

Journal of the House

Wednesday, May 11, 2022

At ten o'clock in the forenoon the Speaker called the House to order.

Devotional Exercises

Devotional exercises were conducted by Reps. Cordes of Lincoln, James of Manchester, and Stebbins of Burlington.

Message from the Senate No. 72

A message was received from the Senate by Mr. Marshall, its Assistant Secretary, as follows:

Madam Speaker:

I am directed to inform the House that:

The Senate has considered a bill originating in the House of the following title:

H. 716. An act relating to making miscellaneous changes in education law.

And has passed the same in concurrence with proposals of amendment in the adoption of which the concurrence of the House is requested.

Rules Suspended; Immediate Consideration; Senate Proposal of Amendment Concurred in

H. 353

Appearing on the Notice Calendar, on motion of **Rep. McCoy of Poultney**, the rules were suspended and House bill, entitled

An act relating to pharmacy benefit management

Was taken up for immediate consideration.

The Senate proposed to the House to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. INTENT

It is the intent of the General Assembly to increase access to needed medications by making prescription drugs more affordable and accessible to Vermonters by increasing State regulation of pharmacy benefit managers and pharmacy benefit management. It is also the intent of the General Assembly

to stabilize and safeguard against the loss of more independent and community pharmacies, where pharmacists provide personalized care to Vermonters and help them with their health care needs, including medication management, medication adherence, and health screenings.

Sec. 1a. 18 V.S.A. § 9421 is amended to read:

§ 9421. PHARMACY BENEFIT MANAGEMENT; REGISTRATION;
INSURER AUDIT OF PHARMACY BENEFIT MANAGER
ACTIVITIES

* * *

(f) The Department of Financial Regulation shall monitor the cost impacts on Vermont consumers of pharmacy benefit manager regulation pursuant to this section, subchapter 9 of this chapter, and 8 V.S.A. chapter 107 and shall recommend appropriate modifications to the laws as needed to promote health care affordability in this State.

(g) As used in this section:

* * *

Sec. 2. 18 V.S.A. chapter 221, subchapter 9 is amended to read:

Subchapter 9. Pharmacy Benefit Managers

§ 9471. DEFINITIONS

As used in this subchapter:

* * *

(2) “Health insurer” is defined by section 9402 of this title and shall include:

(A) a health insurance company, a nonprofit hospital and medical service corporation, and health maintenance organizations;

(B) an employer, labor union, or other group of persons organized in Vermont that provides a health plan to beneficiaries who are employed or reside in Vermont; and

(C) the State of Vermont and any agent or instrumentality of the State that offers, administers, or provides financial support to State government; and

~~(D) Medicaid, and any other public health care assistance program.~~

* * *

(5) “Pharmacy benefit manager” means an entity that performs pharmacy benefit management, except an entity that provides pharmacy benefit management services for Vermont Medicaid. The term includes a person or entity in a contractual or employment relationship with an entity performing pharmacy benefit management for a health plan.

* * *

(7) “Pharmacy benefit manager affiliate” means a pharmacy or pharmacist that, directly or indirectly, through one or more intermediaries, is owned or controlled by, or is under common ownership or control with, a pharmacy benefit manager.

§ 9472. PHARMACY BENEFIT MANAGERS; REQUIRED PRACTICES
WITH RESPECT TO HEALTH INSURERS AND COVERED
PERSONS

(a) A pharmacy benefit manager that provides pharmacy benefit management for a health plan ~~shall discharge its duties with reasonable care and diligence and be fair and truthful under the circumstances then prevailing that a pharmacy benefit manager acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims~~ has a fiduciary duty to its health insurer client that includes a duty to be fair and truthful toward the health insurer, to act in the health insurer’s best interests, and to perform its duties with care, skill, prudence, and diligence. In the case of a health benefit plan offered by a health insurer as defined by subdivision 9471(2)(A) of this title, the health insurer shall remain responsible for administering the health benefit plan in accordance with the health insurance policy or subscriber contract or plan and in compliance with all applicable provisions of Title 8 and this title.

(b) A pharmacy benefit manager shall provide notice to the health insurer that the terms contained in subsection (c) of this section may be included in the contract between the pharmacy benefit manager and the health insurer.

(c) A pharmacy benefit manager that provides pharmacy benefit management for a health plan shall do all of the following:

(1) Provide all financial and utilization information requested by a health insurer relating to the provision of benefits to beneficiaries through that health insurer’s health plan and all financial and utilization information relating to services to that health insurer. A pharmacy benefit manager providing information under this subsection may designate that material as confidential. Information designated as confidential by a pharmacy benefit manager and provided to a health insurer under this subsection ~~may~~ shall not be disclosed by the health insurer to any person without the consent of the

pharmacy benefit manager, except that disclosure may be made by the health insurer:

(A) in a court filing under the consumer protection provisions of 9 V.S.A. chapter 63, provided that the information shall be filed under seal and that prior to the information being unsealed, the court shall give notice and an opportunity to be heard to the pharmacy benefit manager on why the information should remain confidential;

(B) to State and federal government officials;

(C) when authorized by 9 V.S.A. chapter 63;

(C)(D) when ordered by a court for good cause shown; or

(D)(E) when ordered by the Commissioner as to a health insurer as defined in subdivision 9471(2)(A) of this title pursuant to the provisions of Title 8 and this title.

(2) Notify a health insurer in writing of any proposed or ongoing activity, policy, or practice of the pharmacy benefit manager that presents, directly or indirectly, any conflict of interest with the requirements of this section.

(3) With regard to the dispensation of a substitute prescription drug for a prescribed drug to a beneficiary in which the substitute drug costs more than the prescribed drug and the pharmacy benefit manager receives a benefit or payment directly or indirectly, disclose to the health insurer the cost of both drugs and the benefit or payment directly or indirectly accruing to the pharmacy benefit manager as a result of the substitution.

(4) ~~Unless the contract provides otherwise, if~~ If the pharmacy benefit manager derives any payment or benefit for the dispensation of prescription drugs within the State based on volume of sales for certain prescription drugs or classes or brands of drugs within the State, pass that payment or benefit on in full to the health insurer.

(5) Disclose to the health insurer all financial terms and arrangements for remuneration of any kind that apply between the pharmacy benefit manager and any prescription drug manufacturer that relate to benefits provided to beneficiaries under or services to the health insurer's health plan, including formulary management and drug-switch programs, educational support, claims processing, and pharmacy network fees charged from retail pharmacies and data sales fees. A pharmacy benefit manager providing information under this subsection may designate that material as confidential. Information designated as confidential by a pharmacy benefit manager and provided to a health insurer under this subsection ~~may~~ shall not be disclosed

by the health insurer to any person without the consent of the pharmacy benefit manager, except that disclosure may be made by the health insurer:

(A) in a court filing under the consumer protection provisions of 9 V.S.A. chapter 63, provided that the information shall be filed under seal and that prior to the information being unsealed, the court shall give notice and an opportunity to be heard to the pharmacy benefit manager on why the information should remain confidential;

(B) when authorized by 9 V.S.A. chapter 63;

(C) when ordered by a court for good cause shown; or

(D) when ordered by the Commissioner as to a health insurer as defined in subdivision 9471(2)(A) of this title pursuant to the provisions of Title 8 and this title.

(d) At least annually, a pharmacy benefit manager that provides pharmacy benefit management for a health plan shall disclose to the health insurer, the Department of Financial Regulation, and the Green Mountain Care Board the aggregate amount the pharmacy benefit manager retained on all claims charged to the health insurer for prescriptions filled during the preceding calendar year in excess of the amount the pharmacy benefit manager reimbursed pharmacies.

(e) A pharmacy benefit manager contract with a health insurer shall not contain any provision purporting to reserve discretion to the pharmacy benefit manager to move a drug to a higher tier or remove a drug from its drug formulary any more frequently than two times per year.

(f)(1) A pharmacy benefit manager shall not require a covered person purchasing a covered prescription drug to pay an amount greater than the lesser of:

(A) the cost-sharing amount under the terms of the health benefit plan;

(B) the maximum allowable cost for the drug; or

(C) the amount the covered person would pay for the drug if the covered person were paying the cash price.

(2) Any amount paid by a covered person under subdivision (1) of this subsection shall be attributed toward any deductible and, to the extent consistent with Sec. 2707 of the Public Health Service Act (42 U.S.C. § 300gg-6), the annual out-of-pocket maximums under the covered person's health benefit plan.

(g) Compliance with the requirements of this section is required for

pharmacy benefit managers entering into contracts with a health insurer in this State for pharmacy benefit management in this State.

§ 9473. PHARMACY BENEFIT MANAGERS; REQUIRED PRACTICES
WITH RESPECT TO PHARMACIES

(a) Within 14 calendar days following receipt of a pharmacy claim, a pharmacy benefit manager or other entity paying pharmacy claims shall do one of the following:

(1) Pay or reimburse the claim.

(2) Notify the pharmacy in writing that the claim is contested or denied. The notice shall include specific reasons supporting the contest or denial and a description of any additional information required for the pharmacy benefit manager or other payer to determine liability for the claim.

(b) A participation contract between a pharmacy benefit manager and a pharmacist shall not prohibit, restrict, or penalize a pharmacy or pharmacist in any way from disclosing to any covered person any health care information that the pharmacy or pharmacist deems appropriate, including:

(1) the nature of treatment, risks, or alternatives to treatment;

(2) the availability of alternate therapies, consultations, or tests;

(3) the decision of utilization reviewers or similar persons to authorize or deny services;

(4) the process that is used to authorize or deny health care services; or

(5) information on financial incentives and structures used by the health insurer.

(c) A pharmacy benefit manager or other entity paying pharmacy claims shall not:

~~(1) impose a higher co-payment for a prescription drug than the co-payment applicable to the type of drug purchased under the insured's health plan;~~

~~(2) impose a higher co-payment for a prescription drug than the maximum allowable cost for the drug;~~

~~(3) require a pharmacy to pass through any portion of the insured's co-payment, or patient responsibility, to the pharmacy benefit manager or other payer;~~

(2) prohibit a pharmacy or pharmacist from discussing information regarding the total cost for pharmacist services for a prescription drug;

(4)(3) prohibit or penalize a pharmacy or pharmacist for providing information to an insured regarding the insured's cost-sharing amount for a prescription drug; or

(5)(4) prohibit or penalize a pharmacy or pharmacist for the pharmacist or other pharmacy employee disclosing to an insured the cash price for a prescription drug or selling a lower cost drug to the insured if one is available.

(d) A pharmacy benefit manager contract with a participating pharmacist or pharmacy shall not prohibit, restrict, or limit disclosure of information to the Commissioner, law enforcement, or State and federal government officials, provided that:

(1) the recipient of the information represents that the recipient has the authority, to the extent provided by State or federal law, to maintain proprietary information as confidential; and

(2) prior to disclosure of information designated as confidential, the pharmacist or pharmacy:

(A) marks as confidential any document in which the information appears; and

(B) requests confidential treatment for any oral communication of the information.

(e) A pharmacy benefit manager shall not terminate a contract with or penalize a pharmacist or pharmacy due to the pharmacist or pharmacy:

(1) disclosing information about pharmacy benefit manager practices, except for information determined to be a trade secret under State law or by the Commissioner, when disclosed in a manner other than in accordance with subsection (d) of this section; or

(2) sharing any portion of the pharmacy benefit manager contract with the Commissioner pursuant to a complaint or query regarding the contract's compliance with the provisions of this chapter.

(e)(f) For each drug for which a pharmacy benefit manager establishes a maximum allowable cost in order to determine the reimbursement rate, the pharmacy benefit manager shall do all of the following:

(1) Make available, in a format that is readily accessible and understandable by a pharmacist, the actual maximum allowable cost for each drug and the source used to determine the maximum allowable cost, which shall not be dependent upon individual beneficiary identification or benefit stage.

(2) Update the maximum allowable cost at least once every seven

calendar days. In order to be subject to maximum allowable cost, a drug must be widely available for purchase by all pharmacies in the State, without limitations, from national or regional wholesalers and must not be obsolete or temporarily unavailable.

(3) Establish or maintain a reasonable administrative appeals process to allow a dispensing pharmacy provider to contest a listed maximum allowable cost.

(4)(A) Respond in writing to any appealing pharmacy provider within 10 calendar days after receipt of an appeal, provided that, except as provided in subdivision (B) of this subdivision (4), a dispensing pharmacy provider shall file any appeal within 10 calendar days from the date its claim for reimbursement is adjudicated.

(B) A pharmacy benefit manager shall allow a dispensing pharmacy provider to appeal after the 10-calendar-day appeal period set forth in subdivision (A) of this subdivision (4) if the prescription claim is subject to an audit initiated by the pharmacy benefit manager or its auditing agent.

(5) For a denied appeal, provide the reason for the denial and identify the national drug code and a Vermont-licensed wholesaler of an equivalent drug product that may be purchased by contracted pharmacies at or below the maximum allowable cost.

(6) For an appeal in which the appealing pharmacy is successful:

(A) make the change in the maximum allowable cost within 30 business days after the redetermination; and

(B) allow the appealing pharmacy or pharmacist to reverse and rebill the claim in question.

~~(d)~~(g) A pharmacy benefit manager shall not:

(1) require a claim for a drug to include a modifier or supplemental transmission, or both, to indicate that the drug is a 340B drug unless the claim is for payment, directly or indirectly, by Medicaid; or

(2) restrict access to a pharmacy network or adjust reimbursement rates based on a pharmacy's participation in a 340B contract pharmacy arrangement.

(h)(1) A pharmacy benefit manager or other third party that reimburses a 340B covered entity for drugs that are subject to an agreement under 42 U.S.C. § 256b through the 340B drug pricing program shall not reimburse the 340B covered entity for pharmacy-dispensed drugs at a rate lower than that paid for the same drug to pharmacies that are not 340B covered entities, and the

pharmacy benefit manager shall not assess any fee, charge-back, or other adjustment on the 340B covered entity on the basis that the covered entity participates in the 340B program as set forth in 42 U.S.C. § 256b.

(2) With respect to a patient who is eligible to receive drugs that are subject to an agreement under 42 U.S.C. § 256b through the 340B drug pricing program, a pharmacy benefit manager or other third party that makes payment for the drugs shall not discriminate against a 340B covered entity in a manner that prevents or interferes with the patient's choice to receive the drugs from the 340B covered entity.

(i) A pharmacy benefit manager shall not reimburse a pharmacy or pharmacist in this State an amount less than the amount the pharmacy benefit manager reimburses a pharmacy benefit manager affiliate for providing the same pharmacist services.

(j) A pharmacy benefit manager shall not restrict, limit, or impose requirements on a licensed pharmacy in excess of those set forth by the Vermont Board of Pharmacy or by other State or federal law, nor shall it withhold reimbursement for services on the basis of noncompliance with participation requirements.

(k) A pharmacy benefit manager shall provide notice to all participating pharmacies prior to changing its drug formulary.

Sec. 3. 18 V.S.A. § 3802 is amended to read:

§ 3802. PHARMACY RIGHTS DURING AN AUDIT

Notwithstanding any provision of law to the contrary, whenever a health insurer, a third-party payer, or an entity representing a responsible party conducts an audit of the records of a pharmacy, the pharmacy shall have a right to all of the following:

* * *

(2) If an audit is to be conducted on-site at a pharmacy, the entity conducting the audit:

(A) shall give the pharmacy at least 14 days' advance written notice of the audit and the specific prescriptions to be included in the audit; and

(B) ~~may~~ shall not audit a pharmacy on Mondays or on weeks containing a federal holiday, unless the pharmacy agrees to alternative timing for the audit; and

~~(3) Not to have an entity~~

(C) shall not audit claims that:

~~(A)(i)~~ were submitted to the pharmacy benefit manager more than 18 months prior to the date of the audit, unless:

~~(i)(I)~~ required by federal law; or

~~(ii)(II)~~ the originating prescription was dated within the 24-month period preceding the date of the audit; or

~~(B)(ii)~~ exceed 200 selected prescription claims.

(3) If any audit is to be conducted remotely, the entity conducting the audit:

(A) shall give the pharmacy at least seven business days following the pharmacy's confirmation of receipt of the notice of the audit to respond to the audit; and

(B) shall not audit claims that:

(i) were submitted to the pharmacy benefit manager more than three months prior to the date of the audit or on a date earlier than that for which the pharmacy could electronically retransmit a corrected claim; or

(ii) exceed five selected prescription claims.

* * *

(19) To have the preliminary audit report delivered to the pharmacy within ~~60~~ 30 days following the ~~conclusion of the audit~~ pharmacy's preliminary response.

* * *

(21) To have a final audit report delivered to the pharmacy within ~~120~~ 30 days after the end of the appeals period, as required by section 3803 of this title.

* * *

(24) To have all payment data related to audited claims, including:

(A) payment amount;

(B) any direct and indirect remuneration (DIR) or generic effective rate (GER) fees assessed or other financial offsets;

(C) date of electronic payment or check date and number;

(D) the specific contracted reimbursement basis for each claim, including its basis, such as maximum allowable cost (MAC), wholesale acquisition cost (WAC), average wholesale price (AWP), or average manufacturer price (AMP); and

(E) the respective values used to calculate each claim payment.

Sec. 4. 8 V.S.A. § 4089j is amended to read:

§ 4089j. RETAIL PHARMACIES; FILLING OF PRESCRIPTIONS

(a) As used in this section:

* * *

(4) “Pharmacy benefit manager affiliate” means a pharmacy or pharmacist that, directly or indirectly, through one or more intermediaries, is owned or controlled by, or is under common ownership or control with, a pharmacy benefit manager.

(5) “Drug” or “prescription drug” has the same meaning as “prescription drug” in 26 V.S.A. § 2022 and includes:

(A) biological products, as defined in 18 V.S.A. § 4601;

(B) medications used to treat complex, chronic conditions, including medications that require administration, infusion, or injection by a health care professional;

(C) medications for which the manufacturer or the U.S. Food and Drug Administration requires exclusive, restricted, or limited distribution; and

(D) medications with specialized handling, storage, or inventory reporting requirements.

* * *

(b) A health insurer ~~and or~~ pharmacy benefit manager doing business in Vermont shall permit a retail pharmacist licensed under 26 V.S.A. chapter 36 to fill prescriptions for all prescription drugs in the same manner and at the same level of reimbursement as they are filled by ~~mail-order pharmacies~~ any other pharmacist or pharmacy, including a mail-order pharmacy or a pharmacy benefit manager affiliate, with respect to the quantity of drugs or days’ supply of drugs dispensed under each prescription.

(c) Notwithstanding any provision of a health insurance plan to the contrary, if a health insurance plan provides for payment or reimbursement that is within the lawful scope of practice of a pharmacist, the insurer may provide payment or reimbursement for the service when the service is provided by a pharmacist.

(d)(1) A health insurer or pharmacy benefit manager shall permit a participating network pharmacy to perform all pharmacy services within the lawful scope of the profession of pharmacy as set forth in 26 V.S.A. chapter 36.

(2) A health insurer or pharmacy benefit manager shall not do any of the following:

(A) Require a covered individual, as a condition of payment or reimbursement, to purchase pharmacist services, including prescription drugs, exclusively through a mail-order pharmacy or a pharmacy benefit manager affiliate.

