

Senate Calendar

WEDNESDAY, MARCH 30, 2022

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ACTION CALENDAR

CONSIDERATION POSTPONED UNTIL APRIL 20, 2022

GOVERNOR'S VETO

S. 79.

An act relating to improving rental housing health and safety.

Pending question (to be voted by call of the roll): Shall the bill pass, notwithstanding the Governor's refusal to approve the bill? (Two-thirds of the members present required to override the Governor's veto.)

(For text of the Governor's Veto Message, see Senate Journal for June 24, 2021, page 1454)

UNFINISHED BUSINESS OF JANUARY 4, 2022

GOVERNOR'S VETO

S. 107.

An act relating to confidential information concerning the initial arrest and charge of a juvenile.

Pending question (to be voted by call of the roll): Shall the bill pass, notwithstanding the Governor's refusal to approve the bill? (Two-thirds of the members present required to override the Governor's veto.)

The text of the Communication from His Excellency, The Governor, whereby he *vetoed* and returned unsigned **Senate Bill No. S. 107** to the Senate is as follows:

Text of Communication from Governor

"May 20, 2021

The Honorable John Bloomer, Jr.
Secretary of the Senate
115 State House
Montpelier, VT 05633-5401

Dear Mr. Bloomer:

Pursuant to Chapter II, Section 11 of the Vermont Constitution, I am returning S.107, *An act relating to confidential information concerning the initial arrest and charge of a juvenile*, without my signature, because of concerns with the policy to automatically raise the age of accountability for

crimes, and afford young adults protections meant for juveniles, without adequate tools or systems in place.

Three years ago, I signed legislation intended to give young adults who had become involved in the criminal justice system certain protections meant for juveniles. At the time, I was assured that, prior to the automatic increases in age prescribed in the bill, plans would be in place to provide access to the rehabilitation, services, housing and other supports needed to both hold these young adults accountable and help them stay out of the criminal justice system in the future.

This has not yet been the case. In addition to ongoing housing challenges, programs designed and implemented for children under 18 are often not appropriate for those over 18. Disturbingly, there are also reports of some young adults being used – and actively recruited – by older criminals, like drug traffickers, to commit crimes because of reduced risk of incarceration, potentially putting the young people we are trying to protect deeper into the criminal culture and at greater risk.

I want to be clear: I'm not blaming the Legislature or the Judiciary for these gaps. All three branches of government need to bring more focus to this issue if we are going to provide the combination of accountability, tools and services needed to ensure justice and give young offenders a second chance.

For these reasons, I believe we need to take a step back and assess Vermont's "raise the age" policy, the gaps that exist in our systems and the unintended consequences of a piecemeal approach on the health and safety of our communities, victims and the offenders we are attempting to help. I see S.107 as deepening this piecemeal approach.

I also remain concerned with the lack of clarity in S.107 regarding the disparity in the public records law between the Department of Public Safety and the Department of Motor Vehicles.

Based on the objections outlined above, I am returning this legislation without my signature pursuant to Chapter II, Section 11 of the Vermont Constitution. I believe this presents an opportunity to start a much-needed conversation about the status of our juvenile justice initiatives and make course corrections where necessary, in the interest of public safety and the young Vermonters we all agree need an opportunity to get back on the right path.

Sincerely,

/s/Philip B. Scott
Governor

PBS/kp”

Text of bill as passed by Senate and House

The text of the bill as passed by the Senate and House of Representatives is as follows:

S.107 An act relating to confidential information concerning the initial arrest and charge of a juvenile

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

* * * Exemption; records of arrest or charge of a juvenile * * *

Sec. 1. 1 V.S.A. § 317 is amended to read:

§ 317. DEFINITIONS; PUBLIC AGENCY; PUBLIC RECORDS AND DOCUMENTS; EXEMPTIONS

* * *

(c) The following public records are exempt from public inspection and copying:

* * *

(5)(A) Records dealing with the detection and investigation of crime, but only to the extent that the production of such records:

* * *

(B)(i) Notwithstanding subdivision (A) of this subdivision (5), records relating to management and direction of a law enforcement agency; records reflecting the initial arrest of a person, including any ticket, citation, or complaint issued for a traffic violation, as that term is defined in 23 V.S.A. § 2302; and records reflecting the charge of a person shall be public.

(ii) A public agency shall not release any information within a record reflecting the initial arrest or charge of a person under 19 years of age that would reveal the identity of the person. However, a public agency may disclose identifying information relating to the initial arrest of a person under 19 years of age in order to protect the health and safety of any person.

* * *

* * * Effective July 1, 2022 * * *

Sec. 2. 1 V.S.A. § 317 is amended to read:

§ 317. DEFINITIONS; PUBLIC AGENCY; PUBLIC RECORDS AND DOCUMENTS; EXEMPTIONS

* * *

(c) The following public records are exempt from public inspection and copying:

* * *

(5)(A) Records dealing with the detection and investigation of crime, but only to the extent that the production of such records:

* * *

(B)(i) Notwithstanding subdivision (A) of this subdivision (5), records relating to management and direction of a law enforcement agency; records reflecting the initial arrest of a person, including any ticket, citation, or complaint issued for a traffic violation, as that term is defined in 23 V.S.A. § 2302; and records reflecting the charge of a person shall be public.

(ii) A public agency shall not release any information within a record reflecting the initial arrest or charge of a person under ~~19~~ 20 years of age that would reveal the identity of the person. However, a public agency may disclose identifying information relating to the initial arrest of a person under ~~19~~ 20 years of age in order to protect the health and safety of any person.

* * *

Sec. 3. APPLICATION OF PUBLIC RECORDS ACT EXEMPTION REVIEW

Notwithstanding 1 V.S.A. § 317(e), the Public Records Act exemption amended in Sec. 1 shall continue in effect and shall not be reviewed for repeal.

* * * Custodian of records relating to a person
under court jurisdiction * * *

Sec. 4. 33 V.S.A. § 5117 is amended to read:

§ 5117. RECORDS OF JUVENILE JUDICIAL PROCEEDINGS

(a)(1) Except as otherwise provided, court and law enforcement reports and files concerning a person subject to the jurisdiction of the court shall be maintained separate from the records and files of other persons. Unless a charge of delinquency is transferred for criminal prosecution under chapter 52 of this title or the court otherwise orders in the interests of the child, such records and files shall not be open to public inspection nor their contents disclosed to the public by any person. However, upon a finding that a child is a delinquent child by reason of commission of a delinquent act ~~which~~ that would have been a felony if committed by an adult, the court, upon request of the victim, shall make the child's name available to the victim of the

delinquent act. If the victim is incompetent or deceased, the child's name shall be released, upon request, to the victim's guardian or next of kin.

(2) When a person is subject to the jurisdiction of the court, the court shall become the sole records custodian for purposes of responding to any request for court or law enforcement records concerning the person. A public agency shall direct any request for these records to the courts for response.

(3) When a person is subject to the jurisdiction of the Criminal Division of the Superior Court pursuant to chapter 52 or 52A of this title, the Criminal Division of the Superior Court shall become the sole records custodian for purposes of responding to any request for court or law enforcement records concerning the person. A public agency shall direct any request for these records to the courts for response.

* * *

* * * Effective Dates * * *

Sec. 5. EFFECTIVE DATES

This act shall take effect on July 1, 2021, except that Sec. 2 (2022 amendment to 1 V.S.A. § 317(c)(5)(B)(ii) (public records; exemptions; records relating to the initial arrest and charge of a person)) shall take effect on July 1, 2022.

UNFINISHED BUSINESS OF MARCH 17, 2022

GOVERNOR'S VETO

H. 361.

An act relating to approval of amendments to the charter of the Town of Brattleboro.

Pending question (to be voted by call of the roll): Shall the bill pass in concurrence, notwithstanding the Governor's refusal to approve the bill? (Two-thirds of the members present required to override the Governor's veto.)

The text of the Communication from His Excellency, The Governor, whereby he *vetoed* and returned unsigned **House Bill No. H. 361** to the House is as follows:

Text of Communication from Governor

“February 28, 2022

The Honorable BetsyAnn Wrask
Clerk of the Vermont House of Representatives
115 State Street
Montpelier, VT 05633

Dear Ms. Wrask:

Pursuant to Chapter II, Section 11 of the Vermont Constitution, I am returning H.361, *An Act Relating to Approval of Amendments to the Charter of the Town of Brattleboro*, without my signature.

While I applaud 16- and 17-year-old Vermonters who take an interest in the issues affecting their communities, their state and their country, I do not support lowering the voting age in Brattleboro.

First, given how inconsistent Vermont law already is on the age of adulthood, this proposal will only worsen the problem. For example, the Legislature has repeatedly raised the age of accountability to reduce the consequences when young adults commit criminal offenses. They have argued this approach is justified because these offenders are not mature enough to contemplate the full range of risks and impacts of their actions.

Testimony given by leaders from Columbia University's Justice Lab, who said Vermont should raise the upper age of juvenile jurisdiction for most crimes, (including some violent crimes) described adolescents and what they called "emerging adults" as more volatile; more susceptible to peer influence; greater risk-takers; and less future-oriented than adults. This view was cited by the Legislature as justification to expand the definition of "child" to those 18 to 22 for purposes of criminal accountability. "Youthful offenders" up to age 22 may now avoid criminal responsibility for their crimes.

Second, if the Legislature is interested in expanding voting access to school-aged children, they should debate this policy change on a statewide basis. I do not support creating a patchwork of core election laws and policies that are different from town to town. The fundamentals of voting should be universal and implemented statewide.

For these reasons, I am returning this legislation without my signature pursuant to Chapter II, Section 11 of the Vermont Constitution.

I understand this is a well-intended local issue. I urge the Legislature to take up a thorough and meaningful debate on Vermont's age of majority and come up with consistent, statewide policy for both voting and criminal justice.

Sincerely,

/s/Philip B. Scott

Governor

PBS/kp"

Text of bill as passed by Senate and House

The text of the bill as passed by the Senate and House of Representatives is as follows:

H.361 An act relating to approval of amendments to the charter of the Town of Brattleboro

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

Sec. 1. CHARTER AMENDMENT APPROVAL

The General Assembly approves the amendments to the charter of the Town of Brattleboro as set forth in this act. Voters approved proposals of amendment on March 5, 2019.

Sec. 2. 24 App. V.S.A. chapter 107 is amended to read:

CHAPTER 107. TOWN OF BRATTLEBORO

* * *

§ 2.1. DEFINITIONS

* * *

(c) “Youth voter” means any person who is 16 to 18 years of age and is otherwise qualified to vote in Town elections pursuant to 17 V.S.A. chapter 43, subchapter 1.

§ 2.2. ELECTED OFFICERS

On the first Tuesday in March, the voters and youth voters of the Town shall elect by Australian ballot the following:

* * *

~~(3) A Board of five school directors, elected at large, of whom two shall serve for one year and three shall serve for three years. [Repealed.]~~

~~(4) Union High School directors, who shall be elected for terms and in numbers as required by State law. [Repealed.]~~

* * *

§ 2.3. MANNER OF ELECTION

(a) Representative Town Meeting members: Representative Town Meeting members shall be elected by Australian ballot on the first Tuesday in March of each year. Voters and youth voters in each district shall elect, for staggered terms, three members for every 180 voters or major fraction thereof. Members shall serve for three years, except that a member elected to fill a vacancy shall

serve for the remainder of the term. The manner of elections is fully prescribed in 1959 Acts and Resolves No. 302 of the Acts of 1959.

* * *

§ 2.3a. EARLY VOTING

(a)(1) A voter choosing to vote early by Australian ballot in the Town Clerk's office shall vote in the same manner as those voting on election day provided that the voter completes a "Request for Early Voter Absentee Ballot and Certification" form stating the following:

* * *

(4) As authorized for certain Town elections pursuant to this charter, a youth voter who will be at least 16 years of age on the day of the Town election and chooses to vote early shall vote in the same manner as a youth voter on election day, provided that the youth voter completes an early voting form required by the Town Clerk.

* * *

§ 2.4. REPRESENTATIVE TOWN MEETING

(a) Description:

* * *

(2) The Representative Town Meeting consists of up to 140 elected voters and youth voters. It is a guiding body for the Town and a source of ideas, proposals, and comments, elected by district as defined by the Board of Civil Authority. It exercises exclusively all powers vested in the voters of the Town. In addition to the elected members, the following shall be members ex officio: the members of the Selectboard, the School Directors, the Treasurer, the Clerk, the Moderator, and those State Senators and State Representatives who reside in Brattleboro. Representative Town Meeting shall act upon all articles on the Town meeting warning except those ~~which~~ that relate to the election of officers, referenda, and other matters voted upon by Australian ballot.

* * *

§ 2.5. SELECTBOARD

The Selectboard is a legislative body of five persons elected at large by the voters and youth voters of the Town. The Selectboard directs the affairs of the Town within areas specified in subchapter 4 of this charter.

* * *

§ 4.1. COMPOSITION; ELIGIBILITY; ELECTIONS; TERMS

(a) The Selectboard shall be elected at large by the voters and youth voters of the Town from among their number, and newly elected Selectboard members' terms shall begin on the first Monday following the final adjournment of the annual Representative Town Meeting.

* * *

§ 10.3. ELECTION OF TOWN MEETING MEMBERS; CERTIFICATION OF VOTERS; TOWN MEETING MEMBERSHIP; NOTICE; QUALIFICATION; RESPONSIBILITIES

(a)(1) At the first election of Town Meeting members to be held on the first Tuesday in March after the acceptance of this subchapter, the qualified voters of each district shall elect three Town Meeting members for every 180 voters or major fraction thereof, subject to the provisions of subsection (c) of this section. The first one-third elected in each district, in order of the number of votes received, shall serve for three years; the second one-third in ~~such~~ the order of election shall serve for two years; and the remaining one-third in ~~such~~ the order of election shall be elected to serve for one year. In the event of a tie vote the term of such members shall be designated by lot, and the presiding officer of the district shall certify ~~such~~ the designation. All Town Meeting members shall serve for terms commencing on the day of their election.

(2) Annually thereafter, on the first Tuesday in March, the voters and youth voters of each district shall in like manner elect for the term of three years one Town Meeting member for every 180 voters or major fraction thereof, and shall also in like manner fill for the unexpired term or terms any vacancy or vacancies then existing in the number of Town Meeting members in such district, subject to the provisions of subsection (c) of this section.

* * *

(e) Every Town Meeting member shall be a qualified voter or youth voter in the Town and living in the district from which he or she is chosen at the time of his or her election.

* * *

Sec. 3. EFFECTIVE DATE

This act shall take effect on passage.

UNFINISHED BUSINESS OF MARCH 23, 2022

Committee Bill for Second Reading

Favorable with Recommendation of Amendment

S. 286.

An act relating to amending various public pension and other postemployment benefits.

By the Committee on Government Operations (Senator White for the Committee)

Reported favorably with recommendation of amendment by Senator Kitchel for the Committee on Appropriations.

The Committee recommends that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 32 V.S.A. § 311a is added to read:

* * *

§ 311a. PUBLIC RETIREMENT BENEFITS; UNFUNDED LIABILITY;
FINDINGS; PURPOSE; INTENT

(a) Findings. The General Assembly finds that:

(1) The actuarially determined employer contribution (ADEC) for the Vermont State Employees' Retirement System (VSERS) has increased by an annual growth rate of 12.1 percent between FY 2009 and FY 2023, and the funded ratio of the VSERS has declined from 94.1 percent from FY 2008 to 67.6 percent by year-end FY 2021.

(2) The ADEC for the Vermont State Teachers' Retirement System (VSTRS) has increased by an annual growth rate of 13 percent between FY 2009 and FY 2023, and the funded ratio of the VSTRS has declined from 80.9 percent from FY 2008 to 52.9 percent by year-end FY 2021.

(3) The General Assembly has appropriated sufficient funds to fully pay the ADEC for both VSERS and VSTRS at the recommended amounts since FY 2007 and throughout the current amortization period.

(4) Since FY 2009, the accrued liabilities of VSERS and VSTRS have grown faster than the assets of each plan, resulting in a gap between the expected payout of future benefits and the assets VSERS and VSTRS have to pay out those benefits to retired State employees and teachers. This gap is also known as the unfunded liabilities for VSERS and VSTRS.

(5) In FY 2015, the General Assembly created the Retired Teachers' Health and Medical Benefits Fund, and health care premiums are paid for on a pay-as-you go basis from this Fund.

(6) The FY 2022 State budget expense for retiree healthcare benefits, known as other postemployment benefits (OPEB), for State employees was approximately \$37.2 million and \$35.1 million for teachers.

(7) As of the beginning of FY 2022, the State's unfunded liabilities for healthcare benefits for retired State employees and teachers is \$2.75 billion.

(b) Purpose. The purpose of this section is to provide economic stability for retired State employees and teachers by maintaining the financial health of VSERS and VSTRS, while also addressing the unfunded liabilities in the State's pension and OPEB plans and the decline in the funded ratios of those retirement systems.

(c) Intent.

(1) It is the intent of the General Assembly to address the unfunded liabilities and decline in funded ratios of VSERS and VSTRS by implementing several measures, including:

(A) continuing the General Assembly's policy since FY 2007 to fully fund the actuarially determined employer contributions rates for the VSERS and VSTRS at the amounts recommended by the respective boards of each retirement system to the General Assembly each year; and

(B) beginning in FY 2024, annually funding an additional payment to the actuarially recommended unfunded liability amortization payments for VSERS and VSTRS that will increase to not more than \$15,000,000.00 each year to each retirement system and remain until the VSERS plan and the VSTRS plan respectively reach a 90 percent funded ratio.

