

1 H.625

2 Introduced by Representatives Olsen of Jamaica, Clarkson of Woodstock,

3 Johnson of South Hero, Ram of Burlington and Wilson of

4 Manchester

5 Referred to Committee on

6 Date:

7 Subject: State bonds; social impact bonds; study committee

8 Statement of purpose: This bill proposes to establish a committee to study

9 social impact bonds and to recommend to the general assembly opportunities

10 for the use of such bonds in Vermont.

11 An act relating to establishing a social impact bonds study committee

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

13 Sec. 1. SOCIAL IMPACT BONDS STUDY COMMITTEE

14 (a) Creation of committee. There is created a social impact bonds study
15 committee to determine whether opportunities exist for the use of social impact
16 bonds in Vermont. As used in the section, "social impact bond" means a
17 financial instrument in which investors front working capital to nonprofit
18 organizations to implement preventive programs aimed at achieving specified
19 social outcomes. If an independent evaluator determines that predefined

1 metrics have been achieved, the government repays investors their principal
2 and a rate of return; otherwise, investors lose their capital.

3 (b) Membership. The social impact bonds study committee shall be
4 composed of ten members. Six members of the committee shall be members
5 of the general assembly. The committee on committees of the senate shall
6 appoint three members of the senate, not all from the same political party, and
7 the speaker of the house shall appoint three members of the house, not all from
8 the same political party. Four members of the committee shall be as follows:

9 (1) The secretary of human services or designee.

10 (2) The state treasurer or designee.

11 (3) Two representatives from nongovernmental social service or
12 community organizations appointed by the governor.

13 (c) Powers and duties.

14 (1) The committee shall study the advisability and feasibility of using
15 social impact bonds in Vermont. The committee's study shall include:

16 (A) reviewing existing social innovation programs, including social
17 impact bonds;

18 (B) identifying opportunities for the use of social impact bonds in
19 Vermont, particularly any opportunities that would be strong candidates for a
20 pilot program;

1 (C) identifying potential challenges and risks of a social impact bond
2 program in Vermont;

3 (D) identifying statutory changes that would be necessary to enable a
4 social impact bond program in Vermont; and

5 (E) developing legislation to provide the necessary statutory
6 framework for a social impact program in Vermont.

7 (2) The legislative council and the joint fiscal office shall provide legal,
8 administrative, and analytical support to the committee.

9 (d) Report. The committee shall report its findings and recommendations,
10 together with draft legislation if any legislative action is recommended, to the
11 general assembly on or before January 15, 2013.

12 (e) Reimbursement. For attendance at meetings during adjournment of the
13 general assembly, legislative members of the committee shall be entitled to
14 compensation and reimbursement for expenses as provided in 2 V.S.A. § 406.
15 Members of the committee who are not employees of the state of Vermont
16 shall be reimbursed at the per diem rate set forth in 32 V.S.A. § 1010.

17 Sec. 2. EFFECTIVE DATE

18 This act shall take effect on passage.