

Overview of the Capital Bill Language

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Introduction to the Capital Bill

- Act name is the “Capital Construction and State Bonding Act” but referred to as the “Capital Bill”
- Contains the authorization for the State to incur debt through general obligation bonds for State capital projects
- Sets out the spending for State capital projects
- Directs certain policy initiatives relating to State capital projects

What is a “capital expense”?

- No statutory definition but generally means an investment that will have at least a 20-year useful life
- Eligible expenses include: “(1) Activities proposed for funding by general obligation debt financing shall be restricted to tangible capital investments, but may include the planning and design directly associated with a tangible capital investment.” (32 V.S.A. § 309)
- Examples include real estate, buildings (construction or renovation), and the purchase of certain machinery or equipment.

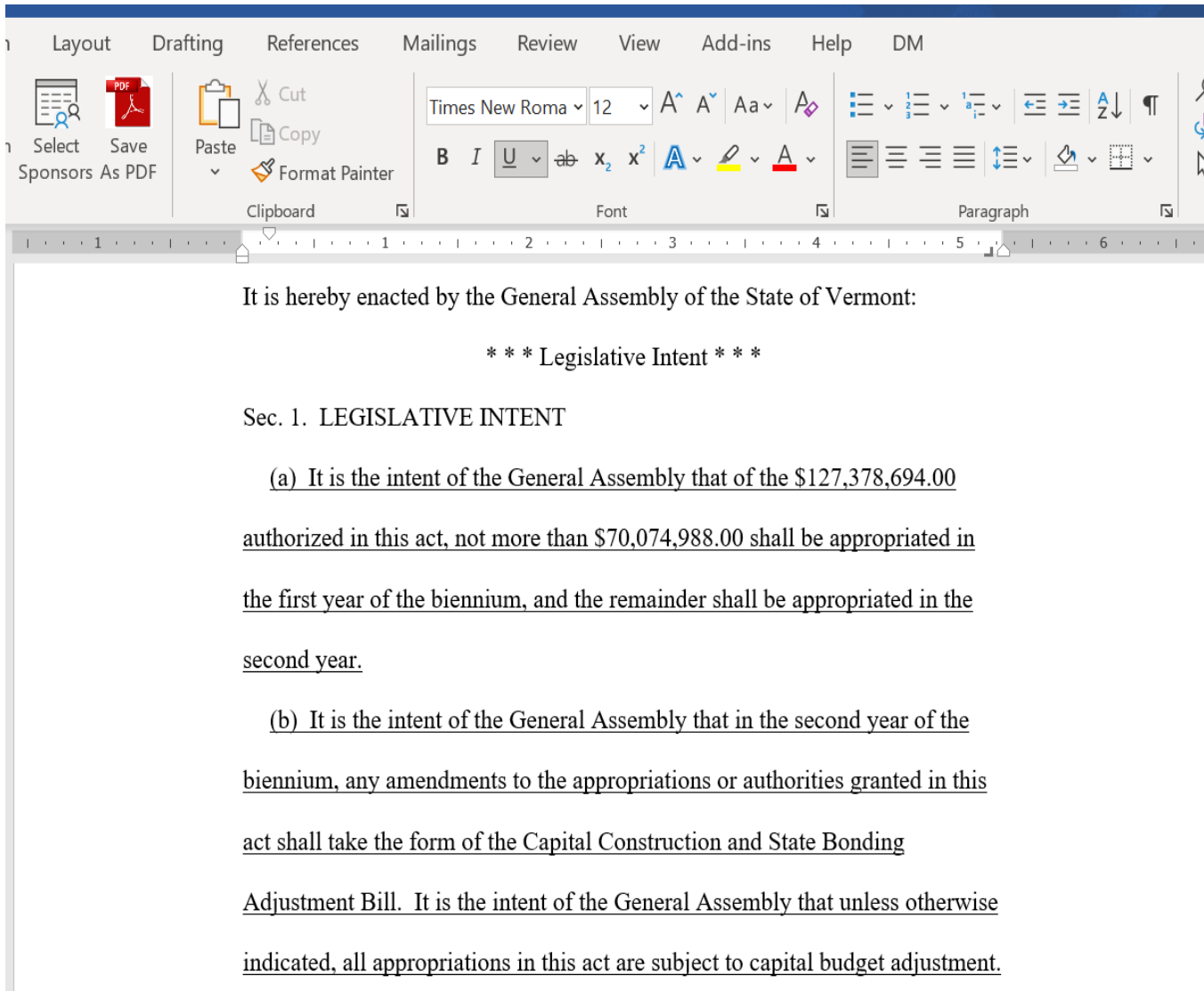
Capital Budget Process

- Process begins before session when the Department of Buildings and General Services works with other Executive Branch agencies to project the yearly capital expenditures in the context of the State's ten-year capital program plan (see 32 VSA §§ 309 and 310)
- Based on this projection, the Governor proposes an annual capital budget request to the General Assembly, and this forms the basis of the Capital Bill
- The proposal starts in the House and includes requests to fund new and existing capital projects, policy initiatives, and technical provisions
- The Committee uses that request to begin the Capital Bill process

Form of Capital Budget

- The capital budget process is a two-year budget:
 - first year appropriates funds for two years
 - second year is a budget adjustment and adjusts (either adds or subtracts) to the first year's bill. (*See 32 V.S.A. § 309(a)*)
- In the second year of the biennium, the bill is referred to as the “Capital Budget Adjustment Act” and tends to be smaller

Structure of the Bill



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

* * * Legislative Intent * * *

Sec. 1. LEGISLATIVE INTENT

(a) It is the intent of the General Assembly that of the \$127,378,694.00 authorized in this act, not more than \$70,074,988.00 shall be appropriated in the first year of the biennium, and the remainder shall be appropriated in the second year.