(2) It is also the intent of the General Assembly to prefund other postemployment benefits to create more security and predictability in health care benefits for retired State employees and teachers.

(3)(A) Nothing in this subdivision (3) shall be construed as a commitment by the General Assembly to enacting a specific level of future benefit enhancements that would require prefunding.

(B)(i) It is the intent of the General Assembly that VSTRS members who paid additional contributions in active service as part of a broader effort to improve the health of the retirement system should receive postretirement adjustment allowances that will more fully reflect the net percentage increase in the Consumer Price Index once the retirement system is in a healthier financial position.

(ii) The General Assembly recognizes that a discrepancy exists between members of other State retirement systems who receive postretirement adjustment allowances equal to 100 percent of the net percentage increase in the Consumer Price Index and VSTRS members who receive postretirement adjustment allowances equal to 50 percent of the net percentage increase.

(iii) It is the intent of the General Assembly that, once the VSTRS system is at least 80 percent funded, or in conjunction with proposed modifications to the unfunded liability amortization schedule or policy, there should be consideration of establishing a path to incrementally increase the postretirement adjustment allowance formula to an ultimate goal of 100 percent of the net percentage increase in the Consumer Price Index to create parity amount retirement systems to the benefit of VSTRS Group C members who paid higher contribution rates in active service to help improve the health of the VSTRS system.

(iv) It is the intent of the General Assembly that, prior to enacting any statutory changes to the postretirement adjustment allowance formula, the General Assembly, in consultation with the Retirement Board and employee groups, should evaluate the impact of any proposed changes on the normal cost, unfunded actuarial accrued liability, funded ratio, and actuarially determined employer contribution.

(v) It is the intent of the General Assembly that the evaluation of any future changes to the postretirement adjustment allowance formula should also include developing a strategy for amortizing any anticipated growth in the unfunded actuarial accrued liability attributed to any potential increases in the formula.

(vi) It is the intent of the General Assembly that no future modifications should be made to the postretirement adjustment allowance formula if those changes are projected to result in the funded ratio of the retirement system decreasing below 80 percent funded on an actuarial value basis.

* * * Vermont State Employees' Retirement System * * *

* * * Pension Benefits * * *

Sec. 2. 3 V.S.A. § 455 is amended to read:

§ 455. DEFINITIONS

(a) As used in this subchapter:

* * *

(4) “Average final compensation” shall mean:

* * *

(F) For a Group D member:

(i) Who retires on or before June 30, 2022, the member’s final salary.

(ii) Who retires on or after July 1, 2022, but who, on or before June 30, 2022, has five years or more of service as a Supreme Court Justice, a Superior judge, an Environmental judge, a District judge, or a Probate judge or any combination thereof and has attained 57 years of age or older, or is a Group D member on or before June 30, 2022 and has 15 years or more of creditable service, the member’s final salary.

(iii) Who retires on or after July 1, 2022 and who does not meet the requirements set forth in subdivisions (i) and (ii) of this subdivision (F), the average annual earnable compensation of a member during the two consecutive fiscal years beginning on July 1 and ending on June 30 of creditable service affording the highest such average, or during all of the years in the member’s creditable service if fewer than two years. If the member separates prior to the end of a fiscal year, average final compensation shall be determined by adding:

(I) The actual earnable compensation earned in the fiscal year of separation through the date of separation and the service credit to correspond with the last pay date.

(II) The earnable compensation and service credit earned in the preceding fiscal year.

(III) The remaining service credit that is needed to complete the two full years, which shall be factored from the fiscal year preceding the fiscal year described in subdivision (II) of this subdivision (F)(iii). The earnable compensation associated with this remaining service credit shall be calculated by multiplying the annual earnable compensation reported by the remaining service credit that is needed.

* * *

(13) “Normal retirement date” shall mean:

(A) with respect to a Group A member, the first day of the calendar month next following (i) attainment of age 65, and following completion of five years of creditable service for those members hired on or after July 1, 2004, or (ii) attainment of age 62 and completion of 20 years of creditable service, whichever is earlier;

(B) with respect to a Group C member, the first day of the calendar month next following attainment of age 55 years of age, and following completion of five years of creditable service for those members hired on or after July 1, 2004, or completion of 30 years of service, whichever is earlier;

(C) with respect to a Group D member;

(i) for those members first appointed or elected on or before June 30, 2022, the first day of the calendar month next following attainment of age 62 years of age and completion of five years of creditable service; or

(ii) for those members first appointed or elected on or after July 1, 2022, the first day of the calendar month next following attainment of 65 years of age and completion of five years of creditable service; and

(D) with respect to a Group F member, the first day of the calendar month next following attainment of age 62, and following completion of five years of creditable service for those members hired on or after July 1, 2004, or completion of 30 years of creditable service, whichever is earlier; and with respect to a Group F member first included in the membership of the system on or after July 1, 2008, the first day of the calendar month next following attainment of age 65 and following completion of five years of creditable service, or attainment of 87 points reflecting a combination of the age of the member and number of years of service, whichever is earlier.

* * *

Sec. 3. 3 V.S.A. § 459 is amended to read:

§ 459. NORMAL AND EARLY RETIREMENT

(a) Normal retirement.

* * *

(2) Group C members. Any ~~group~~ Group C member who is an officer or employee of the Department of Public Safety assigned to police and law enforcement duties, including the Commissioner of Public Safety appointed before July 1, 2000, and who has reached his or her normal retirement date may retire on a normal retirement allowance, on the first day of any month after he or she may have separated from service, by filing an application in the manner outlined in subdivision (3) of this subsection. Any ~~group~~ Group C member in service shall be retired on a normal retirement allowance on the first day of the calendar month next following attainment of ~~age 55~~ 57 years of age. Notwithstanding, it is provided that any such member who is an official appointed for a term of years may remain in service until the end of ~~his or her~~ the member's term of office or any extension thereto, resulting from reappointment.

* * *

(b) Normal retirement allowance.

(1) Upon normal retirement, a ~~group~~ Group A member shall receive a normal retirement allowance which shall be equal to 50 percent of ~~his or her~~ the member's average final compensation; provided, however, that if the member has not completed 30 years of creditable service at retirement, or, if earlier, the date of attainment of such age as may be applicable under the provisions of subdivision (a)(4) of this section, his or her allowance shall be multiplied by the ratio that the number of his or her years of creditable service at retirement, or such earlier date, bears to 30.

(2)(A) Upon normal retirement, a ~~group~~ Group C member shall receive a normal retirement allowance which shall be equal to 50 percent of ~~his or her~~ the member's average final compensation; provided, however, that if the member has not completed 20 years of creditable service at retirement, or, if earlier, the date of attainment of such age as may be applicable under the provisions of subdivision (a)(4) of this section, the member's allowance shall be multiplied by the ratio that the number of ~~his or her~~ the member's years of creditable service at retirement, or such earlier date, bears to 20.

(B) For a Group C member, for each year of service that is completed on or after July 1, 2022 after attaining the later of 50 years of age or completing 20 years of service, a member's maximum normal retirement allowance shall increase by an amount equal to one and one-half percent of the member's average final compensation.

(3)(A) ~~Group D members who are Justices of the Supreme Court, Superior judges, Environmental judges, and District judges; additional retirement allowance. — Justices of the Supreme Court, Superior judges, Environmental judges, and District judges, upon normal retirement under this section, shall receive a normal retirement allowance equal to one and two-thirds percent of the member's average final compensation times the years of Group D membership service up to 12 years. Group D members shall receive an additional retirement allowance according to years of service as a Supreme Court Justice, a Superior judge, an Environmental judge, or a District judge, or a Probate judge or any combination thereof as follows:~~

(i) ~~After 12 years of service, an additional retirement allowance of an amount which that, together with the normal service retirement allowance for the first 12 years, will make the total equal to two-fifths of their salary at retirement~~ average final compensation.

~~(ii) For each year of service in excess of 12 years, an amount equal to 3 1/3 three and one-third percent of their salary at retirement average final compensation shall be added to the retirement allowance as computed in subsection (a) subdivision (b)(3)(A)(i) of this section subdivision (b)(3)(A). However, at no time shall the total retirement allowance exceed their salary at retirement. ~~Such~~ In addition to the normal retirement allowance, such additional retirement allowance shall be treated as the normal retirement allowance for all purposes of the retirement act.~~

~~(B) In order to qualify for the benefits provided by this title each Justice or judge shall have the maximum employee contribution in accordance with the requirements of the State Employees' Retirement System. These provisions shall apply to surviving Justices and judges retired before its enactment, but only from the effective date of its enactment, and not retroactively. The total retirement allowance for Group D members shall be as follows:~~

~~(i) For a Group D member who retires on or before June 30, 2022, the total retirement allowance shall not exceed the member's salary at retirement.~~

~~(ii) For a Group D member who, on or before June 30, 2022, has five years or more of service as a Supreme Court Justice, a Superior judge, an Environmental judge, a District judge, or a Probate judge, or any combination thereof, and has attained 57 years of age or older, or is a Group D member on or before June 30, 2022 and has 15 years or more of creditable service, the total retirement allowance shall not exceed the member's salary at retirement.~~

~~(iii) For a Group D member who retires on or after July 1, 2022, and who does not meet the requirements set forth in subdivision (i) or (ii) of this subdivision (B), the member's total retirement allowance shall not exceed 80 percent of the member's average final compensation.~~

~~(C) For the purposes of this section, years of service as a municipal judge are to be counted as years of service in determining the additional retirement allowance, insofar as they represent years of membership service. [Repealed.]~~

~~(4) Group D members who are Probate judges; additional retirement allowance. Probate judges, having retired under this section, shall be entitled to an additional retirement allowance according to their years in service as follows:~~

~~(A) Upon completion of 12 years of service an amount which with service retirement allowance will equal two-fifths of the salary at retirement.~~

~~(B) For each additional year of service, an amount equal to 3 1/3 percent of the salary at retirement shall be added to the retirement allowance as computed in subsection (a) of this section. Such additional retirement allowance shall be treated as the normal retirement allowance for all purposes of the retirement act. [Repealed.]~~

* * *

Sec. 4. 3 V.S.A. § 459a is amended to read:

§ 459a RESTORATION OF SERVICE

* * *

(b)(1) Upon the subsequent retirement of an employee who once again became a member under subsection (a) of this section, the employee shall once again become a beneficiary whose former retirement allowance shall be restored under the same plan provisions applicable at the time of the initial retirement, but the beneficiary shall not be entitled to cost of living adjustments for the period during which he or she was restored to service. In addition to the former retirement allowance, a beneficiary shall be entitled to a retirement allowance separately computed for the period beginning with his or her last restoration to service for which the member has made a contribution. If the beneficiary is not vested in the system since he or she was last restored to service, the member's contributions plus accumulated interest shall be returned to him or her.

(2) Notwithstanding subdivision (1) of this subsection, for a Group C member who has attained the later of 50 years of age and has completed 20 years or more of service, in no event shall the member's separately computed retirement allowance increase by an amount equal to more than one and one-half percent of the member's average final compensation per year of restored service actually performed.

Sec. 5. 3 V.S.A. § 470 is amended to read:

§ 470. POSTRETIREMENT ADJUSTMENTS TO RETIREMENT ALLOWANCES

~~(a) For Group A, Group C, and Group D members, as of June 30th in each year, commencing June 30, 1972, a determination shall be made of any increase or decrease, to the nearest one-tenth of a percent, in the ratio of the average of the Consumer Price Index for the month ending on that date to the average of said index for the month ending on June 30, 1971, or the month ending on June 30th of the most recent year subsequent thereto. In the event of an increase, and provided that the net increase following the application of any offset as provided in this subsection equals or exceeds one percent, the~~

~~retirement allowance of each beneficiary in receipt of an allowance for at least one year on the next following December 31st shall be increased by an equal percentage. Such increase shall commence on the January 1st immediately following such December 31st. Such percentage increase shall also be made in the retirement allowance payable to a beneficiary in receipt of an allowance under an optional election, provided the member on whose account the allowance is payable and such other person shall have received a total of at least 12 monthly payments by such December 31st. In the event of a decrease of the Consumer Price Index as of June 30th for the preceding year, the retirement allowance of a beneficiary shall not be subject to any adjustment on the next following January 1st; provided, however, that:~~

~~(1) such decrease shall be applied as an offset against the first subsequent year's increase of the Consumer Price Index when such increase equals or exceeds one percent, up to the full amount of such increase; and~~

~~(2) to the extent that such decrease is greater than such subsequent year's increase, such decrease shall be offset in the same manner against two or more years of such increases, for up to but not exceeding five subsequent years of such increases, until fully offset. Postretirement adjustments to retirement allowance. On January 1 of each year, the retirement allowance of each beneficiary of the System who is in receipt of a retirement allowance and who meets the eligibility criteria set forth in this section shall be adjusted by the amount described in subsection (d) of this section. In no event shall a beneficiary receive a negative adjustment to the beneficiary's retirement allowance.~~

~~(b) For Group F members, as of June 30th in each year, commencing January 1, 1991, a determination shall be made of any increase or decrease, to the nearest one-tenth of a percent of the Consumer Price Index for the preceding fiscal year. In the event of an increase, and provided that there exists a net increase following the application of any offset as provided in this subsection, the retirement allowance of each beneficiary in receipt of an allowance for at least one year on the next following December 31st shall be increased by an amount equal to one-half of the net percentage increase. Commencing January 1, 2014, the retirement allowance of each beneficiary who was an active contributing member of the Group F plan on or after June 30, 2008, and who retires on or after July 1, 2008, shall be increased by an amount equal to the net percentage increase. The increase shall commence on the January 1st immediately following such December 31st. The increase shall apply to Group F members receiving an early retirement allowance only in the year following attainment of normal retirement age, provided the member has received benefits for at least 12 months as of December 31st of~~

~~the year preceding any January adjustment. In the event of a decrease of the Consumer Price Index as of June 30th for the preceding year, the retirement allowance of a beneficiary shall not be subject to any adjustment on the next following January 1st; provided, however, that:~~

~~(1) such decrease shall be applied as an offset against the first subsequent year's increase of the Consumer Price Index, up to the full amount of such increase; and~~

~~(2) to the extent that such decrease is greater than such subsequent year's increase, such decrease shall be offset in the same manner against two or more years of such increases, for up to but not exceeding five subsequent years of such increases, until fully offset. Calculation of Net Percentage Increase.~~

(1) Consumer Price Index; maximum and minimum amounts. Prior to October 1 of each year, a determination shall be made of any increase or decrease, to the nearest one-tenth of a percent, in the Consumer Price Index for the month ending on June 30 of that year to the average of said index for the month ending on June 30 of the previous year. Any increase or decrease in the Consumer Price Index shall be subject to adjustment so as to remain within the following maximum and minimum amounts:

(A) For Group A members, the maximum amount of any increase or decrease used to determine the net percentage increase shall be five percent.

(B) For Group C members who are first eligible for normal retirement or unreduced early retirement on or before June 30, 2022, or who are vested deferred members as of June 30, 2022, the maximum amount of any increase or decrease used to determine the net percentage increase shall be five percent.

(C) For Group C members who are first eligible for normal retirement or unreduced early retirement on or after July 1, 2022, the maximum amount of any increase or decrease used to determine the net percentage increase shall be four percent.

(D) For Group D members, the maximum amount of any increase or decrease used to determine the net percentage increase shall be five percent.

(E) For Group F members who are first eligible for normal retirement or unreduced early retirement on or before June 30, 2022, or who are vested deferred members as of June 30, 2022, the maximum amount of any increase or decrease used to determine the net percentage increase shall be five percent, and any increase or decrease of less than one percent shall be assigned a value of one percent.

(F) For Group F members who are first eligible for normal retirement or unreduced early retirement on or after July 1, 2022, the maximum amount of any increase or decrease used to determine the net percentage increase shall be four percent.

(2) Consumer Price Index; decreases. In the event of a decrease in the Consumer Price Index, there shall be no adjustment to retirement allowances for the subsequent year beginning January 1; provided, however, that:

(A) such decrease shall be applied as an offset against the first subsequent year's increase of the Consumer Price Index, up to the full amount of such increase; and

(B) to the extent that such decrease is greater than such subsequent year's increase, such decrease shall be offset in the same manner against two or more years of such increases, for up to but not exceeding five subsequent years of such increases, until fully offset.

(3) Consumer Price Index; increases. In the event of an increase in the Consumer Price Index, and provided there remains an increase following the application of any offset as in subdivision (2) of this subsection, that amount shall be identified as the net percentage increase and used to determine the members' postretirement adjustment as described herein.

(c) For purposes of subsection (a) of this section, the maximum amount of any increase or decrease utilized to determine the net percentage increase shall be five percent. For purposes of subsection (b) of this section, the maximum amount of any increase or decrease utilized to determine the net percentage increase shall be five percent, and any increase or decrease of less than one percent shall be assigned a value of one percent. Eligibility for postretirement adjustment. In order for a beneficiary to receive a postretirement adjustment to the beneficiary's retirement allowance, the beneficiary must meet the following eligibility requirements:

(1) For all members who are retired or vested deferred on or before June 30, 2022; for Group A, C, and F members who are first eligible for normal retirement or unreduced early retirement on or before June 30, 2022; and for Group D members first appointed or elected on or before June 30, 2022, the member must be in receipt of a retirement allowance for at least 12 months prior to the January 1 effective date of any postretirement adjustment.

(2) For all Group A, C, and F members who are first eligible for normal retirement or unreduced early retirement on or after July 1, 2022, and for Group D members first appointed or elected on or after July 1, 2022, the

member must be in receipt of a retirement allowance for at least 24 months prior to the January 1 effective date of any postretirement adjustment.

