

1 Sec. 1. FINDINGS

2 [placeholder for findings]

3 10 V.S.A. Chapter 37, Subchapter 5 is amended to read:

4 Subchapter 5: Water Quality Restoration and Improvement ~~Aquatic Nuisance Control~~

5 § 921. WATER QUALITY IMPLEMENTATION PLANNING AND TARGETS.

6 (a) After listing a water as impaired on the list of waters established by 33 U.S.C. § 1313(d), the  
7 Secretary shall include the following in any plan to implement the requirements of any total  
8 maximum daily load adopted for an impaired water:

9 (1) evaluate whether existing regulatory programs will cause the water to meet water quality  
10 standards. If the Secretary determines that regulatory programs will not achieve water quality  
11 standards, the Secretary shall determine the amount of additional pollutant reduction necessary to  
12 achieve water quality standards in that water. When making this determination, the Secretary  
13 may express the pollutant reduction in a numeric reduction or through defining best management  
14 practices that must be implemented to achieve standards.

15 (2) allocate the pollutant reduction identified under subdivision (a)(1) to each clean water utility  
16 located in or partially in the watershed. When making this allocation the Secretary shall consider  
17 the sectors contributing to the water quality impairment in the clean water utility's boundaries,  
18 the contribution of the pollutant from regulated and nonregulated sources within the clean water  
19 utility, and the geographic extent that the watershed boundaries are in the clean water utility.

20 Those allocations shall be expressed in annual pollution reduction goals and five year pollution  
21 reduction targets.

22 (3) determine the standard cost of pollutant reduction per unit or per best management practice.  
23 When determining standard cost the Secretary shall conduct a survey of the costs associated with

1 common pollution reduction efforts and develop a standard cost based on this survey and the  
2 sources of the pollutants.

3 (c) The Secretary shall conduct the analysis required by subsection (a) for previously listed  
4 waters as follows:

5 (1) For phosphorous in the Lake Champlain watershed, no later than November 1, 2021.

6 (2) For phosphorous in the Lake Memphremagog watershed, no later than November 1, 2022.

7 (3) For all other impaired waters, by no later than November 1, 2020 adopt a schedule for  
8 implementing the requirements of this chapter in all other previously listed impaired waters.

9 (d) When making a decision under this section, the Secretary shall follow the process established  
10 in 10 V.S.A. § 7714 (type 3 notice process).

11 § 922. QUANTIFICATION OF NONREGULATORY POLLUTION REDUCTION

12 (a) After listing a water as impaired on the list of waters established by 33 U.S.C. § 1313(d), the  
13 Secretary shall adopt rules that establish pollution reduction values associated with best  
14 management practices and other controls. If a person is undertaking a best management practice  
15 or other control for which no pollution reduction value exists, the Secretary shall establish a  
16 value for that specific practice within a reasonable period of time. These estimates shall be  
17 established based on a review of values established in the TMDL or other jurisdictions, values  
18 recommended by organizations that develop pollutant reduction values for a practice, applicable  
19 monitored data with respect to a practice, if available, modeled data, or a comparison to other  
20 similar practices if no other reduction value or data exists. Any estimate developed by the  
21 Secretary shall be posted on the Agency website. Pollution reduction values established by the  
22 Secretary shall be the exclusive method for determining the pollutant reduction value of a best  
23 management practice or other control.

1 (b) After listing a water as impaired on the list of waters established by 33 U.S.C. § 1313(d), the  
2 Secretary shall adopt rules that establish a design or useful life value associated with best  
3 management practices and other controls. Design or useful life shall be determined based on a  
4 review of values established in other jurisdictions, values recommended by organizations that  
5 regularly estimate the design or useful life of best management practices or other controls, actual  
6 data documenting the design or useful life of a practice, or a comparison to other similar  
7 practices if no other or data exists. If a person is undertaking a best management practice or  
8 other control for which no design or useful life value exists, the Secretary shall establish a value  
9 for that specific practice within a reasonable period of time. Any value developed by the  
10 Secretary shall be posted on the Agency website. Values established by the Secretary shall be  
11 the exclusive method for determining the design or useful life of a best management practice or  
12 other control.