(b) It is the intent of the General Assembly that in the second year of the biennium, any amendments to the appropriations or authorities granted in this act shall take the form of the Capital Construction and State Bonding Adjustment Bill. It is the intent of the General Assembly that unless otherwise indicated, all appropriations in this act are subject to capital budget adjustment.

- Bill is divided into two parts:
 - The first part is the “money” section and includes appropriations to capital projects (and some related language)
 - The second part is dedicated to policy initiatives
- Typically, the first section is a “Legislative Intent” section

Structure of the Bill: Money Sections

The money section of the bill generally follows a similar format from year to year, and includes appropriations to the following:

- State Buildings (Department of Buildings and General Services)
- Human Services
- Judiciary
- Commerce and Community Development
- Grant Programs
- Education
- University of Vermont
- Vermont State Colleges
- Natural Resources
- Military
- Public Safety
- Agriculture, Food and Markets
- Vermont Rural Fire Protection
- Vermont Veterans' Home
- Reallocation of Funds

Structure of the Bill: Money Sections

- The money section is the spreadsheet in words
- The “State Buildings” section is typically the largest
- The line-item appropriations have varying levels of detail

Sec. 2. STATE BUILDINGS

(a) The following sums are appropriated to the Department of Buildings and General Services, and the Commissioner is authorized to direct funds appropriated in this section to the projects contained in this section; however, no project shall be canceled unless the Chairs of the Senate Committee on Institutions and the House Committee on Corrections and Institutions are notified before that action is taken.

(b) The following sums are appropriated in FY 2022:

<u>(1) Statewide, major maintenance:</u>	<u>\$7,102,300.00</u>
<u>(2) Statewide, BGS engineering and architectural project costs:</u>	<u>\$3,624,474.00</u>
<u>(3) Statewide, physical security enhancements:</u>	<u>\$250,000.00</u>
<u>(4) Statewide, planning, use and contingency:</u>	<u>\$500,000.00</u>
<u>(5) Burlington, 108 Cherry Street, parking garage repairs:</u>	

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Information Technology and shared common spaces: \$1,400,000.00

(d)(1) On or before January 15, 2023, the Commissioner of Buildings and General Services shall submit to the House Committee on Corrections and Institutions and the Senate Committee on Institutions heat source options for a system to dehumidify the State House in the summer months that are consistent with the State Agency Energy Plan set forth in 3 V.S.A. § 2291.

