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H.785

Introduced by Representatives Baser of Bristol, Beck of St. Johnsbury,  
Christie of Hartford, Conlon of Cornwall, Cupoli of Rutland  
City, Donovan of Burlington, Harrison of Chittenden, Joseph of  
North Hero, Keefe of Manchester, Lucke of Hartford, Masland  
of Thetford, McCoy of Poultney, O’Sullivan of Burlington,  
Scheuermann of Stowe, Sibia of Dover, Sullivan of Dorset,  
and Willhoit of St. Johnsbury

Referred to Committee on

Date:

Subject: Commerce and trade; economic development; housing

Statement of purpose of bill as introduced: This bill proposes to (1) increase  
the amounts available under the downtown and village tax credit program;  
(2) create a homeowner rehabilitation tax credit; (3) increase the amounts  
available under the first-time homebuyer down payment assistance program;  
(4) adopt miscellaneous amendments to enable municipal electronic filing; and  
(5) expand assistance for repairing failing or failed wastewater or water supply  
systems.

An act relating to housing and affordability

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

2 \* \* \* Downtown Tax Credits \* \* \*

3 Sec. 1. 32 V.S.A. § 5930ee is amended to read:

4 § 5930ee. LIMITATIONS

5 Beginning in fiscal year 2010 and thereafter, the State Board may award tax  
6 credits to all qualified applicants under this subchapter, provided that:

7 (1) the total amount of tax credits awarded annually, together with sales  
8 tax reallocated under section 9819 of this title, does not exceed ~~\$2,400,000.00~~  
9 \$2,650,000.00;

10 (2) a total annual allocation of ~~no~~ not more than 30 percent of these tax  
11 credits in combination with sales tax reallocation may be awarded in  
12 connection with all of the projects in a single municipality;

13 (3) no credit shall be allowed under this subchapter for the cost of  
14 acquiring any building or interest in a building;

15 (4) credit under any one subsection of 5930cc of this subchapter may  
16 not be allocated more often than once every two years with respect to the same  
17 building; and

18 (5) credit awarded under section 5930cc of this subchapter that is  
19 rescinded or recaptured by the State Board shall be available for the State  
20 Board to award to applicants in any subsequent year, in addition to the total  
21 amount of tax credits authorized under this section.

1                                   \* \* \* Homeowner Rehabilitation Tax Credit \* \* \*

2           Sec. 2. HOMEOWNER REHABILITATION TAX CREDIT

3           (a) Definitions. As used in this section:

4                           (1) “Qualified applicant” means an owner of a qualified building who is  
5                           not delinquent on any State taxes.

6                           (2) “Qualified building” means a property, including the main residence  
7                           and accessory buildings such as a barn or garage, that:

8                                   (A) the owner will occupy as his or her primary residence for not less  
9                           than five consecutive years;

10                                   (B) is located within a neighborhood planning area, as defined in  
11                           24 V.S.A. § 2793e;

12                                   (C) is assessed at or below the State median home value; and

13                                   (D) is not subject to a lien.

14                           (3) “Qualified project” means a construction project for which a  
15                           qualified applicant makes qualified rehabilitation expenditures for the  
16                           rehabilitation of a qualified building.

17                           (4) “Qualified rehabilitation expenditure” means a construction-related  
18                           expense for the rehabilitation of a qualified building, including design fees,  
19                           labor, materials, capital improvements, and the rehabilitation or construction of  
20                           an accessory housing unit.

1           (5) “State Board” means the Vermont Downtown Development Board  
2           established pursuant to 24 V.S.A. chapter 76A.

3           (b) Application and eligibility.

4           (1) In fiscal year 2019, Vermont municipalities may apply to the State  
5           Board to compete for the allocation of up to \$625,000.00 in homeowner  
6           rehabilitation tax credit certificates in not more than three pilot communities.

7           (2) A municipality shall specify in its application:

8           (A) the benefit area, such as a neighborhood or smaller geographic  
9           area, with demonstrated need for rehabilitation;

10           (B) the property owners and addresses for potential qualified  
11           projects;

12           (C) one or more banks, insurance companies, or captive insurance  
13           companies that have expressed willingness to purchase tax credit certificates, if  
14           applicable; and

15           (D) municipal staff capacity to support implementation of qualified  
16           projects, including for local permitting and building inspection.

