

1       Sec. 1. MUNICIPAL EMERGENCY PANDEMIC BORROWING

2                   PROGRAM

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

13           (b)(1) As used in this section, “short-term borrowing costs” means interest  
14 incurred for short-term borrowing directly attributable to the COVID-19  
15 pandemic, including letters or lines of credit, revenue anticipation notes, tax  
16 anticipation notes, and bond anticipation notes.

17           (2) “Short-term borrowing costs” does not mean the principal payments  
18 of any borrowing or any interest on borrowing not directly attributable to the  
19 COVID-19 pandemic.

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Municipal Emergency Pandemic Borrowing Program  
May 4, 2020

1        (c) Program. The Municipal Emergency Pandemic Borrowing Program is  
2        established to authorize the State Treasurer to make payments to municipalities  
3        to cover the short-term borrowing costs incurred directly attributable to the  
4        COVID-19 pandemic.

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

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

11            (2) the municipality's 2020 tax collection date;

12            (3) an explanation, with supporting documentation, of the municipality's  
13        under-collection or delay in property tax collection attributable to COVID-19;  
14        and

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

1       (e) Eligibility. Payments under the Program shall be available only to a  
2       municipality, as that term is defined by 1 V.S.A. § 126, subject to the  
3       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 March 1, 2020, and ending December 30, 2020.

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

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

15       (f) Administration.

16               (1) The Treasurer shall specify the form of certification to the  
17       municipalities not later than [REDACTED] and begin accepting applications not later  
18       than [REDACTED].

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

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

4        Sec. 2. MUNICIPAL EMERGENCY PANDEMIC BORROWING FUND

5        (a) The Municipal Emergency Pandemic Borrowing Fund is created in the  
6        State Treasury pursuant to 32 V.S.A. chapter 7, subchapter 5 and shall be  
7        administered by the State Treasurer. Monies in the Fund shall be used solely  
8        for payments made to municipalities under the Municipal Emergency  
9        Pandemic Borrowing Program and for necessary costs incurred in  
10       administering the Fund.

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

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

15       Sec. 3. MUNICIPAL EMERGENCY PANDEMIC BORROWING FUND;  
16       APPROPRIATION

17       The sum of \$XXXXXXX is appropriated in FY 2020 to the Municipal  
18       Emergency Pandemic Borrowing Fund.

19       Sec. 4. EFFECTIVE DATE

20       This act shall take effect on passage.