

# WEEKLY LEGISLATIVE REPORT



VERMONT LEAGUE  
OF CITIES & TOWNS

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## Legislation to Build Equity and Inclusion is Abundant

This session, bills that would address equity, inclusion, social justice, and rooting out systemic racism are already in several committees or are expected to be proposed ahead of the deadline for introduction of bills, which is February 23 in the House. Several bills will embody recommendations of the Social Equity Working Group, the Racial Equity Task Force, or Vermont's Executive Director of Racial Equity.

At least six bills thus far seek to address equitable learning, inclusion, and bias issues that currently exist in the educational system. These include H.54 and S.13, which would implement the 2019 Pupil Weighting Factors Report; S.27, which would allow school districts and towns or cities to jointly fund cultural liaisons to support students and families with limited English proficiency; and H.163, which would require anti-bias professional development training, encourage the establishment of a permanent equity coordinator in each supervisory union, and fund an equity coordinator position at the Agency of Education.

H.96 is a short form bill that would establish a Truth and Reconciliation Commission Development Task Force to develop a proposal for legislation to create truth and reconciliation commissions that would begin the process of dismantling institutional, structural and systemic discrimination in Vermont. (A short form bill is one that describes the concept of the legislation but does not include the detailed statutory language that would be required to enact it.) H.196, another short form bill, would add two full-time-equivalent analyst positions to support the work of the state Executive Director of Racial Equity. (In his budget address, Governor Scott stated support for providing additional resources to expand that lone position into an office.)

S.35, which is in the Senate Judiciary Committee, would prohibit discrimination on the basis of hair types and styles associated with a particular race or a person's weight.

Additional bills likely to be introduced in the next several weeks target marginalized groups, people with immigrant or refugee backgrounds, and underserved populations by increasing their access to health care, and providing support and educational materials to them to ensure they have access to and understand COVID-19 testing, vaccines, housing, and

economic stimulus programs. Several recommendations call for government to provide training on anti-racist practices, effective communication, recruitment, retention and promotion; to collect, analyze, and release race and ethnicity data on services, benefits, and emergency response; and to provide innovations that facilitate housing and economic growth opportunities historically denied to Black, Indigenous, and people of color (BIPOC).

The VLCT Board of Directors adopted a Statement of Equity and Racial Justice at its November meeting which states “The Vermont League of Cities and Towns (VLCT) stands with our members and commits to being more visible, vocal, and supportive in our efforts to ensure equity and racial justice, and to directly address systemic and overt racism and implicit bias. We are ready to assist, and, with local officials, will do our best to make a difference.” A VLCT Equity Committee will develop concrete ways for the league to promote equity and inclusion with our members and within the organization.

There is much hard work to be done and many voices that will need be heard about how to best grow an equitable, just, and inclusive society in Vermont. Recommendations of the Racial Equity Task Force and many discussions both today and in the future concerning legislation will help to point the way.

#### Resources

- [Racial Equity Advisory Panel Report](#)
- [Report of the Executive Director of Racial Equity](#)

## **House Energy Considers Property Tax Exemption to Spur Broadband Deployment**

The House Energy and Technology Committee is working on draft legislation to encourage and fund the build-out of broadband to underserved and unserved areas of the state. One proposal would exempt from the property tax infrastructure, but not land, owned by an electric distribution utility that is *leased* to a communications union district (CUD) for the purpose of providing broadband service, if that infrastructure is built on or after July 1, 2021. The legislation would also exempt broadband infrastructure owned by a broadband provider if the infrastructure is used for the purpose of providing universal broadband service in unserved and underserved areas and is constructed after July 1, 2021. The draft legislation would establish no sunset for the tax exemption. A second proposal would exempt the same types of property used for broadband deployment upon a vote of the municipality. That exemption would remain in place until the voters of the municipality rescinded it.

If broadband infrastructure is owned by a CUD, it is exempt from property taxation because a CUD is a municipality. The thought is that if a CUD works with an electric utility – particularly a coop or private entity – to extend broadband, the property tax exemption would help make the business case for investing in the extension.

The committee is continuing to study the potential for a tax exemption and as a result has delved into the intricacies of the education property tax. Should the committee recommend an exemption, the legislation’s next stop will be the House Ways and Means Committee. (Your Advocacy staff [testified on this component of the bill](#) last week.)

## Project-Based TIF Projects

The Senate Economic Development, Housing & General Affairs Committee is moving forward with [S.33](#), a bill that authorizes the Vermont Economic Progress Council (VEPC) to establish a project-based tax increment financing (TIF) pilot program. A similar bill failed to pass during the last biennium and S.33 picks up where that bill left off. Most of you are familiar with TIF districts that are defined by geographic “district” boundaries, but S.33 proposes to authorize the creation of new TIF districts using the current model for smaller scale development projects. The success of Vermont’s TIF districts inspired this pilot program so a smaller or more rural community with a limited tax base and administrative support could also implement a public development project to induce private development.

