Finalizing Bills – What Local Officials Need to Know

During the legislative session, senators serve on both a morning committee and an afternoon committee. This week, the Senate’s morning committees stopped meeting as the afternoon committees rushed to finish their reviews of bills and senators spent most of their days in session, moving legislation along. In the House, where representatives serve on just one committee, members were also hurrying through bills, a number of which affect local governments. It finally feels as if the session is nearing its end.

This is the last legislative report for 2021. The last few days of the regular session will be taken up with conference committees and other efforts to reconcile House and Senate versions of priority bills. Following those discussions in the virtual State House may be more difficult than usual—and it is never easy. While legislators are planning to adjourn around May 22, they are also preparing for a possible veto session in June, should the governor veto any bills they believe they can override. Legislators may return in October if a federal infrastructure bill is passed, as they are not interested in leaving the allocation of federal money to the administration.

Once all of the bills are passed, their language is checked for accuracy by legislative staff, a process that can take up to a month, even without a veto session. Only then are the final versions of bills posted on the legislative website. Therefore, we likely won’t publish our Legislative Wrap-Up until mid-June. Besides summarizing the session’s legislative activity, the Wrap-Up contains a list of summer study committees and new commissions that have been created in legislation and are of concern to local officials.

If you have questions on any legislative subject, please contact Karen (khorn@vlct.org) or Gwynn (gzakov@vlct.org). We will do our best to find you an answer!

Following are progress reports as of May 7 on some of the bills of concern.

- As of this writing, the legislative website lists only one conference committee, the one for the budget, H.439, and we find that curious. The House conferees, which were assigned on May 5, are Representatives May Hooper, Peter Fagan, and Kimberly Jessup, and Senators Richard Sears, Jane Kjitchel Richard Westman.
It may be that, given this session’s virtual State House, legislators would prefer to avoid conference committees and instead settle on amendments and counter amendments to the bill.

The conferees will need to take into account the administration’s concerns about H.439 and its investment in programs other than one-time infrastructure investment opportunities. “The Governor has been clear that he will not support appropriations in the budget that are funded with the State’s ARPA allotment if they are not one-time, transformational investments in long-term infrastructure,” wrote Secretary of Administration Susanne Young in a seven-page letter with a six-page appendix sent to House Appropriations Chair Mary Hooper. “Ultimately, they are initiatives to help address the fact that, for a decade prior to the pandemic, 11 of our 14 counties struggled with a chronic state of shrinking workforces and economic stagnation or recession.”

- Yesterday, the Senate passed H.449, a bill that would establish a nine-member Vermont Pension Investment Commission to replace the seven-member Vermont Pension Investment Committee. Under the Senate version of the bill, the new commission would include one member and one alternate elected by the employee and retiree members of each of the Vermont State Employees Retirement System, the Vermont State Teacher’s Retirement System, and the Vermont Municipal Employees’ Retirement System. It would also include two members and one alternate who are independent financial experts appointed by the governor, the state treasurer or designee who would serve in an ex officio capacity, a member representing a municipal employer appointed by VLCT’s executive director, and one member representing a school employer appointed by the Vermont School Boards Association. The bill would also create a six-member (three representatives and three senators) Joint Legislative Pension Oversight Committee to help other legislative committees on matters related to the state’s retirement system and post-employment benefits. H.449 now goes back to the House, which will either concur or appoint a conference committee.

- The Senate also passed H.433, the Transportation bill, recommending a “strike all” which means that the Transportation Committee voted out an entirely new version of the bill. However, not all the sections of the bill are different. The Senate deleted $3 million in one-time Transportation Fund dollars that the House had proposed to be added to Town Highway Aid in FY22 and moved that amount to Town Highway Structures and Town Highway Class 2 Roadway. The Agency of Transportation would be charged with determining how to distribute the $3 million between the two programs. The Senate bill would also increase funding from the agency’s Municipal Highway and Stormwater Mitigation Program by $500,000 in federal funds for a total of $6.6 million. (See House and Senate comparison below.) House committee members are committed to retaining the $3 million for Town Highway Aid, which is the most flexible program and provides funding to every municipality, and which VLCT supports. The bill will now likely go to conference committee.

