

Rebecca Wasserman

Proposal for H. 471

May 3, 2023

1 Sec. 1. 24 V.S.A. § 4551 is amended to read:

2 § 4551. DEFINITIONS

3 ~~The following definitions shall apply throughout~~ As used in this chapter
4 ~~unless the context clearly requires otherwise:~~

5 (1) “Bank” means the Vermont ~~Municipal~~ Bond Bank established by
6 section 4571 of this title.

7 * * *

8 (7) “Municipal bond” means a bond or note or evidence of debt or
9 financing arrangement of a governmental unit, including a bond, note, or
10 evidence of debt constituting a general obligation of a governmental unit,
11 constituting a general obligation of a governmental unit, but does not include
12 any bond or note or evidence of debt issued by any other state or any public
13 body or municipal corporation thereof.

14 * * *

15 (10) “Public body” means any public body corporate and politic or any
16 political subdivision of the State established under any law of the State ~~that~~
17 ~~may issue its bonds or notes, whether heretofore or hereafter established.~~

18 (11) “Reserve Fund” means the Vermont ~~Municipal~~ Bond Bank Reserve
19 fund established under section 4671 of this title.

20 * * *

21 (13) “Revenue bond” means a bond or note or evidence of debt
22 constituting an obligation or financing arrangement of a governmental unit
23 authorized under laws of the State and payable solely from revenues derived

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1 from the financed asset, enterprise funds or other specified revenues and the
2 earnings thereon ~~out of the earnings or profits derived, or to be derived, from~~
3 ~~the operation of a public utility, authorized and issued in accordance with~~
4 ~~subchapter 2 of chapter 53 of this title.~~

5 (14) “Revenue Bond Reserve Fund” means the Vermont ~~Municipal~~
6 Bond Bank Revenue Bond Reserve Fund established under section 4681 of
7 this title.

8 (15) “Revenue Fund” means the Vermont ~~Municipal~~ Bond Bank
9 Revenue Fund established under section 4683 of this title.

10 Sec. 2. 24 V.S.A. § 4571 is amended to read:

11 § 4571. ESTABLISHMENT

12 There is hereby established a body corporate and politic, with corporate
13 succession, to be known as the “Vermont ~~Municipal~~ Bond Bank.” The Bank is
14 hereby constituted as an instrumentality exercising public and essential
15 governmental functions, and the exercise by the Bank of the powers conferred
16 by this chapter are deemed to be an essential governmental function of the
17 State.

18 Sec. 3. 24 V.S.A. § 4571a is amended to read:

19 § 4571a. REPORTS

20 The Vermont ~~Municipal~~ Bond Bank shall prepare and submit, consistent
21 with 2 V.S.A. § 20(a), a report on activities for the preceding calendar year,
22 pursuant to section 4594 of this title.

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1 Sec. 4. 24 V.S.A. § 4592 is amended to read:

2 § 4592. SUPPLEMENTARY POWERS

3 The Bank, in addition to any other powers granted in this chapter, has the
4 following powers:

5 * * *

6 (3) To establish any terms and provisions with respect to any loan to
7 governmental units through the purchase of municipal bonds or revenue bonds
8 by the Bank, including date and maturities of the bonds, provisions as to
9 redemption or payment prior to maturity, and any other matters which are
10 necessary, desirable, or advisable in the judgment of the Bank.

11 * * *

12 (10) To issue bonds, other forms of indebtedness, or other financing
13 obligations or arrangements for projects relating to renewable energy, as
14 ~~defined in 30 V.S.A. § 8002(17), or to energy efficiency, climate adaptation,~~
15 and projects that otherwise result in the reduction of greenhouse gas emissions
16 ~~under subchapter 2 of chapter 87 of this title. Bonds shall be supported by both~~
17 ~~the general obligation and the assessment payment revenues of the~~
18 ~~participating municipality.~~

19 Sec. 5. 24 V.S.A. § 4652 is amended to read:

20 § 4652. WAIVER OF DEFENSES; RIGHTS OF HOLDER

21 On the sale and issuance of any municipal bonds or revenue bonds to the
22 Bank by any governmental unit, that governmental unit is deemed to agree that
23 on the failure of that governmental unit to pay interest or principal on any of