(B) Offer or implement plan designs that require a covered individual to use a mail-order pharmacy or a pharmacy benefit manager affiliate.

(C) Order a covered individual, orally or in writing, including through online messaging, to use a mail-order pharmacy or a pharmacy benefit manager affiliate.

(D) Establish network requirements that are more restrictive than or inconsistent with State or federal law, rules adopted by the Board of Pharmacy, or guidance provided by the Board of Pharmacy or by drug manufacturers that operate to limit or prohibit a pharmacy or pharmacist from dispensing or prescribing drugs.

(E) Offer or implement plan designs that increase plan or patient costs if the covered individual chooses not to use a mail-order pharmacy or a pharmacy benefit manager affiliate. The prohibition in this subdivision (E) includes requiring a covered individual to pay the full cost for a prescription drug when the covered individual chooses not to use a mail-order pharmacy or a pharmacy benefit manager affiliate.

(3) A health insurer or pharmacy benefit manager shall not, by contract, written policy, or written procedure, require that a pharmacy designated by the health insurer or pharmacy benefit manager dispense a medication directly to a patient with the expectation or intention that the patient will transport the medication to a health care setting for administration by a health care professional.

(4) A health insurer or pharmacy benefit manager shall not, by contract, written policy, or written procedure, require that a pharmacy designated by the health insurer or pharmacy benefit manager dispense a medication directly to a health care setting for a health care professional to administer to a patient.

(5) The provisions of this subsection shall not apply to Medicaid.

Sec. 5. DEPARTMENT OF FINANCIAL REGULATION; PHARMACY
BENEFIT MANAGEMENT; REPORT

(a) The Department of Financial Regulation, in consultation with interested stakeholders, shall consider:

(1) whether pharmacy benefit managers should be required to be licensed to operate in this State;

(2) whether pharmacy benefit managers should be prohibited from conducting or participating in spread pricing;

(3) the cost impacts of pharmacy benefit manager licensure and related regulatory measures in other states that have enacted such legislation;

(4) in collaboration with the Board of Pharmacy, whether any amendments to the Board's rules are needed to reflect necessary distinctions or appropriate limitations on pharmacist scope of practice;

(5) whether there should be a minimum dispensing fee that pharmacy benefit managers and health insurers must pay to pharmacies and pharmacists for dispensing prescription drugs;

(6) how a pharmacy should be reimbursed for a claim if a pharmacy benefit manager denies a pharmacy's appeal in whole or in part, including whether the pharmacy should be allowed to submit a claim to the health insurer for the balance between the pharmacy benefit manager's reimbursement and the pharmacy's reasonable acquisition cost plus a dispensing fee;

(7) whether there is a problem in Vermont of pharmacies soliciting health insurance plan beneficiaries directly to market the pharmacy's services and, if so, how best to address the problem; and

(8) other issues relating to pharmacy benefit management and its effects on Vermonters, on pharmacies and pharmacists, and on health insurance in this State.

(b) On or before January 15, 2023, the Department of Financial Regulation shall provide its findings and recommendations regarding the issues described in subsection (a) of this section to the House Committee on Health Care and the Senate Committees on Health and Welfare and on Finance.

Sec. 6. APPLICABILITY

(a) The provisions of Sec. 2 of this act (18 V.S.A. chapter 221, subchapter 9, pharmacy benefit managers) shall apply to a contract or health plan issued, offered, renewed, recredentialed, amended, or extended on or after January 1, 2023, including any health insurer that performs claims processing or other prescription drug or device services through a third party.

(b) A person doing business in this State as a pharmacy benefit manager on or before January 1, 2023 shall have six months following that date to come into compliance with the provisions of Sec. 2 of this act (18 V.S.A. chapter

221, subchapter 9, pharmacy benefit managers).

Sec. 7. 2021 Acts and Resolves No. 74, Sec. E.227.2 is amended to read:

Sec. E.227.2 REPEAL

18 V.S.A. § 9473(d)(g) (pharmacy benefit managers; 340B entities) is repealed on January 1, 2023 April 1, 2024.

Sec. 8. EFFECTIVE DATES

(a) Secs. 1a (18 V.S.A. § 9421), 2 (18 V.S.A. chapter 221, subchapter 9), 3 (18 V.S.A. § 3802), and 4 (8 V.S.A. § 4089j) shall take effect on January 1, 2023.

(b) The remaining sections shall take effect on passage.

Which proposal of amendment was considered and concurred in.

**Second Reading; Proposal of Amendment Agreed to;
Third Reading Ordered; Rules Suspended; All Remaining Stages of
Passage; Third Reading; Passed in Concurrence with Proposal of
Amendment; Rules Suspended; Bill Messaged to Senate Forthwith**

S. 250

Rep. Colston of Winooski, for the Committee on Government Operations, to which had been referred Senate bill, entitled

An act relating to law enforcement data collection and interrogation

Reported in favor of its passage in concurrence with proposal of amendment by striking all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 20 V.S.A. § 2366 is amended to read:

§ 2366. LAW ENFORCEMENT AGENCIES; FAIR AND IMPARTIAL
POLICING POLICY; ~~RACE~~ DATA COLLECTION

* * *

(e)(1) On or before September 1, 2014 2022, every State, county, and municipal law enforcement agency shall collect all data concerning law enforcement encounters, including roadside stop data consisting of the following:

(A) the age, gender, and race of the ~~driver~~ individual;

(B) the grounds for the stop;

(C) the grounds for the search and the type of search conducted, if any;

(D) the evidence located, if any;

(E) the outcome of the stop, including whether physical force was employed or threatened during the stop, and if so, the type of force employed and whether the force resulted in bodily injury or death, and whether:

(i) a written warning was issued;

(ii) a citation for a civil violation was issued;

(iii) a citation or arrest for a misdemeanor or a felony occurred; or

(iv) no subsequent action was taken.

(2) Law enforcement agencies shall work with the Executive Director of Racial Equity, the Criminal Justice Council, and a vendor chosen by the Council with the goals of collecting uniform data, adopting uniform storage methods and periods, and ensuring that data can be analyzed. Roadside stop data, as well as reports and analysis of roadside stop data, shall be public.

(3) On or before ~~September~~ July 1, 2016 2023 and annually thereafter, law enforcement agencies shall provide all data collected by the agency, including the data collected under this subsection, to the Executive Director of Racial Equity and the vendor chosen by the Criminal Justice Council under subdivision (2) of this subsection or, in the event the vendor is unable to continue receiving data under this section, to the Council. Law enforcement agencies shall provide the data collected under this subsection in an electronic format specified by the receiving entity.

(4) The data provided pursuant to subdivision (3) of this subsection shall be posted electronically in a manner that is analyzable and accessible to the public on the receiving agency's website and clear and understandable. ~~The receiving agency shall also report the data annually to the General Assembly.~~

(5) Annually, on or before July 1, all law enforcement agencies shall report the data collected pursuant to subdivision (3) of this subsection to the House and Senate Committees on Government Operations and on Judiciary. The report shall detail how the data is collected, how the data is accessible, how the data is used by the law enforcement agency, a review of the data to determine if additional data criteria is needed, and any recommendations to improve data collection and use.

(6) As used in this subsection, "physical force" shall refer to the force employed by a law enforcement officer to compel a person's compliance with

the officer's instructions that constitutes a greater amount of force than handcuffing a compliant person.

* * *

Sec. 2. GIGLIO DATABASE; STUDY COMMITTEE; REPORT

(a) Creation. There is created the Giglio Database Study Committee to study the appropriate structure and process to administer a database designed to catalogue potential impeachment information concerning law enforcement agency witnesses or affiants to enable a prosecutor to disclose such information consistently and appropriately under the obligations of *Giglio v. United States*, 405 U.S. 150 (1972), and its progeny.

(b) Membership. The Giglio Database Study Committee shall be composed of the following members:

(1) two current members of the House of Representatives, not from the same political party, who shall be appointed by the Speaker of the House;

(2) two current members of the Senate, not from the same political party, who shall be appointed by the President Pro Tempore;

(3) the Commissioner of the Department of Public Safety or designee;

(4) the Executive Director of the Vermont Criminal Justice Council or designee;

(5) the President of the Vermont Sheriffs' Association or designee;

(6) the President of the Vermont Association of Chiefs of Police or designee;

(7) the Executive Director of the Vermont Office of Racial Equity;

(8) the Attorney General or designee;

(9) the Executive Director of the Department of State's Attorneys and Sheriffs or designee; and

(10) the Defender General or designee.

(c) Powers and duties. The Giglio Database Study Committee shall study the appropriate structure and process to administer a law enforcement officer information database designed to facilitate the disclosure of potential impeachment information by prosecutors pursuant to legal obligations. The Committee shall study the following:

(1) the appropriate department or agency to manage and administer the database;

(2) the type and scope of information maintained in the database;

(3) any gatekeeping functions used to review information before it is entered into the database;

(4) any due process procedures to dispute information entered into the database;

(5) how to securely maintain the database;

(6) the appropriate access to the database;

(7) the confidentiality of the information maintained in, or accessed from, the database; and

(8) the resources necessary to effectively administer and maintain the database.

(d) Report. On or before December 1, 2022, the Giglio Database Study Committee shall submit a written report with legislative recommendations to the House and Senate Committees on Government Operations.

(e) Assistance. The Giglio Database Study Committee shall have the administrative, technical, and legal assistance of the Vermont Criminal Justice Council and any other stakeholders interested in assisting with the report.

(f) Meetings.

(1) The Executive Director of the Office of Racial Equity or designee shall call the first meeting of the Committee to occur on or before July 15, 2022.

(2) The Executive Director of the Office of Racial Equity shall select a chair from among its members at the first meeting.

(3) The Committee shall meet six times.

(4) A majority of the membership shall constitute a quorum.

(5) The Giglio Database Study Committee shall cease to exist on December 15, 2022.

(g) Compensation and reimbursement. For attendance at meetings during adjournment of the General Assembly, a legislative member of the Giglio Database Study Committee shall be entitled to per diem compensation pursuant to 2 V.S.A. § 23 for not more than six meetings. These payments shall be made from monies appropriated to the General Assembly.

Sec. 3. 13 V.S.A. § 5585 is amended to read as follows:

§ 5585. ELECTRONIC RECORDING OF A CUSTODIAL
INTERROGATION

(a) As used in this section:

(1) “Custodial interrogation” means any interrogation:

(A) involving questioning by a law enforcement officer that is reasonably likely to elicit an incriminating response from the subject; and

(B) in which a reasonable person in the subject’s position would consider ~~himself or herself~~ the person to be in custody, starting from the moment a person should have been advised of ~~his or her~~ the person’s Miranda rights and ending when the questioning has concluded.

* * *

(3) “Place of detention” means a building or a police station that is a place of operation for the State police, a municipal police department, county sheriff department, or other law enforcement agency that is owned or operated by a law enforcement agency at which persons are or may be questioned in connection with criminal offenses or detained temporarily in connection with criminal charges pending a potential arrest or citation.

(4) “Statement” means an oral, written, sign language, or nonverbal communication.

(b)(1) A custodial interrogation that occurs in a place of detention concerning the investigation of a felony or misdemeanor violation of ~~chapter 53 (homicide) or 72 (sexual assault)~~ of this title shall be electronically recorded in its entirety. Unless impracticable, a custodial recording occurring outside a place of detention concerning the investigation of a felony or misdemeanor violation of this title shall be electronically recorded in its entirety.

(2) In consideration of best practices, law enforcement shall strive to record simultaneously both the interrogator and the person being interrogated.

(c)(1) The following are exceptions to the recording requirement in subsection (b) of this section:

(A) exigent circumstances;

(B) a person’s refusal to be electronically recorded;

(C) interrogations conducted by other jurisdictions;

(D) a reasonable belief that the person being interrogated did not commit a felony or misdemeanor violation ~~of chapter 53 (homicide) or 72 (sexual assault)~~ of this title and, therefore, an electronic recording of the interrogation was not required;

(E) the safety of a person or protection of ~~his or her~~ the person's identity; and

(F) equipment malfunction.

* * *

Sec. 4. STUDY ON DECEPTIVE AND COERCIVE METHODS OF LAW ENFORCEMENT INTERROGATION; REPORT

(a) The Joint Legislative Justice Oversight Committee shall study the use of deceptive and coercive interrogation tactics employed by law enforcement in the State of Vermont. In particular, the study shall consider:

(1) when providing false facts about evidence to a suspect during an interview conducted after the commission of a crime results in an involuntary confession or admission to the crime;

(2) when confessions or admissions to crimes procured by providing a defendant with false facts should be inadmissible;

(3) the appropriate age and circumstances to prohibit coercive techniques in cases involving juveniles;

(4) the use of the interrogation and interviewing techniques, including the Reid Technique of Investigative Interviews and Advanced Interrogation Techniques, by law enforcement; and

(5) legislation, initiatives, or programs for the General Assembly and law enforcement to consider to improve current practices.

(b) The Committee shall have the administrative and technical assistance of the Office of Legislative Counsel. The Committee shall have the legal assistance of the American Civil Liberties Union of Vermont and any other stakeholders interested in assisting with the study and report. The Committee shall submit a report on the study in the form of proposed legislation on or before December 1, 2022.

Sec. 5. 20 V.S.A. § 2222 is amended to read:

§ 2222. FEDERAL LAW ENFORCEMENT OFFICERS; POWER OF ARREST FOR VERMONT CRIMES

(a) For purposes of this section, “a certified federal law enforcement officer” means a federal law enforcement officer who:

(1) is employed as a law enforcement officer of the federal government as:

(A) a special agent, border patrol agent, or immigration inspector of the Immigration and Naturalization Service, U.S. Department of Justice; ~~or~~

(B) an officer or inspector of the U.S. Customs Service of the Department of the Treasury; ~~and~~ or

(C) a special agent, inspector, or member of the police service of the U.S. Department of Veterans Affairs;

(2) has satisfactorily completed a course of study in Vermont laws and criminal procedures approved by the Vermont Criminal Justice Council, at the expense of the officer’s agency;

(3) has been certified by the Commissioner of Public Safety pursuant to subsection (b) of this section; and

(4) has taken an oath administered by the Commissioner of Public Safety or by the Commissioner’s designee to uphold the Constitution of the State of Vermont.

* * *

Sec. 6. EFFECTIVE DATE

This act shall take effect on July 1, 2022.

Rep. Squirrel of Underhill, for the Committee on Appropriations, recommended that the House propose to the Senate to amend the bill as recommended by the Committee on Government Operations and when further amended as follows:

In Sec. 4, study on deceptive and coercive methods of law enforcement interrogation; report, by striking out subsection (b) in its entirety and inserting in lieu thereof a new subsection (b) to read as follows:

(b) The Committee shall have the administrative, technical, and legal assistance of the Office of Legislative Counsel. The Committee may have the assistance of the Vermont Criminal Justice Council in drafting the report, along with any other stakeholders interested in assisting. On or before December 1, 2022, the Committee shall submit a report on the study providing legislative recommendations, or whether no legislative changes are needed; proposed next steps; or that the study is incomplete.

The bill, having appeared on the Notice Calendar, was taken up, read the second time, and the report of the Committee on Government Operations was amended as recommended by the Committee on Appropriations.

Pending the question, Shall the House propose to the Senate to amend the bill as recommended by the Committee on Government Operations, as amended?, **Rep. Colston of Winooski** moved to further amend the report of the Committee on Government Operations, as amended, as follows:

First: In Sec. 3, 13 V.S.A. § 5585, in subdivision (b)(1), in the second sentence, following “custodial”, by striking out “recording” and inserting in lieu thereof “interrogation”

Second: In Sec. 4, study on deceptive and coercive methods of law enforcement interrogation; report, in subsection (b), in the third sentence, following “report”, by striking out “on the study providing legislative recommendations, or whether no legislative changes are needed; proposed next steps; or that the study is incomplete” and inserting in lieu thereof “in the form of proposed legislation”

Which was agreed to.

Pending the question, Shall the House propose to the Senate to amend the bill as recommended by the Committee on Government Operations, as amended?, **Rep. LaClair of Barre Town** demanded the Yeas and Nays, which demand was sustained by the Constitutional number. The Clerk proceeded to call the roll and the question, Shall the House propose to the Senate to amend the bill as recommended by the Committee on Government Operations, as amended?, was decided in the affirmative. Yeas, 99. Nays, 48.

Those who voted in the affirmative are:

Ancel of Calais	Emmons of Springfield	Ode of Burlington
Anthony of Barre City	Gannon of Wilmington	Pajala of Londonderry
Austin of Colchester	Garofano of Essex	Partridge of Windham
Bartholomew of Hartland	Goldman of Rockingham	Patt of Worcester
Birong of Vergennes	Grad of Moretown	Pearl of Danville
Black of Essex	Hooper of Montpelier	Pugh of South Burlington
Bluemle of Burlington	Hooper of Randolph	Rachelson of Burlington
Bock of Chester	Hooper of Burlington	Rogers of Waterville
Bongartz of Manchester	Houghton of Essex	Satcowitz of Randolph
Bos-Lun of Westminster	Howard of Rutland City	Scheu of Middlebury
Brady of Williston	James of Manchester	Sheldon of Middlebury
Briglin of Thetford	Jerome of Brandon	Sibilia of Dover *
Brown of Richmond	Jessup of Middlesex	Sims of Craftsbury
Brownell of Pownal	Killackey of South Burlington	Small of Winooski
Brumsted of Shelburne	Kimbell of Woodstock	Squirrell of Underhill
Burditt of West Rutland	Kitzmiller of Montpelier	Stebbins of Burlington

Burke of Brattleboro	Kornheiser of Brattleboro *	Stevens of Waterbury
Burrows of West Windsor	LaLonde of South	Surprenant of Barnard
Campbell of St. Johnsbury	Burlington	Till of Jericho
Chase of Colchester	Lanpher of Vergennes	Toleno of Brattleboro
Christie of Hartford	Lippert of Hinesburg	Toof of St. Albans Town
Cina of Burlington	Long of Newfane	Townsend of South
Coffey of Guilford	Masland of Thetford	Burlington
Colburn of Burlington	McCarthy of St. Albans City	Troiano of Stannard *
Colston of Winooski	McCormack of Burlington	Vyhovsky of Essex
Conlon of Cornwall	McCullough of Williston	Walz of Barre City
Copeland Hanzas of	Mrowicki of Putney *	Webb of Shelburne
Bradford	Mulvaney-Stanak of	White of Bethel
Corcoran of Bennington	Burlington	White of Hartford
Cordes of Lincoln	Murphy of Fairfax	Whitman of Bennington
Dolan of Essex	Nicoll of Ludlow	Wood of Waterbury
Dolan of Waitsfield	Nigro of Bennington	Yacovone of Morristown
Donnally of Hyde Park	Notte of Rutland City	Yantachka of Charlotte
Durfee of Shaftsbury	Noyes of Wolcott	
Elder of Starksboro	O'Brien of Tunbridge	

Those who voted in the negative are:

Achey of Middletown	Kascenska of Burke	Norris of Shoreham
Springs	Labor of Morgan	Page of Newport City
Arrison of Weathersfield	LaClair of Barre Town	Palasik of Milton
Beck of St. Johnsbury	Laroche of Franklin	Parsons of Newbury
Brennan of Colchester	Lefebvre of Newark	Peterson of Clarendon
Canfield of Fair Haven	Lefebvre of Orange	Rosenquist of Georgia
Cupoli of Rutland City	Leffler of Enosburgh	Scheuermann of Stowe
Donahue of Northfield	Marcotte of Coventry	Shaw of Pittsford
Fagan of Rutland City	Martel of Waterford	Smith of Derby
Feltus of Lyndon	Mattos of Milton	Smith of New Haven
Goslant of Northfield	McCoy of Poultney	Strong of Albany
Graham of Williamstown	McFaun of Barre Town	Taylor of Colchester
Gregoire of Fairfield	Morgan, L. of Milton	Terenzini of Rutland Town
Hango of Berkshire	Morgan, M. of Milton	Walker of Swanton
Harrison of Chittenden	Morris of Springfield	Williams of Granby
Helm of Fair Haven	Morrissey of Bennington	
Higley of Lowell	Norris of Sheldon	

Those members absent with leave of the House and not voting are:

Dickinson of St. Albans	Sullivan of Dorset
Town	

Rep. Kornheiser of Brattleboro explained her vote as follows:

“Madam Speaker:

I voted yes because I want a government that is accountable to all of its citizens and we can’t improve or account without comprehensive data.”