17           (3) The State Board shall adopt application requirements and approval  
18           criteria for municipal applications and for individual projects within selected  
19           pilot communities.

1           (4) To be eligible for approval, a qualified building shall undergo an  
2           energy audit to encourage participation in rebates and incentives that make the  
3           building more energy efficient and affordable.

4           (5) The State Board shall adopt design review standards for projects.

5           (c) Homeowner rehabilitation tax credit. The qualified applicant of a  
6           qualified project shall be entitled, upon the approval of the State Board:

7           (1) to claim against his or her income tax a credit of 30 percent of  
8           qualified rehabilitation expenditures, not to exceed \$20,000.00 per qualified  
9           project or \$25,000.00 per qualified project that creates one or more accessory  
10          dwelling units; or

11          (2) to claim a tax credit certificate in the amount of 30 percent of  
12          qualified rehabilitation expenditures, not to exceed \$20,000.00 per qualified  
13          project or \$25,000.00 per qualified project that creates an accessory dwelling  
14          unit, which certificate the applicant may transfer to a bank, an insurance  
15          company, or a captive insurance company to apply against its bank franchise,  
16          insurance premium, or captive insurance premium tax liability.

17          (d) Claims; availability.

18          (1) A taxpayer claiming credit under this section shall submit to the  
19          Department of Taxes with the return on which a credit is claimed a copy of the  
20          State Board's tax credit allocation.

1           (2) A credit under this subchapter shall be available for the first tax year  
2           in which the qualified project is complete.

3           (3) If within five years after the date of the credit allocation to the  
4           applicant no claim for tax credit has been filed, the tax credit allocation shall  
5           be rescinded.

6           (4) Any unused credit under this section may be carried forward for not  
7           more than nine tax years following the first year for which the tax credit is  
8           claimed.

9           (e) Recapture. A qualified applicant shall be subject to recapture of the  
10          value of a tax credit or credit certificate issued pursuant to this section if the  
11          applicant:

12           (1) fails to complete the project within two years after approval;

13           (2) completes rehabilitation work that is inconsistent with a local permit  
14          or approved State application; or

15           (3) fails to supply accurate information.

16           \* \* \* First Time Homebuyer Down Payment Assistance \* \* \*

17          Sec. 3. 32 V.S.A. § 5930u is amended to read:

18          § 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

19          (a) As used in this section:

20           (1) “Affordable housing project” or “project” means:

21           (A) a rental housing project identified in 26 U.S.C. § 42(g); or

1 (B) owner-occupied housing identified in 26 U.S.C. § 143(c)(1) or  
2 that qualifies under Vermont Housing Finance Agency criteria governing  
3 owner-occupied housing.

4 (2) “Affordable housing tax credits” means the tax credit provided by  
5 this subchapter.

6 (3) “Allocating agency” or “Agency” means the Vermont Housing  
7 Finance Agency.

8 (4) “Committee” means the Joint Committee on Tax Credits consisting  
9 of five members: a representative from the Department of Housing and  
10 Community ~~Affairs~~ Development, the Vermont Housing and Conservation  
11 Board, the Vermont Housing Finance Agency, the Vermont State Housing  
12 Authority, and the Office of the Governor.

13 (5) “Credit certificate” means a certificate issued by the allocating  
14 agency to a taxpayer that specifies the amount of affordable housing tax credits  
15 that can be applied against the taxpayer’s individual or corporate income tax,  
16 or franchise, captive insurance premium, or insurance premium tax liability as  
17 provided in this subchapter.

18 (6) “Eligible applicant” means any municipality, ~~private sector~~  
19 ~~developer~~, State agency as defined in 10 V.S.A. § 6301a, the Vermont Housing  
20 Finance Agency, ~~or a~~ for-profit organization, a nonprofit organization  
21 qualifying under 26 U.S.C. § 501(c)(3), or a cooperative housing organization,

1 ~~the purpose of which is to create and retain affordable housing for Vermonters~~  
2 ~~with lower income and which has in its bylaws a requirement that the housing~~  
3 ~~the organization creates be maintained as affordable housing for Vermonters~~  
4 ~~with lower income on a perpetual basis~~ that meets the application requirements  
5 of the allocation plan.

