

2022 Weekly Legislative Report #12

March 25, 2022

Today's articles are Mostly About Money, namely the Budget Bill (a.k.a. The Big Bill) and the Capital Bill. Elsewhere in the State House tracks legislation dealing with law enforcement accountability, miscellaneous municipal authority, the proposed Agency of Public Safety, four municipal charters, land records, Act 250, economic development, and reapportionment. Three new bills round out the report.

You can always check our two webpages to track the 2022 bills that especially affect municipalities: [bills introduced in the House](#) and [bills introduced in the Senate](#). We update these cumulative lists every Friday so you can follow bills as they travel through the appropriate State House committees. Scroll to the end to see the newest additions.

To read this report:

- Under "This Week's Articles," simply click on any of the article titles to have the article expand so you can read it.
- As the legislative session progresses, go to our [Legislative Reports page](#) to revisit this issue and find other weekly legislative reports.
- Here is a [PDF of the full report](#).

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[H.740, the Budget or Big Bill](#)

On Tuesday, the House Appropriations Committee introduced the Appropriations Bill, H.740. Unlike in most other committee bills, it is difficult to keep track of what will finally show up in the appropriations bill as no drafts or information delineating progress on the bill's development is posted on the committee website throughout the session. But now the bill has been introduced, and so a comprehensive view of the committee's priorities and their funding of policy committee recommendations are evident. The bill needs to be available for at least 24 hours to give legislators time to read it before it is taken up on the House floor. On Wednesday, the House met in a caucus of the whole – that is, when all representatives meet in a more informal format to discuss bill details. On Thursday evening, without so much as a question asked, the bill passed second reading and today, following a few questions and technical amendments, H.740 passed the House on a vote of 135 to 4.

H.740 appropriates \$8 billion, an amount reflective of the federal money that has already arrived and will continue to flow to the state. It is much larger than any previous state budget, except for last year's \$7.9 billion budget, which also benefited from an immense infusion of federal recovery money. Breaking down the total, the bill allocates \$3 billion in federal funds, \$2 billion in General Fund, \$1.9 billion in Education Fund, \$345 million in Transportation Fund and Transportation Infrastructure Bond, \$428 million in American Rescue Plan Act (ARPA) dollars, and the balance in a variety of special fund dollars. In an ordinary year, federal funds make up about one third of the state budget.

Technology Modernization and Retirement Special Funds. With an initial appropriation of \$16.8 million, the bill would create a Technology Modernization Special Fund. The fund would be administered by the Agency of Digital Services to purchase, implement, and upgrade technology platforms, systems, and cybersecurity services used by state agencies and departments, upgrades that would improve efficiency in each affected department. In FY23, those expenditures would include \$11.8 million to upgrade some statewide financial accounting system and integrate with Department of Labor and Agency of Transportation financial systems; \$1.8 million towards a property management information system at the Department of Buildings and General Services; \$960,000 for Fire Safety Modernization to upgrade technology; and \$2.2 million for a case management system in the Attorney General's office.

An additional \$50 million in ARPA dollars would be appropriated to the Agency of Digital Services to continue work on technology modernization at the Department of Motor Vehicles and the Department of Labor's Unemployment Insurance.

A second special fund would be established to receive funds transferred from the three retirement systems that would fund the operation of the Vermont Pension Investment Commission.

Importantly for municipalities, the bill also reserves \$8.5 in General Fund dollars to be used for match for federal Infrastructure Investment and Jobs Act funds that may become available to Vermont.

Dispatch. Over the last few weeks, there was considerable discussion in the House about how a transition to a fully regional dispatch system might occur and who has a stake in its success. The dispatch language here is a result of that conversation. The Commissioner of Public Safety would be directed to convene a working group to agree on a proposal to transition to a new dispatch model. That group would include one representative of the state police, two representatives of local legislative bodies appointed by VLCT, two police chiefs (one who uses a state dispatch center and one who uses a local or regional dispatch center), one emergency medical responder, one firefighter, one sheriff, and one representative of the E-911 Board. Part of the working group's responsibility would be to document how much is spent on dispatch services for each town versus how much would be spent under the new model, and to identify a timeline for transitioning to the new model. A report would be due to the legislature by next January. Legislative approval of the report's recommendations would release the \$11 million held in reserve in H.740 to implement the recommendations of the Dispatch Working Group. None of the \$11 million would be allowed to revert to the General Fund. Effectively, the \$11 million is being reserved for implementation of a new regional system even if it does not happen in FY23.