Rep. Mrowicki of Putney explained his vote as follows:

“Madam Speaker:

My yes vote helps Vermont take a small step towards more comprehensive racial justice actions. We have work to do and as our colleague from Winooski is leaving us after this session, I thank him for all his work and his leadership on issues of racial justice.”

Rep. Sibilia of Dover explained her vote as follows:

“Madam Speaker:

Data can help us better understand what is and what is not happening with law enforcement encounters and in our communities. That’s good for law enforcement and good for citizens.”

Rep. Troiano of Stannard explained his vote as follows:

“Madam Speaker:

I voted yes. Information gathered on a form at the time of an encounter with a citizen could very well save hours of court appearance time by that officer. This is not an anti-police bill.”

Thereupon, third reading was ordered.

On motion of **Rep. McCoy of Poultney**, the rules were suspended and the bill placed in all remaining stages of passage. The bill was read the third time and passed in concurrence with proposal of amendment.

Thereupon, on motion of **Rep. McCoy of Poultney**, the rules were suspended and House action on the bill was ordered messaged to the Senate forthwith.

Recess

At eleven and thirty-nine minutes in the forenoon, the Speaker declared a recess until the fall of the gavel.

Message from the Senate No. 73

A message was received from the Senate by Mr. Marshall, its Assistant Secretary, as follows:

Madam Speaker:

I am directed to inform the House that:

The Senate has considered House proposals of amendment to Senate proposals of amendment to House bills of the following titles:

H. 465. An act relating to boards and commissions.

H. 739. An act relating to capital construction and State bonding budget adjustment.

And has concurred therein.

The Senate has considered bills originating in the House of the following titles:

H. 512. An act relating to modernizing land records and notarial acts law.

H. 533. An act relating to converting civil forfeiture of property in drug-related prosecutions into a criminal process.

And has passed the same in concurrence with proposals of amendment in the adoption of which the concurrence of the House is requested.

The Senate has considered House proposals of amendment to Senate bills of the following titles:

S. 91. An act relating to the Parent Child Center Network.

S. 173. An act relating to the State House art collection.

S. 181. An act relating to authorizing miscellaneous regulatory authority for municipal governments.

S. 201. An act relating to best management practices for trapping.

S. 281. An act relating to hunting coyotes with dogs.

And has concurred therein.

Called to Order

At two o'clock and twenty-eight minutes in the afternoon the Speaker called the House to order.

Rules Suspended; Immediate Consideration; Report of Committee of Conference Adopted

S. 283

Appearing on the Notice Calendar, on motion of **Rep. LaClair of Barre Town**, the rules were suspended and Senate bill, entitled

An act relating to miscellaneous changes to education laws

Was taken up for immediate consideration.

The Speaker placed before the House the following Committee of Conference report:

To the Senate and House of Representatives:

The Committee of Conference to which were referred the disagreeing votes of the two Houses respectfully reported that it met and considered the same and recommended the following:

TO THE SENATE AND HOUSE OF REPRESENTATIVES:

The Committee of Conference, to which were referred the disagreeing votes of the two Houses upon Senate Bill, entitled:

S.283. An act relating to making miscellaneous changes in education law.

Respectfully reports that it has met and considered the same and recommends that the Senate accede to the House proposal of amendment and that the House proposal be further amended as follows:

First: In Sec. 8, 2021 Acts and Resolves No. 74; Sec. E.709.1, Environmental Contingency Fund; Polychlorinated Biphenyls (PCBS) testing in schools, in subsection (a), by striking out “July 1, ~~2024~~ 2026” and inserting in lieu thereof July 1, ~~2024~~ 2025

Second: In Sec. 10, 2021 Acts and Resolves No. 72, Sec. 12, radon testing; school facilities, in subsection (a), by striking out “June 30, ~~2023~~ 2026” and inserting in lieu thereof June 30, ~~2024~~ 2025

COMMITTEE ON THE PART OF
THE SENATE

SEN. BRIAN A. CAMPION

SEN. THOMAS CHITTENDEN

SEN. CHERYL MAZZARIELLO
HOOKER

COMMITTEE ON THE PART OF
THE HOUSE

REP. KATHRYN L. WEBB OF
SHELBURNE

REP. PETER CONLON OF
CORNWALL

REP. LAWRENCE “COOPER” P.
CUPOLI OF RUTLAND CITY

Which was considered and adopted on the part of the House.

**Rules Suspended; Immediate Consideration; Report of Committee of
Conference Adopted**

S. 11

Appearing on the Notice Calendar, on motion of **Rep. LaClair of Barre Town**, the rules were suspended and Senate bill, entitled

An act relating to prohibiting robocalls

Was taken up for immediate consideration.

The Speaker placed before the House the following Committee of Conference report:

To the Senate and House of Representatives:

The Committee of Conference to which were referred the disagreeing votes of the two Houses respectfully reported that it met and considered the same and recommended the following:

TO THE SENATE AND HOUSE OF REPRESENTATIVES:

The Committee of Conference, to which were referred the disagreeing votes of the two Houses upon Senate Bill, entitled:

S.11. An act relating to prohibiting robocalls.

Respectfully reports that it has met and considered the same and recommends that the Senate recede from its further proposal of amendment and that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. PURPOSE; IMPLEMENTATION

(a) The purpose of Secs. 1–45 of this act is to expand opportunities for workforce education, training, and development for Vermonters and to make meaningful investments to support and expand the workforce across the State.

(b) It is the intent of the General Assembly that each recipient of funding through Secs. 1–45 of this act shall conduct significant outreach to ensure that all Vermonters, and particularly populations that have experienced unequal access to public or private economic benefits due to geography, socioeconomic status, disability status, gender or gender identity, age, immigration or refugee status, or race, have the opportunity to benefit from the financial and programmatic benefits made available through this act.

Sec. 2. IMMEDIATE STRATEGIES AND FUNDING FOR EXPANDING

THE LABOR FORCE; INCREASING THE NUMBER OF

PARTICIPANTS AND PARTICIPATION RATES;

APPROPRIATIONS

(a) In fiscal year 2023, the following amounts are appropriated from the General Fund to the following recipients for the purposes specified:

(1) \$2,500,000.00 to the University of Vermont Office of Engagement, in consultation with the Vermont Student Assistance Corporation, to

administer a statewide forgivable loan program of \$5,000.00 per graduate for recent college graduates across all Vermont higher education institutions who commit to work in Vermont for two years after graduation.

(2) \$387,000.00 to Vermont Technical College to develop a skilled meat cutter training and apprenticeship facility.

(b) In fiscal year 2023, the Agency of Human Services shall use the amount of \$500,000.00 that is appropriated to it in Sec. B.1100(a)(17) of the FY 2023 Budget Bill from the American Rescue Plan Act (ARPA) – Coronavirus State Fiscal Recovery Funds to provide grants, which may be administered through a performance-based contract, to refugee- or New American-focused programs working in Vermont to support increased immigration or retention of recent arrivals.

Sec. 3. [Deleted.]

Sec. 4. INVESTMENT IN THE UP-SKILLING OF PRIVATE SECTOR

EMPLOYERS TO SUPPORT THE EVOLUTION OF BUSINESS

AND ORGANIZATIONAL MODELS; APPROPRIATIONS

In fiscal year 2023, the amount of \$250,000.00 is appropriated from the American Rescue Plan Act (ARPA) – Coronavirus State Fiscal Recovery Funds to the Agency of Commerce and Community Development for a performance-based contract to provide statewide delivery of business coaching and other forms of training to Black, Indigenous, and Persons of Color (BIPOC) business owners, networking and special convenings, and career fairs, workshops and paid internships, career guidance, and other support for BIPOC workers across the State.

Sec. 5. WORKFORCE EXPANSION AND DEVELOPMENT; SPECIAL

OVERSIGHT COMMITTEE; ACTION PLAN

(a) Findings. The General Assembly finds:

(1) Vermont is experiencing an acute labor shortage in 2022.

(2) According to the Employment and Labor Marketing Information Division of the Vermont Department of Labor:

(A) There are approximately 28,000 job openings in Vermont as of December 2021.

(B) 9,945 individuals meet the federal statistical definition of unemployed as of January 2022.

(C) 4,500 individuals are receiving unemployment insurance assistance as of March 2022.

(D) The workforce has shrunk by 26,000 individuals from 2019 to 2022, yet the unemployment rate is just three percent as of January 2022.

(E) The workforce participation rate has fallen from 66 percent to 60.6 percent.

(F) The total volume of hires made each year is approximately 200,000 nonunique individuals.

(3) The Department receives approximately 80 percent of its funding from federal sources, which constrains the Department and its employees from adjusting its work to meet immediate needs.

(4) The federal funding for field staff in the Workforce Development Division has declined significantly over the past 20 years, supporting 75 persons in 2022 as compared to 135 in 2003.

(5) Though Vermont has a small population, the unique characteristics of its region's employers, educational institutions, demographics, and socioeconomic conditions make it best to address efforts to connect individuals with training and job placement on a regional basis.

(6) Because most State agencies and departments touch the workforce system in some way, there is a need for more coordination and alignment across State government to serve both job seekers and employers.

(7) Vermont needs a statewide workforce development, training, and education system in which all Vermonters who want to work, and all employers who want workers, can connect.

(b) The Special Oversight Committee on Workforce Expansion and Development is created with the following members:

(1) a member appointed by the Governor;

(2) the Chair of the State Workforce Development Board;

(3) the State Director of Workforce Development;

(4) one member of the House Committee on Commerce and Economic Development, appointed by the Speaker of the House; and

(5) one member of the Senate Committee on Economic Development, Housing and General Affairs, appointed by the Senate Committee on Committees.

(c)(1) Members of the Special Oversight Committee may receive compensation pursuant to 32 V.S.A. § 1010 and 2 V.S.A. § 23 for not more than six meetings.

(2) The Agency of Administration shall provide administrative support to the Special Oversight Committee. The Special Oversight Committee may consult with the Office of Legislative Counsel and the Joint Fiscal Office when necessary to perform its work pursuant to this section.

(d) In fiscal year 2023, the amount of \$250,000.00 is appropriated from the General Fund to the Secretary of Administration, who shall use the funds pursuant to the direction of the Special Oversight Committee in the performance of its work, including to engage the services of one or more experts in the field of workforce development, organization management, or other relevant fields as necessary to assist the Committee in its work pursuant to this section.

(e) On or before January 15, 2023, the Committee shall deliver to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs an action plan that:

(1) identifies the optimal organizational structure for the Vermont workforce development system, under which a single government entity, office, or executive position is charged with the authority and duty to coordinate workforce development efforts across State government, in close partnership and coordination with nongovernmental partners, and achieve the goals of the State of Vermont Strategic Plan; and

(2) identifies action steps, timelines, and resource needs to complete the transition to this new organizational structure.

(f) The Special Oversight Committee, in coordination with the Secretary of Administration and any experts retained with funding provided in this section, shall:

(1) review the statutory role of the Commissioner of Labor as the leader of workforce education and training in the State and the authority, responsibilities, and duties conferred on the Commissioner in 10 V.S.A. § 540;

(2) review the composition and size of the State Workforce Development Board created in 10 VSA § 541a and review the effectiveness of the Board in achieving the objectives outlined in that section;

(3) review the requirements of the Workforce Innovation Opportunity Act and Wagner-Peyser Act and determine if the needs of Vermont's employees and employers would be better served by pursuing a waiver for the requirements of those acts; and

(4) update the goals, metrics, and strategies for workforce development in the State of Vermont Strategic Plan 2018-2023 dated January 3, 2018 and

propose a road map, staffing plan, and budget for an integrated State workforce plan that spans all workforce service delivery systems and all existing workforce related strategic plans.

Sec. 5a. REGIONAL WORKFORCE EXPANSION SYSTEM

(a) Regional Workforce Expansion System. The amount of \$1,500,000.00 is appropriated from the General Fund to the Department of Labor for a two-year pilot program to launch and lead a coordinated regional system, beginning in up to three regions of the State, to work toward accomplishing the following goals:

- (1) increase local labor participation rate;
- (2) decrease the number of open positions reported by local employers;
- (3) increase the wages of workers as they transition to new jobs; and
- (4) collect, organize, develop, and share information related to local career pathways with workforce development partners.

(b) Duties. In order to meet the goals specified in subsection (b) of this section, the Department shall:

- (1) create new capacity to address and support State activities related to workforce development, expansion, and alignment;
- (2) focus on the overarching goal of helping workers find jobs and employers find workers;
- (3) support employers in communicating and tailoring their work requirements, conditions, and expectations to better access local workers; and
- (4) collaborate with local education and training providers and regional workforce partners to create and regularly distribute data related to local labor force supply and demand.

(c) System infrastructure. The Department shall make investments that improve and expand regional capacity to strengthen networks who assist jobseekers, workers, and employers in connecting.

(1) The Department is authorized to create up to four classified, two-year limited-service positions, with funding allocated to perform the work described in this section, who shall report to the Workforce Development Division and of whom:

(A) up to three shall be Workforce Expansion Specialists assigned, one each, up to three different regions of the State; and

(B) one shall provide oversight and State-level coordination of activities.

(2)(A) The Department shall use funds allocated to develop systems for coordination, information sharing, and enhanced support to regional partners, host regional meetings, develop regional plans, and provide localized resources including labor market information, training and development opportunities, and support services.

(B) The Department shall develop labor market information reports to support discussion and decision making that will address local labor market challenges and opportunities and support a regional approach to solving local or unique labor supply challenges.

(d) Coordination.

(1) The Department shall convene regional meetings of education, training, business, and service provider partners; coordinate local workforce information collection and distribution; and assist in developing localized career resources, such as information for career counseling, local job fairs, and career expos, that will be available to a wide range of stakeholders.

(2) Service provider partners shall include community partners who directly serve mature workers, youth, individuals with disabilities, individuals who have been involved with the correction system, Black, Indigenous, and Persons of Color Vermonters, New Americans, and other historically marginalized populations in efforts to align service delivery, share information, and achieve greater employment outcomes for Vermonters.

(e) Interim report. On or before January 15, 2023, the Department shall provide a narrative update on the progress made in hiring staff, establishing interagency agreements, developing regional information exchange systems, and supporting State-level work to expand the labor force to the House and Senate committees of jurisdiction.

(f) Implementation. The Department of Labor shall begin implementing the Regional Workforce Expansion System on or before July 1, 2022.

Sec. 6. INCARCERATED INDIVIDUALS; WORKFORCE

DEVELOPMENT; PILOT PROGRAM

(a) Purpose. The purpose of this section is to facilitate the education and vocational training of incarcerated individuals so that they have a greater likelihood of obtaining gainful employment and positively contributing to society upon reintegration into the community.

(b) Policy; appropriations.

(1)(A) In fiscal year 2023, the amount of \$420,000.00 is appropriated from the General Fund to the Department of Corrections, in consultation with

the Vermont Department of Labor, to address education and vocational enhancement needs. These funds shall not be allocated from any amounts budgeted for Justice Reinvestment II initiatives.

(B) The Department shall use the funds allocated for the development of education and vocational training for incarcerated individuals residing in a Vermont correctional facility prior to community reintegration. The Department may allocate the funds over three years, consistent with the following:

(i) \$270,000.00 for transition development, including equipment and mobile labs in one or more sites;

(ii) \$100,000.00 for training partner support; and

(iii) \$50,000.00 for curriculum development.

(2) In fiscal year 2023, the amount of \$300,000.00 is appropriated from the General Fund to the Department of Corrections, which may be allocated over not more than three years, to establish a community-based pilot reentry program at the Chittenden Regional Correctional Facility in consultation with the Vermont Department of Labor. The Department of Corrections shall designate a service provider to administer the pilot program's goals to:

(A) provide continuity of services for incarcerated individuals;

(B) expand current employment readiness programs within the facility by building pathways for coordinated transition to employment;

(C) focus on the first six months after individuals are released from the facility;

(D) coordinate with local community resources, parole and probation offices, and other supports to ensure successful transition into the community;

(E) assist individuals in successfully transitioning into new jobs; and

(F) work with employers to support successful hiring and best practices to support incarcerated individuals.

(c) Report. On or before January 15, 2023, the Department of Corrections shall create and submit a report on workforce and education training programs in correctional facilities to the Joint Legislative Justice Oversight Committee; the House Committees on Corrections and Institutions and on Commerce and Economic Development; and the Senate Committees on Economic Development, Housing and General Affairs and on Judiciary. The report shall:

(1) identify program design, logistical needs, and policy changes to current Department of Corrections facility-based training and educational

programs necessary to successfully enable incarcerated individuals' reintegration into their communities, including changes to programs that enhance individuals' skill development, knowledge, and other support needed to qualify for and secure a position in a critical occupation in Vermont;

(2) identify disparities of outcomes and recommend solutions for incarcerated Black, Indigenous, and Persons of Color concerning facility-based training, educational programming, and successful community reintegration;

(3) provide an update on the Department of Corrections' use of education and vocational enhancement funding in fiscal year 2023;

(4) provide recommendations on what aspects of the pilot program should be replicated in other correctional facilities in Vermont; and

(5) provide recommended legislation for the continuation of the pilot program or any changes.

Sec. 7. INTENT

It is the intent of the General Assembly to improve the recruitment and retention of correctional officers to ensure adequate staffing and safe working conditions in facilities operated by the Department of Corrections.

Sec. 8. IMPROVEMENT OF CORRECTIONAL OFFICER

RECRUITMENT AND RETENTION; REPORT

(a) On or before January 15, 2023, the Secretary of Human Services, in consultation with the Commissioners of Corrections and of Human Resources, shall submit a written report to the House Committees on Appropriations, on Commerce and Economic Development, on Corrections and Institutions, and on Government Operations and the Senate Committees on Appropriations, on Government Operations, and on Judiciary identifying conditions that pose an obstacle to the successful recruitment and retention of correctional officers and setting forth a plan to improve the recruitment and retention of correctional officers.