6 (7) “Eligible cash contribution” means an amount of cash:

7 (A) contributed to the owner, developer, or sponsor of an affordable  
8 housing project and determined by the allocating agency as eligible for  
9 affordable housing tax credits; or

10 (B) paid to the Agency in connection with the purchase of affordable  
11 housing tax credits pursuant to subdivision (b)(2) or (3) of this section.

12 (8) “Section 42 credits” means tax credit provided by 26 U.S.C.  
13 §§ 38 and 42.

14 (9) “Allocation plan” means the plan recommended by the Committee  
15 and approved by the Vermont Housing Finance Agency, which sets forth the  
16 eligibility requirements and process for selection of eligible multifamily rental  
17 housing projects to receive affordable housing tax credits, and eligible owner-  
18 occupied housing projects to receive loans, under this section. The allocation  
19 plan shall include:

20 (A) requirements for creation and retention of affordable housing for  
21 persons with low income; and



1 (B) requirements to ensure that eligible multifamily rental housing is  
2 maintained as affordable by subsidy covenant, as defined in 27 V.S.A. § 610  
3 on a perpetual basis, and that eligible owner-occupied housing or program  
4 funds for owner-occupied housing remain as an affordable housing source for  
5 future owners or buyers, and meets all other requirements of the Vermont  
6 Housing Finance Agency related to affordable housing.

7 (10) “Taxpayer” means a taxpayer who makes an eligible cash  
8 contribution or the assignee or transferee of, or successor to, the taxpayer as  
9 determined by the Department of Taxes.

10 (b) Eligible tax credit allocations.

11 (1) Affordable housing credit allocation for multifamily rental housing.

12 (A) An eligible applicant may apply to the allocating agency for an  
13 allocation of affordable housing tax credits under this section related to an  
14 affordable multifamily rental housing project authorized by the allocating  
15 agency under the allocation plan. In the case of a specific affordable  
16 multifamily rental housing project, the eligible applicant shall also be the  
17 owner or a person having the right to acquire ownership of the building and  
18 shall apply prior to placement of the affordable housing project in service. ~~In~~  
19 ~~the case of owner-occupied housing units, the applicant shall ensure that the~~  
20 ~~allocated housing or program funds remain as an affordable housing resource~~  
21 ~~for future owners.~~ The allocating agency shall issue a letter of approval if it

1 finds that the applicant meets the priorities, criteria, and other provisions of  
2 subdivision (B) of this subdivision (b)(1). The burden of proof shall be on the  
3 applicant.

4 (B) Upon receipt of a completed application, the allocating agency  
5 shall award an allocation of affordable housing tax credits with respect to a  
6 project to an applicant, provided the applicant demonstrates to the satisfaction  
7 of the allocating agency all of the following:

8 (i) The owner of the project has received from the allocating  
9 agency a binding commitment for, a reservation or allocation of, or an out-of-  
10 cap determination letter for, Section 42 credits, or meets the requirements of  
11 the allocation plan for development or financing of units to be owner-occupied.

12 (ii) The project has received community support.

13 (2) Affordable housing credit allocation for loans or grants for owner-  
14 occupied housing.

15 (A) The Vermont Housing Finance Agency shall have the authority  
16 to allocate affordable housing tax credits to provide funds to make loans or  
17 grants to eligible applicants for affordable owner-occupied housing. An  
18 eligible applicant may apply to the allocating agency for a loan or grant under  
19 this section related to an affordable owner-occupied housing project authorized  
20 by the allocating agency under the allocation plan. In the case of a specific  
21 affordable owner-occupied housing project, the eligible applicant shall also be

1 the owner or a person having the right to acquire ownership of the unit and  
2 shall apply prior to the sale of the unit to the homeowner.

3 (B) The Agency shall require that the loan or grant recipient use such  
4 funds to maintain the unit as an affordable owner-occupied unit or as an  
5 affordable housing source for future owners or buyers.

