

1 H.951

2 Introduced by Committee on Appropriations

3 Date:

4 Subject: State Treasurer; borrowing; statewide education property tax;

5 appropriation

6 Statement of purpose of bill as introduced: This bill proposes to establish the  
7 Municipal Emergency Statewide Education Property Tax Borrowing Program,  
8 which authorizes the State Treasurer to assist municipalities by making  
9 payments on the costs of short-term borrowings required to manage the cash  
10 flow effects of statewide education property tax deferrals or delays in receipt  
11 of such taxes by municipalities as a result of the COVID-19 pandemic. This  
12 bill also creates the Municipal Emergency Statewide Education Property Tax  
13 Borrowing Fund to make payments for the Program, and repeals this Fund on  
14 June 30, 2021.

15 An act relating to the municipal emergency statewide education property  
16 tax borrowing program

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

2 Sec. 1. MUNICIPAL EMERGENCY STATEWIDE EDUCATION

3 PROPERTY TAX BORROWING PROGRAM

4 (a) Intent. It is the intent of the General Assembly to establish a program  
5 to assist municipalities required to make a short-term borrowing to manage the  
6 cash flow effects of statewide education property tax deferrals or delays in  
7 receipt of such taxes by municipalities as a result of the COVID-19 pandemic.  
8 This program shall be administered in a way that is consistent with section  
9 5001 of Coronavirus Aid, Relief, and Economic Security Act, Pub. L.  
10 No. 116–136 (the CARES Act) and any guidance or regulations issued  
11 pursuant to that section, and that allows the State to recover, to the maximum  
12 extent possible, the short-term borrowing costs payable to municipalities from  
13 the Coronavirus Relief Fund established by section 5001 of the CARES Act,  
14 as may be amended, or any other federal funds that may be granted to the State  
15 and used to reimburse short-term borrowing costs.

16 (b) Definitions. As used in this section:

17 ~~(1) “Municipality” means a city, town, or incorporated village.~~

*(1) “Municipality” means a city, town, incorporated village, the  
unorganized towns and gores of Essex County, and Buel's Gore.*

18 (2) “Short-term borrowing costs” means interest incurred for short-term  
19 borrowing directly attributable to the COVID-19 pandemic, including interest  
20 on letters or lines of credit, revenue anticipation notes, tax anticipation notes,

1 and bond anticipation notes. “Short-term borrowing costs” does not mean the  
2 principal payments of any borrowing or any interest on borrowing not directly  
3 attributable to the COVID-19 pandemic.

4 (c) Program. The Municipal Emergency Statewide Education Property Tax  
5 Borrowing Program is established to authorize the State Treasurer to make  
6 payments to municipalities to cover the short-term borrowing costs incurred  
7 directly attributable to the COVID-19 pandemic.

8 (d) Application. A municipality that has duly authorized a short-term  
9 borrowing directly attributable to the COVID-19 pandemic may apply to the  
10 State Treasurer for payment under the Program. The application shall be in  
11 the manner prescribed by the Treasurer and shall include, at a minimum:

12 (1) the amount and type of short-term borrowing costs that the  
13 municipality seeks to have reimbursed;

14 (2) the municipality’s 2020 tax collection date;

15 (3) an explanation, with supporting documentation, of the  
16 municipality’s under-collection or delay in statewide education property tax  
17 collection attributable to COVID-19; and

18 (4) certification by the municipality, and supporting documentation, that  
19 such costs meet the definition of short-term borrowing as defined in  
20 subdivision (b)(2) of this section and the eligibility criteria as defined in  
21 subsection (e) of this section.

1       (e) Eligibility. Payments under the Program shall be available only to a  
2       municipality, as that term is defined in subdivision (b)(1) of this section,  
3       subject to the following criteria:

4           (1) Short-term borrowing costs were not included in the municipality's  
5       budget or any amendment to the budget enacted on or prior to March 27, 2020.

6           (2) Short-term borrowing costs were incurred during the period  
7       beginning on March 1, 2020 and ending on December 30, 2020.

8           (3) The borrowing was made for the purpose of managing the cash flow  
9       effects of statewide education property tax deferrals or delays as a direct result  
10       of the COVID-19 pandemic.

11           (4) The expenses must be consistent with use of funds authorized in  
12       section 5001 of the CARES Act, as may be amended, or the requirements of  
13       any other federal funds that may be granted to the State and used to support  
14       the Program.

15           (5) Any borrowing interest must be commercially reasonable based on  
16       published municipal indices or prevailing bank rates.

17       (f) Administration.

18           (1) The Treasurer shall specify the form of certification to the  
19       municipalities not later than seven days after enactment of this act and begin  
20       accepting applications not later than ten days after enactment of this act.

1           (2) The Treasurer may be reimbursed for any expenditure made in the  
2           administration of the provisions of this section.

3           (g) Records. A municipality shall keep records sufficient to demonstrate  
4           that the amount of payments to the municipality has been used in accordance  
5           with this section.

6           Sec. 2. MUNICIPAL EMERGENCY STATEWIDE EDUCATION

7                       PROPERTY TAX BORROWING FUND

8           (a) The ~~Municipal Emergency Statewide Education Borrowing Fund~~  
9           *Municipal Emergency Statewide Education Property Tax Borrowing Fund* is  
10           created in the State Treasury pursuant to 32 V.S.A. chapter 7, subchapter 5 and  
11           shall be administered by the State Treasurer. Monies in the Fund shall be used  
12           solely for payments made to municipalities under the ~~Municipal Emergency~~  
13           ~~Statewide Education Borrowing Program~~*Municipal Emergency Statewide*  
14           *Education Property Tax Borrowing Fund* and for necessary costs incurred in  
15           administering the Fund.

16           (b) The Fund shall consist of any sums as may be appropriated or  
17           transferred to the Fund.

18           (c) The State Treasurer may seek and accept gifts, donations, and grants  
19           from any source, public or private, to be dedicated for deposit into the Fund.

20           (d) All interest earned on Fund balances shall be credited to the Fund.

21           Sec. 3. MUNICIPAL EMERGENCY STATEWIDE EDUCATION

22                       PROPERTY TAX BORROWING FUND; APPROPRIATION

23           The sum of up to \$2,700,000.00 is appropriated in FY 2020 from the  
24           Coronavirus Relief Fund to the Municipal Emergency Statewide Education  
25           Property Tax Borrowing Fund for use in FY 2020 and FY 2021.

1       Sec. 4. REPEAL

2             Sec. 2 of this act (the Municipal Emergency Statewide Education Property  
3             Tax Borrowing Fund) shall be repealed on June 30, 2021.

4       Sec. 5. EFFECTIVE DATE

5             This act shall take effect on passage.