(b)(1) The report shall specifically analyze the impact of the following on the recruitment and retention of correctional officers:

(A) wages and benefits;

(B) terms and conditions of employment;

(C) working conditions in Department of Corrections facilities, including health and safety issues and the physical condition of the facilities; and

(D) staffing levels and overtime.

(2) The report shall, for each of the issues examined pursuant to subdivision (1) of this subsection, analyze how the following states compare to Vermont and shall identify any best practices in those states that could improve recruitment and retention of correctional officers in Vermont:

- (A) Maine;
- (B) New Hampshire;
- (C) New York;
- (D) Massachusetts;
- (E) Rhode Island; and
- (F) Connecticut.

(c) The report shall, as part of the plan to improve the recruitment and retention of correctional officers, identify specific administrative and legislative actions that are necessary to successfully improve the recruitment and retention of correctional officers.

Sec. 9. ASSESSMENT OF RECRUITMENT AND RETENTION INITIATIVES; REPORT

(a) On or before January 15, 2023, the Secretary of Human Services, in consultation with the Commissioner of Human Resources, shall submit to the House and Senate Committees on Appropriations a report regarding the use of funds appropriated pursuant to 2022 Acts and Resolves, No. 83:

(1) Sec. 14 for employee recruitment and retention at:

- (A) the secure residential recovery facility; and
- (B) the Vermont Psychiatric Care Hospital;

(2) Sec. 68 for employee retention with respect to:

- (A) the Department of Corrections; and
- (B) the Vermont Veteran's Home; and

(3) Sec. 72 for workforce recruitment and retention incentives with respect to designated and specialized service agencies, including shared living providers.

(b) The report shall assess how effective the appropriations identified pursuant to subsection (a) of this section were in addressing issues related to employee recruitment and retention; identify any ongoing or remaining employee recruitment and retention challenges that the recipients have; and

identify any potential legislative, administrative, or programmatic changes that can address those ongoing or remaining employee retention issues.

(c) The report shall also include a recommendation as to whether and how to appropriate additional funds in the 2023 Budget Adjustment Act to address ongoing recruitment and retention challenges at:

- (1) the Vermont Veteran's Home;
- (2) the Vermont Psychiatric Care Hospital;
- (3) the secure residential recovery facility;
- (4) designated and specialized service agencies; and

(5) the Department of Corrections' facilities with respect to individuals employed as a Correctional Officer I or a Correctional Officer II.

Sec. 10. REPEALS

10 V.S.A. §§ 544 and 545 are repealed.

Sec. 11. 10 V.S.A. § 547 is added to read:

§ 547. WORK-BASED LEARNING AND TRAINING PROGRAM

(a) Vermont Work-Based Learning and Training Program. The Department of Labor shall develop the statewide Work-Based Learning and Training Program that serves transitioning secondary and postsecondary students and Vermonters seeking work-based experience as part of a career experience or change and is designed to:

(1) support Vermonters who are graduating from postsecondary education or a secondary CTE program or who are pursuing a career change with a paid on-the-job work experience lasting 12 weeks or fewer;

(2) establish a statewide platform available to all employers to list their internships, returnships, pre-apprenticeships, and registered apprenticeship opportunities and for jobseekers to view and access information about specific opportunities; and

(3) support employers by providing them with assistance in developing and implementing meaningful work-based learning and training opportunities.

(b) Definitions. As used in this section:

(1) "Internship" means a work-based learning experience with an employer where the participant may, but does not necessarily, receive academic credit.

(2) "Returnship" means an on-the-job learning experience for an individual who is returning to the workforce after an extended absence or is

seeking a limited-duration on-the-job work experience in a different occupation or occupational setting as part of a career change.

(c) Activities. The Department may use funds appropriated to it for the Program to:

- (1) build and administer the Program;
- (2) develop an online platform that will connect students and jobseekers with work-based learning and training opportunities within Vermont;
- (3) support work-based learning and training opportunities with public and private employers available to prospective workers located in or relocating to Vermont;
- (4) promote work-based learning and training as a valuable component of a talent pipeline; and
- (5) assist employers in developing meaningful work-based learning and training opportunities.

(d) Data. The Department shall collect the following data:

- (1) the total number of participants served;
- (2) the number of participants who received wage assistance or other financial assistance as part of this Program and their employment status one year after completion;
- (3) the average wage of participants in subdivision (2) of this subsection at the start of the Program and the average wage of participants one year after completion;
- (4) the number of work-based learning or training opportunities listed on the platform; and
- (5) the number of employers who offered a work-based learning or training opportunity.

(e) State participation. The Department shall engage appropriate State agencies and departments to expand Program opportunities with State government and with entities awarded State contracts.

(f) Reporting. On or before February 15, 2023, the Department shall report Program data to the relevant committees of jurisdiction.

Sec. 12. WORK-BASED LEARNING AND TRAINING PROGRAM;

APPROPRIATION

In fiscal year 2023, the amount of \$1,500,000.00 is appropriated from the General Fund to the Department of Labor to implement the Vermont Work-

Based Learning and Training Program created in Sec. 11 of this act. Of this amount, the Department may use not more than \$100,000.00 for the cost of administration.

Sec. 13. SECONDARY STUDENT INDUSTRY-RECOGNIZED

CREDENTIAL PILOT PROJECT

(a) Pilot Project creation. The Department of Labor, in consultation with the Agency of Education, shall design and implement the Secondary Student Industry-Recognized Credential Pilot Project to provide funding for an eligible secondary student to take an eligible adult career and technical education course.

(b) Eligible courses. A course is eligible for the Pilot Project if it is:

(1) offered at a regional CTE center, as defined in 16 V.S.A. § 1522(4), and qualifies as adult career technical education or postsecondary career technical education, as defined in 16 V.S.A. § 1522(11) and (12);

(2) offered during the summer, evening or weekend while secondary school is in session or during the summer; and

(3) included as an element of the student's personalized learning plan and reasonably related to the student's career goals.

(c) Eligible student. A student is eligible for the Pilot Project if:

(1) the student is a Vermont resident attending a Vermont public school or an independent secondary school that is eligible for public funding;

(2) the student has completed grade 11 and has not received a high school diploma; and

(3) the student's secondary school and the regional CTE center determine that the student:

(A) is prepared to succeed in the course;

(B) meets the prerequisites for the course; and

(C) has exhausted other sources of available funding prior to submitting an application.

(d) Administration.

(1) Not later than 30 days after the effective date of this section, the Department of Labor, in consultation with the Agency of Education, shall develop and make available an application for funding that includes:

(A) student's enrollment status;

- (B) course information;
 - (C) a copy of the student's personalized learning plan;
 - (D) attestation that the secondary and adult career technical education programs find the program of study appropriate for the student;
 - (E) description of federal and local funding sources that were explored but insufficient or unavailable for use by the student; and
 - (F) other information the Department requires to determine eligibility.
- (2) A student's secondary school shall timely complete and submit an application to the Department of Labor on behalf of the student.
- (3) The Department of Labor shall:
- (A) review the application and, if appropriate, meet with the student to determine eligibility for existing federal and State programs, including WIOA Title I Youth (in-school) and the Vermont Youth Employment Program; and
 - (B) provide a copy of the application to the Agency of Education, which shall determine whether Agency funding is available and notify the Department of its determination within 10 business days.
- (4) The Department shall provide funding for the tuition cost for one course to eligible students on a first-come, first-served basis:
- (A) from State or federal sources that are available through the Department or Agency; or
 - (B) if funding is unavailable from those sources, from the amounts available in the Department's fiscal year 2023 budget, not to exceed \$100,000.00.
- (5) For students who meet annual low-income qualifications under the Workforce Innovation and Opportunity Act, the Department may provide funds to purchase books, supplies, exam fees, and equipment.
- (6) A regional CTE center shall not receive more than \$20,000.00 through the program in each fiscal year.
- (e) Regional CTE center report. The Department of Labor shall require a report from each regional CTE center providing information to support the Department's reporting requirements in subsections (f) and (g) of this section.
- (f) Interim Report. The Department of Labor and Agency of Education shall report to the House and Senate Committees on Education, the House Committee on Commerce and Economic Development, and the Senate

Committee on Economic Development, Housing and General Affairs on or before the January 15, 2023 regarding the use of funds, including data relating to student circumstances, levels of participation, and how local school districts are able or unable to meet the career preparation and training needs of secondary students using the program.

(g) Final report. The Department of Labor and Agency of Education shall report to the House and Senate Committees on Education, the House Committee on Commerce and Economic Development, the Senate Committee on Economic Development, Housing and General Affairs, the House Committee on Ways and Means, and the Senate Committee on Finance within 45 days following the end of the fiscal year or exhaustion of funds, whichever comes first, regarding the use of funds, including data relating to the number of participants, student circumstances, levels of participation, what certifications were issued, how local school districts are able or unable to meet the career preparation and training needs of secondary students using the program, and recommendations on how to address gaps in access and funding for secondary students seeking professional certifications not offered through the secondary education system.

Sec. 14. THE VERMONT TRADES SCHOLARSHIP PROGRAM

(a) The Vermont Trades Scholarship Program is created and shall be administered by the Vermont Student Assistance Corporation. The Vermont Student Assistance Corporation shall disburse initial licensing fees, exam fees, and tuition payments under the Program on behalf of eligible individuals, subject to the appropriation of funds by the General Assembly for this purpose.

(b) To be eligible for a scholarship under the Program, an individual, whether a resident or nonresident, shall:

(1) be enrolled in an industry-recognized training and certification program that leads to initial employment or career advancement in a building, mechanical, industrial, or medical trade; emergency services, including paramedics; energy, including clean energy, energy efficiency, or weatherization; transportation, including clean transportation; broadband; robotics; or other high-demand sector;

(2) demonstrate financial need;

(3) register with the Vermont Department of Labor for the purpose of receiving relevant job referrals, if unemployed; and

(4) agree to work in their profession in Vermont for a minimum of one year following licensure or certification completion for each year of scholarship awarded.

(c)(1) The Corporation shall give preference to students attending a Vermont-based training program or, if one isn't available for their certification, an offer of employment or promotion from a Vermont employer upon completion.

(2) The Corporation shall give priority to applicants who have not received other assistance.

(d) There shall be no deadline to apply for a scholarship under this section. Scholarships shall be awarded on a rolling basis if funds are available, and any funds remaining at the end of a fiscal year shall roll over and shall be available to the Vermont Student Assistance Corporation in the following fiscal year to award additional scholarships as set forth in this section.

(e) In fiscal year 2023, the amount of \$3,000,000.00 is appropriated from the General Fund to the Vermont Student Assistance Corporation for scholarships for trade students under the Vermont Trades Scholarship Program.

Sec. 15. EMERGENCY MEDICAL SERVICES; OUTREACH

(a) The Department of Health, the Department of Labor, and the Vermont Student Assistance Corporation shall coordinate outreach efforts to ensure that emergency service personnel are aware of, and able to access, the opportunities for professional development available through programs in this act.

(b) On or before January 15, 2023, the Department of Health, in consultation with the Department of Labor, shall submit to the House Committees on Commerce and Economic Development, on Health Care, and on Appropriations and to the Senate Committees on Economic Development, Housing and General Affairs, on Health and Welfare, and on Appropriations a proposal for a sustainable funding model to provide financial, education, and workforce development support to emergency medical service professionals.

Sec. 16. CTE CONSTRUCTION AND REHABILITATION

EXPERIENTIAL LEARNING PROGRAM; REVOLVING LOAN FUND

(a) Purpose. This section authorizes and provides funding for the CTE Construction and Rehabilitation Experiential Learning Program and Revolving Loan Fund, the purposes of which are to:

(1) expand the experiential and educational opportunities for high school and adult CTE students to work directly on construction projects;

(2) build community partnerships among CTE centers, housing organizations, government, and private businesses;

(3) beautify communities and rehabilitate buildings that are underperforming assets;

(4) expand housing access to Vermonters in communities throughout the State; and

(5) improve property values while teaching high school and adult students trade skills.

(b) Appropriation; creation of fund; administration.

(1) In fiscal year 2023, the amount of \$15,000,000.00 is appropriated from the Education Fund to the Vermont Housing and Conservation Board to create and administer the CTE Construction and Rehabilitation Experiential Learning Program and Revolving Loan Fund pursuant to this section.

(2) The Board may use not more than five percent of the Fund for its costs of administration.

(c) Proposals; applications; funding.

(1) A regional CTE center, working in collaboration with one or more housing and community partners, private businesses, nonprofit organizations, or municipalities, shall identify construction projects that would be relevant and appropriate for CTE students enrolled in construction, electrical, plumbing, design, business management, or other CTE programs, including:

(A) rehabilitation of residential properties that are blighted or not code-compliant;

(B) new residential construction projects or improvements to land in cases of critical community need; and

(C) commercial construction projects that have substantial community benefit.

(2) Prior to or during the application process, a CTE center and its partners shall consult with the Board to identify and consider potential funding partners to leverage amounts available through the Fund.

(3) A CTE center and its partners shall apply to the Board for funding by submitting a project application that includes the information required by the Board and addresses the following:

(A) the educational benefits for students and fit with the CTE curriculum;

(B) the community benefits for the neighborhood, municipality, or region in which the project is located; and

(C) the partners with whom the CTE center is collaborating and the respective responsibility for the aspects of a project, including:

- (i) educational instruction and academic credit;
- (ii) project management;
- (iii) insurance coverage for students and the property;
- (iv) compensation and benefits, including compliance with labor laws, standards, and practices; and
- (v) property acquisition, ownership, and transfer.

(4) A CTE center may use funding for, and shall specify in its application the allocation of costs associated with:

(A) acquisition, design, permitting, construction, marketing, and other building-related expenses; and

(B) costs for labor, including for student wages and for instructor compensation during the academic year as well as for summer or other work that is not otherwise budgeted during the academic year.

(d) Eligibility; review; approval. The Board may approve an application that includes the information required by subsection (c) of this section and provide funding for a project that meets the following eligibility criteria:

(1) The project involves the rehabilitation of blighted or otherwise noncode compliant property, or new residential construction projects or improvements to land in cases of critical need, and results in a building with not more than four residential dwelling units.

(2) The project includes a weatherization component.

(3) Students working on the project receive academic credit, a competitive wage, or both.

(e) Affordability; flexibility. If appropriate in the circumstances, the Board shall condition funding for a project on the inclusion of one or mechanisms addressing the affordability of the property upon rent or sale.

(f) Funding; proceeds; revolving loans. The Board shall provide funding for projects from the amounts available in the Fund in the form of zero-interest loans, in an amount, for a period, and upon terms specified by the Board, including how CTE center costs, profits, and losses are accounted.

(g) Report. The Board shall address the implementation of this section in its annual report to the General Assembly.

Secs. 17–18. [Deleted.]

Sec. 19. HEALTH CARE WORKFORCE; LEGISLATIVE INTENT

(a) The General Assembly values all health care workers, at every level and in each component of the health care system. The General Assembly also acknowledges the many struggles faced by health care workers and that the pandemic has placed further strain on an already taxed system. Many health care workers have not had their pay adjusted over time to address increases in the cost of living, essentially amounting to pay cuts from year to year. Health care workers have experienced burnout, trauma, and moral injuries due to a history of underfunding and the present stress of the pandemic. In addition, the combination of the pandemic and continued health care workforce shortages has created an unsustainable reliance on traveling nurses that must be addressed.

(b) In order to retain and recruit health care workers in Vermont, it is the intent of the General Assembly to invest in multiple solutions aimed at reinforcing our health care workforce in the present and sustaining our health care workers into the future.

Sec. 20. EMERGENCY GRANTS TO SUPPORT NURSE FACULTY AND STAFF

(a) In fiscal year 2023, the amount of \$2,000,000.00 is appropriated from the American Rescue Plan Act (ARPA) – Coronavirus State Fiscal Recovery Funds to the Department of Health and shall carry forward for the purpose of providing emergency interim grants to Vermont's nursing schools over three years to increase the compensation for their nurse faculty and staff, with equal amounts to be distributed in each of fiscal years 2023, 2024, and 2025 to increase the compensation for each full-time-equivalent (FTE) member of the clinical and didactic nurse faculty and staff. The Department shall distribute the funds among the nursing schools in Vermont equitably based on each school's proportion of nursing faculty and staff to the total number of FTE nursing faculty and staff across all nursing schools statewide.

(b) If the nurse faculty or staff, or both, of a nursing school receiving a grant under this section are subject to a collective bargaining agreement, the use of the grant funds provided to the nursing school for those faculty or staff, or both, shall be subject to impact bargaining between the nursing school and the collective bargaining representative of the nurse faculty or staff, or both, to the extent required by the applicable collective bargaining agreement.

Sec. 21. NURSE PRECEPTOR INCENTIVE GRANTS; HOSPITALS;
WORKING GROUP; REPORT

(a)(1) In fiscal year 2023, the amount of \$400,000.00 is appropriated from the American Rescue Plan Act (ARPA) – Coronavirus State Fiscal Recovery Funds to the Agency of Human Services to provide incentive grants to nurses employed by critical access hospitals in Vermont for serving as preceptors for nursing students enrolled in Vermont nursing school programs. The Agency shall distribute the funds to critical access hospitals employing nurses who provide student preceptor supervision based on the number of preceptor hours to be provided, at a rate of \$5.00 per preceptor hour, or a lesser hourly rate if the need exceeds the available funds. The Agency shall prioritize funding for hospitals that provide matching funds for additional preceptor compensation or that commit to providing future compensation and support to expanding the number of preceptors.

(2) If nurse preceptors receiving compensation pursuant to a grant awarded to a hospital under this section are subject to a collective bargaining agreement, the use of the grant funds provided to the hospital for the nurse preceptors shall be subject to impact bargaining between the hospital and the collective bargaining representative of the nurses to the extent required by the collective bargaining agreement.

(b)(1) The Director of Health Care Reform or designee in the Agency of Human Services shall convene a working group of stakeholders representing nursing schools, the Vermont Area Health Education Centers, long-term care facilities, designated and specialized service agencies, federally qualified health centers, home health agencies, primary care practices, hospitals, and other health care facilities to:

(A) identify ways to increase clinical placement opportunities across a variety of health care settings for nursing students enrolled in Vermont nursing school programs, including exploring opportunities for participation through remote means;

(B) establish sustainable funding models for compensating nurses serving as preceptors or for supporting the hiring of additional nurses to alleviate the pressures on nurse preceptors, or both; and

(C) develop an action plan for implementing the clinical placement expansion and sustainable funding models identified and established pursuant to subdivisions (A) and (B) of this subdivision (1), including addressing the need for student housing opportunities.

(2) On or before January 15, 2023, the Director of Health Care Reform shall provide the working group's action plan and any recommendations for

legislative action to the House Committees on Health Care, on Commerce and Economic Development, and on Appropriations and the Senate Committees on Health and Welfare, on Economic Development, Housing and General Affairs, and on Appropriations.