(3) Special rule for Group F early retirement. A Group F member in receipt of an early retirement allowance shall not receive a postretirement adjustment to the member's retirement allowance until such time as the member has reached normal retirement age, provided the member has also met the other eligibility criteria set forth in this subsection.

(d) For purposes of this section, Consumer Price Index shall mean the Northeast Region Consumer Price Index for all urban consumers, designated as "CPI-U," in the northeast region, as published by the U.S. Department of Labor, Bureau of Labor Statistics. Amount of postretirement adjustment. The postretirement adjustment for each member who meets the eligibility criteria set forth in subsection (c) of this section shall be as follows:

(1) The full amount of the net percentage increase calculated in subsection (b) of this section for the following:

(A) Group A and C members;

(B) Group D members first appointed or elected on or before June 30, 2022; and

(C) Commencing January 1, 2014, any active contributing member of the Group F plan on or after June 30, 2008, and who retires as a Group F member on or after July 1, 2008.

(2) One-half of the net percentage increase calculated in subsection (b) of this section for Group F members who retired on or before June 30, 2008.

(3) For Group D members first appointed or elected on or after July 1, 2022, the full amount of the net percentage increase calculated in subsection (b) of this section for amounts equal to or less than \$75,000.00 of annual retirement allowance and one-half the net percentage increase calculated in subsection (b) of this section for amounts \$75,000.01 or greater of annual retirement allowance.

(e) Definition. For purposes of this section:

(1) "Consumer Price Index" means the Northeast Region Consumer Price Index for all urban consumers, designated as "CPI-U," in the northeast region, as published by the U.S. Department of Labor, Bureau of Labor Statistics.

(2) "Vested deferred" means a member who receives a vested deferred allowance payable pursuant to subsection 465(a) of this title.

(f) Deferred vested allowance. No increase shall be made pursuant to this section in a deferred vested allowance payable pursuant to subsection 465(a) of this title prior to its commencement.

Sec. 6. 3 V.S.A. § 473 is amended to read:

§ 473. FUNDS

(a) Assets. All of the assets of the Retirement System shall be credited to the Vermont State Retirement Fund.

(b) Member contributions.

(1)(A) Allocations. Contributions deducted from the compensation of members together with any member contributions transferred thereto from the predecessor systems shall be accumulated in the Fund and separately recorded for each member. The amounts so transferred on account of Group A members shall be allocated between regular and additional contributions. The amounts so allocated as regular contributions shall be determined as if the rate of contribution of four percent has been continuously in effect in the predecessor system from which such amounts were transferred and the balance of any amount so transferred on account of any Group A member shall be deemed additional contributions. In the case of Group C members who were members as of the date of establishment and Group D members, all contributions transferred from predecessor systems shall be deemed regular contributions. Those members who, prior to the date of establishment of this system, had been contributing at a rate less than four percent shall have any benefit otherwise payable on their behalf actuarially reduced to reflect such prior contribution rate of less than four percent. Upon a member's retirement or other withdrawal from service on the basis of which a retirement allowance is payable, the member's additional contributions, with interest thereon, shall be paid as an additional allowance equal to an annuity which is the actuarial equivalent of such amount, in the same manner as the benefit otherwise payable under the System.

(B) Periodic review. When the State Employees' Retirement System has been determined by the actuary to have assets at least equal to its accrued liability, contribution rates will be reevaluated by the actuary with a subsequent recommendation to the General Assembly. In determining the amount earnable by a member in a payroll period, the Retirement Board may consider the annual or other periodic rate of earnable compensation payable to such member on the first day of the payroll period as continuing throughout such payroll period, and it may omit deduction from compensation for any period less than a full payroll period if an employee was not a member on the first day of the payroll period, and to facilitate the making of deductions it may

modify the deduction required of any member by such an amount as, on an annual basis, shall not exceed one-tenth of one percent of the annual earnable compensation upon the basis of which such deduction is to be made. Each of the amounts shall be deducted until the member retires or otherwise withdraws from service, and when deducted shall be paid into the Annuity Savings Fund, and shall be credited to the individual account of the member from whose compensation the deduction was made.

~~(2)(A) Group A members. Commencing on July 1, 2016, contributions shall be 6.55 percent of compensation for Group A, D, and F members and 8.43 percent of compensation for Group C members. When the State Employees' Retirement System has been determined by the actuary to have assets at least equal to its accrued liability, contribution rates will be reevaluated by the actuary with a subsequent recommendation to the General Assembly. In determining the amount earnable by a member in a payroll period, the Retirement Board may consider the annual or other periodic rate of earnable compensation payable to such member on the first day of the payroll period as continuing throughout such payroll period, and it may omit deduction from compensation for any period less than a full payroll period if an employee was not a member on the first day of the payroll period, and to facilitate the making of deductions it may modify the deduction required of any member by such an amount as, on an annual basis, shall not exceed one-tenth of one percent of the annual earnable compensation upon the basis of which such deduction is to be made. Each of the amounts shall be deducted until the member retires or otherwise withdraws from service, and when deducted shall be paid into the Annuity Savings Fund, and shall be credited to the individual account of the member from whose compensation the deduction was made.~~

(B) Group C members.

(i) Commencing the first full pay period in fiscal year 2023, the contribution rate for Group C members shall be 9.03 percent of compensation;

(ii) Commencing the first full pay period in fiscal year 2024, the contribution rate for Group C members shall be 9.53 percent of compensation.

(iii) Commencing the first full pay period in fiscal year 2025 and annually thereafter, the contribution rate for Group C members shall be 10.03 percent of compensation.

(C) Group D members. Commencing on July 1, 2022, the contribution rate for Group D members shall be based on the quartile in which a member's hourly rate of pay falls. Quartiles shall be determined annually in the first full pay period of each fiscal year by the Department of Human

Resources based on the hourly rate of pay by all Group D members. The contribution rates shall be based on the schedule set forth below:

(i) Based on the quartiles for the first full pay period of each fiscal year and effective the first full pay period in that fiscal year, for members who have an hourly rate of pay in any pay period, below the 25th percentile of Group D member hourly rates of pay, the contribution rate shall be 6.65 percent of compensation.

(ii) Based on the quartiles for the first full pay period of each fiscal year and effective the first full pay period in that fiscal year, for members who have an hourly rate of pay in any pay period at the 25th percentile and below the 50th percentile of Group D member hourly rates of pay, the contribution rate shall be as follows:

(I) commencing in fiscal year 2023, 7.15 percent of compensation;

(II) commencing in fiscal year 2024, 7.65 percent of compensation; and

(III) commencing in fiscal year 2025 and annually thereafter, 8.15 percent of compensation.

(iii) Based on the quartiles for the first full pay period of each fiscal year and effective the first full pay period in that fiscal year, for members who have an hourly rate of pay in any pay period at the 50th percentile and below the 75th percentile of Group D member hourly rates of pay, the contribution rate shall be as follows:

(I) commencing in fiscal year 2023, 7.15 percent of compensation;

(II) commencing in fiscal year 2024, 7.65 percent of compensation;

(III) commencing in fiscal year 2025, 8.15 percent of compensation; and

(IV) commencing in fiscal year 2026 and annually thereafter, 8.65 percent of compensation.

(iv) Based on the quartiles for the first full pay period of each fiscal year and effective the first full pay period in that fiscal year, for members who have an hourly rate of pay in any pay period at or above the 75th percentile of Group D member hourly rates of pay, the contribution rate shall be as follows:

(I) commencing in fiscal year 2023, 7.15 percent of compensation;

(II) commencing in fiscal year 2024, 7.65 percent of compensation;

(III) commencing in fiscal year 2025, 8.15 percent of compensation;

(IV) commencing in fiscal year 2026, 8.65 percent of compensation; and

(V) commencing in fiscal year 2027 and annually thereafter, 9.15 percent of compensation.

(D) Group F members. Commencing on July 1, 2022, the contribution rate for Group F members shall be based on the quartile in which a member's hourly rate of pay falls. Quartiles shall be determined annually in the first full pay period of each fiscal year, by the Department of Human Resources based on the hourly rate of pay of all Group F members. The contribution rates shall be based on the schedule set forth below:

(i) Based on the quartiles for the first full pay period of each fiscal year and effective the first full pay period in that fiscal year, for members who have an hourly rate of pay in any pay period below the 25th percentile of Group F member hourly rate of pay, the contribution rate shall be 6.65 percent of compensation.

(ii) Based on the quartiles for the first full pay period of each fiscal year and effective the first full pay period in that fiscal year, for members who have an hourly rate of pay in any pay period at the 25th percentile and below the 50th percentile of Group F member hourly rates of pay, the contribution rate shall be as follows:

(I) commencing in fiscal year 2023, 7.15 percent of compensation;

(II) commencing in fiscal year 2024, 7.65 percent of compensation; and

(III) commencing in fiscal year 2025 and annually thereafter, 8.15 percent of compensation.

(iii) Based on the quartiles for the first full pay period of each fiscal year and effective the first full pay period in that fiscal year, for members who have an hourly rate of pay in any pay period at the 50th percentile and below the 75th percentile of Group F member hourly rates of pay, the contribution rate shall be as follows:

(I) commencing in fiscal year 2023, 7.15 percent of compensation;

(II) commencing in fiscal year 2024, 7.65 percent of compensation;

(III) commencing in fiscal year 2025, 8.15 percent of compensation; and

(IV) commencing in fiscal year 2026 and annually thereafter, 8.65 percent of compensation.

(iv) Based on the quartiles for the first full pay period of each fiscal year and effective the first full pay period in that fiscal year, for members who have an hourly rate of pay in any pay period at or above the 75th percentile of Group F member hourly rates of pay, the contribution rate shall be as follows:

(I) commencing in fiscal year 2023, 7.15 percent of compensation;

(II) commencing in fiscal year 2024, 7.65 percent of compensation;

(III) commencing in fiscal year 2025, 8.15 percent of compensation;

(IV) commencing in fiscal year 2026, 8.65 percent of compensation; and

(V) commencing in fiscal year 2027 and annually thereafter, 9.15 percent of compensation.

(3) Deductions. The deductions provided for herein shall be made notwithstanding that the minimum compensation provided for by law for any member shall be reduced thereby. Every member shall be deemed to consent and agree to the deductions made and provided herein and shall receipt for full compensation, and payment of compensation less such deduction shall be a full and complete discharge and acquittance of all claims and demands whatsoever for the services rendered by such person during the period covered by such payment, except as to the benefits provided under this subchapter.

(4) Additional contributions. Subject to the approval of the Retirement Board, in addition to the contributions deducted from compensation as hereinbefore provided, any member may redeposit in the Fund by a single payment or by an increased rate of contribution an amount equal to the total amount which the member previously withdrew from this System or one of the predecessor systems; or any member may deposit therein by a single payment

or by an increased rate of contribution an amount computed to be sufficient to purchase an additional annuity ~~which that~~, together with prospective retirement allowance, will provide for the member a total retirement allowance not in excess of one-half of average final compensation at normal retirement date, with the exception of Group D members for whom creditable service shall be restored upon redeposits of amounts previously withdrawn from the System, or for whom creditable service shall be granted upon deposit of amounts equal to what would have been paid if payment had been made during any period of service during which such a member did not contribute. Such additional amounts so deposited shall become a part of the member's accumulated contributions as additional contributions.

(5) Beneficiaries. The contributions of a member and such interest as may be allowed thereon ~~which that~~ are withdrawn by the member or paid to the member estate or to a designated beneficiary in event of the member's death, shall be paid from the Fund.

(6) Scope. Contributions required under this subsection shall be limited to contributions from Group A, Group C, Group D, and Group F members.

(7) [Repealed.]

(c) Employer contributions, earnings, and payments.

* * *

(8) Annually, the Board shall certify an amount to pay the annual actuarially determined employer contribution, as calculated in this subsection, and additional amounts as follows:

(A) in fiscal year 2024, the amount of \$9,000,000.00;

(B) in fiscal year 2025, the amount of \$12,000,000.00; and

(C) in fiscal year 2026 and in any year thereafter until the Fund is calculated to have a funded ratio of at least 90 percent, the amount of \$15,000,000.00.

* * * Other Postemployment Benefits * * *

Sec. 7. 3 V.S.A. § 479a is amended to read:

§ 479a. STATE EMPLOYEES' POSTEMPLOYMENT BENEFITS TRUST
FUND

* * *

(b) Into the Benefits Fund shall be deposited:

(1) all assets remitted to the State as a subsidy on behalf of the members of the Vermont State Employees' Retirement System for employer-sponsored qualified prescription drug plans pursuant to the Medicare Prescription Drug Improvement and Modernization Act of 2003, except that any subsidy received from an Employer Group Waiver Program is not subject to this requirement;

(2) any appropriations by the General Assembly for the purposes of paying current and future retiree postemployment benefits for members of the Vermont State Employees' Retirement System; and

(3) amounts contributed or otherwise made available by members of the System or their beneficiaries for the purpose of paying current or future postemployment benefits costs; and

(4) any monies pursuant to subsection (e) of this section.

(c) The Benefits Fund shall be administered by the State Treasurer. The Treasurer may invest monies in the Benefits Fund in accordance with the provisions of 32 V.S.A. § 434 or, in the alternative, may enter into an agreement with the Commission to invest such monies in accordance with the standards of care established by the prudent investor rule under 14A V.S.A. § 902, in a manner similar to the ~~Committee's~~ Commission's investment of ~~retirements~~ retirement system monies. All balances in the Benefits Fund at the end of the fiscal year shall be carried forward. Interest earned shall remain in the Benefits Fund. The Treasurer's annual financial report to the Governor and the General Assembly shall contain an accounting of receipts, disbursements, and earnings of the Benefits Fund.

* * *

(e) State Contribution.

(1) Beginning on July 1, 2022 and annually thereafter, the State shall make annual contributions to the Benefits Fund known as the "normal contribution" and the "accrued liability contribution," each of which shall be fixed on the basis of the liabilities of the System as shown by the most recent actuarial valuation and made by the payroll assessment included in annual agency and department budgets:

(A) The "normal contribution" shall be the amount that, if contributed over each member's prospective period of service, will be sufficient to provide for the payment of all future retiree postemployment benefits after subtracting the unfunded actuarial liability and the total assets of the Benefits Fund. The "normal contribution" shall be identified using the actuarial cost method known as "projected unit credit" and applying a rate of

return equal to the most recently adopted actuarial rate of return pursuant to section 523 of this title.

(B) The “accrued liability contribution” shall be the annual payment set forth in the most recent actuarial valuation that is necessary to liquidate the unfunded accrued liability over a closed period of 26 years and determined based on the funding schedule set forth in this section.

(i) It is the policy of the State of Vermont to liquidate fully the unfunded accrued liability for the payment of retiree health and medical benefits.

(ii) Beginning on July 1, 2022, until the unfunded accrued liability is liquidated, the accrued liability contribution shall be the annual payment required to liquidate the unfunded accrued liability over a closed period of 26 years ending on June 30, 2048, provided that the amount of each annual basic accrued liability contribution shall be determined by amortization of the unfunded liability over the remainder of the closed 26-year period in installments.

(2) Any variation in the contribution of normal or accrued liability contributions from those recommended by the actuary and any actuarial gains and losses shall be added or subtracted to the unfunded accrued liability and amortized over the remainder of the closed 26-year period.

(3) The Board shall review annually the amount of State contributions recommended by the actuary. Based on this review, the Board shall determine the amount of State contribution necessary for the next fiscal year to achieve and preserve the financial integrity of the funds and certify a statement of the percentage of the payroll of all members sufficient to fund the normal cost and the accrued liability contribution. On or before December 15 of each year, the Board shall inform the Governor and the House and Senate Committees on Government Operations and on Appropriations in writing about the amount needed. The provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the report to be made under this subsection.

* * * VSERS Actuarial Studies * * *

Sec. 8. 3 V.S.A. § 523 is amended to read:

§ 523. VERMONT PENSION INVESTMENT COMMISSION; DUTIES

* * *

(f) Asset and liability study. Beginning on July 1, ~~2022~~ 2023, and every three years thereafter, based on the most recent actuarial valuations of each Plan, the Commission shall study the assets and liabilities of each Plan over a 20-year period. The study shall:

(1) project the expected path of the key indicators of each Plan's financial health based on all current actuarial and investment assumptions; current contribution and benefit policies, including the Plans' mark-to-market funded ratio; actuarially required contributions by source; payout ratio; and related liquidity obligations; and

(2) project the effect on each Plan's financial health resulting from:

(A) possible material deviations from Plan assumptions in investment assumptions, including returns versus those expected and embedded in the actuary's estimate of actuarially required contributions and any material changes in capital markets volatility; and

(B) possible material deviations from key plan actuarial assumptions, including retiree longevity, potential benefit increases, and inflation.

* * *

Sec. 9. 3 V.S.A. § 471 is amended to read:

§ 471. RETIREMENT BOARD; MEDICAL BOARD; ACTUARY; RATES OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

* * *

(j) The Retirement Board shall designate an actuary who shall be the technical advisor of the Board on matters regarding the operation of the Fund of the Retirement System, and shall perform such other duties as are required in connection therewith. Immediately after the establishment of the Retirement System, the Retirement Board shall adopt for the Retirement System such mortality and service tables as shall be deemed necessary and shall certify the rates of contribution payable under the provisions of this subchapter. At Beginning July 1, 2023, at least once in each three-year period every three fiscal years following the establishment of the System, the actuary shall make an actuarial investigation into the mortality, service, and compensation experience of the members and beneficiaries of the Retirement System, and taking into account the results of such investigation, the Retirement Board shall adopt for the Retirement System such mortality, service, and other tables as shall be deemed necessary and shall certify the rates of contribution payable under the provisions of this subchapter.