6 (C) The Agency shall use the proceeds of loans or grants made under  
7 subdivision (A) of this subdivision (b)(2) for future loans or grants to eligible  
8 applicants for affordable owner-occupied housing projects.

9 (D) The Agency may assign its rights under any loan or grant made  
10 under subdivision (A) of this subdivision (b)(2) to the Vermont Housing and  
11 Conservation Board or any nonprofit organization qualifying under 26 U.S.C.  
12 § 501(c)(3) as long as such assignee acknowledges and agrees to comply with  
13 the provisions of this subdivision (b)(2).

14 (3) Down Payment Assistance Program.

15 (A) The Vermont Housing Finance Agency shall have the authority  
16 to allocate affordable housing tax credits to finance down payment assistance  
17 loans that meet the following requirements:

18 (i) the loan is made in connection with a mortgage through an  
19 Agency program;

20 (ii) the borrower is a first-time homebuyer of an owner-occupied  
21 primary residence; and

1                   (iii) the borrower uses the loan for the borrower's down payment  
2 or closing costs, or both.

3                   (B) The Agency shall require the borrower to repay the loan upon the  
4 transfer or refinance of the residence.

5                   (C) The Agency shall use the proceeds of loans made under the  
6 Program for future down payment assistance.

7                   (c) Amount of credit. A taxpayer ~~who makes an eligible cash contribution~~  
8 shall be entitled to claim against the taxpayer's individual income, corporate,  
9 franchise, captive insurance premium, or insurance premium tax liability a  
10 credit in an amount specified on the taxpayer's credit certificate. The first-year  
11 allocation of a credit amount to a taxpayer shall also be deemed an allocation  
12 of the same amount in each of the following four years.

13                   (d) Availability of credit. The amount of affordable housing tax credit  
14 ~~allocated with respect to a project~~ provided on the taxpayer's credit certificate  
15 shall be available to the taxpayer every year for five consecutive tax years,  
16 beginning with the tax year in which the eligible cash contribution is made.  
17 Total tax credits available to the taxpayer shall be the amount of the first-year  
18 allocation plus the succeeding four years' deemed allocations.

19                   (e) Claim for credit. A taxpayer claiming affordable housing tax credits  
20 shall submit with each return on which such credit is claimed ~~a copy of the~~  
21 ~~allocating agency's credit allocation to the affordable housing project and the~~

1 taxpayer's credit certificate, and for credits issued under subdivision (b)(1) of  
2 this section, a copy of the allocating agency's credit allocation to the affordable  
3 housing project. Any unused affordable housing tax credit may be carried  
4 forward to reduce the taxpayer's tax liability for ~~no~~ not more than  
5 14 succeeding tax years, following the first year the affordable housing tax  
6 credit is allowed.

7 (f) [Repealed.]

8 (g)(1) In any fiscal year, the allocating agency may award up to:

9 (A) \$400,000.00 in total first-year credit allocations to all applicants  
10 for rental housing projects, for an aggregate limit of \$2,000,000.00 over any  
11 given five-year period that credits are available under this subdivision (A);

12 (B) \$300,000.00 in total first-year credit allocations for loans or  
13 grants for owner-occupied unit financing or down payment loans as provided  
14 in subdivision (b)(2) of this section, consistent with the allocation plan,  
15 including for new construction and manufactured housing, for an aggregate  
16 limit of \$1,500,000.00 over any given five-year period that credits are  
17 available under this subdivision (B).

18 (2) In any fiscal year, total first-year credit allocations under subdivision  
19 (1) of this subsection plus succeeding-year deemed allocations shall not exceed  
20 \$3,500,000.00.

1           (h)(1)(A) In fiscal year 2016 through fiscal year ~~2022~~ 2018, the allocating  
2           agency may award up to \$125,000.00 in total first-year credit allocations for  
3           loans through the Down Payment Assistance Program created in subdivision  
4           (b)(~~2~~)(3) of this section.

