



## 2020 Vermont Chamber Legislative Preview

### **New Session, Same Issues**

The 2020 session will convene on January 7 with legislators picking up where they left off when they adjourned last May. The Vermont Chamber was successful last year in passing several initiatives focused on increasing workforce supply and we also defeated several tax proposals that would have negatively impacted industry in this state. Meanwhile, two of the legislative leadership's top priorities-- minimum wage and paid family leave-- did not make it to the Governor's desk and leaders have indicated that these two issues will be addressed early in the upcoming session. Overall, 2019 saw a record number of bills introduced, many of which are expected to resurface in 2020.

A level of dysfunction characterized interactions between the Senate and the House of Representatives last year, resulting in a concerted summer effort by legislators to develop greater collaboration around popular issues like climate change, paid family leave, and minimum wage. Leadership has set high expectations for delivering results in these areas.

The Vermont Chamber was actively involved in lobbying on these priorities, as well as dozens of other business-related issues last session, and 2020 will be no different. Throughout the upcoming session, [our four-person lobbying team](#) will continue working toward our core mission of promoting economic growth.

### **Tight Labor Market is the #1 Business Issue**

Every region, every industry, every employer has expressed concern about the lack of available labor to fill job openings, whether that is \$13.80 per hour at a convenience store or \$22.00 per hour on the manufacturing line. Vermont lacks EMTs, truck drivers, seasonal retail help, mechanical engineers, nurses, sales people, et al. The list goes on and is updated on [ThinkVT](#) daily. The State invests \$250,000 each year encouraging people to relocate to Vermont to work and live. We see the results of the State's marketing efforts in the [Stay-to-Stay program](#) the [remote and new worker incentive programs](#). In addition to funding these programs, the State has passed policies to encourage Vermonters who are not fully employed to participate in the workforce through further training and education. The Vermont Chamber will continue to advocate for these marketing and workforce training and education efforts to increase our workforce participation rate.

### **It's Time to Invest in Vermont**

The Vermont Chamber is advocating for a \$500,000 increase for tourism promotion to strengthen the Vermont brand, and ensure that Vermont's iconic experiences are amplified through the State's destination marketing.

While many competing and neighboring states have increased their destination marketing investment, Vermont has decreased its investment by 6% over the last five years. Tourism is a significant economic driver

for the State, with visitors spending [\\$2 billion in many rural communities around the state](#). Without increased investment, the full economic potential of the tourism industry is constrained, and Vermont risks losing more of our market share to other destinations as funding continues to decline.

Join the Vermont Chamber in urging the Legislature to increase tourism promotion:

- [Sign the petition to show your support of the increased investment](#)
- [Attend Tourism Day at the State House on January 15, 2020](#)
- [Use the industry toolkit resources](#)
- [Contact your legislator\(s\) to discuss the importance of destination marketing](#)

For additional information about tourism funding, please contact [Amy Spear](#).

### **Act 250 Reform Continues**

Last session, the [House Natural Resources Committee was tasked with using recommendations](#) generated by the Act 250 Commission as a reference to aid in the development of an updated version of the State's principal land use law. The sheer magnitude and complexity of Act 250 was made apparent during testimony throughout the session.

Ultimately, no substantial reforms were advanced. However, committee members did hear from a variety of stakeholders impacted by Act 250, in what became as an almost round-the-clock onslaught of delivered testimony. During this testimony, legislators heard requests for greater inter-agency coordination, upfront engagement, predictability in decision-making, and less redundancy in the permitting process overall. [The Vermont Chamber weighed in on the future of Act 250](#), offering a series of recommendations including a request to maintain an elevation threshold for triggering Act 250 at 2,500 feet, rather than lowering that threshold to 2,000 feet – a move that would have brought hundreds of thousands of additional acres into Act 250 jurisdiction.

Overall progress on Act 250 reform is moving along much slower than originally expected. Virtually no changes to the law were codified in 2019, although it's expected that attempts to revise the law will continue during the 2020 session. The Vermont Chamber will continue to engage key legislative leaders to ensure recommendations from the business community are reflected in any final Act 250 related legislation. Specifically, the Vermont Chamber will oppose any legislation related to Act 250 that unreasonably burdens or restricts economic growth.