* * *

* * * Vermont State Teachers' Retirement System * * *

* * * VSTRS Actuarial Studies * * *

Sec. 10. 16 V.S.A. § 1942 is amended to read:

§ 1942. BOARD OF TRUSTEES; MEDICAL BOARD; ACTUARY; RATE
OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

* * *

(m) Immediately after the establishment of the System, the actuary shall make such investigation of the mortality, service, and compensation experience of the members of the System, as the actuary shall recommend and the Board shall authorize, for the purpose of determining the proper mortality and service tables to be prepared and submitted to the Board for adoption. Having regard to such investigation and recommendation, the Board shall adopt for the System such mortality and service tables as shall be deemed necessary and shall certify the rates of contribution payable under the provisions of this chapter. ~~At least once in each three-year period~~ Beginning July 1, 2023, at least once every three fiscal years following the establishment of the System, the actuary shall make an actuarial investigation into the mortality, service, and compensation experience of the members and beneficiaries of the System, and taking into account the results of such investigation, the Board shall adopt for the System such mortality, service, and other tables as shall be deemed necessary and shall certify the rates of contribution payable under the provisions of this chapter.

* * *

* * * Pension Benefits * * *

Sec. 11. 16 V.S.A. § 1944 is amended to read:

§ 1944. VERMONT TEACHERS' RETIREMENT FUND

(a) Pension Fund. All of the assets of the System shall be credited to the Vermont Teachers' Retirement Fund.

(b) Member contributions.

(1) Contributions deducted from the compensation of members shall be accumulated in the Pension Fund and separately recorded for each member.

(2) The proper authority or officer responsible for making up each employer payroll shall cause to be deducted from the compensation:

(A) of each Group A member five and one-half percent of the member's total earnable compensation, including compensation paid for absence as provided by subsection 1933(d) of this title; and

(B) from of each Group C member with at least five years of membership service as of July 1, 2014, five percent of the member's earnable compensation; and from each Group C member with less than five years of membership service as of July 1, 2014, six percent of the member's earnable compensation, an effective rate that is calculated based on the member's base salary as of July 1 each year. The effective rate shall be rounded to the nearest hundredth of a percent and levied on the member's total earnable compensation for the fiscal year, unless a teacher's full-time equivalency status changes during the fiscal year, in which case the teacher's effective rate will be recalculated and the new rate will be applied going forward. A member's total earnable compensation for the fiscal year shall also including— include compensation paid for absence as provided by subsection 1933(d) of this title, and shall be calculated according to the following marginal rates and income brackets:

(i) Beginning on July 1, 2022:

(I) if a member's base salary is at or below \$40,000.00, the rate is 6.0 percent;

(II) if a member's base salary is \$40,000.01 or more but not more than \$60,000.00, the rate is the equivalent of \$2,400.00 on \$40,000.00 of the member's base salary and 6.50 percent of the member's salary that is \$40,000.01 or more;

(III) if a member's base salary of \$60,000.01 or more but not more than \$80,000.00, the rate is the equivalent of \$3,700.00 on \$60,000.00 and 6.75 percent of the member's salary that is \$60,000.01 or more;

(IV) if a member's base salary is \$80,000.01 or more but not more than \$100,000.00, the rate is the equivalent of \$5,050.00 on \$80,000.00 and 7.00 percent of the member's salary that is \$80,000.01 or more;

(V) if a member's base salary is \$100,000.01 or more, the rate is the equivalent of \$6,450.00 on \$100,000.00 and 7.25 percent of the member's salary that is \$100,000.01 or more.

(ii) Beginning on July 1, 2023:

(I) if a member's base salary is at or below \$40,000.00, the rate is 6.25 percent;

(II) if a member's base salary is \$40,000.01 or more but not more than \$60,000.00, the rate is the equivalent of \$2,500.00 on \$40,000.00 and 6.75 percent of the member's salary that is \$40,000.01 or more;

(III) if a member's base salary of \$60,000.01 or more but not more than \$80,000.00, the rate is the equivalent of \$3,850.00 on \$60,000.00 and 7.0 percent of the member's salary that is \$60,000.01 or more;

(IV) if a member's base salary is \$80,000.01 or more but not more than \$100,000.00, the rate is the equivalent of \$5,250.00 on \$80,000.00 and 7.50 percent of the member's salary that is \$80,000.01 or more;

(V) if a member's base salary is \$100,000.01 or more, the rate is the equivalent of \$6,750.00 on \$100,000.00 and 8.0 percent of the member's salary that is \$100,000.01 or more.

(iii) Beginning on July 1, 2024 and annually thereafter:

(I) if a member's base salary is at or below \$40,000.00, the rate is 6.25 percent;

(II) if a member's base salary is \$40,000.01 or more but not more than \$60,000.00, the rate is the equivalent of \$2,900.00 on \$40,000.00 and 6.75 percent of the member's salary that is \$40,000.01 or more;

(III) if a member's base salary of \$60,000.01 or more but not more than \$80,000.00, the rate is the equivalent of \$3,850.00 on \$60,000.00 and 7.5 percent of the member's salary that is \$60,000.01 or more;

(IV) if a member's base salary is \$80,000.01 or more but not more than \$100,000.00, the rate is the equivalent of \$5,350.00 on \$80,000.00 and 8.25 percent of the member's salary that is \$80,000.01 or more;

(V) if a member's base salary is \$100,000.01 or more, the rate is the equivalent of \$7,000.00 on \$100,000.00 and 9.0 percent of the member's salary that is \$100,000.01 or more.

(C) In determining the amount earnable by a member set forth in this subdivision (2) in a payroll period, the Board may consider the rate of compensation payable to such member on the first day of a payroll period as continuing throughout the payroll period, and it may omit deduction from compensation for any period less than a full payroll period if a teacher was not a member on the first day of the payroll period, and to facilitate the making of deductions it may modify the deduction required of any member by such an amount as shall not exceed one-tenth of one percent of the annual earnable compensation upon the basis of which such deduction is made. The actuary shall make annual valuations of the reduction to the recommended State

contribution attributable to the increase from five to six percent, and the Board shall include the amount of this reduction in its written report pursuant to subsection 1942(r) of this title.

* * *

(c) State contributions, earnings, and payments.

(1) All State appropriations and all reserves for the payment for all pensions including all interest and dividends earned on the assets of the Retirement System shall be accumulated in the Pension Fund. All benefits payable under the System, except for retired teacher health and medical benefits, shall be paid from the Pension Fund. Annually, the Retirement Board shall allow regular interest on the individual accounts of members in the Pension Fund ~~which~~ that shall be credited to each member's account.

(2) Beginning with the actuarial valuation as of June 30, 2006, the contributions to be made to the Pension Fund by the State shall be determined on the basis of the actuarial cost method known as "entry age normal." On account of each member, there shall be paid annually by the State into the Pension Fund a percentage of the earnable compensation of each member to be known as the "normal contribution" and an additional percentage of the member's earnable compensation to be known as the "accrued liability contribution." The percentage rate of such contributions shall be fixed on the basis of the liabilities of the System as shown by actuarial valuation. "Normal contributions" and "accrued liability contributions" shall be by separate appropriation in the annual budget enacted by the General Assembly.

(3) The normal contribution shall be the uniform percentage of the total compensation of members that, if contributed over each member's prospective period of service and added to such member's prospective contributions, if any, will be sufficient to provide for the payment of all future pension benefits after subtracting the sum of the unfunded accrued liability and the total assets of the Pension Fund.

(4) It is the policy of the State of Vermont to liquidate fully the unfunded accrued liability to the System. Beginning on July 1, 2008, until the unfunded accrued liability is liquidated, the accrued liability contribution shall be the annual payment required to liquidate the unfunded accrued liability over a closed period of 30 years ending on June 30, 2038, provided that:

(A) From July 1, 2009 to June 30, 2019, the amount of each annual basic accrued liability contribution shall be determined by amortization of the unfunded liability over the remainder of the closed 30-year period in installments increasing at a rate of five percent per year.

(B) Beginning on July 1, 2019 and annually thereafter, the amount of each annual basic accrued liability contribution shall be determined by amortization of the unfunded liability over the remainder of the closed 30-year period in installments increasing at a rate of three percent per year.

(C) Any variation in the contribution of normal or unfunded accrued liability contributions from those recommended by the actuary and any actuarial gains and losses shall be added or subtracted to the unfunded accrued liability and amortized over the remainder of the closed 30-year period.

* * *

(13) Annually, the Board shall certify an amount to pay the annual actuarially determined employer contribution, as calculated in this subsection, and additional amounts as follows:

(A) in fiscal year 2024, the amount of \$9,000,000.00;

(B) in fiscal year 2025, the amount of \$12,000,000.00; and

(C) in fiscal year 2026 and in any year thereafter until the Fund is calculated to have a funded ratio of at least 90 percent, the amount of \$15,000,000.00.

* * *

Sec. 12. 16 V.S.A. § 1949 is amended to read:

§ 1949. POSTRETIREMENT ADJUSTMENTS TO RETIREMENT ALLOWANCES

~~(a) For all Group A members, as of June 30 in each year, beginning June 30, 1972, the Board shall determine any increase or decrease, to the nearest one-tenth of one percent, in the ratio of the average of the Consumer Price Index for the month ending on that date to the average of the Index for the month ending on June 30, 1971, or the month ending on June 30 of the most recent year thereafter. In the event of an increase, and provided that the net increase following the application of any offset as provided in this subsection equals or exceeds one percent, the retirement allowance of each beneficiary in receipt of an allowance for at least one year on the next following December 31 shall be increased by an equal percentage. Such increase shall begin on the January 1 immediately following that December 31. An equivalent percentage increase shall also be made in the retirement allowance payable to a beneficiary in receipt of an allowance under an optional election, provided the member on whose account the allowance is payable and such other person shall have received a total of at least 12 monthly payments by such December 31. In the event of a decrease of the Consumer Price Index~~

~~as of June 30 for the preceding year, the retirement allowance of a beneficiary shall not be subject to any adjustment on the next following January 1; provided, however, that:~~

~~(1) such decrease shall be applied as an offset against the first subsequent year's increase of the Consumer Price Index when such increase equals or exceeds one percent, up to the full amount of such increase; and~~

~~(2) to the extent that such decrease is greater than such subsequent year's increase, such decrease shall be offset in the same manner against two or more years of such increases, for up to but not exceeding five subsequent years of such increases, until fully offset. Postretirement Adjustments to Retirement allowance. On January 1 of each year, the retirement allowance of each beneficiary of the System who is in receipt of a retirement allowance for at least a one-year period as of December 31 in the previous year, and who meets the eligibility criteria set forth in this section, shall be adjusted by the amount described in subsection (b) of this section. In no event shall a beneficiary receive a negative adjustment to the beneficiary's retirement allowance.~~

~~(b) For Group C members, as of June 30 in each year, commencing June 30, 1981, a determination shall be made of any increase or decrease, to the nearest one-tenth of a percent of the Consumer Price Index for the preceding fiscal year. In the event of an increase, and provided that there exists a net increase following the application of any offset as provided in this subsection, the retirement allowance of each beneficiary in receipt of an allowance for at least one year on the next following December 31 shall be increased by an amount equal to one-half of the net percentage increase. The increase shall commence on the January 1 immediately following that December 31. The increase shall apply to Group C members having attained 57 years of age or completed at least 25 years of creditable service as of June 30, 2010, and receiving an early retirement allowance only in the year following attainment of age 62, and shall apply to Group C members not having attained 57 years of age or having completed at least 25 years of creditable service as of June 30, 2010, and receiving an early retirement allowance only in the year following the member's attainment of 65 years of age, provided the member has received benefits for at least 12 months as of December 31 of the year preceding any January adjustment. In the event of a decrease of the Consumer Price Index as of June 30 for the preceding year, the retirement allowance of a beneficiary shall not be subject to any adjustment on the next following January 1; provided, however, that:~~

~~(1) such decrease shall be applied as an offset against the first subsequent year's increase of the Consumer Price Index, up to the full amount~~

of such increase; and

~~(2) to the extent that such decrease is greater than such subsequent year's increase, such decrease shall be offset in the same manner against two or more years of such increases, for up to but not exceeding five subsequent years of such increases, until fully offset. Calculation of Net Percentage Increase. Each year, a determination shall be made of any increase or decrease, to the nearest one-tenth of a percent, in the Consumer Price Index for the month ending on June 30 of that year to the average of the Consumer Price Index for the month ending on June 30 of the previous year.~~

(1) Consumer Price Index; maximum and minimum amounts. Any increase or decrease in the Consumer Price Index shall be subject to adjustment so as to remain within the following maximum and minimum amounts:

(A) For Group A members and Group C members who are eligible for normal retirement or unreduced early retirement on or before June 30, 2022, the maximum amount of any increase or decrease utilized to determine the net percentage increase shall be five percent.

(B) For Group C members who are eligible for retirement and leave active service on or after July 1, 2022, the maximum amount of any increase or decrease utilized to determine the net percentage increase shall be four percent.

(2) Consumer Price Index; decreases. In the event of a decrease of the Consumer Price Index as of June 30 for the preceding year, there shall be no adjustment to the retirement allowance of a beneficiary for the subsequent year beginning January 1; provided, however, that:

(A) such decrease shall be applied as an offset against the first subsequent year's increase of the Consumer Price Index up to the full amount of such increase; and

(B) to the extent that such decrease is greater than such subsequent year's increase, such decrease shall be offset in the same manner against two or more years of such increases, for up to but not exceeding five subsequent years of such increases, until fully offset.

(3) Consumer Price Index; increases. Subject to the maximum and minimum amounts set forth in subdivision (1) of this subsection, in the event of an increase in the Consumer Price Index, and provided there remains an increase following the application of any offset as in subdivision (2) of this subsection, that amount shall be identified as the net percentage increase and used to determine the members' postretirement adjustment as set forth in subsection (d) of this section.

~~(c) For purposes of subsection (a) of this section, the maximum amount of any increase or decrease utilized to determine the net percentage increase shall be five percent. For purposes of subsection (b) of this section, the maximum amount of any increase or decrease utilized to determine the net percentage increase shall be five percent, and any increase or decrease less than one percent shall be assigned a value of one percent. Eligibility for postretirement adjustment. In order for a beneficiary to receive a postretirement adjustment allowance, the beneficiary must meet the following eligibility requirements:~~

~~(1) for any Group A or Group C member eligible for retirement on or before June 30, 2022, the member must be in receipt of a retirement allowance for at least 12 months prior to the January 1 effective date of any postretirement adjustment; and~~

~~(2) for any Group C member who is eligible for retirement and leaves active service on or after July 1, 2022, the member must be in receipt of a retirement allowance for at least 24 months prior to the January 1 effective date of any postretirement adjustment.~~

(d) As used in this section, “Consumer Price Index” shall mean the Northeast Region Consumer Price Index for all urban consumers, designated as “CPI-U,” in the northeast region, as published by the U.S. Department of Labor, Bureau of Labor Statistics.

* * * Other Postemployment Benefits * * *

Sec. 13. 16 V.S.A. § 1944b is amended to read:

§ 1944b. RETIRED TEACHERS’ HEALTH AND MEDICAL BENEFITS FUND

(a) There is established the Retired Teachers’ Health and Medical Benefits Fund (Benefits Fund) to pay ~~retired teacher health and medical retiree postemployment benefits, including prescription drug benefits,~~ when due in accordance with the terms established by the Board of Trustees of the State Teachers’ Retirement System of Vermont pursuant to subsection 1942(p) and section 1944e of this title. The Benefits Fund is intended to comply with and be a tax exempt governmental trust under Section 115 of the Internal Revenue Code of 1986, as amended. The Benefits Fund shall be administered by the Treasurer.

(b) The Benefits Fund shall consist of:

(1) all monies remitted to the State on behalf of the members of the State Teachers’ Retirement System of Vermont for prescription drug plans, including manufacturer rebates, as well as monies pursuant to the Employer Group Waiver Plan with Wrap pursuant to the Medicare Prescription Drug Improvement and Modernization Act of 2003;

(2) any monies appropriated by the General Assembly for the purpose of paying ~~the health and medical~~ postemployment benefits for retired members and their dependents provided by subsection 1942(p) and section 1944e of this title;

(3) any monies pursuant to subsection ~~(e)~~ (h) of this section; and

(4) [Repealed.]

(5) any monies pursuant to section 1944d of this title.

(c) No employee contributions shall be deposited in the Benefits Fund.

(d) The Treasurer may invest monies in the Benefits Fund in accordance with the provisions of 32 V.S.A. § 434 or, in the alternative, may enter into an agreement with the Vermont Pension Investment ~~Committee~~ Commission to invest such monies in accordance with the standards of care established by the prudent investor rule under 14A V.S.A. § 902, in a manner similar to the ~~Committee's~~ Commission's investment of retirement system monies. Interest earned shall remain in the Benefits Fund, and all balances remaining at the end of a fiscal year shall be carried over to the following year. The Treasurer's annual financial report to the Governor and the General Assembly shall contain an accounting of receipts, disbursements, and earnings of the Benefits Fund.

(e) [Repealed.]

(f) Contributions to the Benefits Fund shall be irrevocable and it shall be impossible at any time prior to the satisfaction of all liabilities, with respect to employees and their beneficiaries, for any part of the corpus or income of the Benefits Fund to be used for, or diverted to, purposes other than the payment of retiree postemployment benefits to members and their beneficiaries and reasonable expenses of administering the Benefits Fund and related benefit plans.

(g) [Repealed.]

(h) State contribution.

