



# LEGISLATIVE REPORT

Lake Champlain Regional Chamber of Commerce & GBIC

February 19, 2010 - Week 7



With the Town Meeting Day break only a week away, the pace at the Legislature picked up. From testimony on budget cuts in the House Appropriations Committee, a major announcement on Vermont Yankee and bills ranging from credit checks by employers and river corridor management programs, the Legislature's focus ran the gamut.

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*Legislative Report is a weekly update from the legislative team of the Lake Champlain Regional Chamber of Commerce and GBIC.*

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The Senate Economic Development continued their work on a bill to fix the state's bankrupt unemployment insurance trust fund. The Chamber and GBIC asked the Committee to consider the impact increases to the taxable wage base will have on the State's employers. The Committee is likely to adopt a .1 or .2% tax on employees in order to lessen the tax increase on employers and is also likely to include most of the benefit changes recommended by the Vermont Department of Labor with the exception of decreasing the maximum weekly benefit amount from \$425 to \$400. The Chamber and GBIC feel that benefit changes are needed as part of a balanced approach to make the program sustainable and ensure the fund is replenished prior to another economic downturn. Committee Chair Vince Illuzzi (R-Essex/Orleans Co.) indicated they will likely wait for the House Commerce Committee to complete their work on workers' compensation insurance before acting on that issue.

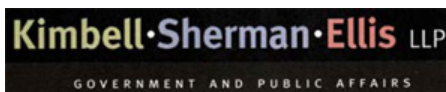
Senate President Pro Tem Peter Shumlin indicated that the Senate will vote on whether to re-license the Vermont Yankee Nuclear Plant before the Legislature breaks for Town Meeting Day. Asked whether Governor Douglas could veto the bill, Senator Shumlin indicated that the law requires the Legislature to affirm the re-licensing in order for the plant to continue operating. The Senate Finance Committee quickly took up the bill and held an afternoon of testimony before voting to send the bill to the Senate floor. The bill is expected to be considered by the Senate next Wednesday. Critics of the plan feel that the Legislature should delay the vote until their reliability study is complete and the source of the tritium leak is found.

Senator Vince Illuzzi, Chair of the Senate Economic Development Committee, presented his committee's Jobs Bill, bill S.288, to the Senate Finance Committee. The bill includes a repeal of the Estate Tax change made last year and would exclude from taxation, the first \$3.5 million of an estate. Senate Finance Committee Chair Ann Cummings (D-Washington Co.) indicated that they may remove the provision from the bill and consider it as part of the Miscellaneous Tax Bill.

Meanwhile, the House Ways and Means Committee is wading through draft changes to tax policy. The repeal of last year's changes to the capital gains and estate tax are supported by our organizations as we believe these changes have adversely affected investment and job creation in Vermont. Monica Greene, President of Vermont Precision Tools of Swanton, described, in very personal terms, the impact the change had on her family-owned company after the recent loss of her father. Even though her father had done estate planning, they discovered that not enough had been set aside to pay the estate tax as a result of the Legislature's changes and they were forced to liquidate the equity in their business. Greene told the committee that the increases in taxes, combined with other expenses like unemployment insurance, health insurance and other operating costs were forcing them to look at other options including relocating out of state. She noted that "as a small business owner, we are willing to pay our share of taxes. We have provided jobs and we have taken no services from the state. At the same time, we have to look at the cost of taxes. We want to stay in Vermont, but the bottom line is that we also want to provide for our families and our employees."

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Mark Langan, estate tax expert with Dinse, Knapp & McAndrew, attempted to explain the nuances of the estate tax, saying that it was important to take into consideration what the federal government was doing on this issue. Estate planners thought Congress would do a one year patch and keep the estate tax at a \$3.5 million threshold. However, nothing was done and there is currently no federal tax. He recommended waiting until next January to see what action Congress takes. He also recommended changes to our trust laws to put us on par with our neighboring states and to attract investment to the state.

**A watered down version of a riparian buffer bill was reincarnated as H.763 and debated on the House floor.** This bill would codify the state's river corridor management program in statute, more specifically enable municipalities to adopt riparian buffer bylaws under Chapter 117, and require that financial incentives be identified to encourage municipalities to adopt shoreland, river corridor and riparian protection measures. It would not establish a minimum statewide riparian buffer requirement, as proposed under H.323, the original bill. The floor debate was largely along party lines, with the Republicans expressing concern about the adequacy of resources available to the Agency of Natural Resources to carry out this program, property takings that might result from local adoption of buffers, and what definition would be used to determine a river corridor. The Democrats spoke of the need to improve water quality and protect public and private investments that are jeopardized when major flooding and erosion occurs. The bill passed second reading and will be taken up again on Friday.

**The General, Housing and Military Affairs Committee took testimony on H.382 which would mandate paid sick leave.** The bill would allow employees to earn one hour of paid sick leave for every 30 hours of work. The Chamber is concerned that mandating paid sick leave would add additional costs to employers that are struggling the most during this recession and could force employers to be less flexible or do away with employee benefits. The Committee also took initial testimony on H.522 which would prohibit employers from conducting credit checks as part of the hiring process.

**The House Commerce and Economic Development Committee took more testimony on H.647 regarding the misclassification of employees for worker's compensation this week.** The Associated General Contractors proposed a new way of handling independent contractors to the Committee. They would create a self-certification process for independent contractors in the construction field. The Committee seemed intrigued by the process, which is in place in Maine, and wanted to know if such a process could work for all independent contractors rather just than those in the construction field.

**The House passed S.286, An Act Relating to Challenges for Change.** The bill finds \$38 million savings in the FY11 budget. "Today the House took a large step toward filling the \$150 million budget gap," said Speaker Shap Smith. "By focusing on outcomes, not only will the state find considerable savings, we will be able to better provide services for Vermonters." S. 286 passed the House with overwhelming support on a voice vote. This report will be the topic of our March 15 Legislative Breakfast.

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