

1 Sec. 1. 10 V.S.A. chapter 55 is redesignated to read:

2 CHAPTER 55. AID **TO MUNICIPALITIES** FOR WATER SUPPLY,  
3 AND WATER POLLUTION ABATEMENT AND  
4 SEWER SEPARATION CONTROL

5 Sec. 5. 10 V.S.A. § 1571 is amended to read:

6 § 1571. DEFINITIONS

7 As used in this chapter:

8 (1) “Agency” means Agency of Natural Resources.

9 (2) “Board” means the Natural Resources Board.

10 (3) ~~“Combined sewer separation facilities” means sewers, pipe lines,~~  
11 ~~pumps, structures and attendant facilities necessary to convey liquid wastes in~~  
12 ~~such a manner that industrial wastes, domestic sewage, or both, are conveyed~~  
13 ~~separately from storm water, and may include storm water treatment facilities.~~

14 [Repealed.]

15 (4) “Department” means the Department of Environmental  
16 Conservation.

17 (5) “Municipality” means a municipality as defined in 1 V.S.A. § 126.

18 (6) ~~“Pollution~~ Water pollution abatement and control facilities” means  
19 ~~municipal sewage treatment plants, pumping stations, interceptor and outfall~~  
20 ~~sewers, and attendant facilities as prescribed by the Department to abate~~  
21 ~~pollution of the waters of the State~~ such equipment, conveyances, and  
22 structural or nonstructural facilities as are needed for and appurtenant to the

1 prevention, management, treatment, storage, or disposal of sewage, waste, as  
2 defined in section 1251 of this title, or stormwater, including a wastewater  
3 treatment facility, combined sewer separation facilities, an indirect discharge  
4 system, a wastewater system, flood resiliency work related to a structural  
5 facility, or a groundwater protection project.

6 (7) “~~Potable~~ Public water supply facilities systems” means municipal a  
7 public water system as defined in section 1671 of this title, except for bottled  
8 water facilities and for-profit noncommunity systems, which includes water  
9 sources, water treatment plants, structures, pipe lines, storage facilities, pumps,  
10 and 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 *[Should this definition be moved to Title 24?]*

13 \* \* \*

14 Sec. 8. 10 V.S.A. § 1621 is amended to read:

15 § 1621. FINANCIAL ASSISTANCE

16 A municipality which desires ~~state~~ State financial assistance for  
17 construction, improvement, or expansion of ~~potable~~ public water supply  
18 ~~facilities, systems or water pollution abatement and control facilities, or~~  
19 ~~combined sewer separation facilities,~~ may make application to the ~~department~~  
20 Department in accordance with this subchapter.

21 Sec. 9. 10 V.S.A. § 1622 is amended to read:

22 § 1622. ELIGIBLE PROJECTS

1 For purposes of As used in this subchapter, eligible project costs shall  
2 include:

3 (1) ~~In the case of potable water supply projects receiving grants under~~  
4 ~~subsection 1624(a) of this title, the costs of development of water sources,~~  
5 ~~treatment facilities, pumping and storage facilities, the main transmission~~  
6 ~~system to the center of the population area, and attendant facilities determined~~  
7 ~~necessary by the department, an approved grant allowance to defray all or a~~  
8 ~~portion of the engineering costs, and up to a \$3,000.00 grant allowance for~~  
9 ~~administrative and legal costs relating to the project, but shall exclude all costs~~  
10 ~~of land and easements required for the project and legal and administrative~~  
11 ~~costs incident thereto. For a potable public water supply project receiving a~~  
12 ~~loan under subsection 1624(b) of this title, the total project cost as determined~~  
13 ~~by the secretary consistent with federal law the cost of a water source, water~~  
14 ~~treatment plants, structures, pipe lines, storage facilities, pumps, and attendant~~  
15 ~~facilities necessary to develop a source of water, and to treat and convey it in~~  
16 ~~proper quantity and quality, and the associated costs necessary to construct the~~  
17 ~~improvements, including costs to acquire land for the project.~~

