

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Commerce and Economic Development to which was  
3 referred House Bill No. 769 entitled “An act relating to establishing a baby  
4 bond trust program” respectfully reports that it has considered the same and  
5 recommends that the bill be amended by striking out all after the enacting  
6 clause and inserting in lieu thereof the following:

7 Sec. 1. 3 V.S.A. chapter 20 is added to read:

8 CHAPTER 20. VERMONT BABY BOND TRUST

9 § 601. DEFINITIONS

10 As used in this chapter:

11 (1) “Designated beneficiary” means an individual born on or after July  
12 1, 2024 who was eligible at birth for coverage in the Dr. Dynasaur program  
13 established in accordance with Title XIX (Medicaid) and Title XXI (SCHIP) of  
14 the Social Security Act or for coverage available pursuant to 33 V.S.A. chapter  
15 19, subchapter 9.

16 (2) “Eligible expenditure” means an expenditure associated with any of  
17 the following, each as prescribed by the Treasurer:

18 (A) education of a designated beneficiary;

19 (B) purchase of a dwelling unit or real property in Vermont by a  
20 designated beneficiary;

1           (C) investment in a business in Vermont by a designated beneficiary;

2           or

3           (D) investment or rollover in a qualified retirement account,

4           Section 529 account, or Section 529A account established for the benefit of a

5           designated beneficiary.

6           (3) “Trust” means the Vermont Baby Bond Trust established by this

7           chapter.

8           § 602. VERMONT BABY BOND TRUST; ESTABLISHMENT;

9           IMPLEMENTATION

10          (a) There is established the Vermont Baby Bond Trust, to be administered

11          by the Office of the State Treasurer. The Trust shall constitute an

12          instrumentality of the State and shall perform essential governmental functions

13          as provided in this chapter. The Trust shall receive and hold until disbursed in

14          accordance with section 607 of this title all payments, deposits, and

15          contributions intended for the Trust; as well as gifts, bequests, and

16          endowments; federal, State, and local grants; any other funds from any public

17          or private source; and all earnings on these funds.

18          (b)(1) The amounts on deposit in the Trust shall not constitute property of

19          the State, and the Trust shall not be construed to be a department, institution, or

20          agency of the State. Amounts on deposit in the Trust shall not be commingled

1 with State funds, and the State shall have no claim to or against, or interest in,  
2 the amounts on deposit in the Trust.

3 (2) Any contract entered into by, or any obligation of, the Trust shall not  
4 constitute a debt or obligation of the State, and the State shall have no  
5 obligation to any designated beneficiary or any other person on account of the  
6 Trust.

7 (3) All amounts obligated to be paid from the Trust shall be limited to  
8 the amounts available for that obligation on deposit in the Trust. The amounts  
9 on deposit in the Trust shall only be disbursed in accordance with the  
10 provisions of section 607 of this title.

11 (4) The Trust shall continue in existence until it no longer holds any  
12 deposits or has any obligations and its existence is terminated by law. Upon  
13 termination, any unclaimed assets shall return to the State and shall be  
14 governed by the provisions of 27 V.S.A chapter 18.

15 (c) The Treasurer shall be responsible for receiving, maintaining,  
16 administering, investing, and disbursing amounts from the Trust. The Trust  
17 shall not receive deposits in any form other than cash.

18 (d) The duty to implement this chapter is contingent upon the Treasurer's  
19 receipt of funds designated for purposes of implementation or administration  
20 of the Trust.

21 § 603. TREASURER'S TRUST AUTHORITY

- 1        The Treasurer, on behalf of the Trust and for purposes of the Trust, may:
- 2            (1) receive and invest monies in the Trust in any instruments,
- 3        obligations, securities, or property in accordance with section 604 of this title;
- 4            (2) enter into one or more contractual agreements, including contracts
- 5        for legal, actuarial, accounting, custodial, advisory, management,
- 6        administrative, advertising, marketing, or consulting services, for the Trust and
- 7        pay for such services from the assets of the Trust;
- 8            (3) procure insurance in connection with the Trust’s property, assets,
- 9        activities, or deposits and pay for such insurance from the assets of the Trust;
- 10        (4) apply for, accept, and expend gifts, grants, and donations from public
- 11        or private sources to enable the Trust to carry out its objectives;
- 12        (5) adopt rules pursuant to 3 V.S.A. chapter 25;
- 13        (6) sue and be sued;
- 14        (7) establish one or more funds within the Trust and expend reasonable
- 15        amounts from the funds for internal costs of administration; and
- 16        (8) take any other action necessary to carry out the purposes of this
- 17        chapter.

18        § 604. INVESTMENT OF FUNDS IN THE TRUST

19        The Treasurer shall invest the amounts on deposit in the Trust in a manner

20        reasonable and appropriate to achieve the objectives of the Trust, exercising

21        the discretion and care of a prudent person in similar circumstances with

1 similar objectives. The Treasurer shall give due consideration to the rate of  
2 return, risk, term or maturity, and liquidity of any investment; diversification  
3 of the total portfolio of investments within the Trust; projected disbursements  
4 and expenditures; and the expected payments, deposits, contributions, and gifts  
5 to be received. The Treasurer shall not invest directly in obligations of the  
6 State or any political subdivision of the State or in any investment or other  
7 fund administered by the Treasurer. The assets of the Trust shall be  
8 continuously invested and reinvested in a manner consistent with the  
9 objectives of the Trust until disbursed for eligible expenditures or expended on  
10 expenses incurred by the operations of the Trust.

11 § 605. EXEMPTION FROM TAXATION

12 The property of the Trust and the earnings on the Trust shall be exempt  
13 from all taxation by the State or any political subdivision of the State.