13 (c) Upon the request of a clean water utility, the Secretary shall evaluate a proposed project and  
14 issue a determination as to whether the proposed project is eligible to receive funding as a part of  
15 a part of the block grant awarded by the State. This determination shall be made within 10 days  
16 of the request.

17 (c) The Secretary shall adopt the rules required by sybsections (a) and (b) of this section for  
18 previously listed waters as follows:

19 (1) For phosphorous in the Lake Champlain watershed, no later than November 1, 2021.

20 (2) For phosphorous in the Lake Memphremagog watershed, no later than November 1, 2022.

21 (3) For all other impairments, by no later than November 1, 2020 adopt a schedule for  
22 implementing the requirements of this chapter in all other previously listed impaired waters.

23 § 923. CLEAN WATER UTILITY

- 1 (a) Municipal participation. Municipalities are responsible for clean water pollution reduction  
2 efforts established under section 921 of this title. Municipalities may satisfy the requirements of  
3 section 921 of this title through agreement between any other unit of government or any operator  
4 that is designated as a clean water utility by the Secretary.
- 5 (b) Designation. A clean water utility may petition the Secretary to be designated as the utility  
6 -serving one or more municipalities. As a part of the petition the clean water utility shall provide  
7 the Secretary the following:
- 8 (1) a resolution by each municipal legislative body designating the clean water utility as having  
9 jurisdiction to operate within the boundaries of that municipality;
- 10 (2) a narrative description of how the clean water authority will implement the requirements of  
11 this section;
- 12 (3) a certification and citation to legal authority that demonstrates that the clean water utility has  
13 the authority to:
- 14 (A) acquire and hold interests in real property;  
15 (B) raise revenue; and  
16 (D) enter contracts to design, construct, and maintain clean water activities.
- 17 (c) Requirement to provide designation to the Secretary. A municipality in an impaired water  
18 shall provide its designation to the Secretary as follows:
- 19 (1) For municipalities in the Lake Champlain watershed, no later than January 1, 2022.  
20 (2) For municipalities in the Lake Memphremagog watershed, no later than January 1, 2023.  
21 (3) For all other municipalities in any watershed, within one year of the allocation of water  
22 quality improvement targets as provided in section 921 of this title.

1 (d) Agency action on designating a clean water utility. The Secretary shall follow the procedures  
2 of 10 V.S.A. § 7114 (type 3 notice and comment procedures) when making a determination as to  
3 whether a clean water utility is designated. If designated, that designation shall last until a clean  
4 water utility notifies the Agency that it is dissolving or the Agency revokes the clean water  
5 utility's designation.

6 (d) Purpose. Clean water utilities are responsible for the reducing sources of water pollution  
7 within their boundaries in accordance with pollution reduction targets established by section 921  
8 of this title.

9 (e) Project identification, prioritization, selection. When identifying, prioritizing, and selecting  
10 an activity to meet the pollution reduction targets the clean water utility may consider funding  
11 the following activities, provided that the activity is not subject to regulation by the State:

12 (1) Developed lands, including municipal separate storm sewers, operational stormwater  
13 discharges, and other developed lands discharges;

14 (2) Natural resource protection and restoration, including river corridor protection, wetland  
15 protection and restoration, and riparian corridor protection and restoration;

16 (3) Forestry; and

17 (4) Agriculture.

18 (f) Operation and maintenance responsibility. A clean water utility shall be responsible for  
19 maintaining a best management practice or other control for the entirety of the design or useful  
20 life of that project.

