



Weekly Legislative Report

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Money is (virtually) Flying Around the State House!

It seems that every day since the State House closed its physical doors, a new mind-bending twist to the story that is governance in the COVID-19 pandemic era has taken shape. Updated projections of deficits provided to legislators each week have, through no fault of anyone making those projections, fluctuated wildly. Federal action came in three acts: the Coronavirus Preparedness and Response Supplemental Appropriations Act (\$8 billion for public health); Families First Coronavirus Response Act (Medicaid, nutrition assistance, unemployment insurance, paid sick and family leave, diagnostic testing costs); and the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which included \$1.25 billion in Coronavirus Relief Fund (CRF) dollars to Vermont. The federal government has provided guidance on the allocation, particularly of the CRF dollars, in dribs and drabs and often in confusing and inconsistent ways.

Since March 1, unemployment claims have totaled 101,616. As the Department of Labor struggled to manage those claims (81,306 claimants have received payments), constituents called on legislators for help, and that contributed to very long and complicated days for all concerned. Then Congress and the White House stalled – and any further assistance, including direct aid to cities and towns, will likely need to wait until late July.

Through it all, Vermonters have learned how to live, work, study, and legislate remotely. As the myriad issues have piled up, some legislative responses have been swift while others have been painfully slow. The legislature is a deliberative body and the evidence of that has been clear on several occasions in the last month – most clearly with the passage of [H.951](#), the bill that established the \$2.7 million program providing interest relief for towns that had to borrow in order to make education fund payments on the due date of June 1. The bill was passed on June 2, delivered to the governor on June 9, and signed into law June 15.

As the legislature prepares to recess for approximately six weeks until late August, it is evident that further guidance from the federal government that might make it easier to use CRF dollars to replace lost revenues will not be forthcoming any time soon. Without that expansion of uses for the money, appropriations activity has started cranking up again in the House and Senate.

[H.961](#), the first quarter budget bill, passed the Senate on Thursday with few changes from the House version. To date, [H.953](#) the supplemental budget adjustment bill, and H.961 as voted out of the Senate, would spend \$155,223,300 in CRF dollars.

Last week, Speaker of the House Mitzi Johnson sent memos to committees of jurisdiction directing them to develop proposals for two blocks of spending – the first (\$575 million) to be appropriated before leaving for July, and the second (\$400 million) held in reserve in the event of further federal guidance. Absent that federal guidance, the House may send out more than the \$575 million allocated last week. On Wednesday, the House passed [H.965](#), a bill that would appropriate \$300 million in CRF funds for health care- and human services-related expenses incurred as a result of the COVID-19 pandemic.

Next Friday *may* be the last day of the first part of the second half of the biennium. We'll have another COVID-19 budgetary update for you then.

Coronavirus Fund Aid to Local Governments

On June 4, the Senate passed [S.349](#), a bill that would appropriate \$16 million from the federal Coronavirus Relief Fund (CRF) to reimburse expenses that local governments incur before December 30, 2020, in response to the COVID-19 emergency. The secretary of Administration would be allocated \$14,850,000 to provide as grants to cities, towns, incorporated villages, fire districts, consolidated water or sewer districts. Grants would not exceed \$25 per person, as determined by census population data. A minimum grant of \$25,000 would be for eligible costs. An additional \$1 million would be available to counties, unorganized towns or gores, and any of the Unified Towns and Gores of Essex County. And \$150,000 could be used to contract with regional commissions for technical assistance to local governments in documenting eligible expenses.

Today, the House Government Operations Committee offered its amendment to the House Appropriations Committee. The bill looks quite different from the Senate-passed version in that the pool of eligible applicants is expanded and – pursuant to the Speaker of the House's directive to the committee that they have \$10 million in CRF funds to allocate – the amount is considerably reduced.

As proposed this morning, the bill would appropriate \$5,200,000 to the Agency of Administration for grants to reimburse eligible COVID-19 expenses incurred before the end of the year. Of that amount, \$4,850,000 would be available to counties, cities, towns, unorganized towns or gores, incorporated villages, fire districts, consolidated water or sewer districts, which could apply for grants of up to \$200,000 per recipient, or \$20 per person of population. The House Government Operations Committee's proposed amendment would provide that grants may be prorated if applications for reimbursement exceed amounts allocated (which is highly likely), and grants to municipalities whose populations are less than 2,500 would be prioritized.

In addition, \$200,000 would be available to solid waste management districts, and \$150,000 could be used to contract with regional commissions for technical assistance to local governments in identifying and documenting eligible COVID-19 expenses.

