

1 H.276

2 Introduced by Representative Klein of East Montpelier

3 Referred to Committee on

4 Date:

5 Subject: Human services; fuel assistance; LIHEAP; margin over rack

6 Statement of purpose of bill as introduced: This bill proposes to require the
7 Commissioner for Children and Families to establish a margin over rack
8 pricing program for the home heating fuel assistance program. The bill would
9 also require the Commissioner for Children and Families to report to the
10 General Assembly with a recommended future funding source for the home
11 heating fuel assistance program. The bill would require the home heating fuel
12 assistance program to be funded in fiscal year 2014 out of the General Fund
13 Balance Reserve Fund at the same level as funded in 2013.

14 An act relating to requiring margin over rack pricing for fuel assistance

15 It is hereby enacted by the General Assembly of the State of Vermont:

16 Sec. 1. FINDINGS

17 The General Assembly finds and declares that:

18 (1) Since 2009, the percentage of an average household's heating costs
19 paid by Vermont's fuel assistance program has dropped precipitously.
20 Benefits have been cut almost in half from a seasonal high of over \$1,700.00 to

1 \$900.00 in 2013, and the percentage paid of the average household's bill has
2 dropped from 86 percent to 32 percent.

3 (2) The goal of Vermont's fuel assistance program historically has been
4 to provide the average beneficiary with 60 percent of his or her heating costs.

5 (3) The primary cause of such a severe cut in assistance has been cuts to
6 the federal Low Income Home Energy Assistance Program (LIHEAP) totaling
7 approximately 40 percent.

8 (4) In response to these recent federal cuts, the state of Vermont has
9 attempted to soften the blow by appropriating \$6.1 million and \$8.8 million for
10 the 2012 and the 2013 heating seasons respectively.

11 (5) For 2014, the Secretary of Administration is proposing only
12 \$6 million in state funds to offset the federal cuts. Such a reduction in state
13 support will likely reduce the overall percentage of help to the average home's
14 heating costs to less than 30 percent.

15 (6) The March 2013 Department for Children and Families' fuel
16 assistance sustainability report to the General Assembly and Governor Shumlin
17 made the following two major recommendations that have not yet been fully
18 addressed:

19 (A) finding a sustainable state funding source to offset the reductions
20 in funding to the fuel assistance program; and

1 (B) achieving greater price discounts for recipients through the
2 state's significant purchasing power.

3 Sec. 2. 33 V.S.A. § 2602 is amended to read:

4 § 2602. ADMINISTRATION

5 (a) The ~~agency of human services~~ Agency of Human Services shall
6 administer the ~~home heating fuel assistance program~~ Home Heating Fuel
7 Assistance Program through an ~~office of home heating fuel assistance~~ Office of
8 Home Heating Fuel Assistance to be assigned within the ~~agency~~ Agency as
9 determined by the ~~secretary~~ Secretary, and to be headed by a ~~director~~ Director
10 appointed by the ~~secretary~~ Secretary.

11 (b) The ~~secretary of human services~~ Secretary of Human Services shall
12 adopt rules, pursuant to 3 V.S.A. chapter 25 of Title 3, necessary for the
13 implementation of this chapter, or pursuant to any applicable federal laws or
14 regulations.

15 (c) The ~~secretary~~ Secretary shall engage in cost-effective purchasing
16 practices to maximize the purchasing power of public funds used in connection
17 with the ~~home heating fuel assistance program~~ Home Heating Fuel Assistance
18 Program. Such practices shall include, ~~but not be limited to~~, preseason
19 purchases of fuel, margin over rack pricing, fixed price agreements, automatic
20 fuel delivery, and negotiations with fuel suppliers on behalf of program
21 beneficiaries for additional fuel price discounts. The practices authorized by

1 this subsection shall be used in connection with all applicable fuels purchased
2 by program beneficiaries. The ~~secretary~~ Secretary shall make available to
3 program recipients the list of fuel suppliers who have agreed to provide fuel
4 discounts.

5 Sec. 3. 33 V.S.A. § 2602a is added to read:

6 § 2602a. MARGIN OVER RACK PRICING

7 (a) As used in this section:

8 (1) "Margin over rack" means the amount in excess of the rack price
9 that a fuel vendor may charge to a beneficiary of the Home Heating Fuel
10 Assistance Program.

11 (2) "Rack price" means the wholesale price that a vendor would pay for
12 fuel on the prior day at the terminal location for that fuel that is closest to the
13 fuel vendor.

14 (b) On or before September 1, 2013, the Secretary shall adopt by
15 emergency rule under 3 V.S.A. § 844 a margin over rack pricing requirement
16 for the purchase of fuel by beneficiaries of the Home Heating Fuel Assistance
17 Program. Notwithstanding the provisions of 3 V.S.A. § 844(b), a rule adopted
18 under this subsection shall be considered a permanent rule and shall remain in
19 effect until amended or superseded by subsequent rule or statute.

20 (c) Under the rules adopted by the Secretary, the margin over rack that a
21 vendor may charge for fuel delivered to a beneficiary shall be the average of

1 the margin over rack paid to fuel dealers under the margin over rack pricing
2 programs in the States of Maine, New York, and Massachusetts. In calculating
3 the price to be charged to a beneficiary, the margin over rack shall be added to
4 the rack price for the relevant fuel.

5 Sec. 4. DEPARTMENT FOR CHILDREN AND FAMILIES REPORT ON
6 SUSTAINABLE FUNDING SOURCE FOR FUEL ASSISTANCE

7 On or before December 15, 2013, the Commissioner for Children and
8 Families shall report to the House and Senate Committees on Appropriations,
9 the House Committee on Ways and Means, the Senate Committee on Finance,
10 the House Committee on Human Services, and the Senate Committee on
11 Health and Welfare with a recommendation for the sustainable funding of the
12 Home Heating Fuel Assistance Program established under 33 V.S.A. chapter
13 26. The report shall include a recommended source or sources of revenue,
14 other than the General Fund Balance Reserve Fund, to fund the funding needs
15 of the Home Heating Fuel Assistance Program in any given year.

16 Sec. 5. HOME HEATING FUEL ASSISTANCE PROGRAM

17 In fiscal year 2014, the Home Heating Fuel Assistance Program shall be
18 funded at the same amount as in fiscal year 2013, including any funds
19 transferred to the program. If necessary, the General Fund Balance Reserve
20 Fund shall be used to meet the level funding required by this section.

- 1 Sec. 6. EFFECTIVE DATE
- 2 This act shall take effect on passage.