21 (g) Reductions from local regulatory programs. A clean water utility may request that the  
22 Secretary determine the pollutant reduction that may be counted towards the annual pollution  
23 reduction goals established in subdivision 921(a)(2) for a municipal ordinances that reduce a

1 pollutant that are otherwise not required by state law, including ordinances that protect river  
2 corridors or regulate stormwater below the State's jurisdictional threshold.

3 (h) Water quality improvement work. If a clean water utility achieves a greater level of pollutant  
4 reduction than the goal or target established by the Secretary, the utility may carry those  
5 reductions forward into a future year. If a clean water utility achieves its pollutant reduction goal  
6 or target and has excess grant funding available a utility may use those funds towards other  
7 eligible projects, operation and maintenance responsibilities for existing constructed projects,  
8 projects within the municipality that are required by state rule, or other work that improves water  
9 quality within the geographic area of the district, including protecting river corridors, aquatic  
10 species passage, and other similar projects.

11 (i) Reporting. A clean water utility shall report on its progress annually to the Secretary. The  
12 report shall contain a summary of all projects completed that year, a summary of any inspections  
13 projects previously constructed and whether those projects continue to operate in accordance  
14 with their design, and the pollutant reduction achieved during the prior year.

15 (j) Revocation of designation. If a clean water utility has not met an annual pollution reduction  
16 goal the Secretary may, and if the clean water utility has not met a five-year pollution reduction  
17 target the Secretary shall initiate proceedings to revoke a clean water utility's designation.

18 Revocations under this subsection shall be conducted as a contested case pursuant to 3 V.S.A.  
19 chapter 25. When a clean water utility's designation has been revoked or no clean water utility  
20 otherwise exists, the Secretary may administer a program to implement water quality  
21 improvement projects.

22 § 924. CLEAN WATER IMPLEMENTATION GRANT PROGRAM

1 (a) The Secretary shall administer a Clean Water Utility Block Grant to clean water utilities to  
2 meet their requirements under this subchapter. The grant amount shall be based on the annual  
3 pollutant reduction goal established for the clean water utility multiplied by the average cost for  
4 pollutant reduction.

5 (b) The Secretary shall administer a clean water implementation grant program to provide grants  
6 to persons who are required to obtain a permit to implement regulatory requirements that are  
7 necessary to achieve water quality standards. The grant program shall only be available in areas  
8 served by a clean water utility. To the extent funds are available, the grant program shall the cost  
9 share approved by the Clean Water Board pursuant to subdivision 1389(d)(3)(G) of this title fund  
10 projects related to section 1264(g)(2) (stormwater from municipal roads), 1264(g)(3) (three acres  
11 of impervious surface.

12 Sec. 2. 10 V.S.A. § 1253(d)(2) is amended to read:

13 (2) In developing a basin plan under this subsection, the Secretary shall:

14 (A) identify waters that should be reclassified outstanding resource waters or that should have  
15 one or more uses reclassified under section 1252 of this title;

16 (B) identify wetlands that should be reclassified as Class I wetlands;

17 (C) identify projects or activities within a basin that will result in the protection and enhancement  
18 of water quality;

19 (D) review the evaluations performed by the Secretary pursuant to subdivision 921(a)(1) and (2)  
20 and update those findings based on any new data collected as a part of the basin plan;

21 (E) assure that municipal officials, citizens, watershed groups, and other interested groups and  
22 individuals are involved in the basin planning process;

1 ~~(F)(E)~~ assure regional and local input in State water quality policy development and planning  
2 processes;

3 ~~(G)(F)~~ provide education to municipal officials and citizens regarding the basin planning  
4 process;

5 ~~(H)(G)~~ develop, in consultation with the regional planning commission, an analysis and formal  
6 recommendation on conformance with the goals and objectives of applicable regional plans;

7 ~~(I)(H)~~ provide for public notice of a draft basin plan; and

8 ~~(J)(I)~~ provide for the opportunity of public comment on a draft basin plan.