Sec. 22. HEALTH CARE EMPLOYER NURSING PIPELINE AND
APPRENTICESHIP PROGRAM

(a) In fiscal year 2023, the amount of \$2,500,000.00 is appropriated from the American Rescue Plan Act (ARPA) – Coronavirus State Fiscal Recovery Funds to the Agency of Human Services and shall carry forward for the purpose of providing grants to health care employers, including hospitals, long-term care facilities, designated and specialized service agencies, federally qualified health centers, and other health care providers, to establish or expand partnerships with Vermont nursing schools to create nursing pipeline or apprenticeship programs, or both, that will train members of the health care employers' existing staff, including personal care attendants, licensed nursing assistants, and licensed practical nurses, to become higher-level nursing professionals. Through a combination of scholarship awards, grants awarded to health care employers pursuant to this section, and the health care employer's contributions, the trainees' tuition and fees shall be covered in full, and trainees shall be provided with assistance in meeting their living costs, such as housing and child care, while attending the program.

(b) In awarding grants pursuant to this section, the Agency of Human Services shall give priority to health care employer proposals based on the following criteria:

(1) the extent to which the health care employer proposes to participate financially in the program;

(2) the extent of the health care employer's commitment to sustaining the program financially, including providing financial support for nurse preceptors, to create ongoing opportunities for educational advancement in nursing;

(3) the ability of the health care employer's staff to leverage nursing scholarship opportunities to maximize the reach of the grant funds;

(4) the employer's demonstrated ability to retain nursing students in the Vermont nursing workforce;

(5) the employer's geographic location, in order to ensure access to pipeline and apprenticeship programs for nursing staff across Vermont; and

(6) the employer's commitment to advancing the professional development of individuals from marginalized communities, especially those

that have been historically disadvantaged in accessing educational opportunities and career advancement in the health care professions.

(c)(1) The Agency of Human Services shall begin awarding grants under this section expeditiously in order to enable health care employer staff to begin enrolling in nursing school programs that commence in the fall of 2022.

(2) On or before September 15, 2022, the Agency of Human Services shall provide an update to the Health Reform Oversight Committee on the status of program implementation.

Sec. 23. 18 V.S.A. § 34 is added to read:

§ 34. VERMONT NURSING FORGIVABLE LOAN INCENTIVE
PROGRAM

(a) As used in this section:

(1) “Corporation” means the Vermont Student Assistance Corporation established in 16 V.S.A. § 2821.

(2) “Eligible individual” means an individual who satisfies the eligibility requirements under this section for a forgivable loan.

(3) “Eligible school” means an approved postsecondary education institution, as defined under 16 V.S.A. § 2822.

(4) “Forgivable loan” means a loan awarded under this section covering tuition, which may also include room, board, and the cost of required books and supplies for up to full-time attendance at an eligible school.

(5) “Program” means the Vermont Nursing Forgivable Loan Incentive Program created under this section.

(b) The Vermont Nursing Forgivable Loan Incentive Program is created and shall be administered by the Department of Health in collaboration with the Corporation. The Program provides forgivable loans to students enrolled in an eligible school who commit to working as a nurse in this State and who meet the eligibility requirements in subsection (d) of this section.

(c) The Corporation shall disburse forgivable loan funds under the Program on behalf of eligible individuals, subject to the appropriation of funds by the General Assembly for this purpose.

(d) To be eligible for a forgivable loan under the Program, an individual, whether a resident or nonresident, shall satisfy all of the following requirements:

(1) be enrolled at a nursing program at an eligible school;

(2) maintain good standing at the eligible school at which the individual is enrolled;

(3) agree to work as a nurse in Vermont employed directly by a Vermont health care provider for a minimum of one year following licensure for each year of forgivable loan awarded;

(4) have executed a credit agreement or promissory note that will reduce the individual's forgivable loan benefit, in whole or in part, pursuant to subsection (g) of this section, if the individual fails to complete the period of service required in this subsection;

(5) have completed the Program's application form, the Free Application for Federal Student Aid (FAFSA), and the Vermont grant application each academic year of enrollment in accordance with a schedule determined by the Corporation; and

(6) have provided such other documentation as the Corporation may require.

(e)(1) First priority for forgivable loan funds shall be given to students pursuing a practical nursing certificate who will be eligible to sit for the NCLEX-PN examination upon completion of the certificate.

(2) Second priority for forgivable loan funds shall be given to students pursuing an associate's degree in nursing who will be eligible to sit for the NCLEX-RN examination upon graduation.

(3) Third priority for forgivable loan funds shall be given to students pursuing a bachelor of science degree in nursing.

(4) Fourth priority shall be given to students pursuing graduate nursing education.

(f) In addition to the priorities established in subsection (e) of this section, students attending an eligible school in Vermont shall receive first priority for forgivable loans.

(g)(1) If an eligible individual fails to serve as a nurse in this State for a period that would entitle the individual to the full forgivable loan benefit received by the individual, other than for good cause as determined by the Corporation in consultation with the Vermont Department of Health, then the individual shall receive only partial loan forgiveness for a pro rata portion of the loan pursuant to the terms of the interest-free credit agreement or promissory note signed by the individual at the time of entering the Program.

(2) Employment as a traveling nurse shall not be construed to satisfy the service commitment required for a forgivable loan under this section.

(h) There shall be no deadline to apply for a forgivable loan under this section. Forgivable loans shall be awarded on a rolling basis as long as funds are available, and any funds remaining at the end of a fiscal year shall roll over and shall be available to the Department of Health and the Corporation in the following fiscal year to award additional forgivable loans as set forth in this section.

(i) The Corporation shall adopt policies, procedures, and guidelines necessary to implement the provisions of this section, including maximum forgivable loan amounts.

Sec. 24. EDUCATIONAL ASSISTANCE FOR NURSING STUDENTS;

TRANSITION; REPEAL

(a) The Vermont Nursing Forgivable Loan Incentive Program established in 18 V.S.A. § 34 by Sec. 23 of this act is intended to be the continuation of the program set forth in 2020 Acts and Resolves No. 155, Sec. 5 and the successor to the program originally established in 18 V.S.A. § 31.

(b) 18 V.S.A. § 31 (educational assistance; incentives; nurses) is repealed.

Sec. 25. VERMONT NURSING FORGIVABLE LOAN INCENTIVE

PROGRAM; APPROPRIATION

(a) In fiscal year 2023, the amount of \$227,169.00 in Global Commitment funds is appropriated to the Department of Health for forgivable loans for nursing students under the Vermont Nursing Forgivable Loan Incentive Program established in 18 V.S.A. § 34 by Sec. 23 of this act.

(b) In fiscal year 2023, the amount of \$100,00.00 is appropriated from the General Fund to the Agency of Human Services, Global Commitment appropriation for the State match for the Vermont Nursing Forgivable Loan Incentive Program established in 18 V.S.A. § 34 by Sec. 23 of this act.

(c) In fiscal year 2023, \$127,169.00 in federal funds is appropriated to the Agency of Human Services, Global Commitment appropriation for the Vermont Nursing Forgivable Loan Incentive Program established in 18 V.S.A. § 34 by Sec. 23 of this act.

Sec. 26. 18 V.S.A. § 35 is added to read:

§ 35. VERMONT HEALTH CARE PROFESSIONAL LOAN REPAYMENT
PROGRAM

(a) As used in this section:

(1) “AHEC” means the Vermont Area Health Education Centers program.

(2) “Eligible individual” means an individual who satisfies the eligibility requirements for loan repayment under this section.

(3) “Eligible school” means an approved postsecondary education institution, as defined under 16 V.S.A. § 2822.

(4) “Loan repayment” means the cancellation and repayment of loans under this section.

(5) “Loans” means education loans guaranteed, made, financed, serviced, or otherwise administered by an accredited educational lender for attendance at an eligible school.

(6) “Program” means the Vermont Health Care Professional Loan Repayment Program created under this section.

(b) The Vermont Health Care Professional Loan Repayment Program is created and shall be administered by the Department of Health in collaboration with AHEC. The Program provides loan repayment on behalf of individuals who live and work in this State as a nurse, physician assistant, medical technician, child psychiatrist, or primary care provider and who meet the eligibility requirements in subsection (d) of this section.

(c) The loan repayment benefits provided under the Program shall be paid on behalf of the eligible individual by AHEC, subject to the appropriation of funds by the General Assembly for this purpose.

(d) To be eligible for loan repayment under the Program, an individual shall satisfy all of the following requirements:

(1) have graduated from an eligible school where the individual was awarded a degree in nursing, physician assistant studies, medicine, osteopathic medicine, or naturopathic medicine, or a two- or four-year degree that qualifies the individual to be a medical technician;

(2) work in this State as a nurse, physician assistant, medical technician, child psychiatrist, or primary care provider; and

(3) be a resident of Vermont.

(e)(1) An eligible individual shall be entitled to an amount of loan cancellation and repayment under this section equal to one year of loans for each year of service as a nurse, physician assistant, medical technician, child psychiatrist, or primary care provider in this State. Employment as a traveling nurse shall not be construed to satisfy the service commitment required for loan repayment under this section.

(2) AHEC shall award loan repayments in amounts that are sufficient to attract high-quality candidates while also making a meaningful increase in Vermont's health care professional workforce.

Sec. 27. VERMONT HEALTH CARE PROFESSIONAL LOAN

REPAYMENT PROGRAM; APPROPRIATION

(a) In fiscal year 2023, the amount of \$2,000,000.00 is appropriated from the American Rescue Plan Act (ARPA) – Coronavirus State Fiscal Recovery Funds to the Department of Health for loan repayment for nurses and physician assistants under the Vermont Health Care Professional Loan Repayment Program established in Sec. 26 of this act.

(b) In fiscal year 2023, the amount of \$500,000.00 is appropriated from the American Rescue Plan Act (ARPA) – Coronavirus State Fiscal Recovery Funds to the Department of Health for loan repayment for medical technicians, child psychiatrists, and primary care providers under the Vermont Health Care Professional Loan Repayment Program established in Sec. 26 of this act. If any funds remain in the appropriation pursuant to subsection (a) of this section after the needs of all eligible nurse and physician assistant applicants have been met, the Department may use those funds in fiscal year 2023 for additional loan repayment for medical technicians, child psychiatrists, and primary care providers under the Program.

Sec. 28. 18 V.S.A. § 36 is added to read:

§ 36. NURSE FACULTY FORGIVABLE LOAN INCENTIVE PROGRAM

(a) As used in this section:

(1) "Corporation" means the Vermont Student Assistance Corporation established in 16 V.S.A. § 2821.

(2) "Eligible individual" means an individual who satisfies the eligibility requirements under this section for a forgivable loan.

(3) "Eligible school" means an approved postsecondary education institution, as defined under 16 V.S.A. § 2822.

(4) "Forgivable loan" means a loan awarded under this section covering tuition, which may also cover room, board, and the cost of required books and supplies for up to full-time attendance at an eligible school.

(5) "Nurse faculty member" or "member of the nurse faculty" means an individual with a master's or doctoral degree that qualifies the individual to teach at a nursing school in this State.

(6) “Program” means the Nurse Faculty Forgivable Loan Program created under this section.

(b) The Nurse Faculty Forgivable Loan Program is created and shall be administered by the Department of Health in collaboration with the Corporation. The Program provides forgivable loans to students enrolled in an eligible school who commit to working as a member of the nurse faculty at a nursing school in this State and who meet the eligibility requirements in subsection (d) of this section.

(c) The Corporation shall disburse forgivable loan funds under the Program on behalf of eligible individuals, subject to the appropriation of funds by the General Assembly for this purpose.

(d) To be eligible for a forgivable loan under the Program, an individual, whether a resident or nonresident, shall satisfy all of the following requirements:

(1) be enrolled at an eligible school in a program that leads to a graduate degree in nursing;

(2) maintain good standing at the eligible school at which the individual is enrolled;

(3) agree to work as a member of the nurse faculty at a nursing school in Vermont for a minimum of one year following licensure for each year of forgivable loan awarded;

(4) have executed a credit agreement or promissory note that will reduce the individual’s forgivable loan benefit, in whole or in part, pursuant to subsection (e) of this section if the individual fails to complete the period of service required in subdivision (3) of this subsection;

(5) have completed the Program’s application form and the Free Application for Federal Student Aid (FAFSA), in accordance with a schedule determined by the Corporation; and

(6) have provided such other documentation as the Corporation may require.

(e) If an eligible individual fails to serve as a nurse faculty member at a nursing school in this State for a period that would entitle the individual to the full forgivable loan benefit received by the individual, other than for good cause as determined by the Corporation in consultation with the Vermont Department of Health, then the individual shall receive only partial loan forgiveness for a pro rata portion of the loan pursuant to the terms of the interest-free reimbursement promissory note signed by the individual at the time of entering the Program.

(f) The Corporation shall adopt policies, procedures, and guidelines necessary to implement the provisions of this section, including maximum forgivable loan amounts.

Sec. 29. NURSE FACULTY FORGIVABLE LOAN PROGRAM;

APPROPRIATION

In fiscal year 2023, the amount of \$500,000.00 is appropriated from the American Rescue Plan Act (ARPA) – Coronavirus State Fiscal Recovery Funds to the Department of Health for forgivable loans for nurse faculty members under the Nurse Faculty Forgivable Loan Program established in Sec. 28 of this act.

Sec. 29a. 18 V.S.A. § 37 is added to read:

§ 37. NURSE FACULTY LOAN REPAYMENT PROGRAM

(a) As used in this section:

(1) “AHEC” means the Vermont Area Health Education Centers program.

(2) “Eligible individual” means an individual who satisfies the eligibility requirements under this section for loan repayment.

(3) “Eligible school” means an approved postsecondary education institution, as defined under 16 V.S.A. § 2822.

(4) “Loan repayment” means the cancellation and repayment of loans under this section.

(5) “Loans” means education loans guaranteed, made, financed, serviced, or otherwise administered by an accredited educational lender for attendance at an eligible school.

(6) “Nurse faculty member” or “member of the nurse faculty” means a nurse with a master’s or doctoral degree that qualifies the individual to teach at a nursing school in this State.

(7) “Program” means the Nurse Faculty Loan Repayment Program created under this section.

(b) The Nurse Faculty Loan Repayment Program is created and shall be administered by the Department of Health in collaboration with AHEC. The Program provides loan repayment on behalf of individuals who work as nurse faculty members at a nursing school in this State and who meet the eligibility requirements in subsection (d) of this section.

(c) The loan repayment benefits provided under the Program shall be paid on behalf of the eligible individual by AHEC, subject to the appropriation of funds by the General Assembly for this purpose.

(d) To be eligible for loan repayment under the Program, an individual shall satisfy all of the following requirements:

(1) graduated from an eligible school where the individual was awarded a graduate degree in nursing;

(2) work as a member of the nurse faculty at a nursing school in this State; and

(3) be a resident of Vermont.

(e) An eligible individual shall be entitled to an amount of loan cancellation and repayment under this section equal to one year of loans for each year of service as a member of the nurse faculty at a nursing school in this State.

Sec. 29b. NURSE FACULTY LOAN REPAYMENT PROGRAM;

APPROPRIATION

In fiscal year 2023, the amount of \$500,000.00 is appropriated from the American Rescue Plan Act (ARPA) – Coronavirus State Fiscal Recovery Funds to the Department of Health for loan repayment for nurse faculty members under the Nurse Faculty Loan Repayment Program established in Sec. 29a of this act.

Sec. 29c. 18 V.S.A. § 38 is added to read:

§ 38. VERMONT MENTAL HEALTH PROFESSIONAL FORGIVABLE
LOAN INCENTIVE PROGRAM

(a) As used in this section:

(1) “Corporation” means the Vermont Student Assistance Corporation established in 16 V.S.A. § 2821.

(2) “Eligible individual” means an individual who satisfies the eligibility requirements under this section for a forgivable loan.

(3) “Eligible school” means an approved postsecondary education institution, as defined under 16 V.S.A. § 2822.

(4) “Forgivable loan” means a loan awarded under this section covering tuition, which may also cover room, board, and the cost of required books and supplies for up to full-time attendance at an eligible school.

(5) “Program” means the Vermont Mental Health Professional Forgivable Loan Incentive Program created under this section.

(b) The Vermont Mental Health Professional Forgivable Loan Incentive Program is created and shall be administered by the Department of Health in collaboration with the Corporation. The Program provides forgivable loans to students enrolled in a master’s program at an eligible school who commit to working as a mental health professional in this State and who meet the eligibility requirements in subsection (d) of this section.

(c) The Corporation shall disburse forgivable loan funds under the Program on behalf of eligible individuals, subject to the appropriation of funds by the General Assembly for this purpose.

(d) To be eligible for a forgivable loan under the Program, an individual, whether a resident or nonresident, shall satisfy all of the following requirements:

(1) be enrolled at an eligible school in a program, whether through in-person or remote instruction, that leads to a master’s degree in a mental health field;

(2) maintain good standing at the eligible school at which the individual is enrolled;

(3) agree to work as a mental health professional in Vermont for a minimum of one year following licensure for each year of forgivable loan awarded;

(4) have executed a credit agreement or promissory note that will reduce the individual’s forgivable loan benefit, in whole or in part, pursuant to subsection (e) of this section, if the individual fails to complete the period of service required in subdivision (3) of this subsection;

(5) have completed the Program’s application form and the Free Application for Federal Student Aid (FAFSA), in accordance with a schedule determined by the Corporation; and

(6) have provided such other documentation as the Corporation may require.

(e)(1) First priority for forgivable loans shall be given to students attending an eligible school in the Vermont State Colleges System.

(2) Second priority for forgivable loans shall be given to students attending another eligible school in Vermont.

(f) If an eligible individual fails to serve as a mental health professional in this State in compliance with the Program for a period that would entitle the

individual to the full forgivable loan benefit received by the individual, other than for good cause as determined by the Corporation in consultation with the Vermont Department of Health, then the individual shall receive only partial loan forgiveness for a pro rata portion of the loan pursuant to the terms of the interest-free reimbursement promissory note signed by the individual at the time of entering the Program.

(g) The Corporation shall adopt policies, procedures, and guidelines necessary to implement the provisions of this section, including maximum forgivable loan amounts.

Sec. 29d. VERMONT MENTAL HEALTH PROFESSIONAL
FORGIVABLE LOAN INCENTIVE PROGRAM;
APPROPRIATION

In fiscal year 2023, the amount of \$1,500,000.00 is appropriated from the American Rescue Plan Act (ARPA) – Coronavirus State Fiscal Recovery Funds to the Department of Health for forgivable loans under the Vermont Mental Health Professional Forgivable Loan Incentive Program established in Sec. 29c of this act.

Sec. 29e. AGENCY OF HUMAN SERVICES; DESIGNATED AND
SPECIALIZED SERVICE AGENCIES; WORKFORCE
DEVELOPMENT

(a) In fiscal year 2023, the amount of \$1,250,000.00 is appropriated from the American Rescue Plan Act (ARPA) – Coronavirus State Fiscal Recovery Funds to the Agency of Human Services to be distributed to the designated and specialized service agencies equitably based on each agency's proportion of full-time-equivalent (FTE) mental health and substance use disorder treatment staff to the total number of FTE mental health and substance use disorder treatment staff across all designated and specialized service agencies statewide. The designated and specialized service agencies shall use these funds for loan repayment and tuition assistance to promote the recruitment and retention of high-quality mental health and substance use disorder treatment professionals available to Vermont residents in need of their services, as set forth in subsection (b) of this section.