- This week, the Senate passed H.438, the capital bill. On several occasions, differences between House and Senate versions of this bill have been reconciled with informal conversations rather than conference committees. The Senate-passed bill allocates $22 million for clean water, including $1.56 million for the Clean Water State Revolving Loan Fund and $3.3 million for Vermont Pollution Control Grants. Additionally, the Senate recommends $4.4 million for the Drinking Water State Revolving Loan Fund. The Clean Water Revolving Fund money is in addition to the ARPA allocations in the budget bill. (A spreadsheet for the capital bill is linked below.)
• Also this week, the Senate passed H.421, the bill that addresses animal cruelty investigations, response, and training, with proposals of amendment. The House will now concur, offer further amendments, or call for a conference committee.

• The Senate Finance Committee is finalizing work on two bills: H.436, the Miscellaneous Tax Bill, which comprises various amendments to tax laws every year and H.437, which, as it passed the House, would impose a property tax surcharge of one-half of one percent on all transfers of property in excess of $1 million. That revenue would go into the state’s General Fund. The House Ways and Means Committee is adding the same language into S.101.

• In the House, the Government Operations Committee proposed a strike-all amendment to both S.15 (the elections bill) and S.25 (the cannabis bill). The rental housing bill, S.79, was voted out of House General, Housing and Military Affairs.

• On Wednesday, the House Natural Resources, Fish and Wildlife Committee voted out S.101, the bill that would incentivize towns to modernize their bylaws to encourage housing opportunities. The committee’s version of the bill would require that grant funds from additional monies in the Municipal Planning Grant program be used to adopt bylaws that increase housing choice, affordability, and opportunity in smart growth areas. The committee once again deleted language in the Senate-passed bill that would have eliminated duplicative permits and fees for connections to municipal water and wastewater systems.

• The House Ways and Means Committee continues to consider S.33, the bill that would amend language regulating tax increment financing (TIF) districts, and which had included a project based TIF pilot program until the House Commerce and Economic Development Committee removed it last week. On Thursday, several local officials were given time to discuss various aspects of the existing TIF program. The committee expects to continue its discussion of the bill next week.

• Today the House Ways and Means Committee is also finalizing its recommendations on S.13, the pupil weighting bill that passed the Senate and was voted out of the House Education Committee on April 29.

Resources
• Secretary Young’s letter to House Appropriations Chair Hooper (May 4, 2021)
• Comparison of House-passed and Senate-passed versions of H.433 (April 21, 2021)
• Comparison of House-passed and Senate-passed versions of H.438

SNR Tees Up Clean Water Discussions for 2022

On Tuesday, Agency of Natural Resources Deputy Secretary Peter Walke testified before the Senate Natural Resources and Energy Committee about addressing clean water and water quality in Vermont. The committee is preparing to take up those issues, potentially over the course of the summer and certainly when they return to the State House next January.
Walke itemized the categories of need for water infrastructure, which totals $1.9 billion over the next ten years. Repairs and upgrades to wastewater ($490 million) and drinking water ($374 million) represent two of the biggest needs. If towns want to realize development that grows a sense of place and revitalizes their town centers, and if the state wants to more evenly distribute growth around the state, wastewater and water supply will be key. You don’t build without that infrastructure.

“It’s important to note that ‘wastewater systems’ are more than just infrastructure – they are often the key to community revitalization,” wrote Agency of Natural Resources Secretary Julie Moore in a VTDigger commentary this week, adding that more than 150 downtowns and village centers lack a public wastewater system. We have the opportunity today to build some of those community wastewater systems using money from the American Rescue Plan Act (ARPA) to make the investments more affordable for users who will pay for them.

New community wastewater is only one piece of the overall puzzle to figure out how best to address clean water, as Walke told the Senate Natural Resources Committee.