9 Sec. 3. 10 V.S.A. Chapter 47, Subchapter 7 is amended to read:

10 Subchapter 7: Vermont Clean Water Fund

11 § 1387. PURPOSE

12 The General Assembly establishes in this subchapter a Vermont Clean Water Fund as a  
13 mechanism for financing the improvement of water quality in the State. The Clean Water Fund  
14 shall be used to:

15 (1) assist the State in complying with water quality requirements and construction or  
16 implementation of water quality projects or programs;

17 (2) fund staff positions at the Agency of Natural Resources, Agency of Agriculture, Food and  
18 Markets, or Agency of Transportation when the positions are necessary to achieve or maintain  
19 compliance with water quality requirements and existing revenue sources are inadequate to fund  
20 the necessary positions; and

21 (3) provide funding to clean water utilities to meet their obligations under 10 V.S.A. chapter 37,  
22 subchapter 5 nonprofit organizations, regional associations, and other entities for implementation  
23 and administration of community based water quality programs or projects.



\* \* \*

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22

§ 1389. CLEAN WATER BOARD

(a) Creation.

(1) There is created the Clean Water Board that shall:

(A) be responsible and accountable for planning, coordinating, and financing of the remediation, improvement, and protection of the quality of State waters;

(B) recommend to the Secretary of Administration expenditures:

(i) appropriations from the Clean Water Fund; and

(ii) clean water projects to be funded by capital appropriations.

(2) The Clean Water Board shall be attached to the Agency of Administration for administrative purposes.

(b) Organization of the Board. The Clean Water Board shall be composed of:

(1) the Secretary of Administration or designee;

(2) the Secretary of Natural Resources or designee;

(3) the Secretary of Agriculture, Food and Markets or designee;

(4) the Secretary of Commerce and Community Development or designee;

(5) the Secretary of Transportation or designee; and

(6) four members of the public, who are not legislators, with expertise in one or more of the following subject matters: public management, civil engineering, agriculture, ecology, wetlands, stormwater system management, forestry, transportation, law, banking, finance, and investment, to be appointed by the Governor.

(c) Officers; committees; rules; compensation; term.

1 (1) The Secretary of Administration shall serve as the Chair of the Board. The Clean Water Fund  
2 Board may elect additional officers from its members, establish committees or subcommittees,  
3 and adopt procedural rules as necessary and appropriate to perform its work.

4 (2) Members of the Board who are not employees of the State of Vermont and who are not  
5 otherwise compensated or reimbursed for their attendance shall be entitled to per diem  
6 compensation and reimbursement of expenses pursuant to 32 V.S.A. § 1010 paid from the  
7 budget of the Agency of Administration for attendance of meetings of the Board.

8 (3) Members who are appointed to the Clean Water Board shall be appointed for terms of four  
9 years, except initial appointments shall be made such that two members appointed by the  
10 Governor shall be appointed for a term of two years. Vacancies on the Board shall be filled for  
11 the remaining period of the term in the same manner as initial appointments.

12 (d) Powers and duties of the Clean Water Board. The Clean Water Board shall have the  
13 following powers and authority:

14 (1) The Clean Water Board shall recommend to the Secretary of Administration the appropriate  
15 allocation of funds from the Clean Water Fund for the purposes of developing the State budget  
16 required to be submitted to the General Assembly under 32 V.S.A. § 306. All recommendations  
17 from the Board should be intended to fund clean water utilities to meet the pollutant reduction  
18 obligations under 10 V.S.A. chapter 37, subchapter 5 and achieve the greatest water quality gain  
19 for the investment. The recommendations of the Clean Water Board shall be open to inspection  
20 and copying under the Public Records Act, and the Clean Water Board shall submit to the Senate  
21 Committees on Appropriations, on Finance, on Agriculture, and on Natural Resources and  
22 Energy and the House Committees on Appropriations, on Ways and Means, on Agriculture and

1 Forestry, and on Natural Resources, Fish, and Wildlife a copy of any recommendations provided  
2 to the Governor.

3 (2) The Clean Water Board may pursue and accept grants, gifts, donations, or other funding from  
4 any public or private source and may administer such grants, gifts, donations, or funding  
5 consistent with the terms of the grant, gift, or donation.