18 (2)(A) In the case of a water pollution abatement projects and abatement  
19 ~~control facilities project~~, the cost of ~~sewage treatment plants, outfall sewers,~~  
20 ~~interceptor sewers, pumping or lift stations, overflow control structures and~~  
21 ~~attendant facilities determined necessary by the department and such other~~  
22 ~~sewers necessary for federal aid requirements, an approved grant allowance to~~

1 defray all or a portion of the engineering costs, and up to a \$3,000.00 grant  
2 allowance for administrative and legal costs relating to the project, but shall  
3 exclude all costs of land and easements required for the project and legal and  
4 administrative costs incident thereto which are not eligible for federal  
5 assistance equipment, conveyances, and structural or nonstructural facilities  
6 needed for and appurtenant to the prevention, management, treatment, storage,  
7 or disposal of sewage, waste, as defined in section 1251 of this title, or  
8 stormwater, and the associated costs necessary to construct the improvements,  
9 including costs to acquire land for the project.

10 \* \* \*

11 **Sec. 11. 10 V.S.A. § 1624 is amended to read: *[Should this be moved to Title***  
12 ***24? This is now the only section in Title 10 that relates to loans only].***

13 § 1624. FINANCIAL ASSISTANCE WITH WATER SUPPLY PROJECTS

14 (a) ~~Grants. The secretary may award a municipality a state grant for a~~  
15 ~~potable water supply facility of up to 35 percent of its total eligible project~~  
16 ~~cost, when the municipality contributes at least ten percent of the total eligible~~  
17 ~~costs, for which purpose the municipality may use federal funds obtained from~~  
18 ~~other programs, and when the secretary finds that:~~

19 (1) ~~the project is necessary, and the proposed type, size and estimated~~  
20 ~~cost of the project are suitable for its intended purpose;~~

21 (2) ~~at least one-half of the property owners of the new area of the~~  
22 ~~municipality to be served by the project have contracted to connect to the water~~

1 system and pay for service at rates which the legislative body of the  
2 municipality determines to be adequate to cover the anticipated operating and  
3 maintenance costs including debt services;

4 (3) the proposed rate and fee schedule provide for reasonable  
5 contributions by all persons in the municipality benefited by the project; and

6 (4) the municipality has voted bonds for the project prior to April 5,  
7 1997 in anticipation of the receipt of a construction grant authorized under this  
8 subsection. [Repealed.]

9 (b) Loans.

10 (1) The ~~secretary~~ Secretary may certify to the Vermont ~~municipal bond~~  
11 ~~bank~~ Municipal Bond Bank established by 24 V.S.A. § 4571 the award of a  
12 loan to a municipality to assist with a ~~potable~~ public water supply ~~facility~~  
13 system project, when the ~~secretary~~ Secretary finds that:

14 (A) the project is necessary;

15 (B) the proposed type, size, and estimated cost of the project are  
16 suitable for its intended purpose; and

17 (C) the municipality will have the technical, financial, and  
18 managerial ability to operate the facility in compliance with federal and ~~state~~  
19 State law.

20 (2) The certification by the ~~secretary~~ Secretary shall specify the interest  
21 rate, and indicate which of the following loan conditions concerning  
22 construction loans apply:

1           (A) The term shall not exceed 20 years, and the annual interest rate,  
2 plus administrative fee, shall be no more than three percent or less than zero  
3 percent, except that when the applicant municipality is disadvantaged as  
4 defined by subdivision 1571(9) of this title, the term shall not exceed 30 years.  
5 When the applicant municipality is disadvantaged as defined in subdivision  
6 1571(9)(A) of this title, the annual interest rate, plus administrative fee, shall  
7 be no less than minus three percent.

8           (B) In no instance shall the annual interest rate, plus administrative  
9 fee, be less than necessary to achieve an annual household user cost equal to  
10 one percent of the median household income of the applicant municipality or  
11 served area, taking into account:

12           (i) debt retirement of the project, including any monies a  
13 municipality may borrow to match federal funds available to the ~~drinking~~  
14 ~~water state revolving fund~~ Vermont EPA Drinking Water State Revolving  
15 Fund pursuant to subsection (d) of this section;

16           (ii) prior drinking water projects; and

17           (iii) estimated annual operation and maintenance costs as  
18 determined by the ~~secretary~~ Secretary.

