**JULY 2020 LEGISLATIVE REPORT 2020 JULY**

**Rep. Cynthia Browning**

***Arlington, Manchester, Sandgate, & Sunderland***

**Please feel free to contact me with questions, criticisms, or comments on the issues discussed below and any others. In each topic section the objective material is in regular font, and *my perspective is* *in* *italics like this.* My contact information is at the end of the report.**

***I am running for re-election to represent Arlington, Manchester, Sandgate and Sunderland in the Vermont House. As we face a public health crisis and uncertain economic conditions my expertise as an economist and my experience as a legislator are more important than ever. We must meet the challenges of dealing with the public health and economic effects of COVID19 while also taking advantage of the opportunity to invest in productive capacities to serve Vermonters.***

***This election I am running as in Independent. I ask for your vote in November when I will be on the ballot. My name is not on any primary ballot, but you can always write me in. I am running as an independent because the House Democratic Leadership has proven to be unable to tolerate a representative who insists that policies be based on reality and that the rules of our democratic process be followed, and who faithfully votes to protect her constituents rather than giving in to party demands or personal ambition.***

***I ask for your vote as one of the two representatives for this district because our communities need a voice in Montpelier with the expertise and independence to support policies that are effective and to oppose policies that are ill-advised. There is no point in being a team player or following the leader when such obedience leads to destructive results for constituents.***

**LEGISLATIVE SESSION STATUS:**

**The Legislature adjourned in June after passing a first quarter state budget and allocating federal Coronavirus Relief Funds to Vermonters. We will be in session in August to finalize a full year budget based on updated revenue forecasts and to complete any other actions needed to address our unfolding challenges and opportunities. *I will prepare an additional August report.***

**COVID19 POLICY ACTIONS.**

 **Early on in the COVID19 pandemic and recession the Legislature passed laws to protect Vermonters from the immediate effects as much as we could at the time. Legislation to temporarily halt evictions and foreclosures and to allow for municipalities to meet and function remotely was passed. Special Federal assistance supplemented regular Unemployment Insurance, and there was also assistance for the self-employed and for businesses.**

 **Since then we have also provided hazard pay for certain categories of workers and coverage from workers’ compensation should front line workers come down with COVID19.**

 **The most recent allocations of Federal dollars provide grants to hospitals, health care providers, businesses, farms, housing, food assistance, child care providers, broadband service, and more. This will provide essential support to Vermonters. Go to the Agency of Commerce and Community Development website at accd.vermont.gov/covid-19 for information about applications and about which agencies are administering different grant programs. The main criterion for eligibility is losses due the pandemic lockdown and recession.**

 **None of these support programs have worked perfectly or gone far enough. But many people have been helped. We will looking at what more can be done as funds are available.**

**BUDGET**

 **The Legislature adjourned in June after passing a first quarter state budget and allocating federal Coronavirus Relief Funds to Vermonters. We will be in session in August to finalize a full year budget based on updated revenue forecasts. We will likely have to cut spending and increase borrowing to balance the budget. It will be a struggle to provide the services that Vermonters need.**

 **The First Quarter Vermont Budget for Fiscal Year 2021, which began July 1, essentially continues the spending levels from Fiscal Year 2020. Exceptions were made for agencies that need more of their budget sooner due to seasonal work, like the Agency of Transportation which has their summer road projects to do.**

 **This approach was necessary because based on the June forecasts there may be a shortfall of over $300 million in state tax revenue compared to what we expected in January. The magnitude of this shortfall may change when we get the August forecast. It is possible that Federal funding may become available to fill the gap. But Vermont will likely need to borrow, to cut spending for programs, or to layoff state workers or to do all three to balance the FY21 budget.**