6 (3) The Clean Water Board shall:

7 ~~(A) establish a process by which watershed organizations, State agencies, and other interested~~  
8 ~~parties may propose water quality projects or programs for financing from the Clean Water~~  
9 ~~Fund;~~

10 (B) develop an annual revenue estimate and proposed budget for the Clean Water Fund;

11 (C) establish measures for determining progress and effectiveness of expenditures for clean  
12 water restoration efforts;

13 (D) If the Board determines that there are insufficient funds in the Clean Water Fund to issue all  
14 grants required by section 924(a) of this title, the Board shall:

15 (i) direct the Secretary of Natural Resources to prioritize the water quality improvements and  
16 issue grants based on available funding;

17 (ii) make recommendations to the Governor and General Assembly on additional revenue for the  
18 Fund; and

19 (iii) notify the Secretary of Natural Resources that there are insufficient funds in the Fund. The  
20 Secretary of Natural Resources shall consider additional regulatory controls to address water  
21 quality improvements that could not be funded.

22 (E) issue the annual Clean Water Investment Report required under section 1389a of this title;

- 1 ~~(F)(E)~~ solicit, consult with, and accept public comment from organizations interested in  
2 improving water quality in Vermont regarding recommendations under this subsection (d) for the  
3 allocation of funds from the Clean Water Fund; and
- 4 ~~(F) establish a process under which a watershed organization, State agency, or other interested~~  
5 ~~party may propose that a water quality project or program identified in a watershed basin plan~~  
6 ~~receive funding from the Clean Water Fund.~~
- 7 (G) review and approve the cost-share for grant programs administered by State agencies that  
8 fund work required by a permit.
- 9 (e) Priorities.
- 10 ~~(F)~~In making recommendations under subsection (d) of this section regarding the appropriate  
11 allocation of funds from the Clean Water Fund, the Board shall prioritize:
- 12 (1) funding to clean water utility implementation grants as provided under subdivision (d)(3)(A)  
13 of this section;
- 14 (2) to the extent funding is available after fully funding clean water utility implementation  
15 grants:
- 16 (A) Fund state agency programs that support water quality projects that are legally required by a  
17 permit. Funding amounts should be consistent with the cost share approved under subdivision  
18 (d)(3)(G) of this section ~~funding to programs and projects that address sources of water~~  
19 ~~pollution in waters listed as impaired on the list of waters established by 33 U.S.C. § 1313(d);~~
- 20 ~~(B) funding to projects that address sources of water pollution identified as a significant~~  
21 ~~contributor of water quality pollution, including financial assistance to grant recipients at the~~  
22 ~~initiation of a funded project;~~

1 ~~(B)(C)~~-funding to programs or projects that address or repair riparian conditions that increase the  
2 risk of flooding or pose a threat to life or property;

3 ~~(D)~~-assistance required for State and municipal compliance with stormwater requirements for  
4 highways and roads;

5 ~~(C)(E)~~-funding for education and outreach regarding the implementation of water quality  
6 requirements, including funding for education, outreach, demonstration, and access to tools for  
7 the implementation of the Acceptable Management Practices for Maintaining Water Quality on  
8 Logging Jobs in Vermont, as adopted by the Commissioner of Forests, Parks and Recreation;

9 ~~(D)(F)~~ funding for innovative or alternative technologies or practices designed to improve water  
10 quality or reduce sources of pollution to surface waters, including funding for innovative nutrient  
11 removal technologies and community-based methane digesters that utilize manure, wastewater,  
12 and food residuals to produce energy; and

13 ~~(G)~~ funding to purchase agricultural land in order to take that land out of practice when the State  
14 water quality requirements cannot be remediated through agricultural Best Management  
15 Practices;

16 ~~(H)~~ funding to municipalities for the establishment and operation of stormwater utilities; and

17 ~~(E)(I)~~ investment in watershed basin planning, water quality project identification screening,  
18 water quality project evaluation, and conceptual plan development of water quality projects.