5                     (B) In fiscal year 2019 through fiscal year 2022, the allocating  
6           agency may award up to \$250,000.00 in total first-year credit allocations for  
7           loans through the Down Payment Assistance Program created in subdivision  
8           (b)(3) of this section.

9                     (C) In fiscal year 2023 through fiscal year 2025, the allocating  
10          agency may award up to \$125,000.00 in total first-year credit allocations for  
11          loans through the Down Payment Assistance Program created in subdivision  
12          (b)(3) of this section.

13           (2)(A) In ~~any~~ fiscal year 2016 through fiscal year 2018, total first-year  
14          credit allocations under subdivision (1) of this subsection (h) plus succeeding-  
15          year deemed allocations shall not exceed \$625,000.00.

16                     (B) In fiscal year 2019 through fiscal year 2022, total first-year credit  
17          allocations under subdivision (1) of this subsection (h) plus succeeding-year  
18          deemed allocations shall not exceed \$1,250,000.00.

19                     (C) In fiscal year 2023 through fiscal year 2025, total first-year credit  
20          allocations under subdivision (1) of this subsection (h) plus succeeding-year  
21          deemed allocations shall not exceed \$625,000.00.









1 Sec. 7. 24 V.S.A. § 4352 is amended to read:

2 § 4352. OPTIONAL DETERMINATION OF ENERGY COMPLIANCE;

3 ENHANCED ENERGY PLANNING

4 \* \* \*

5 (e) Process for issuing determinations of energy compliance. Review of  
6 whether to issue a determination of energy compliance under this section shall  
7 include a public hearing noticed at least 15 days in advance by direct mail or  
8 electronically with proof of receipt to the requesting regional planning  
9 commission or municipal legislative body, posting on the website of the entity  
10 from which the determination is requested, and publication in a newspaper of  
11 general publication in the region or municipality affected. The Commissioner  
12 or regional planning commission shall issue the determination in writing  
13 within two months ~~of~~ after the receipt of a request for a determination. If the  
14 determination is negative, the Commissioner or regional planning commission  
15 shall state the reasons for denial in writing and, if appropriate, suggest  
16 acceptable modifications. Submissions for a new determination that follow a  
17 negative determination shall receive a new determination within 45 days.

18 \* \* \*

1 Sec. 8. 24 V.S.A. § 4384 is amended to read:

2 § 4384. PREPARATION OF PLAN; HEARINGS BY PLANNING

3 COMMISSION

4 \* \* \*

5 (e) At least 30 days prior to the first hearing, a copy of the proposed plan or  
6 amendment and the written report shall be delivered physically or  
7 electronically with proof of receipt, or mailed by certified mail, return receipt  
8 requested to each of the following:

9 (1) the ~~chairperson~~ chair of the planning commission of each abutting  
10 municipality, or in the absence of any planning commission in an abutting  
11 municipality, to the clerk of that municipality;

12 (2) the executive director of the regional planning commission of the  
13 area in which the municipality is located;

14 (3) the ~~department of housing and community affairs~~ Department  
15 of Housing and Community Development within the ~~agency of commerce~~  
16 ~~and community development~~ Agency of Commerce and Community  
17 Development; and

18 (4) business, conservation, ~~low income~~ low-income advocacy, and other  
19 community or interest groups or organizations that have requested notice in  
20 writing prior to the date the hearing is warned.

21 \* \* \*

1 Sec. 9. 24 V.S.A. § 4385 is amended to read:

2 § 4385. ADOPTION AND AMENDMENT OF PLANS; HEARING BY  
3 LEGISLATIVE BODY

4 \* \* \*

5 (c) A plan of a municipality or an amendment thereof shall be adopted by a  
6 majority of the members of its legislative body at a meeting which is held after  
7 the final public hearing. If, however, at a regular or special meeting of the  
8 voters duly warned and held as provided in 17 V.S.A. chapter 55, a  
9 municipality elects to adopt or amend municipal plans by Australian ballot,  
10 that procedure shall then apply unless rescinded by the voters at a regular or  
11 special meeting similarly warned and held. If the proposed plan or amendment  
12 is not adopted so as to take effect within one year ~~of~~ after the date of the final  
13 hearing of the planning commission, it shall be considered rejected by the  
14 municipality. Plans and amendments shall be effective upon adoption, ~~and~~  
15 Copies of newly adopted plans and amendments shall be provided to the  
16 regional planning commission and to the ~~commissioner of housing and~~  
17 ~~community affairs~~ Commissioner of Housing and Community Development  
18 within 30 days of after adoption, which may be done electronically, provided  
19 the sender has proof of receipt. If a municipality wishes its plan or plan  
20 amendment to be eligible for approval under the provisions of section 4350 of