Education. The table below indicates the appropriations from the Education Fund to the obligations established in the Education Fund, as we noted in our article in [Weekly Legislative Report No. 11](#) on the education yield bill, H.737. The \$1.9 billion total appropriation accounts for education property taxes being assessed at reduced rates. This year, the Education Fund has a surplus of approximately \$90.7 million, even as education spending increased 5.4 percent from FY22 and yields per equalized pupil (based on the existing system of pupil

equalization) also increased. At the same time, education grand list value grew by 7.5 percent on the revenue side. Half of the Education Fund surplus would be applied to reducing education property tax rates in FY23. The appropriations bill and the yield bill do not yet address implementation of the pupil weighting legislation (S.287), which is on the Senate floor for third reading today. During debate on H.737, several questions were raised about how the Ways and Means Committee expected to pay to implement the new pupil weighting system.

Municipal Planning Grants and Regional Commissions. Property transfer tax revenues are up by orders of magnitude this year. In FY23, \$4.574 million is appropriated from the property transfer tax to regional commissions, an increase of \$1.6 million over the FY22 appropriation. The bill would appropriate \$872,120 for Municipal Planning Grants, an increase of \$414,000 over the previous year and is the first increase in years. The affordable housing bill, S.226, if passed, would appropriate an additional \$650,000 to the Municipal Planning Grants specifically to modernize municipal bylaws.

Property transfer tax appropriations to the Vermont Center for Geographic Information total \$436,060. Regional planning commissions receive funding from a number of different sources, including the Agency of Transportation's Transportation Planning Initiative, Vermont Emergency Management, and other agencies – all to address specific programs. Additionally, should the Municipal Energy Resilience Grant Program (H.518) pass, \$2.4 million will be provided to regional commissions to help with energy assessments, community involvement and implementation of energy resilience project recommendations.

ARPA and One-Time. As of March 22, federal allocations to Vermont from the Families First Coronavirus Response Act, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Consolidated Appropriations Act, and ARPA totaled \$5.1 billion, of which \$595 million is earmarked for education.

Last year, the legislature appropriated \$650,000 to start the ARPA Coordination and Assistance Program at VLCT. Under the direction of its director, Katie Buckley, the program logged significant and early successes: Every eligible non-entitlement unit (NEU) in Vermont save one accepted their ARPA awards. And Vermont is the only state in the nation with such a successful record. This program – in coordination with legislatively directed funding provided to the state's regional planning commissions – ensured Vermont municipalities would draw down more than \$200 million in funding that might have otherwise been left on the

table. This year, VLCT asked for \$350,000 to extend the program from 2024 to the new December 31, 2026, federal deadline for expending ARPA funds. VLCT also proposed using \$250,000 to expand the scope of the program to helping municipalities navigate the Infrastructure Investment and Jobs Act (IIJA) when details become available, the Consolidated Appropriations Act of 2022, and the Build Back Better Bill, should that legislation ever pass in Congress. The committee declined to fund any portion of that request.

H.740 would require the Commissioner of Finance and Management to report on the status of all appropriations from the Coronavirus State and Local Fiscal Recovery Fund (SLFRF) provided through ARPA. The report, due by September 15, would include updates on project eligibility, obligated funds, expenditures, and compliance or reporting issues. By next January, the commissioner would recommend any reallocation of ARPA SLFRF monies. The issue is particularly timely as the news from Congress is that many representatives and senators – from both sides of the aisle – are interested in recapturing these funds.

Other allocations in the bill include \$1,050,000 to the Natural Resources Board to expedite ARPA project permits, \$3 million to the Vermont Outdoor Recreation Economic Collaborative Community Grant Program, and \$6 million for remediation and redevelopment of brownfield sites.