19           (3) A municipal legislative body may execute a loan agreement under  
20 this subsection, provided the loan is authorized by municipal voters and  
21 secured by the full faith and credit of the municipality.

1           (4) A loan shall be issued and administered pursuant to 24 V.S.A.  
2 chapter 120 of ~~Title 24~~.

3           (5) Loans shall be available to the extent funds are available and  
4 according to priorities established by the ~~secretary~~ Secretary.

5           (6) For purposes of this subsection, the ~~secretary~~ Secretary shall  
6 determine the median household income of a municipality from the most  
7 recent federal census data available when the priority list used for funding the  
8 project was approved, or at the option of an applicant municipality, based on  
9 the recommendation of an independent contractor hired by the municipality  
10 and approved by the ~~secretary~~ Secretary. The determination of the ~~secretary~~  
11 Secretary shall be final. The cost of an independent contractor may be  
12 included in the total cost of a project. ~~When using federal census data to~~  
13 ~~determine the median household income of a municipality, the census data~~  
14 ~~shall be adjusted for inflation beginning in the second year of availability by~~  
15 ~~increasing it four percent per year.~~

16           (7) Loans awarded for the purpose of refinancing old debt shall be for a  
17 term of no more than 20 years and at an interest rate set by the ~~state treasurer~~  
18 State Treasurer at no less than zero percent and no more than ~~80 percent of the~~  
19 ~~average rate on marketable obligations of the state~~ the market interest rate,  
20 except that municipalities or private water system owners ~~which~~ that qualify  
21 for loan awards under 24 V.S.A. § 4770, and ~~which~~ that incurred debt and

1 initiated construction after April 5, 1997 may receive loans at interest rates and  
2 terms pursuant to subdivision (b)(2)(A) of this section.

3 (8) Loans awarded for the purpose of conducting feasibility studies and  
4 preparation of engineering plans and designs shall be for a term of no more  
5 than five years at an interest rate of zero percent.

6 (9) Loans awarded for the purpose of purchasing land or conservation  
7 easements to protect public water sources shall be for a term of no more than  
8 20 years at an annual interest rate of three percent.

9 (10) The ~~secretary~~ Secretary may forgive up to \$25,000.00 of a loan  
10 from the Vermont ~~environmental protection agency (EPA) drinking water state~~  
11 ~~revolving fund~~ Environmental Protection Agency (EPA) Drinking Water State  
12 Revolving Fund to municipalities for improvements to public school water  
13 systems following substantial completion of the project. The ~~secretary~~  
14 Secretary shall establish amounts, eligibility, policies, and procedures for loan  
15 forgiveness in the annual ~~state~~ State intended use plan (IUP) with public  
16 review and comment prior to finalization and submission to the EPA.

17 (11) Subject to the interest rate and administrative fee limitations of  
18 subdivision (b)(2) of this section, the ~~secretary~~ Secretary may designate  
19 projects as ~~United States~~ U.S. Department of Agriculture Rural  
20 Development-Vermont EPA ~~drinking water state revolving fund jointly funded~~  
21 Drinking Water State Revolving Fund jointly funded projects, and reduce the  
22 Vermont EPA revolving fund interest rate, plus administrative fee, in order to



1 make the total loan cost of the joint loan to the municipality equivalent to the  
2 total loan cost of a ~~separately funded~~ separately funded Vermont EPA  
3 revolving loan for the same project.

4 \* \* \*

5 Sec. 15. 10 V.S.A. § 1626b is added to read:

6 § 1626b. MUNICIPAL WATER POLLUTION CONTROL GRANTS

7 (a) Projects. The Secretary may award State assistance grants to  
8 municipalities for water pollution abatement and control facilities.

9 (b) Application. The Secretary shall prescribe the form of application to  
10 apply for a grant under this section. The application shall include:

11 (1) a description of the project;

12 (2) a schedule for project implementation;

13 (3) an estimate of the project cost;

14 (4) the information necessary for the Secretary to determine the grant  
15 amount using the criteria **described in section 1628 of this title;**

16 (5) whether the project requires a permit under chapter 151 of this  
17 title; and

18 (6) any other information that the Secretary deems necessary to  
19 implement this section.

