

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

2 CHAPTER 138. RURAL ECONOMIC DEVELOPMENT

3 INFRASTRUCTURE DISTRICTS

4 § 5701. PURPOSE

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

12 § 5702. ESTABLISHMENT; GENERAL PROVISIONS

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

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

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

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

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

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

15 (2) If a petition signed by five percent of the voters of the municipality  
16 objecting to a legislative body’s decision denying the establishment or the  
17 alteration of limits of a district is presented to the municipal clerk within 30  
18 days of the legislative body’s decision, the legislative body shall cause the  
19 question of whether the municipality shall establish or alter the limits of the  
20 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; EMINENT DOMAIN

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 the assets of or revenues or monies in the  
14       district, including revenue generated by an enterprise owned or operated by the  
15       district.

16               (4) A district shall not have powers of eminent domain.

17       § 5704. GOVERNING BOARD; COMPOSITION; MEETINGS; REPORT

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

1        (b) Composition. The first governing board of the district shall consist of  
2        four to eight members appointed in equal numbers by the legislative bodies of  
3        the underlying municipalities. It shall draft the district’s bylaws specifying the  
4        size, composition, **quorum requirements**, and manner of appointing members  
5        to the permanent governing board. The bylaws shall require that a majority of  
6        the board shall be appointed annually by the legislative bodies of the  
7        underlying municipalities. Board members shall serve staggered, three-year  
8        terms, and shall be eligible to serve successive terms. The legislative bodies of  
9        the municipalities in which the district is located shall fill board vacancies, and  
10       may remove board members at will. Any bylaws developed by the governing  
11       board **under this subsection** shall be submitted for approval to the legislative  
12       bodies of the municipalities within the district and shall be considered duly  
13       adopted 45 days from the date of submission, provided none of the legislative  
14       bodies disapprove of the bylaws.

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

1 meeting, the fiscal year of the district shall be established and rules of  
2 parliamentary procedure shall be adopted. Prior to assuming their offices,  
3 officers may be required to post bond in such amounts as determined by  
4 resolution of the board. The cost of such bond shall be borne by the district.

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

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

19 § 5705. OFFICERS

20 (a) Generally. The district shall elect at its first meeting and at each annual  
21 meeting thereafter a chair, vice chair, clerk, and treasurer, who shall hold

1 office until the next annual meeting and until others are elected. The board  
2 may fill a vacancy in any office.

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

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

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

18 (e) Treasurer. The treasurer of the district shall be appointed by the board,  
19 and shall serve at its pleasure. The treasurer shall have the exclusive charge  
20 and custody of the funds of the district and shall be the disbursing officer of the  
21 district. When warrants are authorized by the board, the treasurer may sign,

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

15 § 5706. AUDIT

16 Once the district becomes operational, the board shall cause an audit of the  
17 financial condition of the district to be performed annually by an independent  
18 professional accounting firm. The results of the audit shall be provided to the  
19 governing board and to the legislative bodies of the municipalities in which the  
20 district is located.

21 § 5707. COMMITTEES

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

4       Membership on other committees established by the board is not restricted to  
5       board members.

6       § 5708. DISTRICT POWERS

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

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

13           (2) enter into municipal financing agreements as provided by sections  
14       1789 and 1821-1828 of this title, or other provisions authorizing the pledge of  
15       district assets or net revenue, or alternative means of financing capital  
16       improvements and operations;

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

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

- 1           (5) operate, cause to be operated, or contract for the construction,  
2           ownership, management, financing, and operation of an enterprise which a  
3           municipal corporation is authorized by law to undertake;
- 4           (6) hire employees and fix the compensation and terms of employment;
- 5           (7) contract with individuals, corporations, associations, authorities, and  
6           agencies for services and property, including the assumption of the liabilities  
7           and assets thereof, provided that no assumed liability shall be a general  
8           obligation of a municipality in which the district is located;
- 9           (8) contract with the State of Vermont, the United States of America, or  
10           any subdivision or agency thereof for services, assistance, and joint ventures;
- 11           (9) contract with any municipality for the services of any officers or  
12           employees of that municipality useful to it;
- 13           (10) promote cooperative arrangements and coordinated action among  
14           its members and other public and private entities;
- 15           (11) make recommendations for review and action to its members and  
16           other public agencies that perform functions within the region in which its  
17           members are located;
- 18           (12) sue and be sued; provided, however, that the property and assets of  
19           the district, other than such property as may be pledged as security for a district  
20           obligation, shall be subject to levy, execution, or attachment;

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

4           (14) establish sinking and reserve funds for retiring and securing its  
5           obligations;

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

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

9           (17) enter into an interstate compact consistent with the purposes of this  
10          chapter, subject to the approval of the Vermont General Assembly and the  
11          United States Congress;

12          (18) develop a public sewer or water project, provided the legislative  
13          body and the planning commission for the municipality in which the sewer or  
14          water project is proposed to be located confirm in writing that such project  
15          conforms with any duly adopted municipal plan, and the regional planning  
16          commission confirms in writing that such project conforms with the duly  
17          adopted regional plan;

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

20          (20) adopt a name under which it shall be known and shall conduct  
21          business; and

1           **(21) make, establish, alter, amend, or repeal ordinances,**  
2           **regulations, and bylaws relating to matters contained in this chapter and**  
3           **not inconsistent with law.**

4           § 5709. DISSOLUTION

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

21           (b) The plan of dissolution shall:

1           (1) identify and value all unencumbered assets;

2           (2) identify and value all encumbered assets;

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

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

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

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

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

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

20       Sec. 2. EFFECTIVE DATE

21           This act shall take effect on passage.