate organizations who bring animals into the state, specifically so-called "rescues". While we are still taking testimony about the staffing, it is clear that there would need to be a new Director of the Division of Animal welfare and some staff to support standing up this office in the first year. This is likely to cost at least **\$600,000** in the first year. The bill as introduced envisions revenue sources that could raise upwards of \$300,000 and we are aware that the Governor's Recommend includes \$300,000 to Fish & Wildlife to help support wardens' efforts on these cases. There are additional items we are considering. The Dept. of States Attorneys and Sheriffs requested a dedicated Deputy SA to prosecute these cases. We have not yet received answers to our inquiries about what staff and costs are already being expended elsewhere, perhaps less efficiently, as these cases often lead to work from many agencies.

H.702 - Government Accountability

We are taking up the recommendations of the Summer Government Accountability Committee that was established in H.125 in this new bill. Recognizing the need for support to review legislative asks and hold state government accountable, these efforts would create new positions at JFO and a new Division of Performance Accountability to aid the legislature in making sure policy is working as intended. Costs in the initial proposal total **\$100,000** for IT costs related to the report management system and **\$160,000** for a Director of Performance Accountability position at JFO. The bill as currently drafted has a total cost of **\$260,000**.

State Ethics Commission

We have done significant work on two draft committee bills. The first expands the powers of the State Ethics Commission to investigate and hear complaints. The second would adopt a Municipal Code of Ethics. The staffing costs in the bills before us now would be an additional \$250,000 annually, however it appears likely that this can be lower in FY2025 as the Commission would like to keep the Executive Director position part-time, prioritizing the new attorney and administrative positions.

Dept. of Liquor and Lottery - Misc. Bill

We are currently working on a committee miscellaneous alcohol bill that includes some modifications of permits that will have minimal budget impacts. As we discuss this bill we have heard requests to open up a conversation about the excise tax per gallon and the disparate treatment of various similar alcoholic beverage types.

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Dept. of Liquor and Lottery - Sports Wagering

The committee has heard testimony and seen initial numbers from H.127 indicating that revenues from Sports Wagering are coming in much higher than expected, nearly hitting the FY2024 estimates in just the first few weeks. We want to ensure that the funding for problem gambling prevention and support are maintained.

Respectfully submitted,

Rep. Mike McCarthy, Chair House Government Operations & Military Affairs