The Housing and Conservation Board would receive \$50 million for affordable, mixed-income rental and ownership housing, housing improvements, and to address homelessness and housing needs for farmworkers, refugees, and those in recovery. The board would also receive \$21,128,985 from the property transfer tax, an increase of \$10 million in their base annual funding from that source. Those amounts would be in addition to other funding that would accrue to the board as well as to housing in general.

The Department of Housing and Community Development would be charged with developing and implementing the new Vermont Rental Housing Investment Program in S.210, through which funding will be awarded to statewide or regional nonprofit housing organizations or to private landlords to rehabilitate eligible rental housing units. S.210 would appropriate \$20 million from ARPA to that program. That bill is in the House General Housing and Military Affairs Committee. Should S.226, the comprehensive housing bill, pass, additional appropriations would be made to address manufactured housing and mobile homes (\$5 million); Vermont Housing Finance Agency (VHFA) grants for large employer housing,

commercial property conversions, and multi-agency coordination plans for neighborhood development (\$5 million); and subsidies administered by VHFA for new construction or acquisition and rehabilitation of owner-occupied homes for income-eligible buyers. Thus, an additional \$15 million would be dedicated to “missing middle” housing development. S.226 was voted out of the Senate Economic Development Housing and General Affairs Committee this week and is currently on the Senate floor.

[According to the Joint Fiscal Office](#), more than \$176 million of combined state General Fund and pandemic relief funds were allocated to the Housing and Conservation Board in 2020 and 2021 to address housing.

The bill would also set aside \$ 7.2 million as match for IIJA project categories so that once it is clear what is included in that federal legislation, no federal dollars would be left on the table.

H.740 is complicated, and following both new contributions from various funds and shifts from one fund to another doesn’t simplify the task of figuring out what goes where. Our table shows appropriations that are of interest to local governments, but it doesn’t show capital bill expenditures. Those are in a separate bill, H.739, and affect the amount borrowed by the state (and local governments). As well, several other bills contain appropriations that are not included in H.740. Those bills currently total an additional \$4.6 million.

H.740 – Appropriations FY23 (in millions of dollars)

Budget Item	Act 83 Adjustment FY22	Governor Proposed FY23	House Passed FY23
(GF) Homeowner Rebate (B137)	\$18.60	\$16.50	\$16.50
(GF) Renter Rebate (B138)	9.50	9.50	9.50
(GF) Tax Dept. Reappraisal and Listing (B139)	3.31	3.39	3.39

(GF) Municipal Current Use (B140)	17.82	17.80	17.80
(LOT 30%) PILOT State Buildings (B142)	9.75	9.75	10.56
(LOT 30%) PILOT Montpelier (B143)	0.18	0.18	0.18
(LOT 30%) PILOT Correctional Facilities (B144)	0.04	0.04	0.04
(GF) Special Investigative Units (B206)	2.10	2.16	2.16
(GF One Time, USF) E-911 Board (B235)	4.46	4.59	3.29
(SF) Cannabis Control Board (B240)	0.85	1.56	3.39
(GF, EF, FF, Other) Education Finance & Admin. (B500)	34.23	35.81	35.81
(EF) Special Education Formula Grants (B502)	229.00	208.07	208.07
(EF) State-Placed Students (B503)	17.00	17.50	17.50
(GF, EF) Flexible Pathways (B504.1)	9.14	9.34	9.14
(EF) Adjusted Education Payment (B505)	1,502.05	1,561.66	1,561.66

(EF) Transportation (B506)	20.48	21.79	21.79
(EF) Small Schools Grants (B507)	8.10	8.20	8.20
(EF) Essential Early Education Grant (B510)	7.05	7.51	7.51
(EF) Technical Education (B511)	15.51	16.25	16.25
(GF, EF) Teachers' Retirement System (B514, E514) ¹	189.65	198.27	187.27
(GF EF) Retired Teachers' Health/ Medical (B515, E515) ²	35.09	29.60	44.71
(GF, Inter-Dept. Transfer) ANR Lands PILOT (B701)	2.62	2.66	2.66
(Property Transfer Tax) Municipal Planning Grants (D100)	0.46	0.87	0.87
(TF) Town Highway Structures (B911, E911)	12.67	6.33	7.20
(TF, FF) Better Roads Program (B912)	0.41	0.41	0.41
(TF) Town Highway Class 2 Roadway (B913)	15.30	7.65	8.60
(TF, TIB, FF) Town Highway Bridges (B914) ³	14.88	28.57	29.16