### **Global Warming Solutions Act Major Priority for Leaders**

[The Global Warming Solutions Act \(GWSA\)](#) will likely be a major priority for House legislators in 2020. Efforts around GWSA seek to further codify Vermont's emissions goals, including by possibly providing legal mechanisms for private citizens to assume injured party status and sue government or business in the event those climate goals aren't met. Leaders in the Climate Caucus have spent much of the summer cultivating support for GWSA initiatives, promising supportive constituencies big wins in 2020.

The business community has identified multiple concerns about possible secondary impacts of GWSA, including the creation of what many believe could be unmitigable liability for entire sectors. The Vermont Chamber fully supports protecting our environment and balancing that with supporting economic growth by ensuring that any new regulations don't result in significant detrimental economic impacts. We are particularly concerned about the impact on rural communities and businesses that are often disproportionately impacted by new regulations.

## **New Stormwater Permit Requirement Impacts Hundreds**

This summer, the Department of Environmental Conservation (DEC) notified [hundreds of Vermont businesses and municipalities](#) of new permit requirement they would face as a result of the Vermont Clean Water Act and the recently publicly-noticed [Draft General Stormwater Permit 3-9050](#). The permit requirement impacts sites with three or more acres of impervious surfaces located in the Lake Champlain and Lake Memphremagog watersheds.

During the comment period associated with the Draft General Permit, [the Vermont Chamber sent a letter to DEC](#) reflecting many of our members' concerns about the difficulties with compliance inherent in the draft permit requirement. It is expected the Legislature will play an active role in this and other water-related issues during the 2020 session. The Vermont Chamber fully supports maintaining and improving the health of Vermont's waterways in a manner that provides a clear and affordable path for businesses to comply with any new permit requirement.

## **State Considers New Carbon Emissions Reduction Plan**

A major fuel-related proposal being considered this session is the Transportation Climate Initiative (TCI), an agreement among 12 mid-Atlantic and Northeastern states to establish a regional cap and trade program aimed at reducing overall fossil fuel use. Governor Scott's administration has the ability to direct state participation, and leadership in the House and Senate have indicated they will advance legislation to support the plan in the absence of executive action. State leaders have until spring of 2020 to decide whether Vermont will participate. The Vermont Chamber recognizes the importance of working to reduce carbon dioxide emissions, but we remain concerned about proposals that would impose a regressive burden and economic hardship on businesses and Vermonters, especially those in rural communities who are often disproportionately impacted by increases in fuel prices.

## **Non-Compete Agreements Remain Under Review**

[The Vermont Chamber successfully opposed a bill](#) last session that, if passed, would have significantly limited a valuable protective mechanism for businesses. Specifically, the bill aims to prohibit the use of non-compete agreements in employment contracts. These agreements aid in the protection of propriety confidential information, intellectual property, and customer relationships. Last session, the Vermont Chamber was able to convey to key legislators how these agreements safeguard Vermont companies, particularly small businesses that often face fierce business and workforce recruitment competition from larger national and international companies. The House Commerce Committee was receptive to these concerns and agreed to establish an unofficial legislative steering group that includes a representative from the Vermont Chamber. Discussions around the use of non-compete agreements are expected to continue in 2020, and the Vermont Chamber will continue to play an active role, and will continue to oppose any bill that seeks to impose a blanket prohibition on the use of non-compete agreements.

## **Anticipating Taxing Tourism with Rooms & Meals or \$2 Occupancy Tax**

Each year, the rooms and meals tax is targeted as a [revenue source to fund various legislative initiatives](#). We anticipate this trend to continue in the upcoming session. [The Vermont Chamber has successfully blocked an increase to the rooms and meals tax for the last 6 years](#) and will continue to do so this session. We also anticipate the \$2.00 per room night occupancy charge to return this session. In previous years, this tax has been proposed to [raise \\$10 million to fund affordable housing efforts](#), and early discussions this year are suggesting that some portion of this new revenue fund tourism promotion. While an intriguing concept, the Vermont Chamber is concerned that these new taxes on the tourism industry will only increase the burden on the tourism industry and make Vermont vacations more expensive, encouraging visitors and group travel organizations to seek alternative destinations.