 ***We will not be able to have an economic recovery until the COVID19 pandemic is under control. Even though Vermont has done very well limiting the number of cases, other areas are struggling, and it is now clear that our economic activity is not going to go back to where we were, especially in terms of tourism and hospitality and anything involving large gatherings. I think we need to prepare plans to deal with a prolonged slowdown. We should use state borrowing to finance larger investments in high speed internet connections, housing, energy efficiency and conservation, renewable energy, water pollution prevention, and preventive health care. Such investments will support economic activity and jobs and also create assets and capacities that will improve our productivity and quality of life going forward. If unemployment stays quite high for a long period, we may need to develop some kind of state service or work program like the Vermont Youth Conservation Corps on a larger scale.***

 ***We need to be pro-active so that we are building the new world that we want, rather than passively reacting to unfolding crises. The COVID19 pandemic and recession have shown us again the inequities and inefficiencies of our current economy. We have to work harder to fulfill the promise of equal opportunity for all Vermonters.***

 ***While I wholeheartedly supported the approach to the first quarter budget taken by the Legislature, the budget also contained raises for state employees, including those that are highly paid, and it contained a provision that will raise the pay of legislators in the future. I don’t believe that such spending is appropriate at a time when many Vermonters are losing their jobs, taking pay cuts, or closing their businesses. I think that state employee raises should have been provided to low wage workers only, and the question of legislative pay should be left to deal with when the economy has recovered. Because of those two provisions I voted against the budget.***

**EDUCATION PROPERTY TAXES.**

 **The Legislature has raised education property tax rates: the average Homestead rate will rise about 4.3 cents and the Non-Homestead rate will rise 4.8 cents. The actual property tax rates in particular towns are the result of a number of factors, but the primary driver is rising education spending. The increase is based on the increase in education spending approved by voters in March, right before the pandemic and economic lockdown really hit. Even with this increase there will be a substantial deficit in the Education Fund unless state tax revenues recover faster than now seems likely. In August when the budget is finalized this gap will be filled with state borrowing of various kinds and/or federal funds if they become available for this purpose.**

 ***It is most unfortunate that the Legislature has raised education property tax rates because raising taxes during a recession damages economic activity. Vermonters who are struggling cannot pay even more in property taxes. I believe that tax rates should have been left at last year’s level, with state borrowing making up the difference. Rep. Kathleen James of Manchester voted to raise education property tax rates. She also voted against my amendment calling for a renewed commitment to future reform of the Education Finance system. Failure to reform this system is one of the biggest recent policy blunders and I believe that her votes show either her failure to understand these issues or her desire to vote as she is told by leadership.***

 ***As I have noted many times before, I believe that the state is using the Education Fund to cover some $200 million in costs that either are not education or are not approved by district voters. This means the education property tax rates are higher than they otherwise would be. I will continue to work to remove these illegitimate costs from the Education Fund to keep property taxes down. We also need to look at how education funds are distributed to districts, as we now know that the weights applied to different kinds of students are flawed and inequitable.***

**POLICE REFORMS.**

 **Vermont has continued to address issues related to equal protection and justice by passing S.219. This bill will require state police to wear body cameras and prohibit law enforcement officers from using chokeholds and other similar restraint techniques. These new policies may be revised further when we come back into session in August. At that time the Legislature may also take up additional criminal justice reforms, including police training “modernization”, measures to provide community oversight of police, and a statewide use of force policy.**

 ***The recent tragic deaths and unrest in the have shown us how far we have to go as a nation to fulfill the promise of equal justice and equal protection before the law. We must work together to realize the promise that all people are created equal. We must transcend the divisions that separate us – we have so much in common. If everyone doesn’t have justice, no one really has justice. If everyone doesn’t have freedom and security, no one has freedom and security.***

**GLOBAL WARMING SOLUTIONS.**

 **This bill H.688 requires that the government of the state of Vermont develop specific plans for achieving our Comprehensive Energy Plan goals for reducing greenhouse gas emissions to mitigate climate change. This will be done by a special new climate change board. The bill will make it mandatory that we reach these goals through these plans, and provide that Vermonters could sue the state if we don’t. The plans and rules developed will affect many aspects of our economic activities in order to reduce fossil fuel use.**