(1) Beginning on July 1, 2022, and annually thereafter, the State shall make annual contributions to the Benefits Fund known as the "normal contribution" and the "accrued liability contribution," each of which shall be fixed on the basis of the liabilities of the System as shown by the most recent actuarial valuation and made by separate appropriation in the annual budget enacted by the General Assembly:

(A) The “normal contribution” shall be the amount that, if contributed over each member’s prospective period of service, will be sufficient to provide for the payment of all future retiree postemployment benefits after subtracting the unfunded actuarial liability and the total assets of the Benefits Fund. The “normal cost” shall be identified using the actuarial cost method known as “projected unit credit” and applying a rate of return equal to the most recently adopted actuarial rate of return pursuant to 3 V.S.A. § 523.

(B) The “accrued liability contribution” shall be the annual payment set forth in the most recent actuarial valuation that is necessary to liquidate the unfunded accrued liability over a closed period of 26 years and determined based on the funding schedule set forth in this section.

(i) It is the policy of the State of Vermont to liquidate fully the unfunded accrued liability for the payment of retiree postemployment benefits.

(ii) Beginning on July 1, 2022, until the unfunded accrued liability is liquidated, the accrued liability contribution shall be the annual payment required to liquidate the unfunded accrued liability over a closed period of 26 years ending on June 30, 2048, provided that the amount of each annual basic accrued liability contribution shall be determined by amortization of the unfunded liability over the remainder of the closed 26-year period in installments.

(2) Any variation in the contribution of normal or accrued liability contributions from those recommended by the actuary and any actuarial gains and losses shall be added or subtracted to the unfunded accrued liability and amortized over the remainder of the closed 26-year period.

(3) The Board shall review annually the amount of State contributions recommended by the actuary of the Retirement System. Based on this review, the Board shall determine the amount of State contribution necessary for the next fiscal year to achieve and preserve the financial integrity of the funds. On or before December 15 of each year, the Board shall inform the Governor and the House and Senate Committees on Government Operations and on Appropriations in writing about the amount needed. The provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the report to be made under this subsection.

Sec. 14. 16 V.S.A. § 4025 is amended to read:

§ 4025. EDUCATION FUND

* * *

(b) Monies in the Education Fund shall be used for the following:

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* * *

(4) To make payments to the Vermont Teachers' Retirement Fund and the Retired Teachers' Health and Medical Benefits Fund for the normal ~~contribution~~ contributions in accordance with ~~subsection~~ subsections 1944(c) of this title and 1994b(h) of this title.

* * *

Sec. 15. VERMONT TEACHERS' RETIREMENT SYSTEM; REPEAL OF
PRIOR SUNSET AND REPORTING PROVISIONS

2018 (Sp. Sess.) Acts and Resolves No.11, Secs. E.515.3 and E.515.4 are hereby repealed.

* * * Vermont Municipal Employees' Retirement System * * *

Sec. 16. 24 V.S.A. § 5062 is amended to read:

§ 5062. RETIREMENT BOARD; MEDICAL BOARD; ACTUARY; RATES
OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

* * *

(k) Immediately after the establishment of the Retirement System, the Retirement Board shall adopt for the Retirement System such mortality and service tables as shall be deemed necessary and shall certify the rates of contribution payable under the provisions of this chapter. ~~At least once in each three-year period~~ Beginning July 1, 2023, at least once every three fiscal years following the establishment of the System, the actuary shall make an actuarial investigation into the mortality, service, and compensation experience of the members and beneficiaries of the Retirement System, and taking into account the results of such investigation, the Retirement Board shall adopt for the Retirement System such mortality, service, and other tables as shall be deemed necessary and shall certify the rates of contribution payable under the provisions of this chapter.

* * *

* * * Funding * * *

Sec. 17. FY 2022; APPROPRIATION; STATE EMPLOYEES'
POSTEMPLOYMENT BENEFITS TRUST FUND; RETIRED
TEACHERS' HEALTH AND MEDICAL BENEFITS FUND

(a) In FY 2022, of the amount of General Funds reserved in 2021 Acts and Resolves No. 74, Sec. C.101(a) is unreserved as follows:

(1) the sum of \$75,000,000.00 is appropriated to the Vermont State Retirement Fund, established in 3 V.S.A. § 473, to address the unfunded accrued liability in pension benefits; and

(2) the sum of \$75,000,000.00 is appropriated to the Vermont Teachers' Retirement Fund, established in 16 V.S.A. § 1944, to address the unfunded accrued liability in pension benefits.

(b) In FY 2022, the amount of \$50,000,000.00 in General Funds shall be appropriated to the to the Vermont Teachers' Retirement Fund, established in 16 V.S.A. § 1944, to address the unfunded accrued liability in pension benefits.

(c) In FY 2022, of the amount of Education Funds reserved in 2021 Acts and Resolves No. 74, Sec. C.101(a) is unreserved and the sum of \$13,300,000.00 is appropriated to the Retired Teachers' Health and Medical Benefits Fund, established in 16 V.S.A. § 1944b, to support the normal cost of other postemployment benefits as set forth in 16 V.S.A. § 1944f.

(d) The appropriations in subsections (a) and (b) of this section shall not be included for the purposes of calculating the reserve total for fiscal year 2023 pursuant to 32 V.S.A. § 308 (General Fund budget stabilization reserve).

Sec. 18. 32 V.S.A. § 308c is amended to read:

§ 308c. GENERAL FUND AND TRANSPORTATION FUND BALANCE RESERVES

(a) There is hereby created within the General Fund a General Fund Balance Reserve, also known as the "Rainy Day Reserve." After satisfying the requirements of section 308 of this title, and after other reserve requirements have been met, any remaining unreserved and undesignated end of fiscal year General Fund surplus shall be reserved in the General Fund Balance Reserve. The General Fund Balance Reserve shall not exceed five percent of the appropriations from the General Fund for the prior fiscal year without legislative authorization.

(1), (2) [Repealed.]

(3) Of the funds that would otherwise be reserved in the General Fund Balance Reserve under this subsection, ~~50 percent of any such funds~~ the following amounts shall be reserved as necessary and transferred from the General Fund to the Vermont State Employees' Postemployment Benefits Trust Fund established by 3 V.S.A. § 479a as follows:

(A) 25 percent to the Vermont State Retirement Fund established by 3 V.S.A. § 473; and

(B) 25 percent to the Vermont Teachers' Retirement Fund established by 16 V.S.A. § 1944.

* * *

* * * Effective Dates * * *

Sec. 19. EFFECTIVE DATES

This act shall take effect on July 1, 2022, except that Sec. 17 (FY 2022 appropriation) shall take effect on passage.

(Committee vote: 6-0-1)

Amendment to S. 286 to be offered by Senator Brock

Senator Brock moves to amend the bill by striking out Sec. 17 and all remaining sections of the bill and inserting in lieu thereof new Secs. 17 and 18 to read as follows:

Sec. 17. 3 V.S.A. § 500 is amended to read:

§ 500. DEFINED CONTRIBUTION RETIREMENT PLAN

(a) ~~The State Treasurer shall offer a retirement plan for State employees who are not members of the classified system. The Plan shall qualify that qualifies~~ as a defined contribution plan under the U.S. Internal Revenue Code, as amended, for eligible State employees as set forth in subsection (b) of this section. Participation in such plan shall be in lieu of the retirement plans established under chapter 16 of this title.

(b)(1) Employees who are not members of the classified system who are first employed by the State on and after January 1, 1999, and would otherwise be members of Group A, B, C, D, or F of the Vermont State Retirement System, shall be eligible to participate in the Defined Contribution Retirement Plan.

(2) Employees who are members of the classified system who are first employed by the State on and after January 1, 2023, and who would otherwise be members of Group A, B, C, D, or F of the Vermont State Retirement System, shall be eligible to participate in the Defined Contribution Retirement Plan.

* * *

(d) Election to participate in the Defined Contribution Retirement Plan is irrevocable, unless:

(1) the employee who is eligible for this plan under the conditions of subdivision (b)(1) of this section becomes a classified employee and elects to transfer his or her membership and the full actuarial value of the accrued benefit calculated on a cost neutral basis to the Vermont State Retirement System; or

(2) the employee is appointed to a position that is eligible for membership in the Group D plan. Within 60 days of after appointment, the employee may choose to participate in the Group D plan and cease participation in the defined contribution plan. Upon an election to participate in the Group D plan, the State Treasurer shall apply the funds accumulated in the employee's defined contribution account toward purchasing retirement credit in the Group D plan by first applying the funds toward purchasing any Group D eligible credit earned from the date of the judicial appointment and then applying the funds toward purchasing credit in the retirement group plan or plans for which the employee would have formerly been eligible.

* * *

Sec. 18. EFFECTIVE DATES

This act shall take effect on July 1, 2022, except that Sec. 16 (FY 2022 appropriation) shall take effect on passage.

Second Reading

Favorable with Recommendation of Amendment

S. 204.

An act relating to licensure of freestanding birth centers.

Reported favorably with recommendation of amendment by Senator Hardy for the Committee on Health and Welfare.

The Committee recommends that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 18 V.S.A. chapter 53 is added to read:

CHAPTER 53. BIRTH CENTER LICENSING

§ 2351. DEFINITION

As used in this chapter, "birth center" means a facility:

(1) that is not a hospital or part of a hospital;

(2) at which births are planned to occur away from the pregnant individual's residence following a low-risk pregnancy; and

(3) that provides prenatal, labor and delivery, or postpartum care, or a combination of these, as well as other related services in accordance with the scopes of practice of the health care professionals practicing at the birth center.

§ 2352. LICENSE

No person shall establish, maintain, or operate a birth center in this State without first obtaining a license for the birth center in accordance with this chapter.

§ 2353. APPLICATION; FEE

(a) An application for licensure of a birth center shall be made to the Department of Health on forms provided by the Department and shall include all information required by the Department.

(b)(1) Each application for a license shall be accompanied by a licensing fee of \$300.00.

(2) Fees collected under this section shall be credited to the Hospital Licensing Fees Special Fund and shall be available to the Department of Health to offset the costs of licensing birth centers.

(c) Notwithstanding any provision of this chapter to the contrary, for an application for renewal of a birth center's license, the Department of Health shall deem a licensed birth center that is currently accredited by the Commission for the Accreditation of Birth Centers or by another accrediting entity that complies with the national birth center standards published by the American Association of Birth Centers as satisfying the requirements for renewal of the birth center's license, upon submission of a copy of the birth center's official accreditation certificate and payment of the application fee.

§ 2354. LICENSE REQUIREMENTS

(a) Upon receipt of an application for a license and the licensing fee, the Department of Health shall issue a license if it determines that the applicant and the birth center facilities meet the following minimum standards:

(1) The applicant shall demonstrate the capacity to operate a birth center in accordance with rules adopted by the Department.

(2) The applicant shall demonstrate that its facilities comply fully with standards for health, safety, and sanitation as required by State law, including standards set forth by the State Fire Marshal and the Department of Health, and municipal ordinance.

(3) The applicant shall have a clear process for responding to patient complaints.

(4) The applicant shall participate in the Patient Safety Surveillance and Improvement System established pursuant to chapter 43A of this title.

(5) The birth center facilities, including the buildings and grounds, shall be subject to inspection by the Department, its designees, and other authorized entities at all times.

(b) A license is not transferable or assignable and shall be issued only for the premises and persons named in the application.

§ 2355. REVOCATION OF LICENSE; HEARING

The Department of Health, after notice and opportunity for hearing to the applicant or licensee, is authorized to deny, suspend, or revoke a license in any case in which it finds that there has been a substantial failure to comply with the requirements established under this chapter. Such notice shall be served by registered mail or by personal service, shall set forth the reasons for the proposed action, and shall set a date not less than 60 days from the date of the mailing or service on which the applicant or licensee shall be given opportunity for a hearing. After the hearing, or upon default of the applicant or licensee, the Department shall file its findings of fact and conclusions of law. A copy of the findings and decision shall be sent by registered mail or served personally upon the applicant or licensee. The procedure governing hearings authorized by this section shall be in accordance with the usual and customary rules provided for such hearings.

§ 2356. APPEAL

Any applicant or licensee, or the State acting through the Attorney General, aggrieved by the decision of the Department of Health after a hearing may, within 30 days after entry of the decision as provided in section 2355 of this title, appeal to the Superior Court for the district in which the appellant is located. The court may affirm, modify, or reverse the Department's decision, and either the applicant or licensee or the Department or State may appeal to the Vermont Supreme Court for such further review as is provided by law. Pending final disposition of the matter, the status quo of the applicant or licensee shall be preserved, except as the court otherwise orders in the public interest.

§ 2357. INSPECTIONS

The Department of Health shall make or cause to be made such inspections and investigations as it deems necessary. If the Department finds a violation as the result of an inspection or investigation, the Department shall post a report on the Department's website summarizing the violation and any corrective action required.

§ 2358. RECORDS

(a) Information received by the Department of Health through filed reports, inspections, or as otherwise authorized by law shall:

(1) not be disclosed publicly in a manner that identifies or may lead to the identification of one or more individuals or birth centers;

(2) be exempt from public inspection and copying under the Public Records Act; and

(3) be kept confidential except as it relates to a proceeding regarding licensure of a birth center.

(b) The provisions of subsection (a) of this section shall not apply to the summary reports of violations required to be posted on the Department's website pursuant to section 2357 of this chapter.

§ 2359. RULES

The Department of Health shall adopt rules in accordance with 3 V.S.A. chapter 25 as needed to carry out the purposes of this chapter. The rules shall regulate birth centers in accordance with national birth center standards published by the American Association of Birth Centers and may include provisions regarding:

(1) the scope of services that may be provided at a birth center;

(2) appropriate staffing for a birth center, including the types of licensed health care professionals who may practice at a birth center; and

(3) a requirement for written practice guidelines and policies that include procedures for transferring a patient to a hospital if circumstances warrant.

Sec. 2. 8 V.S.A. § 4099d is amended to read:

§ 4099d. MIDWIFERY COVERAGE; HOME BIRTHS

(a) A health insurance plan or health benefit plan providing maternity benefits shall also provide coverage:

(1) for services rendered by a midwife licensed pursuant to 26 V.S.A. chapter 85 or an advanced practice registered nurse licensed pursuant to 26 V.S.A. chapter 28 who is certified as a nurse midwife for services within the licensed midwife's or certified nurse midwife's scope of practice and provided in a hospital, birth center, or other health care facility or at home; and

(2) for prenatal, maternity, postpartum, and newborn services provided at a birth center licensed pursuant to 18 V.S.A. chapter 53.

* * *

Sec. 3. 18 V.S.A. § 9432 is amended to read:

§ 9432. DEFINITIONS

As used in this subchapter:

* * *

(15) “Freestanding birth center” has the same meaning as “birth center” in section 2351 of this title.

Sec. 4. 18 V.S.A. § 9434 is amended to read:

§ 9434. CERTIFICATE OF NEED; GENERAL RULES

(a) A health care facility other than a hospital shall not develop or have developed on its behalf a new health care project without issuance of a certificate of need by the Board. For purposes of this subsection, a “new health care project” includes the following:

* * *

(6) The construction, development, purchase, lease, or other establishment of an ambulatory surgical center or a freestanding birth center.

* * *

Sec. 5. GREEN MOUNTAIN CARE BOARD; NEEDS ASSESSMENT;
HEALTH RESOURCE ALLOCATION PLAN; REPORT

(a) In connection with its responsibility for developing and maintaining the State’s Health Resource Allocation Plan pursuant to 18 V.S.A. § 9405, the Green Mountain Care Board, in consultation with the Department of Health’s Maternal and Child Health Division and the Blueprint for Health’s Women’s Health Initiative, shall conduct an assessment of the need in this State for the obstetric and midwifery services offered by freestanding birth centers. The assessment shall include evaluating the need for the services in particular regions of the State and for certain populations of Vermont residents.

(b) On or before April 1, 2023, the Board shall provide to the House Committee on Health Care and the Senate Committee on Health and Welfare its findings and recommendations regarding the need for the services of freestanding birth centers in Vermont, along with a recommendation for whether persons seeking to establish a birth center should be required to obtain a certificate of need pursuant to 18 V.S.A. chapter 221, subchapter 5.

Sec. 6. AGENCY OF HUMAN SERVICES; MEDICAID; REQUEST FOR FEDERAL APPROVAL

The Agency of Human Services shall seek approval from the Centers for Medicare and Medicaid Services to allow Vermont Medicaid to cover prenatal, maternity, postpartum, and newborn services provided at a licensed birth center and to allow Vermont Medicaid to reimburse separately for birth center services and for professional services.

Sec. 7. EFFECTIVE DATES

(a) Secs. 1 (18 V.S.A. chapter 53) and 2 (8 V.S.A. § 4099d) shall take effect on January 1, 2024.

(b) Secs. 3 and 4 (18 V.S.A. §§ 9432 and 9434) shall take effect on July 1, 2023.

(c) Sec. 5 (Green Mountain Care Board; needs assessment; Health Resource Allocation Plan; report) and this section shall take effect on passage.

(d) Sec. 6 (Agency of Human Services; Medicaid; request for federal approval) shall take effect on January 1, 2023 for Medicaid coverage beginning on January 1, 2024.

(Committee vote: 5-0-0)

Reported favorably by Senator MacDonald for the Committee on Finance.

The Committee recommends that the bill be amended as recommended by the Committee on Health and Welfare and when so amended ought to pass.

(Committee vote: 7-0-0)

S. 226.

An act relating to expanding access to safe and affordable housing.

Reported favorably with recommendation of amendment by Senator Sirotkin for the Committee on Economic Development, Housing and General Affairs.

The Committee recommends that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

* * * Housing; Permit Reform * * *

Sec. 1. FINDINGS

The General Assembly finds that:

(1) Prosperous, sustainable, and inclusive communities are critical to Vermont's economic health and the well-being of its residents.