19 ~~(2)~~ In developing its recommendations under subsection (d) of this section regarding the  
20 appropriate allocation of funds from the Clean Water Fund, the Clean Water Fund Board shall,  
21 during the first three years of its existence and within the priorities established under subdivision  
22 (1) of this subsection (e), prioritize awards or assistance to municipalities for municipal

1 ~~compliance with water quality requirements, and to municipalities for the establishment and~~  
2 ~~operation of stormwater utilities.~~

3 ~~(3) In developing its recommendations under subsection (d) of this section regarding the~~  
4 ~~appropriate allocation of funds from the Clean Water Fund, the Board shall, after satisfaction of~~  
5 ~~the priorities established under subdivision (1) of this subsection (e), attempt to provide for~~  
6 ~~investment in all watersheds of the State based on the needs identified in watershed basin plans.~~

7 (f) Assistance. The Clean Water Board shall have the administrative, technical, and legal  
8 assistance of the Agency of Administration, the Agency of Natural Resources, the Agency of  
9 Agriculture, Food and Markets, the Agency of Transportation, and the Agency of Commerce and  
10 Community Development for those issues or services within the jurisdiction of the respective  
11 agency. The cost of the services provided by agency staff shall be paid from the budget of the  
12 agency providing the staff services.

13 Sec. 4. 24 V.S.A. chapter 97 is amended to read:

14 Chapter 97: Sewage System

15 § 3501. DEFINITIONS

16 The following words and phrases, as used in this chapter and in chapter 101 of this title, shall  
17 have the following meanings:

18 (1) “Clean water project” shall mean a project designed to improve water quality to achieve a  
19 target established under section 922 of title 10, that is not subject to a permit under chapter 47 of  
20 title 10 or subject to chapter 215 of title 6, and which is within the activities identified in  
21 subsection 923(e) of title 10.

22 (2) "Domestic sewage" or "house sewage" is sanitary sewage derived principally from dwellings,  
23 business buildings, and institutions.

1 ~~(3)~~ ~~(2)~~ "Industrial wastes" or "trade wastes" are liquid wastes from industrial processes,  
2 including suspended solids.

3 ~~(4)~~ ~~(3)~~ "Sanitary sewage" is used water supply commonly containing human excrement.

4 (4) "Sanitary treatment" shall be an approved method of treatment of solids and bacteria in  
5 sewage before final discharge.

6 (5) "Sewage" is the used water supply of a community, including such ground water, surface,  
7 and storm water as may or may not be mixed with these liquid wastes from the community.

8 (6) "Sewage system" shall include such equipment, pipe line system, and facilities as are needed  
9 for and appurtenant to the treatment or disposal of sewage and waters, as defined herein,  
10 including a sewage treatment or disposal plant, as defined in section 3601 of this title, and  
11 separate pipe lines and structural or nonstructural facilities as are needed for and appurtenant to  
12 the treatment or disposal of storm, surface, and subsurface waters.

13 § 3502. POWERS

14 (a) A municipal corporation may construct, maintain, operate, and repair a sewage system and  
15 take, purchase, and acquire, in the manner hereinafter mentioned, real estate and easements  
16 necessary for its purposes, and enter in and upon any land for the purpose of making surveys,  
17 and lay pipes and sewers and connect the same as may be necessary to convey sewage and other  
18 waters to an outfall or treatment plant or installing and maintaining a stormwater treatment  
19 system.

20 (b) A municipal corporation may acquire interests in real property to conserve and protect natural  
21 resources that are a part of a clean water project.

22 (c) A municipal corporation may administer a grant program to fund clean water projects within  
23 its boundaries.