(b)(1) Each designated and specialized service agency shall make the funds received pursuant to subsection (a) of this section available to its current and prospective employees as set forth in subdivisions (A) and (B) of this subdivision (1) on a rolling basis in exchange for a one-year service obligation to provide mental health services or substance use disorder treatment services,

or both, at a designated or specialized service agency in this State. The funds may be used for the following purposes:

(A) loan repayment for master's-level clinicians, bachelor's-level direct service staff, and nurses; and

(B) tuition assistance for individuals pursuing degrees to become master's-level clinicians, bachelor's-level direct service staff, and nurses.

(2) Loan repayment and tuition assistance funds shall be available to the current and prospective employees of designated and specialized service agencies in the form of forgivable loans, with the debt forgiven upon the employee's completion of the required service obligation.

(c) On or before March 1, 2023, the Agency of Human Services shall make a presentation available to the House Committees on Appropriations, on Health Care, and on Human Services and the Senate Committees on Appropriations and on Health and Welfare on the use of the funds appropriated in this section.

Sec. 30. 18 V.S.A. § 9456 is amended to read:

§ 9456. BUDGET REVIEW

(a) The Board shall conduct reviews of each hospital's proposed budget based on the information provided pursuant to this subchapter and in accordance with a schedule established by the Board.

(b) In conjunction with budget reviews, the Board shall:

* * *

(10) require each hospital to provide information on administrative costs, as defined by the Board, including specific information on the amounts spent on marketing and advertising costs; ~~and~~

(11) require each hospital to create or maintain connectivity to the State's Health Information Exchange Network in accordance with the criteria established by the Vermont Information Technology Leaders, Inc., pursuant to subsection 9352(i) of this title, provided that the Board shall not require a hospital to create a level of connectivity that the State's Exchange is unable to support;

(12) review the hospital's investments in workforce development initiatives, including nursing workforce pipeline collaborations with nursing schools and compensation and other support for nurse preceptors; and

(13) consider the salaries for the hospital's executive and clinical leadership and the hospital's salary spread, including a comparison of median salaries to the medians of northern New England states.

* * *

Sec. 31. GREEN MOUNTAIN CARE BOARD; FISCAL YEAR 2023
HOSPITAL BUDGET REVIEW; NURSING WORKFORCE
DEVELOPMENT INITIATIVES

For hospital fiscal year 2023, the Green Mountain Care Board may exclude all or a portion of a hospital's investments in nursing workforce development initiatives from any otherwise applicable financial limitations on the hospital's budget or budget growth. Notwithstanding any provision of GMCB Rule 3.202, the Board may modify its hospital budget guidance for hospital fiscal year 2023 as needed to comply with this section.

Sec. 32. AGENCY OF HUMAN SERVICES; HEALTH CARE
WORKFORCE DATA CENTER

(a) In fiscal year 2023, the amount of \$750,000.00 is appropriated from the American Rescue Plan Act (ARPA) – Coronavirus State Fiscal Recovery Funds to the Office of Health Care Reform in the Agency of Human Services to enable the Agency to establish and operate the statewide Health Care Workforce Data Center. In order to enhance the State's public health data systems, respond to the COVID-19 public health emergency, and improve the State's COVID-19 mitigation and prevention efforts, the Center shall collect health care workforce data, shall collaborate with the Director of Health Care Reform to identify and propose solutions to address data gaps, and shall share the data with the Green Mountain Care Board as appropriate to inform the Board's Health Resource Allocation Plan responsibilities pursuant to 18 V.S.A. § 9405.

(b) The Center shall use existing statewide information to the extent practicable to avoid imposing administrative burdens on health care providers and to avoid duplication of efforts underway elsewhere in Vermont. The Center shall expand its data collection practices over two years to include all levels of the health care workforce, beginning with the highest-level licensed health care professionals.

(c) In order to ensure the Center has access to accurate and timely health care workforce data, the Center:

(1) shall have the cooperation of other State agencies and departments in responding to the Center's requests for information;

(2) may enter into data use agreements with institutions of higher education and other public and private entities, to the extent permitted under State and federal law; and

(3) may collect vacancy and turnover information from health care employers.

(d) One permanent classified Health Care Workforce Data Center Manager position is created in the Agency of Human Services, Office of Health Care Reform in fiscal year 2023 to manage the Health Care Workforce Data Center created pursuant to this section.

(e) The Agency of Human Services may include proposals for additional funding or data access, or both, for the Center as part of the Agency's fiscal year 2024 budget request.

Sec. 33. [Deleted.]

Sec. 34. AGENCY OF HUMAN SERVICES; POSITION;
APPROPRIATION

(a) One classified, three-year limited-service Health Care Workforce Coordinator position is created in the Agency of Human Services, Office of Health Care Reform in fiscal year 2023 to support the health care workforce initiatives set forth in this act and in the Health Care Workforce Development Strategic Plan. The Coordinator shall focus on building educational, clinical, and housing partnerships and support structures to increase and improve health care workforce training, recruitment, and retention.

(b) In fiscal year 2023, the amount of \$170,000.00 is appropriated from the American Rescue Plan Act (ARPA) – Coronavirus State Fiscal Recovery Funds to the Agency of Human Services, Office of Health Care Reform for the Health Care Workforce Coordinator position, of which \$120,000.00 is for personal services and \$50,000.00 is for operating expenses.

Sec. 35. DEPARTMENT OF LABOR; GREEN MOUNTAIN CARE

BOARD; SUPPLY AND DEMAND MODELING

On or before January 15, 2023, the Department of Labor, in collaboration with the Green Mountain Care Board, shall explore and recommend to the House Committees on Health Care, on Human Services, and on Commerce and Economic Development and the Senate Committees on Health and Welfare and on Economic Development, Housing and General Affairs a process, methodology, and necessary funding amounts to establish and maintain the capacity to perform health care supply and demand modeling based on information in the Health Care Workforce Data Center, for use by health care employers, health care educators, and policymakers.

Sec. 36. DEPARTMENT OF FINANCIAL REGULATION; GREEN
MOUNTAIN CARE BOARD; PRIOR AUTHORIZATIONS;
ADMINISTRATIVE COST REDUCTION; REPORT

(a) The Department of Financial Regulation shall explore the feasibility of requiring health insurers and their prior authorization vendors to access clinical data from the Vermont Health Information Exchange whenever possible to support prior authorization requests in situations in which a request cannot be automatically approved.

(b) The Department of Financial Regulation shall direct health insurers to provide prior authorization information to the Department in a format required by the Department in order to enable the Department to analyze opportunities to align and streamline prior authorization request processes. The Department shall share its findings and recommendations with the Green Mountain Care Board, and the Department and the Board shall collaborate to provide recommendations to the House Committee on Health Care and the Senate Committees on Health and Welfare and on Finance on or before January 15, 2023 regarding the statutory changes necessary to align and streamline prior authorization processes and requirements across health insurers.

Sec. 37. 33 V.S.A. § 3543 is amended to read:

§ 3543. STUDENT LOAN REPAYMENT ASSISTANCE

(a)(1) There is established a need-based student loan repayment assistance program for the purpose of providing student loan repayment assistance to any individual employed by a regulated, privately operated center-based child care program or family child care home.

(2) An eligible individual shall:

(A)(i) work in a privately operated center-based child care program or in a family child care home that is regulated by the Division for at least an average of 30 hours per week for 48 weeks of the year; or

(ii) if the individual is an employee of a Vermont Head Start program that operates fewer than 48 weeks per year, work a minimum of nine months of the year, inclusive of any employer-approved time off;

(B) receive an annual salary of not more than \$50,000.00 through the individual's work in regulated childcare; and

(C) have earned an associates or bachelor's degree with a major or concentration in early childhood, child and human development, elementary education, special education with a birth to age eight focus, or child and family services within the preceding five years.

* * *

Sec. 38. [Deleted.]

Sec. 39. CREDENTIAL OF VALUE GOAL; PUBLIC-PRIVATE
PARTNERSHIP; APPROPRIATION

(a) Duties. In fiscal year 2023, the amount of \$150,000.00 is appropriated from the General Fund to the Vermont Student Assistance Corporation for a performance-based contract to perform the following duties, in coordination and alignment with State partners, in support of the State's goal articulated in 10 V.S.A. § 546 that 70 percent of working-age Vermonters hold a credential of value by 2025 (Goal):

(1) increase public awareness of the value of postsecondary education and training to help persons of any age make informed decisions about the value of education and training that would further their advancement in educational pathways and pursuit of career goals, through targeted outreach as outlined in subsection (b) of this section;

(2) promote a broad understanding of the public good and value in achieving the State's Goal and of actions stakeholders can take to increase attainment;

(3) assist or coordinate with stakeholders, such as educational, business, governmental, nonprofit, and philanthropic organizations, in activities that seek to align the delivery of high-quality education and training opportunities with career advancement and support the policy priorities outlined in 10 V.S.A. § 546;

(4) collect and display publicly available, nonconfidential information about postsecondary credentials available to Vermonters;

(5) facilitate conversations or provide information about the national best practices in aligning, recognizing, measuring, tracking, and promoting postsecondary credentials of value to the Vermont Department of Labor, the Agency of Commerce and Community Development, the State Workforce Development Board, and the Agency of Education when requested;

(6) maintain web-based resources that provide information about opportunities to obtain a postsecondary credential of value, in coordination with State partners;

(7) support the Vermont Department of Labor and Agency of Education transition or integration of Advance Vermont's web-based resources and collected information referenced in subdivisions (4) and (6) of this subsection into a State-supported system in a coordinated way; and

(8) meet on a quarterly basis with the Vermont Department of Labor and Agency of Education about activities described in this subsection.

(b) Outreach. The contractor may use funds awarded by the State to:

(1) create and distribute public-facing communications and resources related to the duties described in this section; and

(2) offer support to career and education counselors, employment and training counselors, jobseekers and their families, and other stakeholders, consistent with best practice and State policy and programs, to help them better understand the postsecondary education and training landscape.

(c) Reports. The contractor shall provide written reports to:

(1) the Vermont Department of Labor and Agency of Education about anticipated work and activities using a simplified reporting template jointly developed by the contractor and the State entities on a quarterly basis; and

(2) on or before December 15, 2022, the House and Senate committees of jurisdiction regarding the use of funds, activities performed, and outcomes achieved pursuant to this section.

Sec. 40. VERMONT SERVE, LEARN, AND EARN PROGRAM;

APPROPRIATION

(a) In fiscal year 2023, the amount of \$1,800,000.00 is appropriated from the General Fund to the Department of Forests, Parks and Recreation to continue funding through the pilot project the Vermont Serve, Learn, and Earn Program, which supports workforce development goals through creating meaningful paid service and learning opportunities for young adults, through the Serve, Learn, and Earn Partnership made up of the Vermont Youth Conservation Corps, Vermont Audubon, Vermont Works for Women, and Resource VT. The Department shall enter into a grant agreement with the Partnership that specifies the required services and outcomes for the Program.

(b) The Department shall provide the legislative committees of jurisdiction interim Program reports on or before January 15, 2023 and 2024 and a final Program report on or before January 15, 2025.

Sec. 41. ADULT EDUCATION AND LITERACY; FINDINGS

The General Assembly finds:

(1) Adult education and literacy services are a key piece of the workforce development system and serve as the entryway into career readiness and workforce development for tens of thousands of our most vulnerable

Vermonters, those with low literacy, under-education, or those simply in need of increased skills so that they can succeed.

(2) 36,000 adults in Vermont do not have a high school credential, and tens of thousands more lack the skills to matriculate into and be successful in college, in career training programs, or both. Adult education and literacy providers are the first stop on the path to the transformative opportunities that Vermont is offering for these individuals.

(3) Adult education and literacy services help people build the assets they need to move out of poverty successfully, as well as the confidence to continue to move toward success throughout their lives. Students are supported to identify concrete goals and then break those goals down into steps. Students set goals in the domains of:

(A) family and life;

(B) academics; and

(C) career and college readiness.

Sec. 42. FINDINGS; FOREST FUTURE STRATEGIC ROADMAP

The General Assembly finds for the purposes of this section and Secs. 43 to 45 of this act:

(1) Private and public forestlands:

(A) constitute unique and irreplaceable resources, benefits, and values of statewide importance;

(B) contribute to the protection and conservation of wildlife habitat, air, water, and soil resources of the State;

(C) mitigate the effects of climate change; and

(D) benefit the general health and welfare of the persons of the State.

(2) The forest products sector, including maple sap collection:

(A) is a major contributor to and is valuable to the State's economy by providing nearly 14,000 jobs for Vermonters, generating \$2.1 billion in annual sales, and supporting \$30.8 million in additional economic activity from trail uses and seasonal tourism;

(B) is essential to the manufacture of forest products that are used and enjoyed by the persons of the State; and

(C) benefits the general welfare of the persons of the State.

(3) Private and public forestlands are critical for and contribute significantly to the State's outdoor recreation and tourism economies.

(4) Eighty percent of Vermont's forestland is held in private ownership, of which 56 percent of private lands are enrolled in the forestland category of Vermont's Use Value Appraisal Program (UVA). UVA is Vermont's most important conservation program and contains the largest foundation of supply to support a vibrant forest-based rural economy.

(5) Economic realities and demand pressures for urban, commercial, and residential land uses throughout the State continue to challenge forest landowners trying to maintain intact forests. Forest fragmentation can adversely affect the natural environment and viable forest management. Addressing the economic and social needs of the forest products sector is paramount to keeping forests intact, viable, and healthy.

(6) The encouragement, development, improvement, and preservation of forestry operations will result in extant, intact, and functioning forests that will provide a general benefit to the health and welfare of the persons of the State and the State's economy.

(7) To strengthen, promote, and protect the Vermont forest products sector, the State should establish the Vermont Forest Future Strategic Roadmap.

Sec. 43. 10 V.S.A. chapter 82 is added to read:

CHAPTER 82. VERMONT FOREST FUTURE STRATEGIC ROADMAP

§ 2531. VERMONT FOREST FUTURE STRATEGIC ROADMAP

(a) Creation. The Commissioner of Forests, Parks and Recreation shall create the Vermont Forest Future Strategic Roadmap to strengthen, modernize, promote, and protect the forest products sector in Vermont. The Commissioner of Forests, Parks and Recreation may contract with a qualified contractor for the creation of the Vermont Forest Future Strategic Roadmap. During the contract proposal process, the Commissioner of Forests, Parks and Recreation shall seek a proposal to complete the Vermont Forest Future Strategic Roadmap from the Vermont Sustainable Jobs Fund.

(b) Intended outcomes. The intended outcomes of the Vermont Forest Future Strategic Roadmap are to:

(1) increase sustainable economic development and jobs in Vermont's forest economy;

(2) promote ways to expand the workforce and strengthen forest product enterprises in order to strengthen, modernize, promote, and protect the Vermont forest economy into the future;

(3) promote the importance of healthy, resilient, and sustainably managed working forests that provide a diverse array of high-quality products now and in the future; and

(4) identify actionable strategies designed to strengthen, modernize, promote, and protect the forest products sector in Vermont, including opportunities for new product development, opening new markets for Vermont forest products, adopting modern manufacturing processes, and utilizing new ways to market Vermont forest products.

(c) Strategic Roadmap content. In developing the Vermont Forest Future Strategic Roadmap, the Commissioner of Forests, Parks and Recreation or the relevant contractor shall:

(1) review all existing data, plans, and industry-level research completed over the past 10 years, including the Working Lands Enterprise Fund's Forest Sector Systems Analysis, and identify any recommendations in those reports in order to build upon previous efforts;

(2) identify infrastructure investment and funding to support and promote Vermont forest products enterprises;

(3) identify regulatory barriers and propose policy recommendations to support and strengthen the Vermont forest economy;

(4) identify opportunities for all State agencies to engage with and enhance the Vermont forest products sector, including the Department of Buildings and General Services, the Agency of Commerce and Community Development, the Department of Tourism and Marketing, the Agency of Education, the Agency of Transportation, the Department of Public Service, the Agency of Natural Resources, the Department of Financial Regulation, and the Department of Labor;

(5) develop recommendations to support education and training of the current and future workforce of the Vermont forest products sector;

(6) propose alternatives for the modernization of transportation and regulation of Vermont forest products enterprises, including modernization of local and State permits;

(7) identify methods or programs that Vermont forest enterprises can utilize to access business assistance services;

(8) recommend how to maintain access by Vermont forest products enterprises to forestland and how to maintain the stewardship and conservation of Vermont forests as a whole;

(9) propose methods to enhance market development and manufacturing by Vermont forest products enterprises, including value chain coordination and regional partnerships;

(10) recommend consumer education and marketing initiatives; and

(11) recommend how to clarify the roles of various public entities and nongovernmental organizations that provide certain services to the forestry sector and to ensure coordination and alignment of those functions in order to advance and maximize the strength of the forest products industry.

(d) Process for development of Vermont Forest Future Strategic Roadmap.

(1) The Commissioner of Forests, Parks and Recreation or relevant contractor shall develop the Vermont Forest Future Strategic Roadmap and all subsequent revisions through the use of a public stakeholder process that includes and invites participation by interested parties representing all users of Vermont's forests, including representatives of forest products enterprises, State agencies, investors, forestland owners, recreational interests, loggers, foresters, truckers, sawmills, firewood processors, wood products manufacturers, education representatives, and others.

(2) The Commissioner of Forests, Parks and Recreation, in collaboration with forest products sector stakeholders, shall review the Strategic Roadmap periodically and shall update the Strategic Roadmap at least every 10 years.

(e) Advisory panel; administration.

(1) The Commissioner of Forests, Parks and Recreation or relevant contractor shall convene a Vermont Forest Future Strategic Roadmap advisory panel to review and counsel in the development and implementation of the Vermont Forest Future Strategic Roadmap. The advisory panel shall include representatives of forest products enterprises, State agencies, investors, forestland owners, foresters, loggers, truckers, wood products manufacturers, recreational specialists, education representatives, trade organizations, and other partners as deemed appropriate. The Commissioner of Forests, Parks and Recreation shall select representatives to the advisory panel.

(2) The Commissioner of Forests, Parks and Recreation or relevant contractor may seek grants or other means of assistance to support the development and implementation of the Vermont Forest Future Strategic Roadmap.

Sec. 44. IMPLEMENTATION

(a) The Commissioner of Forests, Parks and Recreation or relevant contractor shall submit to the General Assembly:

(1) draft recommendations for the Vermont Forest Future Strategic Roadmap on or before July 1, 2023; and

(2) a final report and recommendations for the Vermont Forest Future Strategic Roadmap on or before January 1, 2024.

(b) Any recommendation submitted under this section shall include recommended appropriations sufficient to implement the recommendation or the Vermont Forest Future Strategic Roadmap as a whole.