(2) Housing affordability and availability challenges require elected officials, community leaders, and developers making community investments to consider all options to increase the supply of housing.

(3) The State designation programs underpin Vermont's land use goals and provide numerous economic, health, quality of life, and environmental benefits.

(4) Increased housing choices in State designated centers advance statewide goals to encourage housing affordability, inclusion, and equity; conserve energy; decrease greenhouse gas emissions; provide a variety of transportation choices; promote the efficient use of transportation and other public infrastructure and services; protect the working landscape and natural areas from fragmentation; and foster healthy lifestyles.

(5) Small-scale and infill developers are critical to rural and community revitalization in locations where development is not occurring and is necessary to meet the full range of Vermont's housing needs.

(6) Strategies, policies, programs, and investments that advance Vermont's smart growth principles, complete streets principles, and planning and development goals pursuant to 24 V.S.A. § 4302 make communities more equitable and sustainable and improve the long-term fiscal, economic, and environmental viability of the State.

Sec. 2. 24 V.S.A. § 2793e is amended to read:

§ 2793e. NEIGHBORHOOD PLANNING AREAS; DESIGNATION OF
NEIGHBORHOOD DEVELOPMENT AREAS

(a) Purpose. This section is intended to encourage a municipality to plan for new and infill housing in the area including and immediately encircling its designated downtown, village center, new town center, or within its designated growth center in order to provide needed housing and to further support the commercial establishments in the designated center. To support this goal, this section sets out a two-component process.

* * *

(b) Definitions.

(1) "Neighborhood planning area" means an automatically delineated area including and encircling a downtown, village center, or new town center designated under this chapter or within a growth center designated under this chapter. A neighborhood planning area is used for the purpose of identifying

locations suitable for new and infill housing that will support a development pattern that is compact, oriented to pedestrians, and consistent with smart growth principles. To ensure a compact settlement pattern, the outer boundary of a neighborhood planning area shall be located entirely within the boundaries of the applicant municipality, unless a joint application is submitted by more than one municipality, and shall be determined:

* * *

(c) Application for designation of a neighborhood development area. The State Board shall approve a neighborhood development area if the application demonstrates and includes all of the following elements:

* * *

(5) The proposed neighborhood development area consists of those portions of the neighborhood planning area that are appropriate for new and infill housing, excluding identified flood hazard and fluvial erosion areas, except those areas containing preexisting development in areas suitable for infill development as defined in §29-201 of the Vermont Flood Hazard Area and River Corridor Rule. In determining what areas are most suitable for new and infill housing, the municipality shall balance local goals for future land use, the availability of land for housing within the neighborhood planning area, and the smart growth principles. Based on those considerations, the municipality shall select an area for neighborhood development area designation that:

(A) Avoids or ~~that~~ minimizes to the extent feasible the inclusion of “important natural resources” as defined in subdivision 2791(14) of this title. If an “important natural resource” is included within a proposed neighborhood development area, the applicant shall identify the resource, explain why the resource was included, describe any anticipated disturbance to such resource, and describe why the disturbance cannot be avoided or minimized. If the neighborhood development area includes flood hazard areas or river corridors, the local bylaws shall contain provisions consistent with the Agency of Natural Resources’ rules required under 10 V.S.A. § 754(a) to ensure that new infill development within a neighborhood development area occurs outside the flood hazard area and will not cause or contribute to fluvial erosion hazards within the river corridor. If the neighborhood development area includes flood hazard areas or river corridors, local bylaws shall also contain provisions to protect river corridors outside the neighborhood development area consistent with the Agency of Natural Resources’ rules required under 10 V.S.A. § 754(a).

* * *

(6) ~~The neighborhood development area is served by:~~

~~(A) municipal sewer infrastructure; or~~

~~(B) a community or alternative wastewater system approved by the Agency of Natural Resources. [Repealed.]~~

(7) The municipal bylaws allow minimum net residential densities within the neighborhood development area greater than or equal to four ~~single-family detached~~ dwelling units per acre for all identified residential uses or residential building types, exclusive of accessory dwelling units, or ~~no~~ not fewer than the average existing density of the surrounding neighborhood, whichever is greater. The methodology for calculating density shall be established in the guidelines developed by the Department pursuant to subsection 2792(d) of this title.

* * *

Sec. 3. 24 V.S.A. § 2793b is amended to read:

§ 2793b. DESIGNATION OF NEW TOWN CENTER DEVELOPMENT DISTRICTS

* * *

(b) Within 45 days of receipt of a completed application, the State Board shall designate a new town center development district if the State Board finds, with respect to that district, the municipality has:

* * *

(2) Provided a community investment agreement that has been executed by authorized representatives of the municipal government, businesses and property owners within the district, and community groups with an articulated purpose of supporting downtown interests, and contains the following:

* * *

(B) Regulations enabling ~~high~~ densities that are ~~greater~~ not less than four dwelling units, including all identified residential uses or residential building types, per acre and not less than those allowed in any other part of the municipality not within an area designated under this chapter.

* * *

Sec. 4. 24 V.S.A. § 4449 is amended to read:

§ 4449. ZONING PERMIT, CERTIFICATE OF OCCUPANCY, AND MUNICIPAL LAND USE PERMIT

(a) Within any municipality in which any bylaws have been adopted:

* * *

(4) No municipal land use permit issued by an appropriate municipal panel or administrative officer, as applicable, for a site plan or conditional use shall be considered abandoned or expired unless more than two years has passed since the permit approval was issued.

* * *

Sec. 5. 10 V.S.A. § 6001 is amended to read:

§ 6001. DEFINITIONS

As used in this chapter:

* * *

(3)(A) “Development” means each of the following:

* * *

(iv) The construction of housing projects such as cooperatives, condominiums, or dwellings, or construction or maintenance of mobile homes or mobile home parks, with 10 or more units, constructed or maintained on a tract or tracts of land, owned or controlled by a person, within a radius of five miles of any point on any involved land and within any continuous period of five years. However:

(I) A priority housing project shall constitute a development under this subdivision (iv) only if the number of housing units in the project is:

(aa) [Repealed.]

(bb) [Repealed.]

(cc) 75 or more, in a municipality with a population of 6,000 or more but less than 10,000.

(dd) 50 or more, in a municipality with a population of ~~3,000 or more~~ but less than 6,000.

(ee) ~~25 or more, in a municipality with a population of less than 3,000.~~ [Repealed.]

(ff) Notwithstanding subdivisions (cc) through (ee) of this subdivision (3)(A)(iv)(I), 10 or more if the construction involves the demolition of one or more buildings that are listed on or eligible to be listed on the State or National Register of Historic Places. However, demolition shall not be considered to create jurisdiction under this subdivision (ff) if the Division for Historic Preservation has determined that the proposed demolition will have no adverse effect, will have no adverse effect if specified conditions

are met, or will have an adverse effect that will be adequately mitigated. Any imposed conditions shall be enforceable through a grant condition, deed covenant, or other legally binding document.

* * *

(27) “Mixed income housing” means a housing project in which the following apply:

(A) Owner-occupied housing. ~~At the option of the applicant, owner-occupied housing may be characterized by either of the following:~~

~~(i) at least 15 percent of the housing units have a purchase price that at the time of first sale does not exceed 85 percent of the new construction, targeted area purchase price limits established and published annually by the Vermont Housing Finance Agency; or~~

~~(ii) at least 20 percent of the housing units have a purchase price that at the time of first sale does not exceed 90 percent of the new construction, targeted area purchase price limits established and published annually by the Vermont Housing Finance Agency meet the requirements of affordable owner-occupied housing under subdivision (29)(A) of this section, adjusted for the number of bedrooms, as established and published annually by the Vermont Housing Finance Agency.~~

(B) Rental housing. ~~At least 20 percent of the housing units that are rented constitute affordable housing and have a duration of affordability of For not less than 15 years following the date that rental housing is initially placed in service, at least 20 percent of the housing units meet the requirements of affordable rental housing under subdivision (29)(B) of this section, adjusted for the number of bedrooms, as established and published annually by the Vermont Housing Finance Agency.~~

* * *

(35) “Priority housing project” means a discrete project located on a single tract or multiple contiguous tracts of land that consists exclusively of:

~~(A) mixed income housing or mixed use, or any combination thereof, and is located entirely within a designated downtown development district, designated new town center, designated growth center, or designated village center that is also a designated neighborhood development area under 24 V.S.A. chapter 76A; or~~

~~(B) mixed income housing and is located entirely within a designated Vermont neighborhood or designated neighborhood development area under 24 V.S.A. chapter 76A.~~

* * *

Sec. 6. 10 V.S.A. § 6081(p) is amended to read:

~~(p)(1) No permit or permit amendment is required for any change to a project that is located entirely within a downtown development district designated pursuant to 24 V.S.A. § 2793, if the change consists exclusively of any combination of mixed use and mixed income housing, and the cumulative changes within any continuous period of five years, commencing on or after May 28, 2002, remain below any applicable jurisdictional threshold specified in subdivision 6001(3)(A)(iv)(I) of this title.~~

(2) No permit or permit amendment is required for a priority housing project in a designated center other than a downtown development district if the project remains below any applicable jurisdictional threshold specified in subdivision 6001(3)(A)(iv)(I) of this title and will comply with all conditions of any existing permit or permit amendment issued under this chapter that applies to the tract or tracts on which the project will be located. If such a priority housing project will not comply with one or more of these conditions, an application may be filed pursuant to section 6084 of this title.

* * * First-Generation Homebuyers * * *

Sec. 7. 32 V.S.A. 5930u is amended to read:

§ 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

* * *

(b) Eligible tax credit allocations.

* * *

(3) Down Payment Assistance Program.

(A) The Vermont Housing Finance Agency shall have the authority to allocate affordable housing tax credits to finance down payment assistance loans that meet the following requirements:

(i) the loan is made in connection with a mortgage through an Agency program;

(ii) the borrower is a first-time home buyer of an owner-occupied primary residence; and

(iii) the borrower uses the loan for the borrower's down payment or closing costs, or both.

(B) The Agency shall require the borrower to repay the loan upon the transfer or refinance of the residence.

(C) The Agency shall use the proceeds of loans made under the Program for future down payment assistance.

(D) The Agency may reserve funding and adopt guidelines to provide grants to first-time homebuyers who are also first-generation homebuyers.

* * *

* * * Manufactured Home Relocation Incentives * * *

Sec. 8. MANUFACTURED HOME IMPROVEMENT AND REPLACEMENT PROGRAM

Of the amounts available from federal COVID-19 relief funds, the following amounts are appropriated to the Department of Housing and Community Development for the purposes specified:

(1) \$3,000,000.00 for manufacture home community small-scale capital grants, through which the Department may award not more than \$20,000.00 for owners of manufactured housing communities to complete small-scale capital needs to help infill vacant lots with homes, which may include projects such as disposal of abandoned homes, lot grading/preparation, site electrical box issues/upgrades, E911 safety issues, legal fees, transporting homes out of flood zones, individual septic system, and marketing to help make it easier for home-seekers to find vacant lots around the State.

(2) \$1,000,000.00 for manufactured home repair grants, through which the Department may award funding for minor rehab or accessibility projects, coordinated as possible with existing programs, for between 250 and 400 existing homes where the home is otherwise in good condition or in situations where the owner is unable to replace the home and the repair will keep them housed.

(3) \$1,000,000.00 for new manufactured home foundation grants, through which the Department may award not more than \$15,000.00 per grant for a homeowner to pay for a foundation or HUD-approved slab, site preparation, skirting, tie-downs, and utility connections on vacant lots within manufactured home communities.

Sec. 9. 32 V.S.A. § 5930u(g) is amended to read:

(g)(1) In any fiscal year, the allocating agency may award up to:

(A) \$400,000.00 in total first-year credit allocations to all applicants for rental housing projects, for an aggregate limit of \$2,000,000.00 over any given five-year period that credits are available under this subdivision (A);.

(B) ~~\$425,000.00~~ \$675,000.00 in total first-year credit allocations for loans or grants for owner-occupied unit financing or down payment loans as provided in subdivision (b)(2) of this section consistent with the allocation plan, including for new construction and manufactured housing, for an aggregate limit of ~~\$2,125,000.00~~ \$3,375,000.00 over any given five-year period that credits are available under this subdivision (B). Of the total first-year credit allocations made under this subdivision (B), \$250,000.00 shall be used each fiscal year for manufactured home purchase and replacement.

(2) If the full amount of first-year credits authorized by an award ~~are~~ is not allocated to a taxpayer, the Agency may reclaim the amount not allocated and re-award such allocations to other applicants, and such re-awards shall not be subject to the limits set forth in subdivision (1) of this subsection.

* * * Large Employer Housing; Commercial Property Conversion; Multi-Agency Coordination * * *

Sec. 10. VERMONT HOUSING CONSERVATION BOARD; LARGE EMPLOYER HOUSING; COMMERCIAL PROPERTY CONVERSION; COMMUNITY PARTNERSHIP FOR NEIGHBORHOOD DEVELOPMENT

(a) Authorization. Of the amounts appropriated to the Vermont Housing Conservation Board in fiscal year 2023, the Board is authorized to use up to \$5,000,000.00 for the following activities:

(1) housing created through the Community Partnership for Neighborhood Development created in subsection (b) of this section;

(2) funding for matching grants, which for each unit shall not exceed the lesser of \$50,000.00 or 20 percent of the employer cost, for large employers with 50 or more full time equivalent employees that provide housing for their employees; and

(3) funding for matching grants, which for each unit shall not exceed the lesser of \$50,000.00 or 20 percent of the developer cost, for projects that convert commercial properties to residential use.

(b) Community Partnership for Neighborhood Development.

(1) The Department of Housing and Community Development shall lead a cross-agency program to encourage and support local partnerships between municipalities, nonprofit and for-profit developers, employers, the Vermont Housing and Conservation Board, and local planning officials, by enhancing density and reducing or eliminating the cost of land and infrastructure from housing development while enhancing density, walkability, inclusiveness, and climate-sensitive, smart growth development.

(2) The Department shall lead an effort involving the Vermont Housing Finance Agency, the Agency of Natural Resources, the Agency of Transportation, the Department of Public Service, and the Vermont Housing Conservation Board to integrate resources for housing, land, and down payment assistance that also makes available funding for critical infrastructure, including funding from the American Rescue Plan Act and the Infrastructure Investment and Jobs Act.

(3) Participating municipalities may bring resources to the table by planning for and permitting dense housing development in smart growth locations, thereby reducing permitting risk for developers.

(b) Program goals. The Program shall seek to achieve the following goals:

(1) development of new denser neighborhoods in 5–10 communities of mixed income and mixed tenure of homeownership and rental opportunities, which, over time, will land bank and make available smart growth sites for 500–1000 energy efficient homes and apartments;

(2) financial and planning commitment and participation of municipalities and cooperation in siting and permitting development;

(3) enhanced construction of modestly sized homes, at least half of which should be single-family homes under 1600 sq ft. on small lots;

(4) opportunities for site development and skill building participation by technical education centers, Youth Build, Vermont Works for Women, and community volunteers such as Habitat for Humanity;

(5) reservation of 25 percent of single family lots for permanently affordable homes, including Habitat for Humanity, Youth Build, or Tech Center programs, at no cost for acquisition or infrastructure and only modest fees for all small homes; and

(6) reservation of 35 percent of multifamily rentals for Vermonters within income below 80 percent of median with no cost for publicly funded infrastructure.

* * * Municipal Bylaw Grants * * *

Sec. 11. 24 V.S.A. § 4306 is amended to read:

§ 4306. MUNICIPAL AND REGIONAL PLANNING FUND

(a)(1) The Municipal and Regional Planning Fund for the purpose of assisting municipal and regional planning commissions to carry out the intent of this chapter is hereby created in the State Treasury.

(2) The Fund shall be composed of 17 percent of the revenue from the property transfer tax under 32 V.S.A. chapter 231 and any monies from time to time appropriated to the Fund by the General Assembly or received from any other source, private or public. All balances at the end of any fiscal year shall be carried forward and remain in the Fund. Interest earned by the Fund shall be deposited in the Fund.

(3) Of the revenues in the Fund, each year:

(A) 10 percent shall be disbursed to the Vermont Center for Geographic Information;

(B) 70 percent shall be disbursed to the Secretary of Commerce and Community Development for performance contracts with regional planning commissions to provide regional planning services pursuant to section 4341a of this title; and

(C) 20 percent shall be disbursed to municipalities.

* * *

(c) Funds allocated to municipalities shall be used for the purposes of:

* * *

(4) The Fund shall be available to the Department of Housing and Community Development for the reasonable and necessary costs of administering the Fund, not to exceed six percent of total program funds.

(d) New funds allocated to municipalities under this section may take the form of special purpose grants in accordance with section 4307 of this title.

Sec. 12. 24 V.S.A. § 4307 is added to read:

§ 4307. MUNICIPAL BYLAW MODERNIZATION GRANTS

(a) There is created Municipal Bylaw Modernization Grants to assist municipalities in updating their land use and development bylaws. Bylaws updated under this section shall increase housing choice, affordability, and opportunity in areas planned for smart growth. The Grants shall be funded by monies allocated from the municipality allocation of the Municipal and Regional Planning Funds established in subdivision 4306(a)(3)(C) of this title and any other monies appropriated for this purpose.

(b) Disbursement to municipalities shall be administered by the Department of Housing and Community Development through a competitive process providing the opportunity for all regions and any eligible municipality to compete regardless of size.

(c) Funds may be disbursed by the Department in installments to ensure the municipal bylaw updates meet the goals of this section.

(d) Funding may be used for the cost of regional planning commission staff or consultant time and any other purpose approved by the Department.