The House Gov Ops proposal also would appropriate \$5 million to the Agency of Administration for grants to help digitize land records if the municipality had to close its office or limit access to records due to COVID-19 and the municipality has established and maintained a restoration and preservation reserve fund for land records. The amount of a grant would need to be sufficient to ensure that the preceding 40 years of a municipality's land records is digitized and made available to the public on-line.

In addition to the potential cash flow from S.349, [H.951](#) – which the governor signed on Monday – provides up to \$2.7 million to help towns that had to borrow to make their payments to the Education Fund due to COVID-19. The broadband bill (see page 3) would appropriate \$350,000 for cybersecurity training for municipal officials.

The differences between the House and Senate versions of S. 349 are significant. The legislation is likely to account for far less than the expenses 246 cities and towns incurred between March 1 and December 30 to address the COVID-19. Your Advocacy staff told the House committee that the funding levels are inadequate, that expenditures vary tremendously from one town to another based on the services a community may have been asked to provide, and that local officials will make further requests later in the summer.

Broadband Bill Moving Quickly

Does anyone doubt that the COVID-19 pandemic has laid bare the lack of adequate broadband in Vermont? We have all been part of meetings during which computers froze or connections were dropped, and the only option was to call in. Students could not do their school work, patients were unable to access telehealth services, and legislators themselves grappled with crashing internet service providers.

[H.966](#) was introduced on Wednesday, explained on the House virtual floor on Thursday, and is presently on the House calendar for third reading today. (Third reading is the stage in a legislative process when a bill is discussed with all proposed final amendments and given final approval by the respective chamber.) The bill as introduced would appropriate \$95,068,500 from the Coronavirus Aid, Relief, and Economic Security (CARES) Act Coronavirus Relief Fund (CRF), of which \$43,068,500 would be allocated for broadband connectivity and \$52,000,000 for housing initiatives. However, an amendment will be proposed today that increases the funding for housing initiatives to \$68,061,600, making the total appropriation for the legislation \$111,130,100.

The \$43,068,500 broadband figure includes:

- \$35,566,500 for FY21 broadband appropriations to the COVID-19 Response Connected Community Program, the COVID-Response Line Extension Customer Assistance Program, the Get Vermonters Connected Now Initiative, the Telecommunications Recovery Plan, the COVID-Response Telehealth and Connectivity Initiative, and access media organizations;
- \$20,000,000 for ratepayer arrearages due to the moratorium on utility disconnections [Last week we erroneously listed the ratepayer arrearages appropriation as \$20,000.];
- \$3,000,000 to mitigate cyber-security risks due to state employees working from home;
- \$4,000,000 to modernize unemployment claims services;
- \$350,000 to support municipal officials in addressing cyber-security risks;
- \$152,000 to the Enhanced 911 Fund.

The bill would establish the COVID-Response Connected Community Resilience Program which would provide grants of up to \$100,000 to fund recovery planning efforts of communications union districts to accelerate their deployment schedules. It would also establish a new COVID-Response Line Extension Customer Assistance Program to provide financial assistance of up to \$3,000 per customer to pay to extend lines to unserved locations. And it would establish the Get Vermonters Connected Now Initiative to provide assistance to internet service providers to offset customer costs of fiber-to-the-premises installations and expand wireless coverage to unserved or underserved areas of the state. Up to \$50,000 could be used to reimburse the Department of Public Service (DPS) and Agency of Digital Service for costs associated with the deployment of wi-fi hotspots not covered by the Federal Emergency Management Agency. DPS would administer all three programs.

A temporary COVID-Response Telehealth Connectivity Program would be administered by the Vermont Program for Quality in Health Care to support equitable access to telehealth services.

Finally, DPS would be directed to hire a consultant to prepare a COVID-Response Telecommunications Recovery Plan to reassess critical connectivity needs and re-evaluate broadband deployment objectives going forward. The plan would be due to the legislature by December.

The bill will go to the Senate this afternoon and be considered in the Finance Committee next week.

Senate Delays Passage of S.237 – with Problematic Land Use Mandates Intact

Today, the Senate briefly took up [S.237](#), a bill the Senate on Economic Development, Housing and General Affairs Committee proposed to provide much-needed affordable housing across the state. However, parliamentary snafus and problems with the virtual session caused the committee to delay any action on it. VLCT supports the intent of S.237, which is to increase housing opportunities, facilitate compact development and relieve duplicative permitting. Nevertheless, the bill is deeply flawed because it mandates cookie-cutter pre-emptions of local land use regulation and severely challenges the long-standing relationship between local government and the state for finding local solutions to the affordable housing crisis.