(TF) Town Highway Aid (B915)	27.11	27.78	27.83
(TF) Town Highway Class 1 Supplemental (B916)	0.13	0.13	0.13
(TF) Town Highway Non-federal Disaster Aid (B917)	1.15	1.15	1.15
(TF, FF) Town Highway Federal Disaster Aid (B918)	0.18	0.18	0.18
(TF, FF, Special) Municipal Mitigation Assistance (B919)	8.29	6.45	6.45
(TF, GF) Town Highway Aid Supplement (B1100.a.5)4			
(ARPA) CUDs/Broadband (B1105 G 500)5	150.00	95.00	69.38
(GF, ARPA) Climate Response Investments5	54.50	161.50	171.26
(ARPA) Water and Sewer (G700)5	100.50	72.00	112.24
(GF, one time) IDEAL6	0	0.22	0.22
(GF, one time) Public Safety Transition to Regional Dispatch Services	0	11.0	11.0

1. \$187,273,782 is the state General Fund contribution and \$6,887,869 is due from local school systems or educational entities. Of the annual contribution, \$34,342,965 is the normal contribution and \$159,818,686 is the accrued obligation, which equals \$194,161,651. Subtract \$6,887,869 to arrive at the \$187 million annual contribution.
2. In 2021, the Appropriations Bill transferred responsibility for \$14 million of normal health care benefits to the Education Fund, replicating action taken in 2018 to transfer normal obligation for teachers' retirement to the Education Fund. Of the \$44.7 million, \$151,100,000 is the normal contribution and \$35,106,128 is the accrued liability contribution.
3. This amount does not include local match dollars.
4. Additional \$7 million in Town Highway Aid is funded with one-time dollars.
5. One-time items funded with ARPA in FY22 are paid with a mix of funds in FY23 bill.
6. IDEAL (Inclusion, Diversity, Equity, Action, Leadership) Program to support municipalities in promoting the named municipalities.

CRF = Coronavirus Relief Fund GF = General Fund

EF = Education Fund FF= Federal Funds

LOT = 30% local option tax share remitted to state PILOT = Payment in lieu of taxes

TF = Transportation Fund TIB = Transportation Infrastructure Bond

ARPA = American Rescue Plan Act USF= Universal Service Fund

Citations in parentheses refer to the section in the budget bill where those items are found.

Resources for this article:

- [House Appropriations Committee Summary of H.704](#)
- [FY23 Big Bill House Web Report](#)
- [FY23 Budget One-Time General Fund and ARPA SFR](#)
- [Education Fund Outlook](#) as of March 17, 2022

[The Capital Bill](#)

On Tuesday, the House Corrections and Institutions Committee voted out the capital adjustment bill, H.739. On Wednesday, it went to the House Appropriations Committee, and today it's being discussed in the House.

In the first year of a biennium, the Vermont Legislature adopts a two-year capital bill. In the second year, the Capital Construction and State Bonding Adjustment Bill makes adjustments to that budget. This exercise has been especially tricky during the pandemic as new federal funds flowed to the states. In particular, the Infrastructure Investment and Jobs Act (IIJA) includes new programs not only in transportation but also with respect to other infrastructure investments, and rules for many of those programs are not yet written. The Corrections and Institutions Committee was very attentive to the need to ensure that the bill would make use of all of the federal dollars available to Vermont and not leave any money unspent. As a result, \$7.2 in General Fund is set aside in H.740 to provide match for Infrastructure Investment and Jobs Act (IIJA) programs that include that requirement.

Last year's capital bill, H.438 (Act 50), authorized \$127,378,694 in expenditures, of which \$69,549,988 was to be appropriated in FY22 and \$57,828,706 in FY23. The intent of this year's bill is to address impacts of the COVID-19 pandemic with American Rescue Plan Act (ARPA) dollars to the extent that those appropriations would comply with federal law and guidance. And "any capital project that is supported with ARPA funds is authorized in this act." H. 739 authorizes the issuance of general obligation bonds totaling \$123,180,000 and also \$16,740,163 that was authorized but unissued in 2021.

