

# Journal of the Senate

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FRIDAY, JUNE 29, 2018

The Senate was called to order by the President.

## Devotional Exercises

A moment of silence was observed in lieu of devotions.

## Message from the Governor

A message was received from His Excellency, the Governor, by Ms. Jaye Pershing Johnson, Secretary of Civil and Military Affairs, as follows:

Mr. President:

I am directed by the Governor to inform the Senate that on the twenty-eighth day of June, 2018 he approved and signed bills originating in the Senate of the following titles:

- S. 4. An act relating to miscellaneous judiciary procedures.
- S. 5. An act relating to racial equity in State government.
- S. 6. An act relating to short-term rentals.

## Joint Senate Resolution Adopted on the Part of the Senate

### J.R.S. 1.

Joint Senate resolution of the following title was offered, read and adopted on the part of the Senate, and is as follows:

By the Committee on Rules,

**J.R.S. 1.** Joint resolution relating to final adjournment.

### *Resolved by the Senate and House of Representatives:*

That the President of the Senate and the Speaker of the House of Representatives adjourn their respective Houses *sine die* on the twenty-ninth day of June, 2018.

## Secretary Directed to Inform the House of Completion of Business

On motion of Senator Ashe, the Secretary was directed to inform the House that the Senate has completed the business of the Special Session and is ready to adjourn pursuant to the provisions of **J.R.S. 1**.

**Committee Appointed to Inform Governor of Completion of Business**

On motion of Senator Ashe, the President appointed the following two Senators as members of a committee to wait upon His Excellency, Philip B. Scott, the Governor, and inform him that the Senate has completed the business of the Special Session and is ready to adjourn pursuant to the provisions of **J.R.S. 1**:

Senator Benning  
Senator MacDonald

**Report of Committee**

The Committee appointed to wait upon His Excellency, the Governor, to inform him that the Senate had, on its part, completed the business of the session and was ready to adjourn *sine die*, pursuant to the provisions of **J.R.S. 1**, performed the duties assigned to it.

**Final Adjournment**

On motion of Senator Ashe, at ten o'clock and thirteen, the Senate adjourned *sine die*, pursuant to the provisions of **J.R.S. 1**.

**Messages Received After Final Adjournment**

After final adjournment, the following messages were received by the Secretary.

**Message from the House No. 13**

A message was received from the House of Representatives by Ms. Rebecca Silbernagel, its Second Assistant Clerk, as follows:

Mr. President:

I am directed to inform the Senate that:

The House has considered joint resolution originating in the Senate of the following title:

**J.R.S. 1.** Joint resolution relating to final adjournment.

And has adopted the same in concurrence.

**Message from the House No. 14**

A message was received from the House of Representatives by Ms. Rebecca Silbernagel, its Second Assistant Clerk, as follows:

Mr President:

I am directed to inform the Senate that the House has on its part completed the business of the Special Session and is ready to adjourn *sine die*, pursuant to the provisions of J.R.S. 1.

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**Message from the House No. 15**

A message was received from the House of Representatives by Ms. Rebecca Silbernagel, its Second Assistant Clerk, as follows:

Mr. President:

I am directed to inform the Senate that:

The Governor has informed the House that on June 29, 2018, he did not approve and will allow to become law without his signature a bill originating in the House of the following title:

**H. 16.** An act relating to making appropriations for the support of government, financing education, and vital records.

**Text of Communication from Governor**

The text of the communication to the House from His Excellency, the Governor, setting forth his reasons for refusing to sign and *allowing to become law without his signature* **House Bill No. H. 16** to the House is as follows:

“June 29, 2018

The Honorable William M. MaGill  
Clerk of the Vermont House of Representatives  
115 State St.  
Montpelier, VT 05633

Dear Mr. MaGill:

Pursuant to Chapter II, Section 11 of the Vermont Constitution, I will allow H.16, *An act relating to making appropriations for the support of government, financing education and vital records* to become law without my signature for the reasons stated herein.

Vermonters elected me to focus state government on growing the economy, making Vermont more affordable and protecting the most vulnerable. This came with a clear understanding that I believe Vermonters need a break from unsustainable tax increases, state spending should not grow faster than wages and we must do all we can to confront the crisis of affordability many families and businesses now face.

Thanks to the many areas where the Legislature and I reached agreements – and the focus and hard work of dedicated state employees – state government is doing more and more each day to help Vermonters get ahead and keep more of what they earn, while working to deliver government services more efficiently and with better outcomes through a new focus on continuous improvement.

In my first 18 months in office, for example, we've avoided over \$70 million in projected property tax rate increases. This includes two consecutive years of level statewide rates for residential property tax payers. This success is due to the fiscal discipline of Vermont's school boards, and the Administration's work with the Legislature to reduce these rate increases.

While the debate over whether to provide relief from rising statewide property tax rates was, longer and, at times, more contentious than other issues we addressed, preventing more than \$70 million in property tax rate increases is one of the most meaningful pro-growth achievements of this term.

We have also taken many other steps to make Vermont more affordable for families and job creators this year, including:

- Eliminating the income tax on social security for low and middle-income households;
- Lowering income tax rates to ensure Vermonters do not see a \$30 million income tax increase because of federal tax changes;
- Expanding the Self-Managed Energy Efficiency Program to help large power consumers reduce their energy costs and be more competitive;
- Reducing unemployment insurance and workers' compensation costs by more than \$30 million, and;
- Holding the line against many other taxes and fees.

With the Legislature's support and the hard work of their committees, for the second consecutive year we have also ensured the state budget, across all funds, is not growing faster than wages.

Most importantly, our deliberations and debates on these policies, and other important investments and reforms, have resulted in measurable results.