Sec. 45. APPROPRIATIONS

In addition to any other funds appropriated to the Department of Forests, Parks and Recreation, in fiscal year 2023 the amount of \$250,000.00 is appropriated from the General Fund to the Department to enter a two-year contract in fiscal year 2023 for the purpose of contracting for the development of the Vermont Forest Future Strategic Roadmap required by 10 V.S.A. § 2531.

* * * Purpose * * *

Sec. 45a. PURPOSE

The purpose of Secs. 46–59b of this act is to address the negative economic impacts of COVID-19 on Vermont’s economy, employers, workers, and families while simultaneously leveraging opportunities to grow Vermont’s economy.

Sec. 46. 2021 Acts and Resolves No. 74, Sec. H.18 is amended to read:

Sec. H.18 CAPITAL INVESTMENT COMMUNITY RECOVERY AND REVITALIZATION GRANT PROGRAM

(a) Creation; purpose; regional outreach.

(1) The Agency of Commerce and Community Development shall use the \$10,580,000 appropriated to the Department of Economic Development in Sec. G.300(a)(12) of this act to design and implement ~~a capital investment grant program~~ the Community Recovery and Revitalization Grant Program consistent with this section.

(2) The purpose of the ~~program~~ Program is to make funding available for transformational projects that will ~~provide each region of the State with the opportunity to attract businesses, retain existing businesses, create jobs, and invest in their communities by encouraging capital investments and economic growth~~ make investments to retain and expand existing businesses and nonprofit organizations, attract new businesses and nonprofit organizations,

and create new jobs with a preference for projects located in regions and communities with declining or stagnant grand list values.

(3) The Agency shall collaborate with other State agencies, regional development corporations, regional planning commissions, and other community partners to identify potential regional applicants and projects to ensure the distribution of grants throughout the regions of the State.

(b) Eligible applicants.

~~(1) To be eligible for a grant, an applicant shall meet the following criteria:~~

~~(A) The applicant is located within this State.~~

~~(B) The applicant is:~~

~~(i)(I) a for-profit entity with not less than a 10 percent equity interest in the project; or~~

~~(II) a nonprofit entity; and~~

~~(ii) grant funding from the Program represents not more than 50 percent of the total project cost.~~

(1) To be eligible for a grant, the applicant must be located within the State and:

(A)(i) the applicant is a for-profit entity with not less than a 10 percent equity interest in the project, or a nonprofit entity, which has documented financial impacts from the COVID-19 pandemic; or

(ii) intends to utilize the funds for an enumerated use as defined in the U.S. Treasury Final Rule for Coronavirus State and Fiscal Recovery Funds;

(B)(i) the applicant is a municipality;

(ii) the municipality needs to make infrastructure improvements to incentivize community development; and

(iii) the proposed infrastructure improvements and the projected development or redevelopment are compatible with confirmed municipal and regional development plans and the project has clear local significance for employment.

~~(C)(2) The applicant demonstrates must demonstrate:~~

~~(i)(A) community and regional support for the project;~~

~~(ii)(B) that grant funding is needed to complete the project;~~

~~(iii)~~(C) leveraging of additional sources of funding from local, State, or federal economic development programs; and

~~(iv)~~(D) an ability to manage the project, with requisite experience and a plan for fiscal viability.

~~(2)~~(3) The following are ineligible to apply for a grant:

(A) a State or local government-operated business;

(B) ~~a municipality~~;

~~(C)~~ a business that, together with any affiliated business, owns or operates more than 20 locations, regardless of whether those locations do business under the same name or within the same industry; and

~~(D)~~(C) a ~~publicly-traded~~ publicly traded company.

(c) Grant funds; eligible uses for municipalities. A municipality is only authorized to utilize program funding under this section if:

(1) the project clearly requires substantial public investment over and above the normal municipal operating or bonded debt expenditures;

(2) the public improvements being requested are integral to the expected private development; and

(3) the project meets one of the following criteria:

(A) the development includes new or rehabilitated affordable housing, as defined in 24 V.S.A. § 4303;

(B) the development will include at least one entirely new business or business operation or expansion of an existing business within the project, and this business will provide new, quality, full-time jobs that meet or exceed the prevailing wage for the region as reported by the Department of Labor; or

(C) the development will enhance transportation by creating improved traffic patterns and flow or creating or improving public transportation systems.

(d) Grant Funds; eligible uses; private and nonprofit entities. A project of a business or nonprofit organization is eligible if:

(1) the project had a COVID-19-related impact that delayed the project;

(2) project costs have increased as a result of the COVID-19 pandemic;

or

(3) the project involves enumerated uses of funds, as defined by the U.S. Treasury Final Rule, and determined by the Agency of Commerce and Community Development.

~~(e)(e)~~ Awards; amount; eligible uses.

(1) An award shall not exceed the lesser of \$1,500,000.00 ~~\$1,000,000.00~~ or ~~the estimated net State fiscal impact of the project based on Agency modeling~~ 20 percent of the total project cost.

(2) ~~A recipient may use grant funds for the acquisition of property and equipment, construction, renovation, and related capital expenses.~~

(3) A recipient may combine grant funds with funding from other sources but shall not use grant funds from multiple sources for the same costs within the same project.

~~(4)~~(3) The Agency shall release grant funds upon determining that the applicant has met all Program conditions and requirements.

~~(5)~~(4) Nothing in this section is intended to prevent a grant recipient from applying for additional grant funds if future amounts are appropriated for the program.

~~(d) Data model; approval.~~

~~(1) The Agency shall collaborate with the Legislative Economist to design a data model and related methodology to assess the fiscal, economic, and societal impacts of proposals and prioritize them based on the results.~~

~~(2) The Agency shall present the model and related methodology to the Joint Fiscal Committee for its approval not later than September 1, 2021.~~

~~(f) Approval process.~~

(1) For an application submitted by a municipality pursuant to this section, the Vermont Economic Progress Council shall review each application to determine that the infrastructure improvements proposed to serve the project and the proposed development in the project would not have occurred as proposed in the application, or would have occurred in a significantly different and less desirable manner than as proposed in the application, but for the proposed utilization of the grant application funds.

(2) The review shall take into account:

(A) the amount of additional time, if any, needed to complete the proposed development for the project and the amount of additional cost that might be incurred if the project were to proceed without the grant funding;

(B) how the proposed project components and size would differ, if at all, including, if applicable to the project, in the number of units of affordable housing, as defined in 24 V.S.A. § 4303, without grant funding; and

(C) the lack of new construction in the municipality, indicated by a stagnant or declining grand list value as determined by the Department of Taxes, considering both the total full listed value and the equalized education grand list value.

~~(e)(g)~~ Application process; decisions; awards.

~~(1)(A) The Agency shall accept applications on a rolling basis for three-month periods and shall review and consider for approval the group of applications it has received as of the conclusion of each three-month period~~
Under the grant program established in this section, a municipality, upon approval of its legislative body, may apply to the Vermont Economic Progress Council pursuant to the process set forth in this section to use grant funding for a project.

~~(B) The Agency shall make application information available to the Legislative Economist and the Executive Economist in a timely manner~~
The Agency shall accept applications from for-profit or nonprofit entities on a rolling basis until Program funds are expended.

~~(2) Using the data model and methodology approved by the Joint Fiscal Committee, the Agency shall analyze the information provided in an application to estimate the net State fiscal impact of a project, including the following factors:~~

- ~~(A) increase to grand list value;~~
- ~~(B) improvements to supply chain;~~
- ~~(C) jobs impact, including the number and quality of jobs; and~~
- ~~(D) increase to State GDP. [Repealed.]~~

~~(3) The Secretary of Commerce and Community Development shall appoint an interagency team, which may include members from among the Department of Economic Development, the Department of Housing and Community Development, the Agency of Agriculture, Food and Markets, the Department of Public Service, the Agency of Natural Resources, or other State agencies and departments, which team shall review, analyze, and recommend projects for funding based on the estimated net State fiscal impact of a project and on other contributing factors, including consistent with the guidelines the Agency develops in coordination with the Joint Fiscal Office and the following:~~

- ~~(A) transformational nature of the project for the region;~~
- ~~(B) project readiness, quality, and demonstrated collaboration with stakeholders and other funding sources;~~

~~(C)~~(B) alignment and consistency with regional plans and priorities;
and

~~(D)~~(C) creation and retention of workforce opportunities.

(4) The Secretary of Commerce and Community Development shall consider the recommendations of the interagency team and shall give final approval to projects.

~~(f)~~(h) Grant agreements; post award monitoring.

(1) If selected by the Secretary, the applicant and the Agency shall execute a grant agreement that includes audit provisions and minimum requirements for the maintenance and accessibility of records that ensures that the Agency and the Auditor of Accounts have access and authority to monitor awards.

(2) The Agency shall publish on its website not later than 30 days after approving an award a brief project description the name of the grantee and the amount of a grant.

~~(g)~~(i) Report. On or before ~~December 15, 2021~~ February 15, 2023, the Agency shall submit a report to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs concerning the implementation of this section, including:

(1) a description of the implementation of the ~~program~~ Program;

(2) the promotion and marketing of the program; and

(3) an analysis of the utilization and performance of the ~~program~~, ~~including the projected revenue impacts and other qualitative and quantitative returns on investment in the program based on available data and modeling~~ Program.

(j) Implementation.

(1) The Agency of Commerce and Community Development shall consult with the Joint Fiscal Office to develop guidelines and approval processes for the Program and shall submit the proposed guidelines and processes to the Joint Fiscal Committee and the chairs of the relevant legislative committees of jurisdiction prior to accepting applications for grants through the Program.

(2) When considering whether and how to prioritize economic sectors that have suffered economic harm due to the COVID-19 pandemic, the Agency may designate one or more sectors for priority consideration through

the Program, including the arts and culture, travel, lodging, tourism, agriculture, and child care sectors.

Sec. 47. VEDA SHORT-TERM FORGIVABLE LOANS

(a) Creation. The Vermont Economic Development Authority shall create a Short-Term Forgivable Loan Program to support Vermont businesses experiencing continued working capital shortfalls as a result of the COVID-19 public health emergency.

(b) Eligible business. An eligible borrower is a for-profit or nonprofit business:

(1) with fewer than 500 employees;

(2) located in Vermont;

(3) that was in operation or had taken substantial steps toward becoming operational as of March 13, 2020; and

(4) that can identify economic harm caused by or exacerbated by the pandemic.

(c) Economic harm.

(1) An applicant shall demonstrate economic harm from lost revenue, increased costs, challenges covering payroll, rent or mortgage interest, or other operating costs that threaten the current capacity of the business to weather financial hardships and result in ongoing financial insecurity due to the COVID-19 public health emergency.

(2) The Authority shall measure economic harm by a material decline in the applicant's annual adjusted net operating income before the COVID-19 public health emergency relative to its annual adjusted net operating income during the COVID-19 public health emergency.

(3) When assessing an applicant's adjusted net operating income, the Authority shall consider previous COVID-19 State and federal subsidies, reasonable owner's compensation, noncash expenses, extraordinary items, and other adjustments deemed appropriate. The Authority shall also consider whether other State or federal assistance is or may become available and appropriate for the business and shall not provide assistance for the same costs that are covered by another program.

(4) To be eligible for a loan, the Authority shall determine that a business has experienced at least a 22.5 percent reduction in its adjusted net operating income in calendar years 2020 and 2021 combined as compared to 2019, or other appropriate basis of comparison where necessary.

(d) Maximum loan. The Authority shall determine the amount of a loan award pursuant to guidelines adopted pursuant to subsection (f) of this section, and shall award a loan to business in an amount that is based on its current, ongoing financial needs, provided that a loan shall not exceed the lesser of:

(1) \$350,000.00;

(2) six months' of eligible operating expenses; or

(3) the amount of the cumulative decline in adjusted net operating income during the COVID-19 public health emergency in 2020 and 2021.

(e) Eligible use of loan; loan forgiveness.

(1) A loan recipient may use loan proceeds to pay for eligible operating expenses but shall not use the proceeds for capital expenditures.

(2) The Authority shall approve loan forgiveness based on documentation evidencing loan proceeds were used to pay for eligible operating expenses.

(f) Guidelines.

(1) The Vermont Economic Development Authority shall consult with the Joint Fiscal Office to develop guidelines and approval processes for the VEDA Short-Term Forgivable Loan Program, which shall address how the Authority will determine that a business has a current, ongoing need for financial support due to the COVID-19 pandemic and on what basis the Authority will adjust the amount of loans after considering the business's ongoing needs.

(2) The Authority shall submit the proposed guidelines and processes to the Joint Fiscal Committee and the chairs of the relevant legislative committees of jurisdiction prior to accepting applications for loans through the Program.

(g) Priority sectors. When considering whether and how to prioritize economic sectors that have suffered economic harm due to the COVID-19 pandemic, the Agency of Commerce and Community Development may designate one or more sectors for priority funding through the Program, including the arts and culture, travel, lodging, tourism, agriculture, and child care sectors.

(h) Technical assistance. The Authority shall provide information to applicants on how to access technical assistance from the Small Business Development Center through the Community Navigator Pilot Program.

* * * Relocating Employee Incentives * * *

Sec. 47a. 10 V.S.A. § 4 is amended to read:

§ 4. NEW RELOCATING EMPLOYEE INCENTIVES

(a) The Agency of Commerce and Community Development shall design and implement a program to award incentive grants to relocating employees as provided in this section and subject to the policies and procedures the Agency adopts to implement the program.

(b) A relocating employee may be eligible for a grant under the program for qualifying expenses, subject to the following:

(1) A base grant shall not exceed \$5,000.00.

(2) The Agency may award an enhanced grant, which shall not exceed \$7,500.00, for a relocating employee who becomes a resident in a labor market area in this State in which:

(A) the average annual unemployment rate in the labor market area exceeds the average annual unemployment rate in the State; or

(B) the average annual wage in the State exceeds the annual average wage in the labor market area.

(c) The Agency shall:

(1) adopt procedures for implementing the program, which shall include a simple certification process to certify relocating employees and qualifying expenses;

(2) promote awareness of the program, including through coordination with relevant trade groups and by integration into the Agency's economic development marketing campaigns;

(3) ~~award grants to relocating employees on a first-come, first-served basis beginning on July 1, 2021, subject to available funding~~ adopt procedures to initially approve an applicant for a grant after verifying a relocating employee's eligibility and to make final payment of a grant after verifying that the relocating employee has completed relocation to this State; and

(4) adopt measurable goals, performance measures, and an audit strategy to assess the utilization and performance of the program.

(d) ~~On Annually, on~~ or before January 15, 2022, the Agency shall submit a report to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs concerning the implementation of this section, including:

(1) a description of the policies and procedures adopted to implement the program;

(2) the promotion and marketing of the program; and

(3) an analysis of the utilization and performance of the program, including the projected revenue impacts and other qualitative and quantitative returns on investment in the program based on available data and modeling.

(e) As used in this section:

(1) “Qualifying expenses” means the actual costs a relocating employee incurs for relocation expenses, which may include moving costs, closing costs for a primary residence, rental security deposit, one month’s rent payment, and other relocation expenses established in Agency guidelines.

(2) “Relocating employee” means an individual who meets the following criteria:

(A)(i) On or after July 1, 2021:

(I) the individual becomes a full-time resident of this State;

(II) the individual becomes a full-time employee at a Vermont location of a for-profit or nonprofit business organization domiciled or authorized to do business in this State, or of a State, municipal, or other public sector employer; and

(III) ~~the individual becomes employed in one of the “Occupations with the Most Openings” identified by the Vermont Department of Labor in its “Short Term Employment Projections 2020-2022”;~~ and

(IV) the employer attests to the Agency that, after reasonable time and effort, the employer was unable to fill the employee’s position from among Vermont applicants; or

(ii) on or after February 1, 2022:

(I) the individual becomes a full-time resident of this State; and

(II) the individual is a full-time employee of an out-of-state business and performs the majority of his or her employment duties remotely from a home office or a co-working space located in this State.

(B) The individual receives gross salary or wages that equal or exceed the Vermont livable wage rate calculated pursuant to 2 V.S.A. § 526.

(C) The individual is subject to Vermont income tax.

Sec. 48. WINDHAM COUNTY ECONOMIC DEVELOPMENT

(a) Findings.

(1) In 2014 Acts and Resolves No. 95, Sec. 80 created the Entergy Windham County Economic Development Special Fund pursuant to 32 V.S.A. chapter 7, subchapter 5, for the deposit and management of funds that were received pursuant to the settlement agreement between the State of Vermont and Entergy Nuclear Vermont Yankee, LLC, dated December 23, 2013.

(2) Pursuant to 2015 Acts and Resolves No. 4, Sec. 69, as further amended by 2016 Acts and Resolves No. 68, Sec. 69, the Secretary of Commerce and Community Development is authorized to make grants, repayable grants, and loans in the Special Fund for the purpose of promoting economic development in Windham County.

(3) From the amounts available in the Special Fund, the Agency of Commerce and Community Development has provided grant funds, and the Vermont Economic Development Authority, working in coordination with the Agency, has provided loans and loan servicing, for economic development projects in Windham County.

(b) Purpose. The purpose of this section is to ensure all program and interest funds received from the revolved loans originating from the Entergy Windham County Economic County Special Fund provide future economic development benefits for Windham County.

(c) Authority; Program Creation. Decisions for the use of any remaining and future funds shall be made through local administration by the Brattleboro Development Credit Corporation.

(d) Agency of Commerce and Community Development; transfer. On or before June 30, 2022 the Agency of Commerce and Community Development shall transfer any amounts remaining in the Entergy Windham County Economic Development Special Fund to the Brattleboro Development Credit Corporation.

(e) Vermont Economic Development Authority; transfer. On or before June 30, 2022, the Vermont Economic Development Authority shall take any steps necessary to transfer to the Brattleboro Development Credit Corporation any loans, loan servicing, future loan payments, and other legal rights, duties, or obligations related to its activities undertaken with funding from the Entergy Windham County Economic Development Special Fund.

(f) Brattleboro Economic Development Corporation; use of funds. The Brattleboro Economic Development Corporation shall use the funds

transferred pursuant to this section to provide grants and loans for projects that provide economic development benefits to Windham County.

(g) Entergy Windham County Economic Development Special Fund; termination. The purpose of the Entergy Windham County Economic Development Special Fund has been fulfilled as determined by the General Assembly. Upon the completion of the transfers required in this section, and pursuant to 32 V.S.A. § 587(b) the Entergy Windham County Economic Development Special Fund is terminated.

Sec. 49. VERMONT FILM AND MEDIA INDUSTRY TASK FORCE;
STUDY; REPORT

(a) There is created the Vermont Film and Media Industry Task Force composed of the following members:

(1) one current member of the House of Representatives, who shall be appointed by the Speaker of the House;

(2) one current member of the Senate, who shall be appointed by the Senate Committee on Committees;

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

(4) a member, appointed by the Vermont Arts Council, who shall serve as chair and shall convene meetings of the Task Force.

(b)(1) The Task Force may consult with the Office of Legislative Counsel and the Joint Fiscal Office if necessary to conduct its work.

(2) Members of the Task Force shall receive per diem compensation and reimbursement for expenses as provided in 32 V.S.A. § 1010 for not more than four meetings.