The table below shows some items of concern to local governments that H.739 addresses.

Item	FY23 Amendment
High/Significant Hazard Dam safety improvements	\$3,115,000
Little Hosmer Dam Rehabilitation	\$190,000
IIJA Drinking/Clean Water Revolving State Loan Fund (CWSRF) Match	\$2,833,980
Agency of Agriculture, Food & Markets Water Quality Grants	\$200,000
Water Pollution Control Fund CWSRF ¹	\$1,548,219
Municipal Pollution Control Grants/Planning Advances ¹	\$2,715,000
Agriculture Water Quality Projects ²	\$200,000
Land Conservation Water Quality Projects ²	\$2,000,000

1. Department of Environmental Conservation

2. Vermont Housing and Conservation Board

The total two-year appropriation in the capital adjustment bill for clean water initiatives is \$17,163,219.

H.739 also authorizes expenditures from ARPA for capital projects that include \$15.9 million to the Department of Libraries for capital projects at libraries including American with Disabilities Act compliance, space renovations for improved internet access for telehealth appointments and job interviews, and general building renovations. Readers may recall that H.518 includes a program for municipal energy resilience in municipal buildings, potentially including libraries. That amount, \$48.4 million, is noted in the capital bill spreadsheet for reference only.

The bill appropriates \$25,619,184 to the Vermont Community Broadband Fund for grants through the Broadband Construction Program, and \$21,500,000 for critical communications expansion to support mapping, data collection, and deployment of new mobile wireless installations along state highways and in population centers.

H.738 is the last of the money bills to be presented, and it will be on the floor of the House today.

Resource for this article:

- [House Corrections and Institutions Recommended FY22-FY23 Capital BAA - H.739 Spreadsheet](#)

[Elsewhere in the State House](#)

Law Enforcement Accountability. On Wednesday, the Senate passed [S.250](#), a bill that makes various amendments to law enforcement legislation. The final Senate version of the bill looked very different from the as-introduced version. The bill requires law enforcement agencies to annually report to the legislature all of their roadside stop data, how they collect and use the data, how accessible it is, and if additional data criteria are needed. The bill also mandates the Vermont Criminal Justice Council to maintain a database of potential impeachment information concerning law enforcement officers. S.250 also directs the Joint Legislative Justice Oversight Committee to report if any deceptive and coercive interrogation tactics are used by Vermont law enforcement with the goal of improving interrogation practices in the future.

Miscellaneous Municipal Authority. [S.181](#), which makes miscellaneous changes to municipal laws, has been on the Senate calendar all week. The bill was finally taken up today and passed second reading. VLCT strongly supports S.181, as it will make commonsense adjustments to state law to give voters and officials greater control over issues related to ordinances, roads, governance, and other local matters.

Agency of Public Safety. On Thursday, the Senate approved [S.155](#), a massive bill that proposes to turn the Department of Public Safety into an agency and which indirectly affects local governments. The new agency would consist of various state divisions of public safety. However, it would also oversee certain boards, commissions, and councils that address municipal and other issues such as the Law Enforcement Advisory Board (LEAB), the Enhanced 911 Board, and the Animal Cruelty Investigation Advisory Commission (ACIAC). VLCT supports the independence of the Enhanced 911 Board, but it remains unclear how much autonomy that board will retain in such a transition. Including the LEAB and the ACIAC are positive moves because both organizations need the administrative support of a state

agency that they currently lack.

Charters. This week, the legislature has been busy addressing several municipal charters.

The House passed [H.718](#), which would dissolve the Colchester Fire District No. 1 and transfer all of the district's assets and liabilities to the Champlain Water District.

The Senate passed the City of Barre's charter amendment in [H.444](#) with a [proposal of amendment](#) for the House to consider. The House had removed a provision of the charter that was approved by voters that specified what flags the city could fly on city-owned property, but the Senate wanted to honor the will of the voters and put that charter provision back into the bill. H.444 now heads back to the House Government Operations Committee for further consideration.