 **That was the bill that passed the House and was sent to the Senate. The Senate removed the funding and staffing and sent the bill back.**

 ***I voted for this bill in the House because I agree that Global Warming is one of the central environmental challenges before us, for people and for the entire ecology within which we live our lives. I agree that the state should develop clear plans to achieve our stated goals. However, I am concerned that under this bill plans and rules would be put in place without further action by the legislature – I don’t think that plans that are this important and far-reaching should be put on autopilot like that. I also don’t believe that the provisions about citizens’ suits are really needed, as people can already sue like this. It is useful to realize as well that Vermont’s carbon footprint is pretty small in total. This does not relieve us of our responsibility to take actions to reduce it, but we must ensure that disruptive changes are properly designed and funded to support our communities in the adjustment.***

 ***This bill was not improved in the Senate. They have removed the funding and staffing that would make it operational which makes no sense. I don’t know what will happen with this legislation in August, but I wonder if it would make sense to put this grand planning on hold for now, while using state borrowing to finance continuing and expanded investments in energy efficiency and conservation, renewable energy, and reduction of fossil fuel use overall. We can now see from the real time evidence of the economic slowdown from the pandemic that if we change our behavior we can change our fossil fuel use and change the levels of pollution. It is also clear that air pollution affects our lungs in ways which diseases like COVID19 worse.***

**ACT 250 REFORM.**

 **As it passed the House the bill H.926 contained an attempt to reform Vermont’s central land use regulation program, which is called Act 250 after the original legislation. Under current law certain kinds of projects have to go through the Act 250 process, which is an additional layer of evaluation on top of local regulations and other state permits. The House bill added new criteria for projects under Act 250 jurisdiction to meet that concern climate change considerations, and also expanded jurisdiction to include projects affecting critical natural resources. Projects in some downtown or village areas would no longer have to go through Act 250, so that it would be easier to further develop areas that already have supporting infrastructure.**

 **The bill has passed over to the Senate, and they appear to have removed all the changes except for loosening the regulations for downtown development.**

 ***As an environmentalist I was eager to see if we could update Act 250 to include our current concerns. However, I found that the new provisions in the House version of the bill were so vague that it would be hard for Vermonters to satisfy them. I found that the concentration of development in downtown areas may not work out because many of those are in flood-prone areas and some have degraded waterways, which can affect the ability to undertake further development that involves increases in wastewater released. And I didn’t see much reduction in the complexity of the Act 250 application process. I voted against the bill in the House. I have some of the same concerns about the stripped down Senate version. This may be another piece of legislation that needs to wait until we have fully recovered from COVID19 as a society.***

**PAID FAMILY & MEDICAL LEAVE VETO SUSTAINING VOTE.**

 **Paid Family and Medical Leave (PFML) is an important benefit that should be available to Vermonters. PFML means the ability of a worker to take paid leave for a new baby, to care for sick relative, or to care for themselves should they be sick or injured.**

 **There were competing versions of PFML before the legislature this year. The Governor put in place a voluntary program for state employees that would be available to all Vermonters, but the full implementation of this has not yet taken place. His veto of the Legislature’s more generous mandatory program was sustained. Ironically, if either of these programs had actually been in place during the COVID19 pandemic Vermonters likely would not have benefited from the supplementary Federal supports for those who needed to stay home to care for others or to quarantine.**

 **The Legislature’s Paid Family and Medical Leave Program H.107 resulted from a conference committee between the House and Senate, and the Governor vetoed it. The compromise version had 12 weeks paid leave for a new baby and 8 weeks of paid leave for caring for a sick family member financed by a small payroll tax. The benefit would have been 90% of pay up to a certain level and 50% above that. Workers who already have better benefits from their employers would be exempt from the tax and the program. A separate voluntary program would provide six weeks paid leave if a worker themselves is ill or injured would have to be purchased separately by paying a premium.**

