

1 Possible amendments by: **Commerce**; **Energy and Technology**

2 Sec. B.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 under-resourced 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 **or upon its own motion**, the legislative body of a  
16 municipality may establish a rural economic development infrastructure  
17 district. The application shall describe the infrastructure to be built or  
18 acquired; the plan for financing its acquisition; the anticipated economic  
19 benefit; the source of revenues for loan, bond, or lease payments; and plans for  
20 retention and disbursement of excess revenues, if any. The application also  
21 shall clearly state that the proposed district shall not have authority to levy

1 taxes upon the grand list and may not levy service charges or fees upon any  
2 underlying municipality except for services used by such municipality, its own  
3 officers, and employees in the operation of municipal functions. Notice of  
4 establishment of a district shall be recorded as provided in subsection (e) of  
5 this section, posted in at least three public places within the municipality for at  
6 least 30 days, and published in a newspaper of general circulation within the  
7 municipality not more than 10 days from the date of establishment by the  
8 legislative body. Following 40 days from the later of the date of establishment  
9 by the legislative body of the municipality or an affirmative vote under  
10 subdivision (d)(1) or (2) of this section, the district shall be deemed to be a  
11 body politic and corporate, capable of exercising those powers and  
12 prerogatives explicitly granted by the legislative body of the municipality in  
13 accordance with this chapter and the district's establishment 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. **Any bylaws developed by the governing board shall be**  
9 **submitted for approval to the legislative bodies of the municipalities**  
10 **within the district and shall be considered duly adopted 45 days from the**  
11 **date of submission, provided none of the legislative bodies disapprove of**  
12 **the bylaws.**

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

1 officers may be required to post bond in such amounts as determined by  
2 resolution of the board. The cost of such bond shall be borne by the district.

3 (d) Annual and special meetings. Unless otherwise established by the  
4 voters, the annual district meeting shall be held on the second Monday in  
5 January and shall be warned by the clerk or, in the clerk's absence or neglect,  
6 by a member of the board. Special meetings shall be warned in the same  
7 manner on application in writing by five percent of the voters of the district. A  
8 warning for a district meeting shall state the business to be transacted. The  
9 time and place of holding the meeting shall be posted in two or more public  
10 places in the district not more than 40 days nor less than 30 days before the  
11 meeting and recorded in the office of the clerk before the same is posted.

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

17 § 5705. OFFICERS

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

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

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

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

16       (e) Treasurer. The treasurer of the district shall be appointed by the board,  
17       and shall serve at its pleasure. The treasurer shall have the exclusive charge  
18       and custody of the funds of the district and shall be the disbursing officer of the  
19       district. When authorized by the board, the treasurer may sign, make, or  
20       endorse in the name of the district all checks and orders for the payment of  
21       money and pay out and disburse the same and receipt therefor. The treasurer

1 shall keep a record of every obligation issued and contract entered into by the  
2 district and of every payment made. The treasurer shall keep correct books of  
3 account of all the business and transactions of the district and such other books  
4 and accounts as the board may require. The treasurer shall render a statement  
5 of the condition of the finances of the district at each regular meeting of the  
6 board and at such other times as required of the treasurer. The treasurer shall  
7 prepare the annual financial statement and the budget of the district for  
8 distribution, upon approval of the board, to the legislative bodies of district  
9 members. Upon the treasurer's termination from office by virtue of removal or  
10 resignation, the treasurer shall immediately pay over to his or her successor all  
11 of the funds belonging to the district and at the same time deliver to the  
12 successor all official books and papers.

13 § 5706. AUDIT

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

17 § 5707. COMMITTEES

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



1 Membership on other committees established by the board is not restricted to  
2 board members.

3 § 5708. DISTRICT POWERS

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

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

10 (2) enter into municipal financing agreements as provided by sections  
11 1789 and 1821-1828 of this title, or other provisions authorizing the pledge of  
12 net revenue, or alternative means of financing capital improvements and  
13 operations;

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

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

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

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

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

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

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

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

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

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

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

20          (14) establish sinking and reserve funds for retiring and securing its  
21          obligations;

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

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

4           **(17) enter into an interstate compact consistent with the purposes of**  
5 **this chapter, subject to the approval of the Vermont General Assembly**  
6 **and the United States Congress;**

7           **(18) develop a sewer or water project, provided the legislative body**  
8 **and the planning commission for the municipality in which the sewer or**  
9 **water project is proposed to be located confirm in writing that such**  
10 **project conforms with any duly adopted municipal plan, and the regional**  
11 **planning commission confirms in writing that such project conforms with**  
12 **the duly adopted regional plan;**

13           (19) exercise all powers incident to a public corporation, but only to the  
14 extent permitted in this chapter; and

15           (20) adopt a name under which it shall be known and shall conduct  
16 business.

17       § 5709. DISSOLUTION

18           (a) If the board by resolution approved by a two-thirds vote determines that  
19 it is in the best interests of the public, the district members, and the district that  
20 such district be dissolved, and if the district then has no outstanding  
21 obligations under pledges of communications plant net revenue, long-term

1 contracts, or contracts subject to annual appropriation, or will have no such  
2 debt or obligation upon completion of the plan of dissolution, it shall prepare a  
3 plan of dissolution and thereafter adopt a resolution directing that the question  
4 of such dissolution and the plan of dissolution be submitted to the voters of the  
5 district at a special meeting thereof duly warned for such purpose. If a  
6 majority of the voters of the district present and voting at such special meeting  
7 shall vote to dissolve the district and approve the plan of dissolution, the  
8 district shall cease to conduct its affairs except insofar as may be necessary for  
9 the winding up of them. The board shall immediately cause a notice of the  
10 proposed dissolution to be mailed to each known creditor of the district and to  
11 the Secretary of State and shall proceed to collect the assets of the district and  
12 apply and distribute them in accordance with the plan of dissolution.

13 (b) The plan of dissolution shall:

14 (1) identify and value all unencumbered assets;

15 (2) identify and value all encumbered assets;

16 (3) identify all creditors and the nature or amount of all liabilities and  
17 obligations;

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

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

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

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

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

14          Sec. 2. EFFECTIVE DATE

15          This act shall take effect on passage.