20 (c) Grant award. The Secretary shall make grant awards pursuant to the

21 project priority system adopted pursuant to section 1628 of this title in an

22 amount not to exceed 35 percent of eligible project costs. The Secretary shall

1 not award a grant under this section until the applicant provides a permit or  
2 jurisdictional opinion that a permit is not required, issued pursuant to chapter  
3 151 of this title.

4 (d) Payment of awards. Payment of awards shall be made pursuant to  
5 section 1627 of this title.

6 Sec. 16. 10 V.S.A. § 1628 is amended to read:

7 § 1628. PRIORITIES

8 The Department shall make grant awards under this chapter, and 24 V.S.A.  
9 chapter 120, to eligible municipal projects on the basis of ~~urgency of need~~ as  
10 determined according to a system of priorities adopted by rule by the  
11 Department and to the extent appropriate funds are available. The system of  
12 priorities shall ~~include increased priority to eligible municipal projects in~~  
13 ~~designated centers~~ require consideration of criteria, including:

14 (1) whether a project is grant or loan eligible;

15 (2) the condition of the waters affected by the project and whether the  
16 waters are:

17 (A) not in compliance with the Vermont Water Quality  
18 Standards; or

19 (B) have a total maximum daily load (TMDL);

20 (3) whether the project will address water quality issues identified in a  
21 basin plan;

1           (4) whether the project will abate or control pollution that is causing or  
2           may cause a threat to public health;

3           (5) whether the project will address an emergency situation affecting or  
4           constituting a threat to the environment or the public health, safety, or welfare;

5           (6) if the project repairs or replaces existing infrastructure, the condition  
6           and integrity of such infrastructure;

7           (7) whether the project incorporates principles of environmental  
8           resiliency or sustainability, including energy efficiency, which reduce the  
9           environmental impacts of the project or a water pollution abatement and  
10          control facility;

11          (8) the fiscal integrity and sustainability of the project, including  
12          whether the project is a cost-effective alternative, when compared to other  
13          alternatives;

14          (9) whether the project is located within a designated center; and

15          (10) affordability factors for the municipality or municipalities in which  
16          the project is located, including:

17                  (A) median household income;

18                  (B) unemployment rate; and

19                  (C) population trends. The Department shall assure that projects

20 sponsored by a town school district, or incorporated school district shall be

21 given increased priority for purposes of the receipt of engineering planning

22 advances awarded under section 1593 of this chapter. The total amount of the



1           (9) “Public water ~~system~~ supply systems” means a public water system  
2 as that term is defined in 10 V.S.A. § 1671, except for bottled water facilities  
3 and for-profit noncommunity systems, which includes water systems, water  
4 treatment plants, structures, pipe lines, storage facilities, pumps, and attendant  
5 facilities necessary to develop a source of water, and to treat and convey it in  
6 proper quantity and quality.

7           (10) “Privately owned wastewater system” means a privately owned  
8 wastewater conveyance, treatment, and disposal system or elements thereof  
9 which is privately owned and system, which handles receives primarily  
10 domestic type wastes.

11           (11) “Water pollution abatement and control facilities” means such  
12 equipment, conveyances, and structural or nonstructural facilities as are needed  
13 for and appurtenant to the prevention, management, treatment, storage, or  
14 disposal of sewage, waste, as defined in section 1251 of this title, or  
15 stormwater, including a wastewater treatment facility, combined sewer  
16 separation facilities, an indirect discharge system, a wastewater system, flood  
17 resiliency work related to a structural facility, or a groundwater protection  
18 project.

19 Sec. 21. 24 V.S.A. § 4753 is amended to read:

20 § 4753. REVOLVING LOAN FUNDS; AUTHORITY TO SPEND; REPORT

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

1           (1) The Vermont Environmental Protection Agency (EPA) Pollution  
2           Control Revolving Fund, which shall be used, consistent with federal law, to  
3           provide loans ~~to municipalities, State agencies, and the Vermont Housing~~  
4           ~~Finance Agency for planning sewage systems and sewage treatment or~~  
5           ~~disposal plants as defined in subdivisions 3501(6) and 3601(3) of this title, for~~  
6           ~~constructing publicly owned sewage systems and sewage treatment or disposal~~  
7           ~~plants as defined in subdivisions 3501(6) and 3601(3) of this title, for planning~~  
8           ~~or construction of certain privately owned wastewater systems, and~~  
9           construction of water pollution abatement and control facilities, including  
10           project-related easements, acquisitions of land, and interests in land, and for  
11           implementing related management programs.

12           (2) The Vermont Pollution Control Revolving Fund, which shall be used  
13           to provide loans ~~to municipalities, State agencies, and the Vermont Housing~~  
14           ~~Finance Agency for planning~~ and construction of water pollution abatement  
15           and control facilities, for constructing publicly owned pollution control  
16           ~~facilities, and for constructing certain privately owned wastewater systems and~~  
17           ~~potable water supply systems~~ including project-related easements, acquisitions  
18           of land, and interests in land.

19           (3) The Vermont Environmental Protection Agency (EPA) Drinking  
20           Water State Revolving Fund, which shall be used to provide loans to  
21           municipalities and certain privately owned water systems for:

1 (A) planning, designing, constructing, repairing, or improving a  
2 public water ~~system~~ supply systems, including project-related easements,  
3 acquisitions of land, and interests in land, in order to comply with State and  
4 federal standards and protect ~~public~~ human health and the environment; and

5 (B) implementing related management programs.

6 \* \* \*

7 Sec. 25. 24 V.S.A. § 4758 is amended to read:

8 § 4758. LOAN PRIORITIES

9 (a) Periodically, and at least annually, the ~~secretary~~ Secretary shall prepare  
10 and certify to the ~~bond bank~~ Bond Bank a project priority list of those  
11 municipalities whose publicly owned projects, or privately owned wastewater  
12 systems, are eligible for financing or assistance under this chapter. In  
13 determining financing availability for ~~wastewater projects~~ water pollution  
14 abatement and control facilities under this chapter, the ~~secretary of the agency~~  
15 Secretary ~~having jurisdiction~~ shall apply the following criteria:

16 (1) ~~the probable public benefit to be gained or preserved by the project~~  
17 ~~to be financed;~~

18 (2) ~~the long term costs and the resulting benefits to be derived from the~~  
19 ~~project. In determining benefits, induced growth from a project that is not~~  
20 ~~consistent with a town, city, or village plan, duly adopted under chapter 117 of~~  
21 ~~this title, will not be considered;~~

1           ~~(3) the cost of comparable credit or financing alternatives available to~~  
2 ~~the municipality;~~

3           ~~(4) the existence of immediate public health, safety and welfare factors,~~  
4 ~~and compliance therewith;~~

5           ~~(5) the existence of an emergency constituting a threat to public health,~~  
6 ~~safety and welfare; and~~

7           ~~(6) the current area and population to be served by the proposed project~~  
8 ~~adopted pursuant to 10 V.S.A. § 1628.~~

9           ~~(b) In determining financing availability for stormwater projects under this~~  
10 ~~chapter, the secretary of the agency having jurisdiction shall apply the~~  
11 ~~following criteria:~~

12           ~~(1) that the project is specifically or generally described in Vermont's~~  
13 ~~nonpoint source management plan;~~

14           ~~(2) that the project will remedy or prevent the impairment of waters, and~~  
15 ~~the severity of that existing or prevented impairment; and~~

16           ~~(3) that the project is consistent with the applicable basin plan for the~~  
17 ~~waters affected by the project. [Repealed.]~~

18 **Sec. X. TRANSITION; WATER POLLUTION ABATEMENT CONTROL**

19 **FACILITIES**

20 **Notwithstanding any conflict with this act, the Department is authorized to**  
21 **continue to award assistance under the Municipal Pollution Control Priority**



1 System Rule, adopted August 1, 2014, until new rules are adopted to

2 implement this act pursuant to 10 V.S.A. § 1628.

3 \* \* \*