1 (d) A municipal corporation may enter into contracts to implement clean water projects within its  
2 boundaries.

3 \* \* \*

4 § 3507. DUTIES

5 (a) Such sewage system commissioners shall have the supervision of such municipal sewage  
6 system and clean water projects and shall make and establish all needed rates for rent, with rules  
7 and regulations for its control and operation. Such commissioners may appoint or remove a  
8 superintendent at their pleasure. The rents and receipts for the use of such sewage system shall  
9 be used and applied to pay the interest and principal of the sewage system bonds of such  
10 municipal corporation, the expense of maintenance and operation of the sewage system, as well  
11 as dedicated fund payments provided for in section 3616 of this title.

12 (b) Rates established by this section shall not apply to entities permitted under a municipal  
13 separate storm sewer program permit issued by the Agency of Natural Resources ~~When a rate~~  
14 ~~established under this section for the management of stormwater is applied to property owned,~~  
15 ~~controlled, or managed by the Agency of Transportation, the rate shall not exceed the highest~~  
16 ~~rate category applicable to other properties in the municipality, and the Agency of Transportation~~  
17 ~~shall receive a 35 percent credit on the rate. The Agency of Transportation shall receive no other~~  
18 ~~credit on the rate from the municipal corporation.~~

19 Sec. 5. 24 V.S.A. § 3616 is amended to read:

20 § 3616. DUTIES; USE OF PROCEEDS

21 Such sewage disposal commissioners shall have the supervision of such municipal sewage  
22 disposal department, and shall make and establish all needful rates for charges, rules, and  
23 regulations for its control and operation including the right to require any individual, person, or



1 corporation to connect to such municipal system for the purposes of abating pollution of the  
2 waters of the state. Such commissioners may appoint or remove a superintendent at their  
3 pleasure. The charges and receipts of such department shall only be used and applied to pay the  
4 interest and principal of the sewage disposal bonds of such municipal corporation as well as the  
5 expense of maintenance and operation of the sewage disposal department or other expenses of  
6 the sewage system. These charges and receipts may also be used for the development,  
7 construction, and maintenance of any clean water project administered by the department. These  
8 charges and receipts also may be used to develop a dedicated fund which may be created by the  
9 commissioners to finance major rehabilitation, major maintenance, and upgrade costs for the  
10 sewer system. This fund may be established by an annual set-aside of up to 15 percent of the  
11 normal operations, maintenance and bond payment costs, except that with respect to subsurface  
12 leachfield systems, the annual set-aside may equal up to 100 percent of these costs. The fund  
13 shall not exceed the estimated future major rehabilitation, major maintenance or upgrade costs  
14 for the sewer system. Any dedicated fund shall be insured at least to the level provided by FDIC  
15 and withdrawals shall be made only for the purposes for which the fund was established. Any  
16 such dedicated fund may be established and controlled in accord with section 2804 of this title or  
17 may be established by act of the legislative body of the municipality. Funds so established meet  
18 the requirements of subdivision 4756(a)(4) of this title. Where the municipal legislative body  
19 establishes such a fund, it shall first adopt a municipal ordinance authorizing and controlling  
20 such funds. Such ordinance and any local policies governing the funds must conform to the  
21 requirements of this section.

22 Sec. 6. 24 V.S.A. chapter 105 is amended to read:

23 § 3671. POLICY

1 It is the policy of the state to authorize two or more contiguous towns or other municipal  
2 corporations to join together to establish a consolidated sewer district for the purpose of  
3 developing, acquiring, or improving a sewage system for the purpose of disposing of the sewage  
4 from the district; managing stormwater within the district; or developing, constructing, or  
5 maintaining clean water projects within the district.

6 § 3672. DEFINITIONS

7 (a) As used in this chapter, the following words and terms shall have the following meanings  
8 unless the context indicates another or different meaning or intent:

9 (1) "Town" means any municipality within the meaning of section 126 of Title 1.