Provisions included in Section 2 (the so-called Inclusive Development provisions) of the bill present the most egregious assault on local land use planning efforts. Rather than allow communities to actually engage in local planning to achieve statewide affordable housing goals, the bill applies requirements on minimum lot sizes to *all* municipalities. These provisions would require zoning districts served by municipal water to allow quarter-acre lots. Those served by both municipal water and sewer must allow one-eighth acre lots. After taking testimony from the Vermont Planners Association, VLCT, and many in the land use planning community, it appeared that the Senate Natural Resources and Energy Committee was going to remove the land use mandates in Section 2 of the bill and instead require a report due next year on increasing housing density. However, this week, after objections from Committee Chair Michael Sirotkin, that effort was abandoned.

The inclusive zoning provisions provided in Section 2 of the bill would go into effect on July 1, 2023. In the meantime, municipalities could opt out of the provisions by filing a Substantial Municipal Constraint Report and citing shortfalls such as school, staff, or water system capacities. However, doing so would adversely affect a municipality's eligibility for incentives such as priority funding and tax credits.

The Senate Natural Resources and Energy Committee proposed several amendments to S.237 that would tack on various Act 250 reform measures selected from H.926, the Act 250 modernization bill passed by the House in February. The additions are highly controversial, as much for the way in which they were handled as for their content. However, the committee had to retreat from its effort until next Tuesday of what is supposed to be the last week of the session before everyone takes a six-week recess. More to come!

Elsewhere in the Virtual State House

Municipal Charters. This week, the House passed two charters. H.943 is a charter amendment of the City of St. Albans that would implement a one-percent local option tax on sales, rooms and meals, and alcoholic beverages. The House Ways and Means Committee amended the charter to specify that the local option tax be administered and processed by the Department of Taxes and in accordance with 24 V.S.A. § 138. H.946, the Town of Elmore's charter amendment, also approves a one-percent local option tax under 24 V.S.A. § 138, but the tax applies only to rooms. Both charters are currently in the Senate Government Operations Committee.

Communications Union Districts (CUDs). On Tuesday, the Senate passed H.958, a bill that temporarily allows town legislative bodies to vote to initially form a new CUD during the COVID-19 state of emergency. In at least three instances, Vermont towns are hoping to form a CUD to provide broadband services in unserved areas. On Thursday, the bill was sent to the governor for his signature.

Law Enforcement. The Senate Judiciary Committee continued to discuss S.219, the law enforcement bill we wrote about last week that addresses issues such as body cameras, data collection, and use of force standards. Today, the committee voted out a new version of the bill that will be before the Senate early next week. The committee also took up [S.119](#) – a bill that addresses not only use of force but also de-escalation tactics, cross-

cultural awareness training, and standards for law enforcement – and voted out a new version of the bill today that will also be before the Senate next week.

Bills Signed by the Governor. On Monday, Governor Scott signed into law a baker’s dozen of new bills, including the following that specifically affect municipalities:

- **H.554** dissolves the Village of Perkinsville and merges the Village and Town of Weathersfield;
- **H.947** allows the legislative body of a town, village, or city to adopt a budget and municipal tax rate for FY21 if an annual or special meeting cannot be held in 2020.
- **H.948** addresses temporary municipal proceedings in response due to COVID-19. A municipality may conduct any quasi-judicial proceeding through electronic means, and a board of civil authority is not required to physically inspect properties that are the subject of appeals but rather inspect them through electronic means.
- **H.951** establishes a program to help municipalities required to make a short-term borrowing to manage the cash flow effects of statewide education property tax deferrals in receipt of such taxes by municipalities as a result of the COVID-19 pandemic. (See the State Treasurer’s website, vermonttreasurer.gov/content/local-government, for application materials.)
- **H.953** relates to FY20 supplemental budget adjustments;
- **S.283** extends the Town of Hartford’s tax increment financing district authority to incur debt for three years.
- **S.345** addresses temporary municipal provisions due to the COVID-19 outbreak. A municipal public body may post any meeting agenda or notice of a special meeting in two designated electronic locations in lieu of public places. It must post the notice in or near the clerk’s office and provide a copy of the notice to newspapers of general circulation for the municipality.



The Montpelier City Council approved and Governor Scott supported the painting of “Black Lives Matter” on State Street directly in front of the Vermont State House. [photo courtesy of the City of Montpelier]