1 this title, it shall request approval. The request for approval may be before or  
2 after adoption of the plan by the municipality, at the option of the municipality.

3 \* \* \*

4 Sec. 10. 24 V.S.A. § 4424 is amended to read:

5 § 4424. SHORELANDS; RIVER CORRIDOR PROTECTION AREAS;

6 FLOOD OR HAZARD AREA; SPECIAL OR FREESTANDING

7 BYLAWS

8 (a) Bylaws; flood and other hazard areas; river corridor protection. Any  
9 municipality may adopt freestanding bylaws under this chapter to address  
10 particular hazard areas in conformance with the municipal plan or, for the  
11 purpose of adoption of a flood hazard area bylaw, a local hazard mitigation  
12 plan approved under 44 C.F.R. § 201.6. Such freestanding bylaws may include  
13 the following, which may also be part of zoning or unified development  
14 bylaws:

15 (1) Bylaws to regulate development and use along shorelands.

16 (2) Bylaws to regulate development and use in flood areas, river  
17 corridor protection areas, or other hazard areas. The following shall apply if  
18 flood or other hazard area bylaws are enacted:

19 \* \* \*

20 (D)(i) Mandatory provisions. Except as provided in subsection (c) of  
21 this section, all flood and other hazard area bylaws shall provide that no permit

1 for new construction or substantial improvement shall be granted for a flood or  
2 other hazard area until after both the following:

3 (I) A copy of the application is mailed or delivered by the  
4 administrative officer or by the appropriate municipal panel to the Agency of  
5 Natural Resources or its designee, which may be done electronically, provided  
6 the sender has proof of receipt.

7 (II) Either 30 days have elapsed following the mailing or the  
8 Agency or its designee delivers comments on the application.

9 (ii) The Agency of Natural Resources may delegate to a qualified  
10 representative of a municipality with a flood hazard area bylaw or ordinance or  
11 to a qualified representative for a regional planning commission the Agency's  
12 authority under this subdivision (a)(2)(D) to review and provide technical  
13 comments on a proposed permit for new construction or substantial  
14 improvement in a flood hazard area. Comments provided by a representative  
15 delegated under this subdivision (a)(2)(D) shall not be binding on a  
16 municipality.

17 \* \* \*

18 Sec. 11. 24 V.S.A. § 4441 is amended to read:

19 § 4441. PREPARATION OF BYLAWS AND REGULATORY TOOLS;

20 AMENDMENT OR REPEAL

21 \* \* \*

1 (e) At least 15 days prior to the first hearing, a copy of the proposed bylaw,  
2 amendment, or repeal and the written report shall be delivered physically or  
3 electronically with proof of receipt, or mailed by certified mail, return receipt  
4 requested, to each of the following:

5 (1) ~~The chairperson~~ the chair of the planning commission of each  
6 abutting municipality, or in the absence of any planning commission in a  
7 municipality, the clerk of that abutting municipality;

8 (2) ~~The~~ the executive director of the regional planning commission of  
9 the area in which the municipality is located; and

10 (3) ~~The department of housing and community affairs~~ the Department of  
11 Housing and Community Development within the ~~agency of commerce and~~  
12 ~~community development~~ Agency of Commerce and Community Development.

13 \* \* \*

14 Sec. 12. 24 V.S.A. § 4445 is amended to read:

15 § 4445. AVAILABILITY AND DISTRIBUTION OF DOCUMENTS

16 Current copies of plans, bylaws, and capital budgets and programs shall be  
17 available to the public during normal business hours in the office of the clerk  
18 of any municipality in which those plans, bylaws, or capital budgets or  
19 programs have been adopted. The municipality shall provide all final adopted  
20 bylaws, amendments, or repeals to the regional planning commission of the  
21 area in which the municipality is located and to the ~~department of housing and~~

1 ~~community affairs~~ Department of Housing and Community Development,  
2 which may be done electronically, provided the sender has proof of receipt.