10 (2) "Sewage system" includes such equipment, pipeline systems, and facilities as are needed for  
11 and appurtenant to the treatment or disposal of sewage and waters, including sewage treatment  
12 plants and separate pipelines and structural or nonstructural facilities as are needed for and  
13 appurtenant to the treatment or disposal of storm, surface and subsurface waters, and all  
14 properties, rights, easements, and franchises relating thereto and deemed necessary or convenient  
15 by the sewer commission for the operation thereof.

16 (3) "Sewage" means the used water supply of a community, including such groundwater, surface  
17 and stormwater as may or may not be mixed with liquid wastes from the community.

18 (4) "Storm water" means the excess water from rainfall.

19 (5) "Surface water" means water other than storm water flowing or standing on or over the  
20 surface of the ground.

21 (6) "Groundwater" means water existing beneath the surface of the ground.

22 (7) "Improvements" means such repairs, replacements, additions, extensions and betterments of  
23 and to a sewage system as are deemed necessary by the sewer commissioners to place or

1 maintain such system in proper condition for its safe, efficient and economic operation or to meet  
2 requirements for service in such areas which may be served by the district and for which no  
3 existing service is being rendered.

4 (8) "Costs" as applied to a sewage system include the purchase price of any such system, the cost  
5 of construction, the cost of all labor, materials, machinery, and equipment, the cost of  
6 improvements, the cost of all lands, property, rights, easements, and franchises acquired,  
7 financing charges, interest prior to and during construction and, if deemed advisable by the sewer  
8 commissioners for one year after completion of construction, cost of plans and specifications,  
9 surveys and estimates of cost and of revenues, cost of engineering and legal services, and all  
10 other expenses necessary or incident to determining the feasibility or practicability of such  
11 construction.

12 (9) "Clean water project" means a project designed to improve water quality to achieve a target  
13 established under section 922 of title 10, that is not subject to a permit under chapter 47 of title  
14 10 or subject to chapter 215 of title 6, and which is within the activities identified in subsection  
15 923(e) of title 10.

16 (b) A consolidated sewer district shall be deemed to be a municipality within the meaning of  
17 section 126 of Title 1.

18 \* \* \*

19 § 3679. FINANCES-SEWER RATES; APPLICATION OF REVENUE

20 (a) The board of sewer commissioners of a consolidated sewer district shall establish rates for the  
21 sewer service or the planning, construction and maintenance of clean water projects and all  
22 individuals, firms, and corporations whether private, public, or municipal shall pay to the  
23 treasurer of the district the rates established by the board. The manner of establishment of the

1 rates shall be in accord with section 3615 of this title. The rates shall be so established as to  
2 provide revenue for the following purposes:  
3 (1) to pay current expenses for operating and maintaining the sewer system;  
4 (2) to provide for the payment of interest on the indebtedness created by the district;  
5 (3) to provide each year a sum equal to not less than two percent or more than five percent of the  
6 entire indebtedness created or assumed by the district to pay for the cost of the sewer system and  
7 improvements thereto, which sum shall be used to pay indebtedness maturing in that year or  
8 turned into a sinking fund and there kept to provide for the extinguishment of indebtedness of the  
9 district;  
10 (4) if any surplus remains at the end of the year, it may be turned into the sinking fund or used to  
11 pay the cost of improvements to the sewer system.

12 \* \* \*

13 (c) Rates established by this section shall not apply to entities permitted under a municipal  
14 separate storm sewer program permit issued by the Agency of Natural Resources. When a rate  
15 established under this section for the management of stormwater is applied to property owned,  
16 controlled, or managed by the Agency of Transportation, the rate shall not exceed the highest  
17 rate category applicable to other properties in the municipality, and the Agency of Transportation  
18 shall receive a 35 percent credit on the rate. The Agency of Transportation shall receive no other  
19 credit on the rate from the consolidated sewer district.