(e) A municipality grantee shall use the funds to prepare amendments to bylaws to increase housing choice, affordability, and opportunity and that support a neighborhood development pattern that is pedestrian oriented in areas planned for smart growth consistent with the smart growth principles established in section 2791 of this title and that prioritize projects in designated areas in accordance with chapter 76A of this title.

(f) To receive the grant, the municipality shall:

(1) identify municipal water and wastewater disposal infrastructure, municipal water and sewer service areas, and the constraints on that infrastructure based on the best available data;

(2) increase allowed housing types and uses, which may include duplexes to the same extent as single-family homes;

(3) include parking waiver provisions in areas planned for smart growth consistent with smart growth principles as defined in section 2791 of this title and appropriate situations;

(4) review and modify street standards that implement the complete streets principles as described in 19 V.S.A. § 309d and that are oriented to pedestrians; and

(5) reduce nonconformities by making the allowed standards principally conform to the existing settlement within any area designated under chapter 76A of this title and increase allowed lot/building/dwelling unit density by adopting dimensional, use, parking, and other standards that allow compact neighborhood form and support walkable lot and dwelling unit density, which may be achieved with a standard allowing at least four units per acre or allowing the receipt of a State or municipal water and wastewater permit to determine allowable density or by other means established in guidelines issued by the Department.

(6) restrict development of and minimize impact to important natural resources, including new development in flood hazard areas, undeveloped floodplains, and river corridor areas, unless lawfully allowed for infill development in §29-201 of the Vermont Flood Hazard Area and River Corridor Rule;

(7) update the municipal plan’s housing element as provided in subdivision 4382(a)(10) of this title related to addressing lower- and moderate-income housing needs and implement that element of the plan including through the bylaw amendments;

(8) comply with State and Federal Fair Housing Act, including the fair housing provisions of Vermont’s Planning and Development Act; and

(9) demonstrate how the bylaws support implementation of the housing element of its municipal plan as provided in subdivision 4282(a)(10) of this title related to addressing lower- and moderate-income housing needs.

(g) On or before September 1, 2022, the Department shall adopt guidelines to assist municipalities applying for grants under this section.

Sec. 13. APPROPRIATION

In fiscal year 2023 the amount of \$650,000.00 is appropriated from the General Fund to the Municipal Planning and Regional Planning Fund to be used for Municipal Bylaw Modernization Grants established in 24 V.S.A. § 4307.

* * * Tax Credits * * *

Sec. 14. 32 V.S.A. § 5930ee is amended to read:

§ 5930ee. LIMITATIONS

Beginning in fiscal year 2010 and thereafter, the State Board may award tax credits to all qualified applicants under this subchapter, provided that:

(1) the total amount of tax credits awarded annually, together with sales tax reallocated under section 9819 of this title, does not exceed \$3,000,000.00 \$5,000,000.00 with up to \$1,000,000.00 awarded to qualified projects in neighborhood development areas;

* * *

Sec. 15. 32 V.S.A. § 5930aa is amended to read:

§ 5930aa. DEFINITIONS

As used in this subchapter:

(1) “Qualified applicant” means an owner or lessee of a qualified building involving a qualified project; but does not include a State or federal agency or a political subdivision of either; or an instrumentality of the United States.

(2) “Qualified building” means a building built at least 30 years before the date of application, located within a designated downtown or village center, or neighborhood development area, which, upon completion of the project supported by the tax credit, will be an income-producing building not used solely as a single-family residence. Churches and other buildings owned by religious organization may be qualified buildings, but in no event shall tax credits be used for religious worship.

(3) “Qualified code improvement project” means a project:

(A) to install or improve platform lifts suitable for transporting personal mobility devices, limited use or limited application elevators, elevators, sprinkler systems, and capital improvements in a qualified building, and the installations or improvements are required to bring the building into compliance with the statutory requirements and rules regarding fire prevention, life safety, and electrical, plumbing, and accessibility codes as determined by the Department of Public Safety;

(B) to abate lead paint conditions or other substances hazardous to human health or safety in a qualified building; or

(C) to redevelop a contaminated property in a designated downtown or village center, or neighborhood development area under a plan approved by the Secretary of Natural Resources pursuant to 10 V.S.A. § 6615a.

(4) “Qualified expenditures” means construction-related expenses of the taxpayer directly related to the project for which the tax credit is sought but excluding any expenses related to a private residence.

(5) “Qualified façade improvement project” means the rehabilitation of the façade of a qualified building that contributes to the integrity of the designated downtown or designated village center. Façade improvements to qualified buildings listed, or eligible for listing, in the State or National Register of Historic Places must be consistent with Secretary of the Interior Standards, as determined by the Vermont Division for Historic Preservation.

(6) “Qualified Flood Mitigation Project” means any combination of structural and nonstructural changes to a building located within the flood hazard area as mapped by the Federal Emergency Management Agency that reduces or eliminates flood damage to the building or its contents. The project shall comply with the municipality’s adopted flood hazard bylaw, if applicable, and a certificate of completion shall be submitted by a registered engineer, architect, qualified contractor, or qualified local official to the State Board. Improvements to qualified buildings listed, or eligible for listing, in the State or National Register of Historic Places shall be consistent with

Secretary of the Interior’s Standards for Rehabilitation, as determined by the Vermont Division for Historic Preservation.

(7) “Qualified historic rehabilitation project” means an historic rehabilitation project that has received federal certification for the rehabilitation project.

(7)(8) “Qualified project” means a qualified code improvement, qualified façade improvement, or qualified historic rehabilitation project as defined by this subchapter.

(8)(9) “State Board” means the Vermont Downtown Development Board established pursuant to 24 V.S.A. chapter 76A.

Sec. 16. 32 V.S.A. § 5930bb is amended to read:

§ 5930bb. ELIGIBILITY AND ADMINISTRATION

* * *

(e) Sunset of Neighborhood Development Area tax credits. Effective on July 1, 2027, under this subchapter no new tax credit may be allocated by the State Board to a qualified building in a neighborhood development area.

Sec. 17. 24 V.S.A. § 2793a is amended to read:

§ 2793a. DESIGNATION OF VILLAGE CENTERS BY STATE BOARD

* * *

(c) A village center designated by the State Board pursuant to subsection (a) of this section is eligible for the following development incentives and benefits:

* * *

~~(4) The following State tax credits for projects located in a designated village center:~~

~~(A) A State historic rehabilitation tax credit of ten percent under 32 V.S.A. § 5930ee(a) that meets the requirements for the federal rehabilitation tax credit.~~

~~(B) A State façade improvement tax credit of 25 percent under 32 V.S.A. § 5930ee(b).~~

~~(C) A State code improvement tax credit of 50 percent under 32 V.S.A. § 5930ee(e) The Downtown and Village Center Tax Credit Program described in 32 V.S.A. § 5930aa et seq.~~

* * *

Sec. 18. 24 V.S.A. § 2793e is amended to read:

§ 2793e. NEIGHBORHOOD PLANNING AREAS; DESIGNATION OF
NEIGHBORHOOD DEVELOPMENT AREAS

* * *

(f) Neighborhood development area incentives for developers. Once a municipality has a designated neighborhood development area or has a Vermont neighborhood designation pursuant to section 2793d of this title, any proposed development within that area shall be eligible for each of the benefits listed in this subsection. These benefits shall accrue upon approval by the district coordinator, who shall review the density requirements set forth in subdivision (c)(7) of this section to determine benefit eligibility and issue a jurisdictional opinion under 10 V.S.A. chapter 151 on whether the density requirements are met. These benefits are:

(1) ~~The~~ the application fee limit for wastewater applications stated in 3 V.S.A. § 2822(j)(4)(D);

(2) ~~The~~ the application fee reduction for residential development stated in 10 V.S.A. § 6083a(d);

(3) ~~The~~ the exclusion from the land gains tax provided by 32 V.S.A. § 10002(p); and

(4) eligibility for the Downtown and Village Center Tax Credit Program described in 32 V.S.A. § 5930aa et seq.

* * *

Sec. 19. 24 V.S.A. § 2794 is amended to read:

§ 2794. INCENTIVES FOR PROGRAM DESIGNEES

(a) Upon designation by the Vermont Downtown Development Board under section 2793 of this title, a downtown development district and projects in a downtown development district shall be eligible for the following:

(1) Priority consideration by any agency of the State administering any State or federal assistance program providing funding or other aid to a municipal downtown area with consideration given to such factors as the costs and benefits provided and the immediacy of those benefits, provided the project is eligible for the assistance program.

(2) ~~The following State tax credits:~~

(A) ~~A State historic rehabilitation tax credit of 10 percent under 32 V.S.A. § 5930cc(a) that meets the requirements for the federal rehabilitation~~

~~tax credit.~~

~~(B) A State façade improvement tax credit of 25 percent under 32 V.S.A. § 5930cc(b).~~

~~(C) A State code improvement tax credit of 50 percent under 32 V.S.A. § 5930cc(e) The Downtown and Village Center Tax Credit Program described in 32 V.S.A. § 5930aa et seq.~~

* * *

Sec. 20. 32 V.S.A. § 5930cc is amended to read:

§ 5930cc. DOWNTOWN AND VILLAGE CENTER PROGRAM TAX CREDITS

* * *

(d) Flood Mitigation Tax Credit. The qualified applicant of a qualified flood mitigation project shall be entitled, upon the approval of the State Board, to claim against the taxpayer's State individual income tax, State corporate income tax, or bank franchise or insurance premiums tax liability a credit of 50 percent of qualified expenditures up to a maximum tax credit of \$75,000.00.

* * * Wastewater Connection Permits * * *

Sec. 21. 10 V.S.A. § 1974 is amended to read:

§ 1974. EXEMPTIONS

Notwithstanding any other requirements of this chapter, the following projects and actions are exempt:

* * *

(9) A project completed by a person who receives an authorization from a municipality that administers a program registered with the Secretary pursuant to section 1983 of this title.

Sec. 22. 10 V.S.A. § 1983 is added to read:

§ 1983. REGISTRATION FOR MUNICIPAL WASTEWATER SYSTEM AND POTABLE WATER SUPPLY CONNECTIONS

(a) A municipality may issue an authorization for a connection or an existing connection with a change in use to the municipal sanitary sewer collection line via a sanitary sewer service line or a connection to a water main via a new water service line in lieu of permits issued under this chapter, provided that the municipality documents the following in a form prescribed by the Secretary:

(1) The municipality owns or has legal control over connections to a public community water system permitted pursuant to chapter 56 of this title and over connections to a wastewater treatment facility permitted pursuant to chapter 47 of this title.

(2) The municipality shall only issue authorizations for:

(A) a sanitary sewer service line that connects to the sanitary sewer collection line; and

(B) a water service line that connects to the water main.

(3) The building or structure authorized under this section connects to both the sanitary sewer collection line and public community water system.

(4) The authorizations from the municipality comply with the technical standards for sanitary sewer service lines and water service lines in the Wastewater System and Potable Water Supply Rules.

(5) The municipality requires documentation issued by a professional engineer or licensed designer that is filed in the land records that the connection authorized by the municipality was installed in accordance with the technical standards.

(6) The municipality requires the retention of plans that show the location and design of authorized connections.

(b) The municipality shall notify the Secretary 30 days in advance of terminating any authorization. The municipality shall provide all authorizations and plans to the Secretary as a part of this termination notice.

(c) A municipality issuing an authorization under this section shall require the person to whom the authorization is issued to post notice of the authorization as part of the notice required for a permit issued under 24 V.S.A. § 4449 or other bylaw authorized under this chapter.

* * * Accessory Dwelling Units * * *

Sec. 23. 24 V.S.A. § 4414 amended to read:

§ 4414. ZONING; PERMISSIBLE TYPES OF REGULATIONS

* * *

(4) Parking and loading facilities. A municipality may adopt provisions setting forth standards for permitted and required facilities for off-street parking and loading which may vary by district and by uses within each district. These bylaws may also include provisions covering the location, size, design, access, landscaping, and screening of those facilities. In determining

the number and size of parking spaces required under these regulations, the appropriate municipal panel may take into account the existence or availability of employer “transit pass” and rideshare programs, public transit routes, and public parking spaces in the vicinity of the development. However, a municipality shall not require an accessory dwelling unit to have more than one parking space per bedroom.

* * *

* * * Missing Middle Housing * * *

Sec. 24. MISSING MIDDLE-INCOME HOME OWNERSHIP DEVELOPMENT PROGRAM

(a) The following amounts are appropriated from the America Rescue Plan Act (ARPA) – Coronavirus State Fiscal Recovery Funds to the Department of Housing and Community Development to grant to the Vermont Housing Finance Agency to establish the Missing Middle-Income Home Ownership Development Program:

(1) \$5,000,000 in fiscal year 2022.

(2) \$10,000,000 in fiscal year 2023.

(b) As used in this section:

(1) “Affordable owner-occupied housing” means owner-occupied housing identified in 26 U.S.C. § 143(c)(1) or that qualifies under Vermont Housing Finance Agency criteria governing owner-occupied housing.

(2) “Income-eligible homebuyer” means a Vermont household with annual income that does not exceed 120 percent of area median income.

(c) The Agency shall use the funds appropriated in this section to provide subsidies for new construction or acquisition and substantial rehabilitation of affordable owner-occupied housing for purchase by income-eligible homebuyers.

(d) The total amount of subsidies for a project shall not exceed 35 percent of eligible development costs, as determined by the Agency, which the Agency may allocate between the developer and the income-eligible homebuyer, consistent with the following:

(1) Developer subsidy. The Agency may provide a direct subsidy to the developer, which shall not exceed the difference between the cost of development and the assessed value of the home as completed.

(2) Homebuyer subsidy. Of any remaining amounts available for the project after the developer subsidy, the Agency may provide a subsidy to the income-eligible homebuyer to reduce the cost of purchasing the home, provided that:

(A) the Agency includes conditions in the subsidy, or uses another legal mechanism, to ensure that the value of the subsidy remains with the home to offset the cost to future income-eligible homebuyers; or

(B) the Agency uses a shared equity model that requires the Agency to retain not less than 75 percent of any increased equity in the home.

(3) The Agency shall adopt one or more legal mechanisms to ensure that subsequent sales of a home that is subsidized through the Program are limited to income-eligible homebuyers.

(e) The Agency shall adopt a Program plan that establishes an application and selection process for developer and income-eligible homebuyer applicants, eligible development costs, and project selection criteria, including:

(1) project location;

(2) geographic distribution;

(3) leveraging of other programs;

(4) housing market needs;

(5) project characteristics, including whether the project includes the use of existing housing as part of a community revitalization plan;

(6) construction standards, including considerations for size;

(7) priority for plans with deeper affordability and longer duration of affordability requirements;

(8) sponsor characteristics;

(9) energy efficiency of the development; and

(10) historic nature of the project.

(f) The Agency may assign its rights under any investment or grant made under this section to the Vermont Housing and Conservation Board or any State agency or nonprofit organization qualifying under 26 U.S.C. § 501(c)(3), provided such assignee acknowledges and agrees to comply with the provisions of this section.

(g) The Agency shall ensure that initial investments made under this program are obligated by December 31, 2024 and expended by December 31, 2026.

(h) The Department shall report to the House Committee on Housing, General, and Military Affairs and Senate Committee on Economic Development, Housing and General Affairs on the status of the program annually, on or before January 15, through 2026.

* * * Residential Construction Contractors * * *

Sec. 25. FINDINGS

The General Assembly finds that:

(1) There is currently no master list of residential construction contractors operating in the State.

(2) There is no standard process for determining or adjudicating construction contract fraud complaints either on the part of contractors or consumers.

(3) Public authorities have no mechanism to contact all contractors when necessary to provide updates to public health requirements, safe working protocols, codes and standards, available trainings and certifications, or building incentives or construction subsidies.

(4) Wide dissemination of information on codes, standards, and trainings is vital to improving construction techniques throughout the State's construction industry. Since building thermal conditioning represents over one-quarter of the State's greenhouse gas emissions, improving energy performance is a key strategy for meeting the requirements of the Global Warming Solutions Act, 2020 Acts and Resolves No. 153.

(5) While registration is not licensure and confers no assurance of competence, consumers have no way of knowing whether a contractor is operating legally or has been subject to civil claims or disciplinary actions.

(6) A noncommercial, standardized public listing will provide contractors an opportunity to include in their record optional third-party, State-sanctioned certifications.

Sec. 26. 3 V.S.A. § 122 is amended to read:

§ 122. OFFICE OF PROFESSIONAL REGULATION

The Office of Professional Regulation is created within the Office of the Secretary of State. The Office of Professional Regulation shall have a director who ~~shall be~~ is an exempt employee appointed by the Secretary of State ~~and shall be an exempt employee.~~ The following boards or professions are attached to the Office of Professional Regulation:

* * *

(51) Residential Contractors

Sec. 27. 26 V.S.A. chapter 106 is added to read:

CHAPTER 106. RESIDENTIAL CONTRACTORS

Subchapter 1. General Provisions

§ 5501. REGISTRATION REQUIRED

(a) A person shall register with the Office of Professional Regulation prior to contracting with a homeowner to perform residential construction in exchange for consideration of more than \$5,000.00, including labor and materials.

(b) Unless otherwise exempt under section 5502 of this title, as used in this chapter, “residential construction” means to build, demolish, or alter a residential dwelling unit, or a building or premises with four or fewer residential dwelling units, in this State, and includes interior and exterior construction, renovation, and repair; painting; paving; roofing; weatherization; installation or repair of heating, plumbing, solar, electrical, water, or wastewater systems; and other activities the Office specifies by rule consistent with this chapter.

