

Rebecca Wasserman  
Capital and Essential Investments Reserve Fund  
CoC Proposal  
May 2, 2023

1 Sec. C.XXX 32 V.S.A. § 1001b is amended to read:

2 § 1001b. ~~CASH FUND FOR CAPITAL EXPENDITURE CASH FUND AND~~  
3 ESSENTIAL INVESTMENTS

4 (a) Creation. There is hereby created the ~~Capital Expenditure-Cash Fund~~  
5 for Capital and Essential Investments to be administered by the Commissioner  
6 of Finance and Management, in consultation with the State Treasurer, ~~for the~~  
7 ~~purpose of using general funds.~~ The Fund shall have the following two  
8 subaccounts:

9 (1) the Capital Infrastructure subaccount, to defray the costs of future  
10 capital expenditures that would otherwise be authorized in the capital  
11 construction act and paid for using the State's general obligation bonding  
12 authority and debt service obligations or paid for as a direct associated cost of  
13 a capital project; and

14 (2) the Other Infrastructure, Essential Investments, and Reserves  
15 subaccount, to fund essential investments and infrastructure needs, create  
16 reserves for these expenditures, including transportation-related projects, and  
17 make contingent appropriations for other infrastructure investments, as  
18 authorized by the General Assembly.

19 (b) Fund Accounts. ~~The Fund may consist of:~~

20 (1) Capital Infrastructure subaccount. The Capital Infrastructure  
21 subaccount may consist of:

22 (A) transfers made by the General Assembly of four percent or less  
23 of the last completed fiscal year's General Fund appropriations, less the

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1 amount necessary to fund the State's general obligation debt service in the year  
2 for which the transfer is being made, as determined by the State Treasurer and  
3 the Commissioner of Finance and Management; and

4 (B) any interest earned by the subaccount.

5 (2) Other Infrastructure, Essential Investments, and Reserves

6 subaccount. The Other Infrastructure and Essential Investments subaccount  
7 may consist of any appropriations or transfers made by the General Assembly;  
8 from the General Fund or any other State fund and

9 ~~(2) any interest earned by the Fund.~~ any contingent transfers made by  
10 the General Assembly from the General Fund after satisfying the requirements  
11 of 32 V.S.A. § 308 but prior to satisfying the requirements of 32 V.S.A. § 308c  
12 in any fiscal year and any contingent transfers made by the General Assembly  
13 from other State funds.

14 (c) Use of funds. ~~Expenditure shall only be made from the Fund by~~  
15 ~~appropriations by the General Assembly. Plans for use shall be submitted as~~  
16 ~~part of the operating budget adjustment or operating budget process. Monies~~  
17 ~~in the Fund~~ Accounts shall only be used for as follows:

18 (1) ~~costs associated with a proposed capital project that occur prior to~~  
19 ~~the construction phase of that project, including feasibility, planning, design,~~  
20 ~~and engineering and architectural costs;~~ Expenditures shall only be made by  
21 the General Assembly from the Capital Infrastructure subaccount for:

22 (A) tangible capital investments, as described in section 309 of this  
23 title, with an anticipated lifespan of 20 years or more; and

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1           (B) engineering and architectural costs directly associated with a  
2           proposed capital project.

3           ~~(2) projects with an anticipated lifespan of 20 years; Expenditures shall~~  
4           ~~only be made by the General Assembly from the Other Infrastructure, Essential~~  
5           ~~Investments, and Reserves subaccount for:~~

6           (A) any expenditure eligible under subdivision (1) of this subsection  
7           (c); and

8           (B) any other essential investments and infrastructure needs,  
9           including transportation-related projects and capitalization of revolving loan  
10           funds.

11           ~~(3) costs associated with the early redemption of general obligation~~  
12           ~~bonds; and~~

13           ~~(4) other eligible capital projects receiving an appropriation from the~~  
14           ~~General Assembly~~

15           (d) Fund balance. All balances in the Fund accounts at the end of any  
16           fiscal year shall be carried forward and remain part of the Fund accounts.  
17           Notwithstanding 32 V.S.A. § 511, the Commissioner of Finance and  
18           Management shall not anticipate receipts for the Fund accounts and issue  
19           warrants thereon.

20           ~~(e) Early redemption transfer. If any expenditures are made from the Fund~~  
21           ~~or the General Assembly appropriates general funds to pay for the early~~  
22           ~~redemption of general obligation bonds pursuant to subdivision (c)(3) of this~~  
23           ~~section, then an amount equal to the reduction in debt service required in any~~

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1 ~~fiscal year resulting from that redemption shall be transferred to the Fund~~

2 Spending authority. Any entity authorized to make expenditures from the

3 Capital Infrastructure subaccount shall have not more than two years from the

4 legislative session in which the act authorizing the expenditure was enacted to

5 encumber the funds. Any remaining unencumbered funds shall remain part of

6 the Fund account.

7 Sec. **XXXX** 32 V.S.A. § 1001 is amended to read:

8 § 1001. CAPITAL DEBT AFFORDABILITY ADVISORY COMMITTEE

9 \* \* \*

10 (c) Committee estimate of a prudent amount of net State tax-supported  
11 debt; affordability considerations. On or before September 30 of each year, the  
12 Committee shall submit to the Governor and the General Assembly the  
13 Committee's estimate of net State tax-supported debt that prudently may be  
14 authorized for the next fiscal year, together with a report explaining the basis  
15 for the estimate. The Committee's estimate shall not take into consideration  
16 the balance remaining at the end of each fiscal year in the subaccounts of the  
17 Cash Fund for Capital and Essential Investments, established pursuant to  
18 section 1001b of this title. The provisions of 2 V.S.A. § 20(d) (expiration of  
19 required reports) shall not apply to the report to be made under this subsection.  
20 In developing its annual estimate, and in preparing its annual report, the  
21 Committee shall consider:

22 \* \* \*