14 § 606. MONIES INVESTED IN TRUST NOT CONSIDERED ASSETS OR  
15 INCOME

16 (a) Notwithstanding any provision of law to the contrary, and to the extent  
17 permitted by federal law, no sum of money invested in the Trust shall be  
18 considered to be an asset or income for purposes of determining an  
19 individual's eligibility for assistance under any program administered by the  
20 Agency of Human Services.

1        (b) Notwithstanding any provision of law to the contrary, no sum of money  
2        invested in the Trust shall be considered to be an asset for purposes of  
3        determining an individual’s eligibility for need-based institutional aid grants  
4        offered to an individual by a public postsecondary school located in Vermont.

5        § 607. ACCOUNTING FOR DESIGNATED BENEFICIARY; CLAIMS  
6                REQUIREMENTS

7        (a) The Treasurer shall establish in the Trust an accounting for each  
8        designated beneficiary in the amount of \$3,200.00. Each accounting shall  
9        include the initial amount of \$3,200.00, plus the designated beneficiary’s pro  
10       rata share of total net earnings from investments of sums held in the Trust.

11       (b) A designated beneficiary shall become eligible to receive the total sum  
12       of the accounting under subsection (a) of this section upon the designated  
13       beneficiary’s 18th birthday and completion of a financial coaching requirement  
14       as prescribed by the Treasurer. The sum shall only be used for eligible  
15       expenditures.

16       (c) The Treasurer shall create a financial coaching program and materials  
17       designed to educate designated beneficiaries and others about the permissible  
18       use of funds available under this chapter.

19       (d) A designated beneficiary, or the designated beneficiary’s authorized  
20       representative in the case of a designated beneficiary unable to make a claim  
21       due to disability, may submit a claim for accounting until the designated

1 beneficiary’s 30th birthday, provided the designated beneficiary is a resident of  
2 the State at the time of the claim. If a designated beneficiary dies before  
3 submitting a valid claim or fails to submit a valid claim before the designated  
4 beneficiary’s 30th birthday, the designated beneficiary’s accounting shall be  
5 credited back to the assets of the Trust.

6 (e) The Treasurer shall adopt rules pursuant to 3 V.S.A. chapter 25 to carry  
7 out the purposes of this section, including prescribing the process for  
8 submitting a valid claim for accounting.

9 § 608. DATA SHARING

10 In carrying out the purposes of this chapter, the Treasurer may enter into an  
11 intergovernmental agreement or memorandum of understanding with any  
12 agency or instrumentality of the State requiring disclosure to execute the  
13 purposes of this chapter to receive outreach, technical assistance, enforcement,  
14 and compliance services; collection or dissemination of information pertinent  
15 to the Trust, including protected health information and personal identification  
16 information, subject to such obligations of confidentiality as may be agreed to  
17 or required by law; or other services or assistance.

18 Sec. 2. VERMONT BABY BOND TRUST; HOUSING OPPORTUNITIES;

19 REPORT

1        (a) The Office of the State Treasurer, in consultation with interested  
2        stakeholders, shall evaluate the following issues and options under the  
3        Vermont Baby Bond Trust program established in 3 V.S.A. chapter 20:

4            (1) increasing housing opportunities in Vermont through investment of  
5        Trust funds, including:

6            (A) how the Treasurer may, consistent with the Treasurer’s fiduciary  
7        obligations and subject to the provisions of 32 V.S.A. chapter 7, subchapter 2,  
8        invest the funds to advance housing opportunities in Vermont;

9            (B) the amount of funds that could be invested in this manner;

10          (C) the anticipated impact of these investments on housing in  
11        Vermont;

12          (2) potential funding sources for the program;

13          (3) creating eligibility conditions for, and safeguards to protect, a  
14        beneficiary’s investment in a business in Vermont;

15          (4) additional mechanisms to encourage beneficiaries to stay in  
16        Vermont, including:

17          (A) incentives to encourage beneficiaries expend funds on education  
18        at in-State institutions;

19          (B) the feasibility of limiting expenditures on education to in-State  
20        institutions while permitting waivers to access out-of-State institutions based  
21        on program availability and capacity;



1           (5) modifications to the financial coaching element of the program,

2           including:

3           (A) ensuring a parent or caretaker of a beneficiary is made aware of  
4           the program at or around the time of the beneficiary’s birth and offered a  
5           financial coaching program substantially similar to that offered beneficiaries;

6           (B) providing additional financial coaching opportunities for  
7           beneficiaries who delay withdrawing funds after meeting eligibility conditions;

8           (C) utilizing an advisory board to assist in developing the financial  
9           coaching element;

10           (D) measures to expand financial coaching to all children living in  
11           Vermont;

12           (6) measures for achieving inflationary adjustment of the statutorily  
13           mandated accounting;

14           (7) whether additional needs-based programs administered by the State  
15           may be impacted by a beneficiary’s entitlement to funds in the Trust;

16           (8) the feasibility of altering the program to permit unclaimed funds to  
17           rollover into a beneficiary’s retirement account; and

18           (9) any other issues relating to the Vermont Baby Bond Trust  
19           investments that the Treasurer identifies as warranting study.

1        (b) On or before January 15, 2026, the Office of the State Treasurer shall  
2        submit a written report to the General Assembly with its findings and any  
3        recommendations for legislative action.

4        Sec. 3. EFFECTIVE DATE

5        This act shall take effect on July 1, 2024.

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11        (Committee vote: \_\_\_\_\_)

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Representative \_\_\_\_\_

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FOR THE COMMITTEE