

1 TO THE HONORABLE SENATE:

2 The Committee on Finance to which was referred Senate Bill No. 95
3 entitled “An act relating to municipal utility capital investment” respectfully
4 reports that it has considered the same and recommends that the bill be
5 amended by striking out all after the enacting clause and inserting in lieu
6 thereof the following:

7 Sec. 1. 24 V.S.A. § 1822 is amended to read:

8 § 1822. POWERS; APPROVAL OF VOTERS

9 (a) In addition to the powers it may now or hereafter have, a municipal
10 corporation otherwise authorized to own, acquire, improve, control, operate, or
11 manage a public utility or project and to issue bonds pursuant to this
12 subchapter, may also, by action of its legislative branch, exercise any of the
13 following powers:

14 (1) to borrow money and issue bonds for the purposes of acquiring,
15 improving, maintaining, financing, controlling, or operating the public utility
16 or project, or for the purpose of selling, furnishing, or distributing the services,
17 facilities, products, or commodities of such utility or project;

18 (2) to enter into contracts in connection with the issuance of bonds for
19 any of the purposes enumerated in subdivision (1) of this subsection;

20 (3) to purchase, hold, and dispose of any of its bonds;

1 (4) to pledge or assign all or part of any net revenues of the public utility
2 or project, to provide for or to secure the payment of the principal of and the
3 interest on bonds issued in connection with such public utility or project;

4 (5) to do any and all things necessary or prudent to carry out the powers
5 expressly granted or necessarily implied in this subchapter, including without
6 limitation those powers enumerated in section 1824 of this title.

7 (b)(1) The bonds authorized under this section shall be in such form, shall
8 contain such provisions, and shall be executed as may be determined by the
9 legislative branch of the municipal corporation, but shall not be executed,
10 issued, or made, and shall not be valid and binding, unless and until at least a
11 majority of the legal voters of such municipal corporation present and voting at
12 a duly warned annual or special meeting called for that purpose shall have first
13 voted to authorize the same.

14 (2) The warning calling such a meeting shall state the purpose for which
15 it is proposed to issue bonds, the estimated cost of the project, the amount of
16 bonds proposed to be issued under this subchapter therefor, that such bonds are
17 to be payable solely from net revenues, and shall fix the place where and the
18 date on which such meetings shall be held and the hours of opening and
19 closing the polls.

20 (3) The notice of the meeting shall be published and posted as provided
21 in section 1756 of this title.

1 (4) When a majority of all the voters voting on the question at such
2 meeting vote to authorize the issuance of bonds under this subchapter to pay
3 for such project, the legislative body shall be authorized to issue bonds or enter
4 into contracts, pledges, and assignments as provided in this subchapter.

5 (5) Sections 1757 and 1758 of this title shall apply to the proceedings
6 taken hereunder, except that the form of ballot to be used shall be substantially
7 as follows:

8 Shall bonds of the (name of municipality) to the amount of \$_____

9 be issued under subchapter 2 of chapter 53 of Title 24, Vermont Statutes

10 Annotated, payable only from net revenues derived from the (type) public

11 utility system, for the purpose of paying for the following public utility

12 project?

13 If in favor of the bond issue, make a cross (x) in this square .

14 If opposed to the bond issue, make a cross (x) in this square .

15 (c) The bonds authorized by this subchapter shall be sold at par, premium,
16 or discount by negotiated sale, competitive bid, or to the Vermont Municipal
17 Bond Bank.

18 (d) Notwithstanding the provisions of subsection (b) of this section, the
19 legislative branch of a municipal corporation owning a municipal plant as
20 defined in 30 V.S.A. § 2901 may authorize by resolution the issuance of bonds
21 in an amount not to exceed 50 percent of the total assets of said municipal

1 plant without the need for voter approval. Nothing in this subsection shall be
2 interpreted as eliminating the requirement for approval from the Public Utility
3 Commission pursuant to 30 V.S.A. § 108, where applicable.

4 Sec. 2. 30 V.S.A. § 108 is amended to read:

5 § 108. ISSUE OF BONDS OR OTHER SECURITIES

6 * * *

7 (b) The provisions of this section shall not apply to the Vermont Public
8 Power Supply Authority or to a public utility which that meets each and all of
9 the following four conditions:

10 (1) is incorporated in some state other than Vermont;

11 (2) is conducting an interstate and intrastate telephone business ~~which~~
12 that is subject to regulation by the Federal Communications Commission in
13 some respects;

14 (3) is conducting telephone operations in four or more states; and

15 (4) has less than 10 percent of its total investment in property used or
16 useful in rendering service located within this State to the extent that such
17 public utility may issue stock, bonds, notes, debentures, or other evidences of
18 indebtedness not directly or indirectly constituting or creating a lien on any
19 property used or useful in rendering service ~~which that~~ is located within this
20 State.

1 (c)(1) A municipality shall not issue bonds or notes or pledge its net
2 revenues under 24 V.S.A. chapter 53, respecting the ownership or operation of
3 a gas or electric utility, unless the Public Utility Commission first finds, upon
4 petition of the municipality and after notice and an opportunity for hearing,
5 that the proposed action will be consistent with the general good of the State.

6 (2) If the Public Utility Commission does not issue its ruling within
7 90 days of the filing of the petition, as may be extended by consent of the
8 municipality, the issuance of the proposed bonds or notes or pledge of net
9 revenues shall be deemed to be consistent with the general good of the State.

10 (3) If the Public Utility Commission issues a ruling in accordance with
11 subdivision (1) of this subsection, or does not rule within the period specified
12 in subdivision (2) of this subsection, a municipality must ~~subsequently obtain~~
13 also have obtained voter approval in accordance with 24 V.S.A. chapter 53, if
14 required, prior to issuing bonds or notes or pledging its net revenues.

15 (d) Notwithstanding the provisions of subsection (c) of this section, a
16 municipality may:

17 (1) issue bonds or notes or pledge its net revenues payable within three
18 years from the date of issue without such consent, provided such borrowing is
19 necessary in an emergency to restore service immediately after damage by
20 disaster; ~~or~~

1 (2) issue bonds or notes or pledge its net revenues payable within one
2 year of the date of issuance without the consent otherwise required by this
3 subdivision, provided its total bonds, notes, or evidences of indebtedness so
4 payable within one year do not exceed 20 percent of its total assets; or

5 (3) issue bonds or notes without the consent otherwise required by this
6 subdivision, provided:

7 (A) the amount of the issuance plus the amount of any bond or note
8 issuances during the previous 12 calendar months does not exceed 20 percent
9 of the municipality's total assets; and

10 (B) after the proposed issuance, the total amount of the
11 municipality's outstanding bonds, notes, or evidences of indebtedness would
12 not exceed 50 percent of its total assets.

13 Sec. 3. 30 V.S.A. § 5031(a)(4) is amended to read:

14 (4) Bonds and notes may be issued in accordance with this chapter,
15 ~~subject to~~ without the need to obtain the consent and approval of the Public
16 Utility Commission as provided in this title.

17 Sec. 4. EFFECTIVE DATE

18 This act shall take effect on July 1, 2019.

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4 (Committee vote: _____)

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Senator _____

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FOR THE COMMITTEE