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1 the municipal bonds or revenue bonds owned or held by the Bank when
2 payable, all defenses to nonpayment are waived; and further, with respect to
3 municipal bonds that constitute general obligation bonds supported by the full
4 faith and credit of the municipality, upon nonpayment and demand on that
5 governmental unit for payment, if funds are not available in its treasury to
6 make payment, the governing body of that governmental unit shall forthwith
7 assess a tax on the grand list of the governmental unit, sufficient to make
8 payment with 12 percent interest thereon, and cause the tax to be collected
9 within 60 days; and further, with respect to municipal bonds that do not
10 constitute general obligation bonds supported by the full faith and credit of the
11 municipality and revenue bonds, upon nonpayment and demand on that
12 governmental unit for payment, such governmental unit shall make payment
13 together with interest thereon of 12 percent, which shall be due and payable
14 within 60 days; and further, notwithstanding any other law, including any law
15 under which the municipal bonds or revenue bonds were issued by that
16 governmental unit, the Bank upon nonpayment is constituted a holder or owner
17 of the municipal bonds or revenue bonds as being in default. Also
18 notwithstanding any other law as to time or duration of default or percentage of
19 holders or owners of bonds entitled to exercise rights of holders or owners of
20 bonds in default, or to invoke any remedies or powers thereof or of any trustee
21 in connection therewith or of any board, body, agency, or commission of the
22 State having jurisdiction in the matter or circumstance, the Bank may
23 thereupon avail itself of all other remedies, rights, and provisions of law

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1 applicable in that circumstance, and the failure to exercise or exert any rights
2 or remedies within any time or period provided by law may not be raised as a
3 defense by the governmental unit. All of the bonds of the issue of municipal
4 bonds or revenue bonds of a governmental unit on which there is nonpayment,
5 are for all of the purposes of this section deemed to be due and payable and
6 unpaid. The Bank may carry out the provisions of this section and exercise all
7 of the rights and remedies and provisions of law provided or referred to in this
8 section.

9 Sec. 6. 24 V.S.A. § 4676 is amended to read:

10 § 4676. GENERAL FUND

11 * * *

12 (b) Any monies in the General Fund may, subject to any contracts between
13 the Bank and its bondholders or noteholders, be transferred to the Reserve
14 Fund established pursuant to section 4671 of this title, or if not so transferred,
15 shall be used for the payment of the principal of or interest on bonds or notes
16 of the Bank presently outstanding and any bonds or notes on a parity therewith,
17 and any bonds or notes issued to refund such bonds or notes, all when they
18 become due and payable, whether at maturity or upon redemption including
19 payment of any premium upon redemption prior to maturity, and any monies in
20 the General Fund may be used to make loans to governmental units under this
21 chapter ~~for the purchase of municipal bonds~~ and for all other purposes of the
22 Bank including payment of its operating expenses.

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1 Sec. 7. 24 V.S.A. § 4683 is amended to read:

2 § 4683. REVENUE FUND

3 (a) The Bank shall establish and maintain a fund called the “Revenue
4 Fund” in which there shall be deposited:

5 * * *

6 (3) monies received by the Bank as payments of principal of or interest
7 on municipal bonds or revenue bonds purchased by the Bank, or received as
8 proceeds of sale of any municipal bonds or revenue bonds or investment
9 obligations of the Bank, or otherwise in repayment of loans made by the Bank,
10 or received as proceeds of sale of bonds or notes of the Bank, and required
11 under the terms of any resolution of the Bank or contract with the holders of its
12 bonds or notes to be deposited therein;

13 * * *

14 (b) Any monies in the Revenue Fund may, subject to any contracts between
15 the Bank and its bondholders or noteholders, be transferred to the Revenue
16 Bond Reserve Fund, or if not so transferred, shall be used for the payment of
17 the principal of or interest on bonds or notes of the Bank as provided by
18 resolution of the Bank when they become due and payable, whether at maturity
19 or upon redemption including payment of any premium upon redemption prior
20 to maturity, and any monies in the Revenue Fund may be used for making
21 loans to governmental units under this chapter ~~for the purchase of municipal~~
22 ~~bonds and revenue bonds~~ and for all other purposes of the Bank including
23 payment of its operating expenses.

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1 Sec. 8. 24 V.S.A. § 4703 is amended to read:

2 § 4703. POWERS OF TRUSTEE ON DEFAULT

3 A trustee appointed under section 4702 of this title may, and shall in ~~his or~~
4 ~~her or it's~~ the trustee's name, upon written request of the holders of 25 per
5 centum in principal amount of the outstanding notes or bonds:

6 (1) By suit, action, or proceeding, enforce all rights of the noteholders or
7 bondholders, including the right to require the Bank to collect rates, charges,
8 and other fees and to collect interest and amortization payments on loans made
9 to governmental units and on municipal bonds, revenue bonds, and notes held
10 by it adequate to carry out any agreement as to, or pledge of, the rates, charges,
11 and other fees and of the interest and amortization payments, and to require the
12 Bank to carry out any other agreements with the holders of the notes or bonds
13 and to perform its duties under this chapter;

14 * * *