[H.447](#), a charter amendment for the Town of Springfield, is on the Senate Calendar for action today. The Senate [had minor amendments](#) to charter language that address property maintenance standards and remediation measures. Town leaders testified in support of the changes that strengthen and honor the intent of the relevant charter provisions.

The Senate Government Operations Committee took initial testimony on [H.448](#), a City of Burlington charter amendment that would enable the city to regulate thermal energy systems in residential and commercial buildings. The committee did not take any action on the bill.

Land Records and Notarial Acts. This week, the House passed [H.512](#), a bill that addresses laws related to notary publics and certain land records. The bill proposes that Vermont adopt two laws supported by the National Conference on Commissioners on Uniform State Laws: the Uniform Real Property Electronic Recording Act (URPERA) and the most recent version of the Revised Uniform Law on Notarial Acts (RULONA). URPERA provides an electronic recording option for town clerks using standards issued by the Vermont State Archives and Records Administration (VSARA), and RULONA allows for notarial acts on electronic records and for remotely located individuals. Enacting both URPERA and the latest version of RULONA will bring the Vermont in line with the rest of the country, as the 49 other states have already enacted either these uniform laws or similar legislation.

H.512 includes a new position at VSARA to help town clerks and others who handle land records or engage in notarial acts. It also charges VSARA to work with VLCT and the Vermont Municipal Clerks' and Treasurers' Association to report to the legislature by 2024 on

the fiscal, governance, and operational sustainability of uniform approaches to the modernization of the acceptance, recording, and availability of deeds and other property records in electronic form. An interim report is mandated by January 15, 2023.

H.512, which VLCT supports, now heads to the Senate Government Operations Committee for further consideration.

Act 250. S.234 is on the Senate calendar for third reading today. There are two amendments proposed to the bill. The first would delete language that reimposes a road rule expanding Act 250 jurisdiction over projects. Construction of a road or a driveway of longer than 800 feet – or which in combination exceeds 2000 feet – would kick a project into Act 250, even if no other aspect of the application would do so. Municipal roads would be exempt under this bill’s provisions. The second amendment would delete language that exempts from Act 250 a priority housing project funded by ARPA *only* if at least 80 percent of the housing units to be constructed would be affordable for at least 30 years.

Economic Development. On Thursday, the Senate Economic Development, Housing and General Affairs Committee voted out H. 159, the economic development bill. Because the bill came from the House (a year ago), it was not subject to the Senate crossover deadline. The Senate committee version is a strike-all amendment, meaning the entire text of the House-passed bill was deleted and new language was substituted. H.159 contains appropriations totaling \$100,900,000 – \$90,700,000 from ARPA and the balance from the General Fund. Those appropriations would finance a wide array of economic development and workforce development programs including a worker relocation program, amendments to the Tax Increment Financing (TIF) Program, and a project-based TIF pilot program that would fund up to four project-based TIFs in designated areas of different towns that would make possible the financing of a public improvement with a total debt ceiling of \$5 million.

Reapportionment. H.722, which includes a Senate amendment to the House proposal regarding reapportionment of House districts, passed the Senate today on a vote of 28-0. The Senate added its language regarding Senate districts to the House bill. The following table shows senatorial districts and the number of Senators to be elected from each:

Addison	2	Chittenden Southeast	3	Orange	1
Bennington	2	Essex	1	Rutland	3

Caledonia	1*	Franklin	2	Washington	3
Chittenden Central	3	Grand Isle	1	Windham	2
Chittenden North	1	Lamoille	1	Windsor	3

* reduced from 2

Resource for this article:

- [Reapportionment Details](#)

New Bills

Number Summary

Current Location

H.739	Would adjust the FY22 capital construction budget (Act 50 of 2021).	House Appropriations, third reading ordered
H.740	Would make appropriations in support of government for FY23. (The Big Bill)	House Appropriations
H.741	Would approve amendments to the charter of the City of St. Albans to convert the City Clerk and City Treasurer from elected offices to appointed offices.	House Government Operations