For example, Vermont's job creators – supported by our fiscal discipline and a laser focus on policies that grow our economy and make Vermont more affordable for both families *and* employers – have added nearly 4,000 more Vermonters to the workforce<sup>i</sup> since the start of the year. Wages are rising.<sup>ii</sup> The economy is accelerating<sup>iii</sup>. We are seeing continued declines in human service caseloads. We've achieved nearly on-demand opiate treatment through our hub-and-spoke model. And, for the first time in many years, Vermont has a large (and growing) budget surplus.

The Legislature certainly shares in the credit for this important change in the trajectory of our state. I thank them for their contributions to this success and look forward to working with them to make more progress in the years ahead.

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There would be no better tool for attracting working-age families and job creators than to revitalize an education system that spends, by far, the most in the nation so that it also gets the best results.

I recognize and respect the effort communities have undertaken to respond to Act 46 of 2015. This work is important and has positioned most districts to take the next important step forward. However, we cannot rest on past achievements alone. We must continue to acknowledge that the current K-12 system (built to serve well over 100,000 children) is serving, on average, three fewer kids each day and about 30,000 fewer kids than 20 years ago. This growing inefficiency is diverting dollars away from educational opportunities for our kids, driving inequality between schools and increasing the tax burden at an unsustainable rate.

This is why I am pushing to have the pace of our reform catch up with the pace of change in our population. And it is why I believe our education policies must be as innovative as the economy our kids will enter. Otherwise, our kids, our taxpayers and our economy will all continue to pay the price – and that is not acceptable to me.

I am pleased the Legislature adopted some elements of my multi-year plan to strengthen the education system. This includes the Legislature's work to reform the special education delivery system, implementing a statewide health benefit for public school employees, and establishing a task force to improve Vermont's staff-to-student ratios. In future years, efficiency savings from these reforms can be invested in stabilizing property tax rates, more and better childcare, technical education, K-12 programs, and higher education.

Looking ahead, if we all believe, as I do, that we should be providing the very best education in the country – and that this would be our strongest tool for recruiting working age families and job creators – we must continue to work together to redirect resources away from growing inefficiencies and back into educational opportunities for our children.

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Despite the many areas of agreement, the measurable progress we have made and a budget surplus that has grown above \$55 million in recent weeks (and is still growing), I must reiterate my disappointment that legislative leaders insisted on raising statewide non-residential property tax rates by 4.5-cents this year. A majority of these “non-residential” taxes are paid by Vermonters. They are our renters, small business owners, camp owners and more.

Even with multiple alternatives offered by my Administration and a bipartisan group of lawmakers, the majority was willing to delay action to threaten a shutdown of state government.

This is particularly disappointing because, as you know, I had reached an agreement with the House Speaker (which included the majority leadership) and the Minority Leader that would have achieved level rates for residential taxpayers for the second consecutive year, provided 100 percent of the rate relief for non-residential payers over two years, and invested in the teacher retirement fund. This agreement reflected the goals of both my Administration and the Legislature. Unfortunately, the Speaker took it off the table – after a bipartisan consensus had been forged and 24 hours after I briefed the Senate President Pro Tem on the framework of the agreement.

An additional compromise, offered by the chairwoman of the House Appropriations Committee, approved by the House Appropriation and House Ways and Means Committees, and that had bipartisan support, was also scuttled at the last minute.

While I do not support raising any tax rates in a year we have a \$55 million (and growing) surplus, this debate went as far as I could responsibly allow it to go this year. As Governor, I will not put the health and safety of Vermonters, or the stability of our economy, at risk. And I was left with no choice but to allow this bill to become law without my signature.

Make no mistake, however: I will continue to address property tax rates in the future – especially as our economy, and our revenue, continue to grow.

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To be clear, I support and value the vast majority of appropriations, initiatives and reforms in this bill. Many of them, such as those referenced above, are my proposals – and I am grateful to the Legislature for passing them. I am also pleased to have secured at least 75 percent of the property tax relief I set out to achieve for this year – and more than \$70 million over two years – and feel we are just at the beginning of having a valuable dialogue on the future of the Education Fund.

Nevertheless, I'm letting this bill become law without my signature because, ultimately, I cannot support the Legislature's decision to increase the statewide non-residential tax rate by 4.5-cents in a year we have a large, and growing, surplus.

Moving forward, I look forward to working with lawmakers, of all parties, who want to continue to grow the economy, make Vermont more affordable and protect the most vulnerable.

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There is much more work to do to make Vermont more affordable and prosperous for families and businesses. And, after just 18 months, we've taken some very important steps in the right direction.

Sincerely,

/s/Philip B. Scott  
Governor

PBS/kp”

<sup>1</sup><http://labor.vermont.gov/wordpress/wp-content/uploads/LMI-Monthly-Jobs-PR.pdf>

<sup>2</sup><http://governor.vermont.gov/press-release/statement-governor-phil-scott-may-employment-numbers>

<sup>3</sup>[https://www.bea.gov/newsreleases/regional/spi/sqpi\\_newsrelease.htm](https://www.bea.gov/newsreleases/regional/spi/sqpi_newsrelease.htm)

<sup>4</sup>[https://www.ncci.com/Articles/Pages/II\\_Insights\\_QEB\\_Employment-Wage-Growth-Q4-2017.aspx](https://www.ncci.com/Articles/Pages/II_Insights_QEB_Employment-Wage-Growth-Q4-2017.aspx)

<sup>5</sup>[https://www.bea.gov/newsreleases/regional/gdp\\_state/qgdpstate\\_newsrelease.htm](https://www.bea.gov/newsreleases/regional/gdp_state/qgdpstate_newsrelease.htm)