(2) For the amount appropriated in subdivision (c)(15) of this section, no funds shall be expended on the heat source for a system to dehumidify the State House in the summer months until the General Assembly approves one of the options, as described in subdivision (1) of this subsection (d).

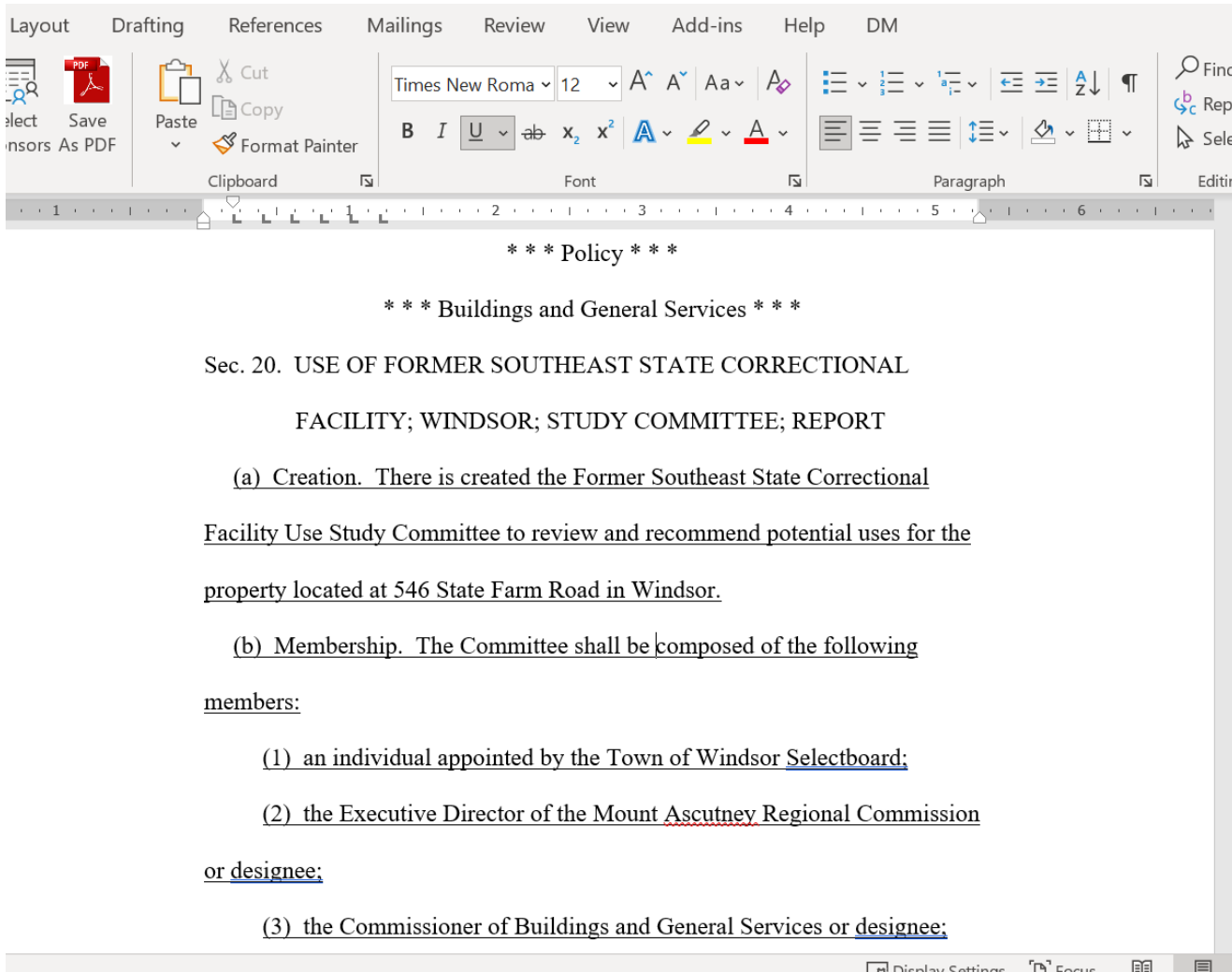
Appropriation – FY 2022		\$19,316,774.00
Appropriation – FY 2023	\$24,800,442.00	<u>\$28,714,521.00</u>
Total Appropriation – Section 2	\$44,117,216.00	<u>\$48,031,295.00</u>