Remember that in the budget bill (H.439), the House proposed $100 million for water and sewer from ARPA dollars and the Senate proposed $115 million. The governor had proposed $170 million for stormwater, village water and sewer and pre-treatment, combined sewer overflow, dam safety, and water system upgrades in the home. The capital bill includes $1.6 million for the Clean Water State Revolving Fund, $3.3 million for municipal pollution control grants, and, in the Senate version, $4.4 million for the Drinking Water State Revolving Loan Fund.

Vermont has the opportunity to finally move ahead with significant upgrades and repairs to existing water infrastructure and for some of those 150 downtowns and villages to build wastewater and water facilities. Without ARPA funds, the potential of a federal infrastructure bill or earmarks (special projects enumerated in federal legislation) sponsored by Vermont’s Congressional delegation, these projects would face almost insurmountable financial burdens.

Resources
• Water Infrastructure Graphic Presented to SNR (May 4, 2021)
• VTDigger Community Revitalization Commentary (May 3, 2021)

ARPA Week 9

All across Vermont, local governments, state agencies, and the legislature are waiting for the U.S. Treasury to issue its guidance regulating the uses and reporting requirements of funds from the American Rescue Plan Act (ARPA). Whereas we had heard from the National League of Cities that guidance might be issued early, it now appears that guidance may be later than May 10. That is the date when the state ARPA aid and first half of local direct aid will be delivered to the state, and we still expect to learn of the allocations of ARPA local direct aid and county aid to Vermont’s cities, towns and incorporated villages about the same time. The state then has an additional thirty days to disburse the local aid money to cities, towns, and villages.
While we all wait for guidance, selectboards would be well advised to strategize about the list of projects and uses to which their towns will allocate local direct aid. They should assess the needs of government operations and community in developing plans for recovery. Taking the time to hear from their constituents and staff now may inform later decisions about how to respond to their towns’ comprehensive needs assessments and which projects to prioritize.

Remember that the state is receiving a Coronavirus Recovery Capital Fund, which will pay for capital expenditures in water and wastewater as well as broadband infrastructure. You may want to discuss priorities that are supported by cities and towns in your region with your neighboring communities – several of those discussions are being hosted by regional commissions. In the end, however, any decision about how the town spends local direct aid is yours.

Please continue to monitor VLCT’s American Rescue Plan Act webpage. Its FAQs are regularly updated, as is the National League of Cities FAQ page (linked from our page), where you will find answers to many of your questions.

On Tuesday, May 18, VLCT will host Intro to Coronavirus Local Fiscal Recovery Funds, a webinar to explain how the state will distribute nearly $200 million in Coronavirus Local Fiscal Recovery funds to Vermont cities, towns and villages. Learn what steps your municipality will need to take to receive the funds, how the funds can be used, and what resources are available to help your municipality spend and report on the funding.
Senator Leahy Meets with Local Officials

As part of his first post-COVID-19 Vermont tour, U.S. Senator Patrick Leahy met with a group of local officials in Middlebury on Tuesday to discuss how they hope to use American Rescue Plan Act (ARPA) dollars and municipal infrastructure needs that have been long delayed due to their unaffordable price tags. Leahy discussed the newly revived process for earmarks – that is, specific projects sponsored by Congressional delegations that are included in federal legislation – and urged local officials to contact his office with any suggestions.

Ted Brady, newly minted VLCT executive director and a former staffer for the senator, facilitated the session. Representatives from the towns of Bristol, Middlebury, and Vergennes, as well as from the Addison County Regional Planning Commission and the Addison County Economic Development Corporation attended the meeting under cover of the Lions Pavilion at the Middlebury Recreation Park.

New Bills That Affect Municipalities

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<th>BILL NUMBER</th>
<th>BILL SUMMARY</th>
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<td>S.148</td>
<td>Would establish an environmental justice policy for the State of Vermont and require State agencies to incorporate environmental justice into their work; establish the Advisory Council on Environmental Justice within the Agency of Natural Resources to advise the State on environmental justice issues; and create an environmental justice mapping tool.</td>
<td>Senate Natural Resources and Energy</td>
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