 **Relatively few Vermonters would use the benefits funded by the mandatory payroll tax – perhaps 6,000 a year. The program will cost around $30 million, at a time when the state has not properly funded health care, mental health care, or pensions. The low payroll tax rate in the bill will be re-set every year as needed: it may rise if cost estimates are inaccurate or if there is a recession. More Vermonters need the paid leave for taking care of themselves that are voluntary and cost extra in this program.**

 **The Governor’s PFML proposal is for 6 weeks of paid leave for a new baby, for caring for a family member, or for taking care of oneself. This is at 60% pay replacement. Although the disruption and uncertainty of the COVID19 situation has put the implementation on hold temporarily, these benefits will eventually be provided to Vermont state employees, with the state paying their premiums. The plan is that access will be made available to any Vermont business or worker who wants these benefits at the same premium cost.**

 ***The Governor’s program is superior to the Legislative proposal because it does not impose a payroll tax on all Vermonters to provide a benefit that some may not want. The premium may be higher than the payroll tax, but only those who want the benefit will pay for it. I believe that the most effective and equitable way to provide this coverage is to start with a modest, voluntary program, and then build on it. With that approach working Vermonters who want this kind of insurance will be able to get it at a reasonable cost, while all will not be burdened by a mandatory payroll tax to fund a program for some with uncertain future costs. The approach of putting the program with PFML benefits in place for Vermont state employees, and then making the benefits available to other working Vermonters at the same premium cost is a good one. I could not vote for the Legislative version of PFML in H.107 because it is too costly to taxpayers, at a time when we have not properly funded important existing state programs. I voted to sustain the veto.* *I hope we can work together to build the Administration’s plan into an important benefit for all who want it going forward.***

**MINIMUM WAGE VETO OVERRIDE VOTE.**

 **The bill S.23 will increase the current minimum wage of $10.96 to $11.75 in 2021 and to $12.55 in 2022.The state of Vermont has increased the minimum wage every year since 2014 from $8.73 to $10.96 in 2020. Increases according to inflation would have continued under current law, so without S.23 minimum wage workers might have continued to see increases of around 25 cents a year. There is no trigger mechanism to delay the wage increase in case of a recession. This bill passed the Legislature over the Governor’s veto.**

 ***I supported the increases beginning in 2014 because they were moderate and cautious. But I cannot support the additional increases in S.23 as it is too much more too soon. It will be difficult for small businesses in many parts of the state to absorb this increase in costs without reducing hours, cutting jobs, and/or reducing new hires. When all the interactions are taken into account, I think that the benefits to those who may receive a raise in hourly wage have been overstated and the potential costs to businesses have been understated. The result may be that many Vermonters the policy was intended to help may not see the promised benefits because they will have reduced working hours, lost benefits, and higher taxes. This is especially true for single mothers, whose loss of benefits can partly or entirely offset the raise received.***

 ***Businesses in rural areas of the state will find it more difficult to survive.* *There is no allowance in the bill for regional variation – it is very hard for businesses in the more rural parts of the state to raise prices or otherwise absorb this increase, given competition from New Hampshire and from on-***

***line corporations. Remember such increases in costs are ON TOP of a series of increases beginning in 2014, which businesses have already had to absorb in various ways. More businesses will have a reason to substitute machinery for workers as workers are more expensive, which will mean fewer jobs.***

 ***We are now in a recession due to the economic effects of the COVID19 restrictions. So we will be raising wages while the economy is slow and our small businesses are struggling to recover, with the result that more Vermonters will lose their jobs.***

 ***I voted to sustain the Governor’s veto of S.23. More certain ways to help low income Vermonters would be to increase the Earned Income Tax Credit and to increase child care subsidies.***

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**Due to the situation with the COVID19 virus I am not currently holding my Legislative Office Hours on Saturdays. Feel free to contact me to set up a telephone conversation or a physically distant meeting!**