Structure of the Bill: Money Sections

- Each money section includes total appropriations for each year and total appropriations for the whole section
- May include some policy language

Structure of the Bill: Policy Sections

- The order of the policy section of the bill is based on what policy initiatives the Governor has proposed in the capital budget request and any other capital-related policies the General Assembly would like to address that year.
- Typically, in alphabetical order by State agency/department
- Examples include sale of state buildings, reporting requirements on use of buildings, study committees on use of space/buildings



The screenshot shows a Microsoft Word document with the following content:

*** Policy ***

*** Buildings and General Services ***

Sec. 20. USE OF FORMER SOUTHEAST STATE CORRECTIONAL FACILITY; WINDSOR; STUDY COMMITTEE; REPORT

(a) Creation. There is created the Former Southeast State Correctional Facility Use Study Committee to review and recommend potential uses for the property located at 546 State Farm Road in Windsor.

(b) Membership. The Committee shall be composed of the following members:

(1) an individual appointed by the Town of Windsor Selectboard;

(2) the Executive Director of the Mount Ascutney Regional Commission

or designee;

(3) the Commissioner of Buildings and General Services or designee;

Structure of the Bill: Reallocations

Sec. 18. REALLOCATION OF FUNDS; TRANSFER OF FUNDS

(a) The following sums are reallocated to the Department of Buildings and General Services from prior capital appropriations to defray expenditures authorized in Sec. 2 of this act:

(1) of the amount appropriated in 2017 Acts and Resolves No. 84, Sec.

2(b)(11)(109 and 111 State Street, design): \$45,128.00

▲ (2) of the amount appropriated in 2017 Acts and Resolves No. 84, Sec. 2(c)(10), as amended by 2018 Acts and Resolves No. 190, Sec. 1 (109 and 111 State Street, final design and construction): \$31,250.00

(3) of the amount appropriated in 2019 Acts and Resolves No. 42, Sec. 2, as amended by 2020 Acts and Resolves No. 139, Sec. 1 (Windsor, costs to renovate space at the former Southeast State Correctional Facility):

\$700,000.00

- 32 V.S.A. § 701a provides authority to reallocate unexpended capital funds each year
- Typically, organized by who the funds were originally appropriated to

Structure of the Bill: Other Authorities

Sec. 19. GENERAL OBLIGATION BONDS AND APPROPRIATIONS

(a) The State Treasurer is authorized to issue general obligation bonds in the amount of \$123,180,000.00 for the purpose of funding the appropriations of this act. The State Treasurer, with the approval of the Governor, shall determine the appropriate form and maturity of the bonds authorized by this section consistent with the underlying nature of the appropriation to be funded. The State Treasurer shall allocate the estimated cost of bond issuance or issuances to the entities to which funds are appropriated pursuant to this section and for which bonding is required as the source of funds, pursuant to 32 V.S.A. § 954.

(b) The State Treasurer is authorized to issue additional general obligation bonds in the amount of \$12,840,163.00 that were previously appropriated but unissued under 2021 Acts and Resolves No. 50 for the purpose of funding the appropriations in this act.

Total Revenues – Section 19	\$123,180,000.00	<u>\$136,020,163.00</u>	 (Ctrl) ▼
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- Authority to issue general obligation bonds and use bond premium