The program authorizes VEPC to approve up to six project-based TIF districts between January 1, 2022, and December 31, 2024. Under this pilot program, smaller and more rural communities would be enabled to use municipal and education tax increment financing to fund one qualifying infrastructure project. Smaller communities that don’t fit the size and structure of the TIF district program under 24 V.S.A. §§ 1891-1904 would have access to tax increment financing to pursue needed public infrastructure improvements such as wastewater, stormwater, brownfield remediation, transportation enhancements, streetscapes, and utilities.

The pilot program is designed to finance the gap that communities struggle with in getting a larger public improvement program off the ground due to a smaller tax base, and where raising a match to qualify for a federal grant program is a burden too heavy to carry. Municipalities in the pilot program would be able to use a portion of new education and municipal property tax revenues from resulting private development projects to repay a portion of the annual debt service for the public improvement project. While the infrastructure debt is being repaid, the education property tax revenue based on the property’s original taxable value that was in place before the improvement project, would continue to go into the Education Fund. Up to 70 percent of the new, increased education property tax revenue generated by the project would be retained by the municipality to finance the debt. A minimum of 30 percent of the increased education property tax revenue would be sent to the Education Fund. After 20 years, the grand list value of properties within the project area is expected to substantially increase because of the infrastructure investment that makes increased private investment attractive. From that point forward, the base and the entire increase in education property tax revenue will be paid to the Education Fund.

A municipality is eligible for a project that serves one or more active designations by the Vermont Downtown Development Board under 24 V.S.A. chapter 76A (downtown, village or growth center, new town center or new neighborhood) or is located in an industrial park as defined in 10 V.S.A. § 212(7). A municipality that currently has a TIF district is ineligible for the program. Eligible municipalities may host only one project, and any project’s debt is capped at \$1.5 million. This cap was a topic of great discussion in the committee, and there may be a push to increase the cap or remove it entirely to allow for larger more ambitious projects.

The bill also names the new TIF districts (in Bennington and Montpelier) authorized under the current statute.

VLCT continues to strongly support S.33 and is encouraged to see the Senate Economic Development Committee move forward with the legislation. The committee will continue taking testimony next week, and VLCT expects to testify in support of the bill.

## Transitioning Billing and Collection of Education Property Tax to Tax Department

Last session, one of the reports that the legislature called for (in Act 175) was a study of the feasibility of transitioning the billing and collection of education property taxes from municipalities to the Department of Taxes. The department was directed to consult with the Vermont Municipal Clerks' and Treasurers' Association, VLCT the Vermont Bankers Association, and the Association of Vermont Credit Unions. This is a transition that is endorsed in the 2021-2022 VLCT Municipal Policy (1.01 (6)).

The report, which was delivered to the legislature on February 1, provides a detailed analysis of the considerations of transitioning to a state billing system and offers pros and cons to a variety of approaches. The report also cites incremental steps that could move closer to the department taking over billing and collection of education property taxes, at least one of which is already in place.

Act 11 of the 2018 session split calculation of municipal and education tax credits and required that they be separated on the tax bill sent to property owners. As well, the state has "an established and successful system for billings and collections." (VTax – the Tax Department's online software platform) The report proposes additional incremental changes that would establish precursors to a system of state billing and collection, and briefly discusses departmental cost increases – without quantifying the amount of money the department spends to manage the education property tax system today.

The House Ways and Means or Senate Finance Committee may take up the report this session – although, as we have previously discussed, the overarching issues of the Tax Structure Commission's Report regarding moving from a homestead property tax fully to an income tax for the Education Fund and the Pupil Weighting Report would need to be part of that same investigation.

- [Vermont Education Property Tax Transition Study](#)

## CATIC Withdraws Suit

Representatives of the Connecticut Attorneys Title Insurance Company (CATIC) appeared in Chittenden County Superior Court last Friday for a hearing on their suit against nine Vermont towns and their clerks. (CATIC has a branch office in South Burlington.) The suit, filed last November, sought to compel town clerks to open their offices during the pandemic for public record searches. According to the lawsuit, "Defendants, as well as other municipalities and municipal clerks, have failed to make their land and zoning records available for inspection upon proper request 'at all reasonable hours' as mandated." However, town clerks *have* instituted a number of protocols at their offices to ensure the safety of both staff and the public during the pandemic and have attempted to accommodate all requests for information within those protocols.

On January 29 at the Superior Court, CATIC voluntarily dismissed its case with prejudice. (Dismissing a case with prejudice means it is dismissed permanently.)

Any further discussions about compelling clerks to open their offices in contravention of the governor's executive order will likely take place in the House or Senate Government Operations committees.

**Cannabis Testimony.** VLCT Advocacy and the Senate Government Operations Committee want to hear from local officials of various populations sizes and geographic locations regarding cannabis. The committee is particularly interested in hearing from both communities that are moving forward with opt-in votes and from those that have chosen to hold off to better understanding their reasoning. The committee would also like to hear about any concerns communities have, their opinions on the timing of opt-in votes, the importance of local cannabis taxing authority and revenue sharing, and how local discussions and actions have progressed in general since [Act 164](#) became law last year. If you want to testify or contribute comments, please email Gwynn Zakov at [gzakov@vlct.org](mailto:gzakov@vlct.org).

## Elsewhere in the State House

**S.9.** On February 3, Governor Scott signed S.9, which extends workers' compensation COVID-19-related benefits until 30 days after the end of the declared state of emergency. In the case of an employee who is diagnosed with COVID-19, death or disability is presumed to be compensable provided the employee receives a positive laboratory test for COVID-19 or a diagnosis of COVID-19 from a licensed health care provider. The legislation extending the timeframe during which the presumption applies took effect retroactively on January 15, 2021.

**Agency of Public Safety.** Today, the House adopted [H.R.7](#), a resolution that rejects the governor's Executive Order EO-01-21 establishing the Agency of Public Safety. The vote was 108 to 40. The new agency would have combined law enforcement functions in it, including a Department of Fire Safety and Emergency Management, a Department of Law Enforcement, and a Division of Support Services., The Criminal Justice Council and E-911 Board would have been added to the agency in July 2022. Creating such an agency has been the subject of discussion for decades. Your Advocacy staff and the VLCT Board of Directors support the transition to an Agency of Public Safety and submitted [a memo to that effect](#). (The reasons for the rejection are noted in the resolution.)

**Natural Resources Board Reorganization.** On Thursday, the Senate adopted [S.R.6](#), a resolution that rejects the governor's Executive Order 02-21 on a vote of 22 to 8. That order was to reorganize the Natural Resources Board as a three-member professional board. The resolution indicates the willingness of the Senate to work cooperatively with the Administration to pass legislation.

There is a difference of opinion between the Administration and the Legislature as to whether one or both chambers of the General Assembly needs to oppose an executive order for it to be rejected.

## New Bills That Affect Municipalities

BILL NUMBER	BILL SUMMARY	CURRENT LOCATION
<a href="#">H.167</a>	Would establish the Environmental Stewardship Board to oversee and consult with the Secretary of Natural Resources regarding the operation and coordination of the Agency of Natural Resources and the management, protection, and conservation of state surface waters, wetlands, wildlife, forests, ANR lands, groundwater, air quality, and other natural resources managed or regulated by the agency.	House Nat. Resources, Fish, and Wildlife
<a href="#">H.177</a>	Would approve an amendment to the charter of the City of Montpelier regarding the eligibility of non-citizen voters, the city voter checklist, and the city election ballot.	House Government Operations
<a href="#">H.180</a>	Would permit the dissolution of or withdrawal from a unified union school district formed by order of the State Board of Education under Act 46.	House Education
<a href="#">H.182</a>	Would provide transition facilitation grant funding to school districts that were formed by the State Board of Education's merger order under Act 46.	House Education
<a href="#">H.184</a>	Would eliminate the excess spending penalty and change the way the homestead property tax rate is calculated. The Agency of Education would make three separate recommendations on pupil weighting factors, an adequacy amount for all school districts' education spending, and education quality standards, including mechanisms for enforcing those standards.	House Education
<a href="#">H.194</a>	Would enact measures to support and accelerate the broadband deployment objectives of communications union districts and create an Office of Broadband.	House Energy and Technology
<a href="#">H.195</a>	Would permit law enforcement to utilize facial recognition technology in the investigation of certain crimes provided the search is solely confined to locating images of an individual within electronic media legally seized by law enforcement in relation to the specific investigation.	House Judiciary
<a href="#">H.197</a>	Would establish an independent civilian board to supervise and control the storage of and access to law enforcement body-worn camera footage. The board would be composed of five civilian members, appointed by members of the three branches of government, and be tasked with reviewing the footage and making redactions to it prior to release when appropriate.	House Government Operations
<a href="#">H.200</a>	Would impose a residency requirement for the owner of a short-term rental property.	House Gen., Housing, and Military Affairs
<a href="#">H.203</a>	Would impose an enhanced penalty for the offense of criminal threatening with the intent to threaten a state employee or elected official.	House Judiciary
<a href="#">S.50</a>	Would require the use of ranked choice voting in all primary elections for U.S. Senator, U.S. Representative, and state office and in general elections for U.S. Senator and U.S. Representative.	Senate Government Operations
<a href="#">S.63</a>	Would prohibit schools from contracting for the services of school resource officers.	Senate Education
<a href="#">S.64</a>	Would create a property tax exemption for new broadband infrastructure constructed by an electric cooperative.	Senate Finance

**Please note:** For the 2021 session, the *Weekly Legislative Report* is an all-digital publication with *this* exception: Readers without reliable internet service can receive paper copies **if they notify us at [mailings@vlct.org](mailto:mailings@vlct.org)**. Thanks for reading!