3 \* \* \* Wastewater and Potable Water Supply Systems; Funding \* \* \*

4 Sec. 13. 24 V.S.A. § 4752 is amended to read:

5 § 4752. DEFINITIONS

6 As used in this chapter:

7 \* \* \*

8 (13) “Potable water supply ~~facilities~~” ~~means municipal water sources,~~  
9 ~~water treatment plants, structures, pipe lines, storage facilities, pumps, and~~  
10 ~~attendant facilities necessary to develop a source of water and to treat and~~  
11 ~~convey it in proper quantity and quality for public use within a municipality~~  
12 has the same meaning as in 10 V.S.A. § 1972.

13 \* \* \*

14 (17) “Designer” means a person authorized to design wastewater  
15 systems and potable water supplies as identified in 10 V.S.A. § 1975.

16 Sec. 14. 24 V.S.A. § 4753 is amended to read:

17 § 4753. REVOLVING LOAN FUNDS; AUTHORITY TO SPEND; REPORT

18 (a) There is hereby established a series of special funds to be known as:

19 \* \* \*

20 (10) The Vermont Wastewater and Potable Water Revolving Loan  
21 Fund, which shall be used to provide loans to individuals, in accordance with



1 section 4763b of this title, for the design and construction of repairs to or  
2 replacement of wastewater systems and potable water supplies when the  
3 wastewater system or potable water supply is a failed system or supply as  
4 defined in 10 V.S.A. § 1972, or when a designer demonstrates that the  
5 wastewater system or potable water supply has a high probability of failing.

6 The amount of up to \$275,000.00 from the fees collected pursuant to 3 V.S.A.  
7 § 2822(j)(4) shall be deposited ~~on an annual basis~~ into this Fund at the  
8 beginning of each fiscal year to ensure a minimum balance of available funds  
9 of \$275,000.00 exists for each fiscal year.

10 \* \* \*

11 Sec. 15. 24 V.S.A. § 4763b is amended to read:

12 § 4763b. LOANS TO INDIVIDUALS FOR FAILED WASTEWATER  
13 SYSTEMS AND FAILED POTABLE WATER SUPPLIES

14 (a) Notwithstanding any other provision of law, when the wastewater  
15 system or potable water supply serving only ~~one single-family residence on its~~  
16 ~~own lot~~ single-family and multifamily residences either meets the definition of  
17 a failed supply or system in 10 V.S.A. § 1972 or is demonstrated by a designer  
18 to have a high probability of failing, the Secretary of Natural Resources may  
19 lend monies to ~~the owner of the residence~~ an owner of one or more of the  
20 residences from the Vermont Wastewater and Potable Water Revolving Loan

1 Fund established in section 4753 of this title. In such cases, the following  
2 conditions shall apply:

3 (1) ~~loans a loan~~ may only be made to ~~households with an~~ owner with a  
4 household income equal to or less than 200 percent of the State average  
5 median household income;

6 (2) ~~loans a loan~~ may only be made to ~~households where the recipient of~~  
7 ~~the loan resides in the residence~~ an owner who resides in one of the residences  
8 served by the failed supply or system on a year-round basis;

9 (3) ~~loans a loan~~ may only be made ~~if the owner of the residence~~ to an  
10 owner who has been denied financing for the repair, replacement, or  
11 construction due to involuntary disconnection by at least one other financing  
12 entity;

13 (4) when the failed supply or system also serves residences owned by  
14 persons other than the loan applicant, a loan may only be made for an equitable  
15 share of the cost to repair or replace the failed supply or system that is  
16 determined through agreement of all of the owners of residences served by the  
17 failed system or supply;

18 (5) no construction loan shall be made to an individual under this  
19 subsection, nor shall any part of any revolving loan made under this subsection  
20 be expended, until all of the following take place:

