

1 H.459 – Proposed Long Form Bill

2 Sec. 1. 24 V.S.A. chapter 138 is added to read:

3 CHAPTER 138. RURAL ECONOMIC DEVELOPMENT

4 INFRASTRUCTURE DISTRICTS

5 § 5701. PURPOSE

6 The purpose of this chapter is to enable formation of special municipal
7 districts to finance, own, and maintain infrastructure that provides economic
8 development opportunities in rural and underresourced communities.
9 Specifically, this chapter provides mechanisms for public and private
10 partnerships, including opportunities for tax-incentivized financing and
11 voluntary citizen engagement, to help overcome density and economic
12 hardship.

13 § 5702. ESTABLISHMENT; GENERAL PROVISIONS

14 (a) Establishment. Upon written application by 20 or more voters within a
15 proposed district, the legislative body of a municipality may establish a rural
16 economic development infrastructure district. The application shall describe
17 the infrastructure to be built or acquired; the plan for financing its acquisition;
18 the anticipated economic benefit; the source of revenues for loan, bond, or
19 lease payments; and plans for retention and disbursement of excess revenues, if
20 any. The application also shall clearly state that the proposed district shall not
21 have authority to levy taxes upon the grand list and may not levy service

1 charges or fees upon any underlying municipality except for services used by
2 such municipality, its own officers, and employees in the operation of
3 municipal functions. Notice of establishment of a district shall be recorded as
4 provided in subsection (e) of this section, posted in at least three public places
5 within the municipality for at least 30 days, and published in a newspaper of
6 general circulation within the municipality not more than 10 days from the date
7 of establishment by the legislative body. Following 40 days from the later of
8 the date of establishment by the legislative body of the municipality or an
9 affirmative vote under subdivision (d)(1) or (2) of this section, the district shall
10 be deemed to be a body politic and corporate, capable of exercising those
11 powers and prerogatives explicitly granted by the legislative body of the
12 municipality in accordance with this chapter and the district's establishment
13 application.

14 (b) Districts involving more than one municipality. Where the limits of a
15 proposed district include two or more municipalities, or portions of two or
16 more municipalities, the application required by this section shall be made to
17 and considered by the legislative body of each such municipality.

18 (c) Alteration of district limits. The legislative body of a municipality in
19 which a district is located may alter the limits of a district upon application to
20 the governing board of the district, provided the governing board gives prior
21 written consent. A district expansion need not involve contiguous property.

1 Notice of an alteration of the limits of a district shall be recorded as provided
2 in subsection (e) of this section, posted in at least three public places within the
3 municipality for at least 30 days, and published in a newspaper of general
4 circulation within the municipality not more than 10 days from the date of the
5 legislative body’s decision to alter the limits of a district.

6 (d)(1) Contestability. If a petition signed by five percent of the voters of
7 the municipality objecting to the proposed establishment or alteration of limits
8 of a district is presented to the municipal clerk within 30 days of the date of
9 posting and publication of the notice required by subsection (a) or (c) of this
10 section, as applicable, the legislative body of the municipality shall cause the
11 question of whether the municipality shall establish or alter the limits of the
12 district to be considered at a meeting called for that purpose. The district shall
13 be established in accordance with the application or the limits altered unless a
14 majority of the voters of the municipality present and voting votes to
15 disapprove such establishment or alteration of limits.

16 (2) If a petition signed by five percent of the voters of the municipality
17 objecting to a legislative body’s decision denying the establishment or the
18 alteration of limits of a district is presented to the municipal clerk within 30
19 days of the legislative body’s decision, the legislative body shall cause the
20 question of whether the municipality shall establish or alter the limits of the
21 district to be considered at an annual or special meeting called for that purpose.

1 (e) Recording. A record of the establishment of a district and any alteration
2 of district limits made by a legislative body shall be filed with the clerk of each
3 municipality in which the district is located, and shall be recorded with the
4 Secretary of State.

5 § 5703. LIMITATIONS; TAXES; INDEBTEDNESS

6 Notwithstanding any grant of authority in this chapter to the contrary:

7 (1) A district shall not accept funds generated by the taxing or
8 assessment power of any municipality in which it is located.

9 (2) A district shall not have the power to levy, assess, apportion, or
10 collect any tax upon property within the district, nor upon any of its underlying
11 municipalities, without specific authorization of the General Assembly.

12 (3) All obligations of the district, including financing leases, shall be
13 secured by and payable only out of revenues or monies in the district,
14 including revenue generated by an enterprise owned or operated by the district.

15 § 5704. GOVERNING BOARD; COMPOSITION; MEETINGS; REPORT

16 (a) Governing board. The legislative power and authority of a district and
17 the administration and the general supervision of all fiscal, prudential, and
18 governmental affairs of a district shall be vested in a governing board, except
19 as otherwise specifically provided in this chapter.

20 (b) Composition. The first governing board of the district shall consist of
21 four to eight members appointed in equal numbers by the legislative bodies of

1 the underlying municipalities. It shall draft the district’s bylaws specifying the
2 size, composition, and manner of appointing members to the permanent
3 governing board. The bylaws shall require that a majority of the board shall be
4 appointed annually by the legislative bodies of the underlying municipalities.
5 Board members shall serve staggered, three-year terms, and shall be eligible to
6 serve successive terms. The legislative bodies of the municipalities in which
7 the district is located shall fill board vacancies, and may remove board
8 members at will.

9 (c) First meeting. The first meeting of the district shall be called upon 30
10 days’ posted and published notice by a presiding officer of a legislative body
11 in which the district is located. Voters within a municipality in which the
12 district is located are eligible to vote at annual and special district meetings. At
13 the first meeting of the district, and at each subsequent annual meeting, there
14 shall be elected from among board members a chair, vice chair, clerk, and
15 treasurer who shall assume their respective offices upon election. At the first
16 meeting, the fiscal year of the district shall be established and rules of
17 parliamentary procedure shall be adopted. Prior to assuming their offices,
18 officers may be required to post bond in such amounts as determined by
19 resolution of the board. The cost of such bond shall be borne by the district.

20 (d) Annual and special meetings. Unless otherwise established by the
21 voters, the annual district meeting shall be held on the second Monday in

1 January and shall be warned by the clerk or, in the clerk’s absence or neglect,
2 by a member of the board. Special meetings shall be warned in the same
3 manner on application in writing by five percent of the voters of the district. A
4 warning for a district meeting shall state the business to be transacted. The
5 time and place of holding the meeting shall be posted in two or more public
6 places in the district not more than 40 days nor less than 30 days before the
7 meeting and recorded in the office of the clerk before the same is posted.

8 (e) Annual report. The district shall report annually to the legislative
9 bodies and the citizens of the municipalities in which the district is located on
10 the results of its activities in support of economic growth, job creation,
11 improved community efficiency, and any other benefits incident to its
12 activities.

13 § 5705. OFFICERS

14 (a) Generally. The district shall elect at its first meeting and at each annual
15 meeting thereafter a chair, vice chair, clerk, and treasurer, who shall hold
16 office until the next annual meeting and until others are elected. The board
17 may fill a vacancy in any office.

18 (b) Chair. The chair shall preside at all meetings of the board and make
19 and sign all contracts on behalf of the district upon approval by the board. The
20 chair shall perform all duties incident to the position and office as required by
21 the general laws of the State.

1 (c) Vice chair. During the absence of or inability of the chair to render or
2 perform his or her duties or exercise his or her powers, the same shall be
3 performed and exercised by the vice chair and when so acting, the vice chair
4 shall have all the powers and be subject to all the responsibilities given to or
5 imposed upon the chair. During the absence or inability of the vice chair to
6 render or perform his or her duties or exercise his or her powers, the board
7 shall elect from among its members an acting vice chair who shall have the
8 powers and be subject to all the responsibilities given or imposed upon the vice
9 chair.

10 (d) Clerk. The clerk shall keep a record of the meetings, votes, and
11 proceedings of the district for the inspection of its inhabitants.

12 (e) Treasurer. The treasurer of the district shall be appointed by the board,
13 and shall serve at its pleasure. The treasurer shall have the exclusive charge
14 and custody of the funds of the district and shall be the disbursing officer of the
15 district. When authorized by the board, the treasurer may sign, make, or
16 endorse in the name of the district all checks and orders for the payment of
17 money and pay out and disburse the same and receipt therefor. The treasurer
18 shall keep a record of every obligation issued and contract entered into by the
19 district and of every payment made. The treasurer shall keep correct books of
20 account of all the business and transactions of the district and such other books
21 and accounts as the board may require. The treasurer shall render a statement

1 of the condition of the finances of the district at each regular meeting of the
2 board and at such other times as required of the treasurer. The treasurer shall
3 prepare the annual financial statement and the budget of the district for
4 distribution, upon approval of the board, to the legislative bodies of district
5 members. Upon the treasurer’s termination from office by virtue of removal or
6 resignation, the treasurer shall immediately pay over to his or her successor all
7 of the funds belonging to the district and at the same time deliver to the
8 successor all official books and papers.

9 § 5706. AUDIT

10 Once the district becomes operational, the board shall cause an audit of the
11 financial condition of the district to be performed annually by an independent
12 professional accounting firm.

13 § 5707. COMMITTEES

14 The board has authority to establish one or more committees and grant and
15 delegate to them such powers as it deems necessary. Members of an executive
16 committee shall serve staggered terms and shall be board members.

17 Membership on other committees established by the board is not restricted to
18 board members.

19 § 5708. DISTRICT POWERS

20 A district created under this chapter has the power to:

1 (1) exercise independently and in concert with other municipalities any
2 other powers which are necessary or desirable for the installation, ownership,
3 operation, maintenance, and disposition of infrastructure promoting economic
4 development in rural communities and matters of mutual concern and that are
5 exercised or are capable of exercise by any of its members;

6 (2) enter into municipal financing agreements as provided by sections
7 1789 and 1821-1828 of this title, or other provisions authorizing the pledge of
8 net revenue, or alternative means of financing capital improvements and
9 operations;

10 (3) purchase, sell, lease, own, acquire, convey, mortgage, improve, and
11 use real and personal property in connection with its purpose;

12 (4) enter into contracts for any term or duration;

13 (5) operate, cause to be operated, or contract for the construction,
14 ownership, management, financing, and operation of an enterprise which a
15 municipal corporation is authorized by law to undertake;

16 (6) hire employees and fix the compensation and terms of employment;

17 (7) contract with individuals, corporations, associations, authorities, and
18 agencies for services and property, including the assumption of the liabilities
19 and assets thereof, provided that no assumed liability shall be a general
20 obligation of either the district or a municipality in which the district is located;

1 (8) contract with the State of Vermont, the United States of America, or
2 any subdivision or agency thereof for services, assistance, and joint ventures;

3 (9) contract with any municipality for the services of any officers or
4 employees of that municipality useful to it;

5 (10) promote cooperative arrangements and coordinated action among
6 its members and other public and private entities;

7 (11) make recommendations for review and action to its members and
8 other public agencies that perform functions within the region in which its
9 members are located;

10 (12) sue and be sued; provided, however, that the property and assets of
11 the district, other than such property as may be pledged as security for a district
12 obligation, shall be subject to levy, execution, or attachment;

13 (13) appropriate and expend monies; provided, however, that no
14 appropriation shall be funded or made in reliance upon any taxing authority of
15 the district;

16 (14) establish sinking and reserve funds for retiring and securing its
17 obligations;

18 (15) establish capital reserve funds and make deposits in them;

19 (16) solicit, accept, and administer gifts, grants, and bequests in trust or
20 otherwise for its purpose;

1 (17) exercise all powers incident to a public corporation, but only to the
2 extent permitted in this chapter; and

3 (18) adopt a name under which it shall be known and shall conduct
4 business.

5 § 5709. DISSOLUTION

6 (a) If the board by resolution approved by a two-thirds vote determines that
7 it is in the best interests of the public, the district members, and the district that
8 such district be dissolved, and if the district then has no outstanding
9 obligations under pledges of communications plant net revenue, long-term
10 contracts, or contracts subject to annual appropriation, or will have no such
11 debt or obligation upon completion of the plan of dissolution, it shall prepare a
12 plan of dissolution and thereafter adopt a resolution directing that the question
13 of such dissolution and the plan of dissolution be submitted to the voters of the
14 district at a special meeting thereof duly warned for such purpose. If a
15 majority of the voters of the district present and voting at such special meeting
16 shall vote to dissolve the district and approve the plan of dissolution, the
17 district shall cease to conduct its affairs except insofar as may be necessary for
18 the winding up of them. The board shall immediately cause a notice of the
19 proposed dissolution to be mailed to each known creditor of the district and to
20 the Secretary of State and shall proceed to collect the assets of the district and
21 apply and distribute them in accordance with the plan of dissolution.

1 (b) The plan of dissolution shall:

2 (1) identify and value all unencumbered assets;

3 (2) identify and value all encumbered assets;

4 (3) identify all creditors and the nature or amount of all liabilities and
5 obligations;

6 (4) identify all obligations under long-term contracts and contracts
7 subject to annual appropriation;

8 (5) specify the means by which assets of the district shall be liquidated
9 and all liabilities and obligations paid and discharged, or adequate provision
10 made for the satisfaction of them;

11 (6) specify the means by which any assets remaining after discharge of
12 all liabilities shall be liquidated if necessary; and

13 (7) specify that any assets remaining after payment of all liabilities shall
14 be apportioned and distributed among the district members according to a
15 formula based upon population.

16 (c) When the plan of dissolution has been implemented, the board shall
17 adopt a resolution certifying that fact to the district members whereupon the
18 district shall be terminated, and notice thereof shall be delivered to the
19 Secretary of the Senate and the Clerk of the House of Representatives in
20 anticipation of confirmation of dissolution by the General Assembly.

21 Sec. 2. EFFECTIVE DATE

1 This act shall take effect on passage.