## **Manufacturers at Risk for Chemical Regulation**

[S.37](#), a bill that seeks to create a new private right-of-action for medical monitoring damages without a present injury or disease and based on any level of exposure, was vetoed by the Governor. It is anticipated that the Senate will try to override the veto. If overridden, S.37 would create unsustainable risk and uncertainty for Vermont companies and manufacturers. The Vermont Chamber understands the importance of protecting Vermonters and our environment and supports a solution that harmonizes our legal standard, and also aligns with other states. As currently written, S.37 does not do this. According to the Department of Financial Regulation and the insurance industry, three things may happen if S.37 is passed. Businesses may:

1. Not be covered under their existing insurance policies for medical monitoring claims brought under S.37;
2. Not be able to obtain insurance for medical monitoring claims because insurance companies will exclude it from their policies; and
3. Need to secure special insurance from secondary markets not regulated by Vermont at extremely high costs.

All three scenarios would disrupt the insurance markets, and significantly increase costs for manufacturers (given the cumulative impact of taxes, rules and mandates) placing our manufacturers at a competitive disadvantage. For these reasons, the Vermont Chamber opposes S.37.

## **Increased Minimum Wage Push Expected**

The 2019 legislative session concluded with no changes to the State's existing minimum wage requirements which under current law will increase to \$10.96 per hour on January 1, 2020. Last year, the Senate passed [S.23](#), a bill that would have increased the State's minimum wage to \$15 an hour by 2024. Responding to concerns from the business community and Medicaid providers about massive costs and potential shortfalls that would result from the proposed increases, the [House passed a different version](#) that would have phased-in increases more slowly, hitting \$15 in 2026. Ultimately, the House and the Senate were unable to negotiate a compromise, choosing instead to continue debate in 2020.

Negotiations over the summer have resulted in a [new proposal](#) that would phase-in increases over two years, settling on a minimum wage somewhere between \$12-13 an hour. The true extent of agreement among members of the majority party remains unclear. Last year and throughout the summer, legislators from both parties-- particularly those from rural districts-- expressed substantial concerns about the impact of additional minimum wage increases on small businesses. The Vermont Chamber will continue to provide information on the impact of minimum wage on small businesses, and will call for a decoupling of tipped and minimum wage rates. We will also continue pushing for a renewed focus on filling the countless entry-level \$15+ an hour jobs that remain vacant around the state.

## **Paid Family Leave to Return**

The Legislature was unable to arrive at a consensus on the structure and scope of a paid family and medical leave program last session. [Separate versions of H.107](#) were passed by the House and Senate with differing benefit levels and costs. The House passed a bill that would have included 12 weeks of leave with a .55% payroll tax on employees only, while the Senate modified that to 6 weeks and .2% payroll tax to be split between employees and employers. The cost differential was huge: \$76 million for the House proposal and \$29 million for the Senate's version.

Complicating matters further, Governor Scott's administration just announced the advancement of [an optional leave program](#) created through executive action. The Governor's plan offers six weeks of leave at 60% wage replacement, using the state employee workforce as the predominate risk pool.

In this plan, private sector employers could offer this benefit to their employees by voluntarily joining the pool. The anticipated annual cost per employee is about \$260. We are interested to know if this is something your business would consider. Let us know at [govaffairs@vtchamber.com](mailto:govaffairs@vtchamber.com)

Debate on the issue is expected to renew early in January, and the Vermont Chamber will continue to advocate for a result that does not place added costs or unsustainable administrative burdens on businesses.

### **Solutions for Lower Health Care Premiums are Scarce**

As health care premiums continue to rise for small businesses and their employees, there are few solutions on the horizon. Last year, the debate over Association Health Plans ended with that option being closed to small businesses, primarily due to decisions in the federal courts. The 2020 Legislature will receive a report exploring options to separate the individual market from the small group market which could lead to lower premiums for small businesses. However, separating the individual and small group markets could also mean increases for individuals who purchase their own insurance without help from an employer. The preliminary report suggested other ways to adjust the market to allow for protection for individuals while still helping small businesses. Given much of health insurance is controlled at the federal level, it remains to be seen what Vermont can impact on its own. The final report is due in January.