§ 5502. EXEMPTIONS

This chapter does not apply to:

(1) an employee acting within the scope of his or her employment for a business organization registered under this chapter;

(2)(A) a professional engineer, licensed architect, or a tradesperson licensed, registered, or certified by the Department of Public Safety acting within the scope of his or her license, registration, or certification; or

(B) a business that performs residential construction if the work is performed primarily by or under the direct supervision of one or more employees who are individually exempt from registration under subdivision (2)(A) of this section;

(3) delivery or installation of consumer appliances, audio-visual equipment, telephone equipment, or computer network equipment;

(4) landscaping;

(5) work on a structure that is not attached to a residential building; or

(6) work that would otherwise require registration that a person performs in response to an emergency, provided the person applies for registration within a reasonable time after performing the work.

§ 5503. MANDATORY REGISTRATION AND VOLUNTARY
CERTIFICATION DISTINGUISHED

(a)(1) The system of mandatory registration established by this chapter is intended to protect against fraud, deception, breach of contract, and violations of law, but is not intended to establish standards for professional qualifications or workmanship that is otherwise lawful.

(2) The provisions of 3 V.S.A. § 129a, with respect to a registration, shall be construed in a manner consistent with the limitations of this subsection.

(b) The system of voluntary certification established in this chapter is intended to provide consumers and contractors with a publicly available, noncommercial venue for contractors to list optional approved certifications. The Director of Professional Regulation, in consultation with public safety officials and recognized associations or boards of builders, remodelers, architects, and engineers, may:

(1) adopt rules providing for the issuance of voluntary certifications, as defined in subdivision 3101a(1) of this title, that signify demonstrated competence in particular subfields and specialties related to residential construction;

(2) establish minimum qualifications, and standards for performance and conduct, necessary for certification; and

(3) discipline a certificant for violating adopted standards or other law, with or without affecting the underlying registration.

Subchapter 2. Administration

§ 5505. DUTIES OF THE DIRECTOR

(a) The Director of Professional Regulation shall:

(1) provide information to the public concerning registration, certification, appeal procedures, and complaint procedures;

(2) administer fees established under this chapter;

(3) receive applications for registration or certification, issue registrations and certifications to applicants qualified under this chapter, deny or renew registrations or certifications, and issue, revoke, suspend, condition, and reinstate registrations and certifications as ordered by an administrative law officer;

(4) prepare and maintain a registry of registrants and certificants; and

(5) use the registry to timely communicate with registrants and certificants concerning issues of health and safety, building codes, environmental and energy issues, and State and federal incentive programs.

(b) The Director, after consultation with an advisor appointed pursuant to section 5506 of this title, may adopt rules to implement this chapter.

§ 5506. ADVISORS

(a) The Secretary of State shall appoint two persons pursuant to 3 V.S.A. § 129b to serve as advisors in matters relating to residential contractors and construction.

(b) To be eligible to serve, an advisor shall:

(1) register under this chapter;

(2) have at least three years' experience in residential construction immediately preceding appointment; and

(3) remain active in the profession during his or her service.

(c) The Director of Professional Regulation shall seek the advice of the advisors in implementing this chapter.

§ 5507. FEES

A person regulated under this chapter shall pay the following fees at initial application and biennial renewal:

(1) Registration, individual: \$75.00.

(2) Registration, business organization: \$250.00.

(3) State certifications: \$75.00 for a first certification and \$25.00 for each additional certification.

Subchapter 3. Registrations

§ 5508. ELIGIBILITY

To be eligible for registration, the Director of Professional Regulation shall find that the applicant is in compliance with the provisions of this chapter and applicable State law and has satisfied any judgment order related to the provision of professional services to a homeowner.

§ 5509. REQUIREMENTS OF REGISTRANTS

(a) Insurance. A person registered under this chapter shall maintain minimum liability insurance coverage in the amount of \$300,000.00 per claim and \$1,000,000.00 aggregate, evidence of which may be required as a precondition to issuance or renewal of a registration.

(b) Writing.

(1) A person registered under this chapter shall execute a written contract prior to receiving a deposit or commencing residential construction work if the estimated value of the labor and materials exceeds \$5,000.00.

(2) A contract shall specify:

(A) Price. One of the following provisions for the price of the contract:

(i) a maximum price for all work and materials;

(ii) a statement that billing and payment will be made on a time and materials basis, not to exceed a maximum price; or

(iii) a statement that billing and payment will be made on a time and materials basis and that there is no maximum price.

(B) Work dates. Estimated start and completion dates.

(C) Scope of work. A description of the services to be performed and a description of the materials to be used.

(D) Change order provision. A description of how and when amendments to the contract may be approved and documented, as agreed by the parties.

(3) The parties shall document an amendment to the contract in a signed writing.

(c) Down payment.

(1) If a contract specifies a maximum price for all work and materials or a statement that billing and payment will be made on a time and materials basis, not to exceed a maximum price, the contract may require a down payment of up to one-half of the cost of labor to the consumer, or one-half of the price of materials, whichever is greater.

(2) If a contract specifies that billing and payment will be made on a time and materials basis and that there is no maximum price, the contract may require a down payment as negotiated by the parties.

§ 5510. PROHIBITIONS AND REMEDIES

(a) A person who does not register as required pursuant to this chapter may be subject to an injunction or a civil penalty, or both, for unauthorized practice as provided in 3 V.S.A. § 127(b).

(b) The Office of Professional Regulation may discipline a registrant or certificant for unprofessional conduct as provided in 3 V.S.A. § 129a, except that 3 V.S.A. § 129a(b) does not apply to a registrant.

(c) The following conduct by a registrant, certificant, applicant, or person who later becomes an applicant constitutes unprofessional conduct:

(1) failure to enter into a written contract when required by this chapter;

(2) failure to maintain liability or workers' compensation insurance as required by law;

(3) committing a deceptive act in commerce in violation of 9 V.S.A. § 2453;

(4) falsely claiming certification under this chapter, provided that this subdivision does not prevent accurate and nonmisleading advertising or statements related to credentials that are not offered by this State; and

(5) selling or fraudulently obtaining or furnishing a certificate of registration, certification, license, or any other related document or record, or assisting another person in doing so, including by reincorporating or altering a trade name for the purpose or with the effect of evading or masking revocation, suspension, or discipline against a registration issued under this chapter.

Sec. 28. IMPLEMENTATION

(a) Notwithstanding any contrary provision of 26 V.S.A. chapter 106:

(1) The initial biennial registration term for residential contractors pursuant to 26 V.S.A. chapter 106 shall begin on April 1, 2023.

(2) The Secretary of State may begin receiving applications for the initial registration term on December 1, 2022.

(3)(A) The registration fee for individuals who submit complete registration requests between December 1, 2022 and March 31, 2023 is \$25.00 and between April 1, 2023 and March 31, 2024, the fee is \$50.00.

(B) The registration fee for business organizations that submit complete registration requests between December 1, 2022 and March 31, 2023 is \$175.00 and between April 1, 2023 and March 31, 2024, the fee is \$200.00.

(4) Prior to April 1, 2024, the Office of Professional Regulation shall not take any enforcement action for unauthorized practice under 26 V.S.A. § 5510(a) against a residential contractor who fails to register as required by this act.

(b) On or before July 1, 2023, the Director of Professional Regulation shall establish an initial set of voluntary certifications, to include at minimum OSHA standards on construction projects and components of energy-efficient “green” building for insulators, carpenters, and heating and ventilation installers.

Sec. 29. CREATION OF POSITIONS WITHIN THE OFFICE OF PROFESSIONAL REGULATION; LICENSING

(a) There are created within the Secretary of State’s Office of Professional Regulation one new position in licensing and one new position in enforcement.

(b) In fiscal year 2023, the amount of \$200,000.00 in Office of Professional Regulation special funds is appropriated to the Secretary of State to fund the positions created in subsection (a) of this section.

Sec. 30. SECRETARY OF STATE; STATUS REPORT

On or before January 15, 2024, the Office of Professional Regulation shall report to the House Committees on General, Housing, and Military Affairs and on Government Operations and to the Senate Committees on Economic Development, Housing and General Affairs and on Government Operations concerning the implementation of 26 V.S.A. chapter 106, including:

- (1) the number of registrations and certifications;
- (2) the resources necessary to implement the chapter;
- (3) the number and nature of any complaints or enforcement actions;
- (4) the potential design and implementation of a one-stop portal for contractors and consumers; and
- (5) any other issues the Office deems appropriate.

* * * Vermont Rental Housing Investment Program;
Accessory Dwelling Units * * *

Sec. 31. Sec. 9 of S.210 (2022), as enacted, is amended to read:

Subchapter 3. Housing; Investments

§ 699. VERMONT RENTAL HOUSING INVESTMENT PROGRAM

* * *

(b) Eligible rental housing units. The following units are eligible for a grant or forgivable loan through the Program:

- (1) Non-code compliant. The unit does not comply with the requirements of applicable building, housing, or health laws.

(2) New accessory dwelling. The unit will be a newly created accessory dwelling unit that meets the requirements of 24 V.S.A. § 4412(1)(E), provided that the unit is not used as a short-term rental, as defined in 18 V.S.A. § 4301.

* * *

(d) Program requirements applicable to grants and forgivable loans.

(1) A grant or loan shall not exceed \$30,000.00 per unit:

(A) \$30,000.00 to rehabilitate an existing unit; or

(B) \$50,000 to create a new accessory dwelling unit.

* * *

Sec. 32. Sec. 15(b)(3) of S.210 (2022), as enacted, is amended to read:

(3) \$20,000,000.00 to the Department of Housing and Community Development to implement the Vermont Rental Housing Investment Program created in 10 V.S.A. § 699, provided that the Department shall allocate 25 percent of the funds for accessory dwelling units as follows:

(A) the Department may use not more than 20 percent of the funding available for accessory dwelling units to facilitate a statewide education and navigation system to assist homeowners with designing, financing, permitting, and constructing accessory dwelling units; and

(B) the Department shall use any remaining funds for accessory dwelling units for financial incentives or other financial supports to homeowners developing accessory dwelling units.

* * * Effective Dates * * *

Sec. 33. EFFECTIVE DATES

This act shall take effect on July 1, 2022, except that Sec. 24(a)(1) (missing middle housing; FY 22 funding) shall take effect on passage.

(Committee vote: 5-0-0)

Reported favorably by Senator Sirotkin for the Committee on Finance.

The Committee recommends that the bill be amended as recommended by the Committee on Economic Development, Housing and General Affairs and when so amended ought to pass.

(Committee vote: 7-0-0)

Reported favorably with recommendation of amendment by Senator Starr for the Committee on Appropriations.

The Committee recommends that the bill be amended as recommended by the Committee on Economic Development, Housing and General Affairs with the following amendments thereto:

First: By striking out Sec. 9, 32 V.S.A. § 5930u(g), in its entirety

Second: By striking out Sec. 13, appropriation, in its entirety and inserting in lieu thereof the following:

Sec. 13. APPROPRIATION

To the extent that increased funding is provided in fiscal year 2023 to the Municipal and Regional Planning Fund, \$650,000.00 shall be used for Municipal Bylaw Modernization Grants established in 24 V.S.A. § 4307.

Third: By striking out Sec. 14, 32 V.S.A. § 5930ee, in its entirety

Fourth: In Sec. 33, effective dates, by striking out “Sec. 24(a)(1)” and inserting in lieu thereof Sec. 22(a)(1)

And by renumbering the remaining sections to be numerically correct.

(Committee vote: 6-0-1)

Amendment to the recommendation of amendment of the Committee on Economic Development, Housing and General Affairs to S. 226 to be offered by Senators Sirotkin, Brock and Clarkson

Senators Sirotkin, Brock and Clarkson move to amend the recommendation of amendment of the Committee on Economic Development, Housing and General Affairs as follows:

First: In Sec. 27, 26 V.S.A. chapter 106, in section 5501, subsection (a) (requirement to register), and section 5509, subsection (b) (requirement for written contract), by striking out “\$5,000.00” and inserting in lieu thereof \$10,000.00

Second: By adding a Sec. 29a to read:

Sec. 29a. ATTORNEY GENERAL; CONSUMER ASSISTANCE;
POSITION; APPROPRIATION

(a) The Office of the Attorney General is authorized to create one classified, two-year full-time limited-service position within the Consumer Assistance Program, whose duties shall include:

(1) reducing, resolving, and assisting with consumer complaints concerning residential construction projects with a value of less than \$10,000.00; and

(2) coordinating and facilitating information sharing concerning complaints with the Office of Professional Regulation.

(b) In fiscal year 2023, the amount of \$200,000.00 is appropriated from the General Fund to the Office of the Attorney General to create the position and perform the duties provided in this section.

UNFINISHED BUSINESS OF MARCH 29, 2022

Third Reading

S. 181.

An act relating to authorizing miscellaneous regulatory authority for municipal governments.

NEW BUSINESS

Third Reading

S. 281.

An act relating to hunting coyotes with dogs.

Amendment to S. 281 to be offered by Senator Bray before Third Reading

Senator Bray moves to amend the bill by striking out Sec. 4, effective dates, in its entirety and inserting in lieu thereof the following:

Sec. 4. EFFECTIVE DATES

(a) This section and Sec. 3 (Fish and Wildlife Board rules) shall take effect on passage.

(b) Sec. 2 (moratorium on hunting coyote with aid of dogs) shall take effect on July 1, 2022.

(c) Sec. 1 (permit requirement and prohibition on pursuing coyote with aid of dogs) shall take effect on the effective date of the Fish and Wildlife Board rules required under Sec. 3 of this act.

S. 285.

An act relating to expanding the Blueprint for Health and access to home- and community-based services.

H. 447.

An act relating to approval of amendments to the charter of the Town of Springfield.

Second Reading

Favorable

H. 448.

An act relating to approval of amendments to the charter of the City of Burlington.

Reported favorably by Senator Ram Hinsdale for the Committee on Government Operations.

(Committee vote: 4-1-0)

(For House amendments, see House Journal of February 22, 2022, pages 404-405)

(Committee vote: 4-1-0)

H. 680.

An act relating to obtaining a marriage license in any town in Vermont.

Reported favorably by Senator Collamore for the Committee on Government Operations.

(Committee vote: 5-0-0)

(No House amendments)

NOTICE CALENDAR

Second Reading

Favorable

S. 170.

An act relating to membership in the Municipal Employees' Retirement System for certain county sheriff department employees.

Reported favorably by Senator White for the Committee on Government Operations.

(Committee vote: 5-0-0)

H. 556.

An act relating to exempting property owned by Vermont-recognized Native American tribes from property tax.

Reported favorably by Senator Hardy for the Committee on Finance.

(Committee vote: 7-0-0)

(For House amendments, see House Journal of February 16, 2022, page 312)

H. 627.

An act relating to the Vermont Economic Development Authority.

Reported favorably by Senator Cummings for the Committee on Finance.

(Committee vote: 7-0-0)

(For House amendments, see House Journal of January 19, 2022, page 116)

CONFIRMATIONS

The following appointments will be considered by the Senate, as a group, under suspension of the Rules, as moved by the President *pro tempore*, for confirmation together and without debate, by consent thereby given by the Senate. However, upon request of any senator, any appointment may be singled out and acted upon separately by the Senate, with consideration given to the report of the Committee to which the appointment was referred, and with full debate; and further, all appointments for the positions of Secretaries of Agencies, Commissioners of Departments, Judges, Magistrates, and members of the Public Utility Commission shall be fully and separately acted upon.

Monica L. White of Plainfield – Commissioner, Department of Disabilities, Aging and Independent Living – Sen. Lyons for the Committee on Health and Welfare. (3/30/22)

Patrick Brown of Burlington - Member, State Board of Education – By Sen. Champion for the Committee on Education. (3/18/22)

Tammy Kolbe of Burlington – Member, State Board of Education – By Sen. Champion for the Committee on Education. (3/18/22)

Gabrielle Lucci of Poultney – Member, State Board of Education – By Sen. Champion for the Committee on Education. (3/18/22)

Julia Brand of Dorset – Member, Children and Family Council for Prevention Programs – By Sen. Hooker for the Committee on Health and Welfare. (3/30/22)

Mary Skinner of Middlesex – Member, Human Services Board – By Sen. Cummings for the Committee on Health and Welfare. (3/31/22)

JFO NOTICE

Grants and Positions that have been submitted to the Joint Fiscal Committee by the Administration, under 32 V.S.A. §5(b)(3):

JFO #3091 - \$60,528 to the VT Department of Public Safety from the National Governor's Association to fund the Agency of Digital Services staff to assist the Department of Public Safety with IT concerns specific to improving multi-agency information sharing and governance.

[Received February 17, 2022]

JFO #3092 - \$420,000 to the VT Agency of Natural Resources, Dept of Environmental Conservation from the Environmental Protection Agency. The grant is for improved drinking water in underserved areas and will support construction of replacement drinking water infrastructure for the town of Milton's Mobile Home Cooperative.

[Received March 23, 2022]

JFO #3093 - \$1,000,000.00 to the VT Agency of Commerce and Community Development from the U.S. Economic Development Administration. Funds for the use of Statewide Economic Recovery Planning.

[Received March 23, 2022]

JFO #3094 – 11 (eleven) limited-service positions to the VT Agency of Human Services, Dept for Children and Families, to administer and support emergency and transitional housing programs. Positions funded through previously approved grant [#3034](#) (U.S. Emergency Assistance Rental Program) and funded through 9/30/2025.

[Received 3/23/2022, expedited review approved on 3/29/2022]

JFO #3095 - \$1,859,890 to the VT Department of Public Safety from the Federal Emergency Management Agency. Funding for flooding that occurred in Bennington and Windham counties between 7/29/21 and 7/30/21.

[Received March 23, 2022]