(c) On or before January 15, 2023, the Task Force shall consult relevant stakeholders in the film and media industry and shall study and submit a report to the House Committee on Commerce and Economic Development and to the Senate Committee on Economic Development, Housing and General Affairs that reviews the history of State efforts to cultivate the film and media industry in Vermont and what financial and other support the State may provide in the future to revitalize the industry following the COVID-19 pandemic and to invigorate the industry in the future, including:

(1) successes and failures of past State involvement;

(2) opportunities to invigorate the industry, attract filmmakers and media entrepreneurs, and promote Vermont as an attractive destination for tourism and for business development;

(3) how Vermont can differentiate and compete with other jurisdictions that also seek to cultivate a more expansive film and media industry;

(4) a survey of which entities, in State government and in the private sector, provide outreach and support to businesses in the industry;

(5) opportunities for employing federal COVID-19 relief funds to revive the industry; and

(6) a cost-benefit analysis of establishing new State financial, administrative, or other supports for the industry.

* * * Department of Labor Access to Tax Information * * *

Sec. 50. 2021 Acts and Resolves No. 3, Sec. 64(c) is amended to read:

(c) Sec. 62 (32 V.S.A. § 3102 (e)(8)) shall take effect on July 1, ~~2022-2024~~.

* * * COVID-19-Related Paid Leave Grant Program * * *

Sec. 51. FINDINGS AND INTENT

(a) The General Assembly finds that:

(1) COVID-19 has caused increased employee absences due to illness, quarantine, and school and daycare closures.

(2) Many employees do not have sufficient paid time off to cover all of their COVID-19-related absences from work.

(3) Some employers have provided their employees with additional paid time off for COVID-19-related purposes.

(4) The surge in COVID-19 cases caused by the Omicron variant of the virus has made it financially difficult or impossible for employers to provide additional paid time off to their employees for COVID-19-related purposes.

(5) Providing grants to employers to reimburse the cost of providing paid time off to employees for COVID-19-related purposes will:

(A) help to mitigate some negative economic impacts of the COVID-19 pandemic on employers;

(B) improve employee retention;

(C) prevent the spread of COVID-19 in the workplace; and

(D) provide crucial income to employees and their families.

(6) The Front-Line Employees Hazard Pay Grant Program established pursuant to 2020 Acts and Resolves No. 136, Sec. 6 and expanded pursuant to 2020 Acts and Resolves No. 168, Sec. 1 successfully directed millions of dollars in hazard pay to front-line workers during the first year of the COVID-19 pandemic. By utilizing grants to employers, who in turn provided the hazard pay to their employees, the Program enabled employers to retain employees and reward them for their hard work during the uncertainty of the early months of the COVID-19 pandemic.

(b) It is the intent of the General Assembly that the COVID-19-Related Paid Leave Grant Program created pursuant to Sec. 54a of this act shall be modeled on the Front-Line Employees Hazard Pay Grant Program and shall assist employers in providing paid leave to their employees for COVID-19-related absences.

Sec. 51a. COVID-19-RELATED PAID LEAVE GRANT PROGRAM

(a) Establishment and appropriation.

(1) There is established in the Department of Financial Regulation the COVID-19-Related Paid Leave Grant Program to administer and award grants to employers to reimburse the cost of providing COVID-19-related paid leave to employees.

(2) The sum of \$15,180,000.00 is appropriated from the American Rescue Plan Act (ARPA) – Coronavirus State Fiscal Recovery Funds to the Department of Financial Regulation for fiscal years 2023 and 2024 for the provision of grants to reimburse employers for the cost of providing COVID-19-related paid leave. Not more than seven percent of the amount appropriated pursuant to this subdivision may be used for expenses related to Program administration and outreach.

(b) Definitions. As used in this section:

(1) “Commissioner” means the Commissioner of Financial Regulation.

(2) “COVID-19-related reason” means the employee is:

(A) self-isolating because the employee has been diagnosed with COVID-19 or tested positive for COVID-19;

(B) self-isolating pursuant to the recommendation of a health care provider or a State or federal public health official because the employee has been exposed to COVID-19 or the employee is experiencing symptoms of COVID-19;

(C) caring for a parent, grandparent, spouse, child, sibling, parent-in-law, grandchild, or foster child, because:

(i) the school or place of care where that individual is normally located during the employee's workday is closed due to COVID-19;

(ii) that individual has been requested not to attend the school or the place of care where that individual is normally located during the employee's workday due to COVID-19;

(iii) that individual has been diagnosed with or tested positive for COVID-19; or

(iv) that individual is self-isolating pursuant to the recommendation of a health care provider or a State or federal public health official because that individual has been exposed to or is experiencing symptoms of COVID-19;

(D) attending an appointment for the employee or the employee's parent, grandparent, spouse, child, sibling, parent-in-law, grandchild, or foster child to receive a vaccine or a vaccine booster for protection against COVID-19; or

(E) experiencing symptoms, or caring for a parent, grandparent, spouse, child, sibling, parent-in-law, grandchild, or foster child who is experiencing symptoms, related to a vaccine or a vaccine booster for protection against COVID-19.

(3) "Department" means the Department of Financial Regulation.

(4) "Employee" means an individual who, in consideration of direct or indirect gain or profit, is employed by an employer to perform services in Vermont.

(5) "Employer" means any person that has one or more employees performing services for it in Vermont. "Employer" does not include the State or the United States.

(6) "Program" means the COVID-19-Related Paid Leave Grant Program established pursuant to this section.

(7) "Program period" means the period beginning on July 1, 2022 and ending on June 30, 2023.

(8) "Spouse" includes a civil union partner or a domestic partner, as that term is defined pursuant to 17 V.S.A. § 2414.

(c) Grant program.

(1) An employer may apply to the Commissioner for quarterly grants to reimburse the employer for the cost of paid leave provided to its employees for COVID-19-related reasons during the Program period.

(2) An employer's grant amount may include reimbursement for retroactively provided COVID-19-related paid leave to employees who took unpaid leave for a COVID-19-related reason during the Program period because the employee did not have sufficient accrued paid leave available at the time that the employee took the leave.

(3) Employers may submit applications for grants during the period beginning on October 1, 2022 and ending on September 30, 2023 and may submit an application not more than once each calendar quarter during that period. Grant applications shall be submitted for paid leave provided during the preceding calendar quarter.

(4) An employer may combine grant funds with funding from other sources but shall not use grant funds from multiple sources for the same instance of paid leave provided to its employees for COVID-19-related reasons. As used in this subdivision, an "instance" means a calendar day in which the employee was absent from work for a COVID-19-related reason.

(5) For the sole purpose of administering grants related to paid leave provided to independent direct support providers for COVID-19-related reasons, ARIS Solutions, as the fiscal agent for the employers of the independent direct support providers, shall have the authority to apply for grants in the same manner as any employer.

(6) Grants shall be awarded to eligible employers on a first-come, first-served basis, subject to available funding.

(d) Commissioner's powers and duties.

(1) The Commissioner shall:

(A) adopt procedures for implementing the Program, which shall include a simple grant application process, a process to allow employers to certify the amount of paid leave provided for COVID-19-related reasons, and a process to allow employers to report on their use of the grant funds awarded pursuant to this section;

(B) establish deadlines for the submission of quarterly grant applications;

(C) promote awareness of the Program to employers;

(D) provide information to employers regarding Program and application requirements;

(E) award grants to employers on a first-come, first-served basis, subject to available funding; and

(F) develop and implement an audit strategy to assess grant utilization, the performance of the Program, and compliance with Program requirements.

(2)(A) The Commissioner may, with the approval of the Secretary of Administration, delegate administration of one or more aspects of the Program to other agencies and departments of the State.

(B) The Commissioner may enter into agreements, memoranda of understanding, or contracts with private entities as necessary to implement or administer the Program and, notwithstanding any provision of law to the contrary, shall not be required to competitively bid any contracts entered into pursuant to this subdivision (2)(B). For the purposes of the Program, the ongoing public health risk posed by COVID-19 shall be deemed to be an emergency situation that justifies the execution of sole source contracts pursuant to Bulletin 3.5, the State's Procurement and Contracting Procedures.

(e) Amount of grants.

(1) Employers may apply for grants to either reimburse the cost of COVID-19-related paid leave provided to employees or to provide funds to be used to pay the cost to retroactively provide paid leave to employees who took unpaid leave for COVID-19-related reasons.

(A) For reimbursement of COVID-19-related paid leave that was already provided, the employer may, subject to the limitations of subdivision (2) of this subsection (e), apply for a grant in an amount equal to the number of hours of COVID-19-related paid leave provided to each employee multiplied by the greater of either the minimum wage established pursuant to 21 V.S.A. § 384 or the employee's regular hourly wage.

(B) For COVID-19-related paid leave that will be provided retroactively to employees who took unpaid leave for COVID-19-related reasons, the employer may, subject to the limitations of subdivision (2) of this subsection (e), apply for a grant in an amount equal to the number of hours of COVID-19-related paid leave to be provided to each employee multiplied by the greater of either the minimum wage established pursuant to 21 V.S.A. § 384 or the employee's regular hourly wage.

(2)(A) An employer may only apply for a grant in relation to COVID-19-related leave that was taken by an employee during the Program period.

(B) The maximum number of hours of COVID-19-related leave for each employee that an employer may seek grant funding for through the Program shall equal the lesser of 40 hours or the employee's average weekly hours worked for the employer during the six months preceding the date on

which the employee first took COVID-19-related leave during the Program period.

(C) The maximum amount that an employer shall be eligible to receive for COVID-19-related paid leave for each employee shall be not more than \$21.25 per hour of leave, with an aggregate maximum of \$850.00 per employee during the Program period.

(f) Grant conditions. As a condition of being eligible to receive a grant through the Program, each employer shall be required to certify:

(1) that the employer is not seeking funds in relation to any amounts of paid leave that were deducted from the employee's accrued paid leave balance at the time the COVID-19-related leave was taken unless those amounts have been restored to the employee's accrued paid leave balance;

(2) grant funds shall only be used in relation to the payment of an employee's wages for the period when the employee was absent from work for a COVID-19-related reason; and

(3) employees receiving paid leave funded by a grant shall not be required to pay an administrative fee or other charge in relation to the employer requesting the grant.

(g) Report and return of unspent funds. Each employer that receives a grant shall, not later than October 31, 2023, report to the Department on a form provided by the Commissioner the amount of grant funds used to provide paid leave to employees and the amount of any remaining grant funds that were not spent. All unspent grant funds shall be returned to the Department pursuant to a procedure adopted by the Commissioner.

(h) Confidentiality. Any personally identifiable information that is collected by the Program, any entity of State government performing a function of the Program, or any entity that the Commissioner contracts with to perform a function of the Program shall be kept confidential and shall be exempt from inspection and copying under the Public Records Act.

* * * Unemployment Insurance Benefits * * *

Sec. 52. FINDINGS

The General Assembly finds that:

(1) The COVID-19 pandemic caused significant disruption to Vermont's economy and resulted in unprecedented levels of unemployment.

(2) Unemployment insurance benefits provide only partial wage replacement, making it hard for unemployed individuals to afford basic necessities and living expenses.

(3) Significant inflation caused by supply chain, economic, and workforce disruptions related to the COVID-19 pandemic are making it increasingly difficult for unemployed individuals to afford basic necessities and living expenses.

(4) Temporarily increasing the maximum weekly unemployment insurance benefit amount for unemployed individuals will help to mitigate the impact of the COVID-19 pandemic on the unemployed individuals' ability to afford basic necessities and living expenses.

(5) The General Assembly previously enacted a \$25.00 supplemental increase to the weekly unemployment insurance benefit amount in 2021 Acts and Resolves No. 51, Sec. 11. However, the terms of that supplemental increase did not conform to federal requirements, and it never took effect. Enacting a \$60.00 increase in the maximum weekly unemployment insurance benefit that will later be replaced by a temporary \$25.00 increase in the weekly unemployment insurance benefit amount will fulfill the commitment made by the General Assembly in 2021 Acts and Resolves No. 51, Sec. 11.

Sec. 52a. 2021 Acts and Resolves No. 51, Sec. 17(a)(4) is amended to read:

(4) Sec. 12 (repeal of supplemental weekly benefit) shall take effect ~~upon the payment of a cumulative total of \$100,000,000.00 in supplemental benefits pursuant to 21 V.S.A. § 1338(e)(2) on October 7, 2021~~ and shall apply prospectively to all benefit payments in the next week and each subsequent week.

Sec. 52b. 21 V.S.A. § 1338 is amended to read:

§ 1338. WEEKLY BENEFITS

* * *

(f)(1) The maximum weekly benefit amount shall be annually adjusted on the first day of the first calendar week in July to an amount equal to the sum of \$60.00 plus 57 percent of the State annual average weekly wage as determined by subsection (g) of this section.

* * *

Sec. 52c. 21 V.S.A. § 1338 is amended to read:

§ 1338. WEEKLY BENEFITS

* * *

(f)(1) The maximum weekly benefit amount shall be annually adjusted on the first day of the first calendar week in July to an amount equal to ~~the sum of~~

~~\$60.00~~ plus 57 percent of the State annual average weekly wage as determined by subsection (g) of this section.

* * *

Sec. 52d. 21 V.S.A. § 1338 is amended to read:

§ 1338. WEEKLY BENEFITS

* * *

(e) An individual's weekly benefit amount shall be determined by dividing the individual's two high quarter total subject wages required under subdivision (d)(1) of this section by 45 and adding \$25.00 to the resulting quotient, provided that the weekly benefit amount so determined shall not exceed the maximum weekly benefit amount computed pursuant to subsection (f) of this section.

(f)(1) The maximum weekly benefit amount shall be annually adjusted on the first day of the first calendar week in July to an amount equal to the sum of ~~\$60.00~~ \$25.00 plus 57 percent of the State annual average weekly wage as determined by subsection (g) of this section.

* * *

Sec. 52e. 21 V.S.A. § 1338 is amended to read:

§ 1338. WEEKLY BENEFITS

* * *

(e) An individual's weekly benefit amount shall be determined by dividing the individual's two high quarter total subject wages required under subdivision (d)(1) of this section by 45 and adding \$25.00 to the resulting quotient, provided that the weekly benefit amount so determined shall not exceed the maximum weekly benefit amount computed pursuant to subsection (f) of this section.

(f)(1) The maximum weekly benefit amount shall be annually adjusted on the first day of the first calendar week in July to an amount equal to the sum of \$25.00 plus 57 percent of the State annual average weekly wage as determined by subsection (g) of this section.

* * *

Sec. 52f. UNEMPLOYMENT INSURANCE; INFORMATION

TECHNOLOGY MODERNIZATION; ANNUAL REPORT;

INDEPENDENT VERIFICATION

(a)(1) The Secretary of Digital Services and the Commissioner of Labor shall, to the greatest extent possible, plan and carry out the development and implementation of a modernized information technology system for the unemployment insurance program so that the modernized system is ready and able to implement on or before July 1, 2025 the changes to the unemployment insurance weekly benefit amount set forth in Secs. 52d and 52e of this act.

(2) The Secretary of Digital Services and the Commissioner of Labor shall plan and carry out the development and implementation of the modernized information technology system for the unemployment insurance program so that the modernized system is capable of:

(A) implementing the weekly benefit increase set forth in Secs. 52d and 52e of this act;

(B) adapting to the evolving needs of the unemployment insurance program in the future;

(C) incorporating future advances in information technology;

(D) implementing future legislative changes to all aspects of the unemployment insurance program, including:

(i) benefits;

(ii) eligibility;

(iii) taxes;

(iv) fraud prevention, detection, and mitigation;

(v) penalties; and

(vi) recovery of overpayments; and

(E) implementing short-term changes that respond to specific indicators of economic health.

(b) The Secretary of Digital Services and the Commissioner of Labor shall, on or before January 15, 2023 and January 15, 2024, submit a written report to the House Committee on Commerce and Economic Development, the Senate Committee on Economic Development, Housing and General Affairs, and the Legislative Information Technology Consultant retained by the Joint Fiscal Office detailing the actions taken and progress made in carrying out the requirements of subsection (a) of this section, the anticipated timeline for

being able to implement the changes to the unemployment insurance weekly benefit amount set forth in Secs. 52d and 52e of this act, including whether the Commissioner has determined to implement the provisions of Sec. 52d or 52e before July 1, 2025, and potential implementation risks identified during the development process.

(c) The Legislative Information Technology Consultant shall, on or before February 15, 2023 and February 15, 2024, submit to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs a review of the report submitted pursuant to subsection (b) of this section. The review shall include an assessment of whether the Agency of Digital Services and the Department of Labor will be able to implement the changes to the unemployment insurance weekly benefit amount set forth in Secs. 52d and 52e of this act by July 1, 2025, or an earlier date determined by the Commissioner, and shall identify any potential risks or concerns related to implementation that are not addressed in the report submitted pursuant to subsection (b) of this section.

Sec. 52g. 21 V.S.A. § 1338 is amended to read:

§ 1338. WEEKLY BENEFITS

* * *

(e) An individual's weekly benefit amount shall be determined by dividing the individual's two high quarter total subject wages required under subdivision (d)(1) of this section by 45 ~~and adding \$25.00 to the resulting quotient~~, provided that the weekly benefit amount so determined shall not exceed the maximum weekly benefit amount computed pursuant to subsection (f) of this section.

(f)(1) The maximum weekly benefit amount shall be annually adjusted on the first day of the first calendar week in July to an amount equal to ~~the sum of~~ \$25.00 ~~plus~~ 57 percent of the State annual average weekly wage as determined by subsection (g) of this section.

* * *

Sec. 53. APPROPRIATIONS

(a) Reversion. In fiscal year 2022, of the amounts appropriated in 2021 Acts and Resolves No. 74, Sec. G. 300(a)(13), from the American Rescue Plan Act (ARPA) – Coronavirus State Fiscal Recovery Funds to the Agency of Commerce and Community Development for the Economic Recovery Grant Program, \$25,500,000.00 shall revert to the American Rescue Plan Act (ARPA) – Coronavirus State Fiscal Recovery Funds.

(b) COVID-19 business support. In fiscal year 2022, the amount of \$28,000,000.00 is appropriated from the American Rescue Plan Act (ARPA) – Coronavirus State Fiscal Recovery Funds as follows:

(1) VEDA Short-Term Forgivable Loan Program. The amount of \$19,000,000.00 is appropriated to the Vermont Economic Development Authority for the VEDA Short-Term Forgivable Loan Program.

(2) Creative economy grants. The amount of \$9,000,000.00 is appropriated to the Vermont Arts Council to provide grants for monthly operating costs, including rent, mortgage, utilities, and insurance, to creative economy businesses and nonprofits that have sustained substantial losses due to the pandemic.

(c) Community Recovery and Revitalization Grant Program.

(1) Appropriation. In fiscal year 2023, the amount of \$10,000,000.00 is appropriated from the American Rescue Plan Act (ARPA) – Coronavirus State Fiscal Recovery Funds to the Agency of Commerce and Community Development for the Community Recovery and Revitalization Grant Program.

(2) Implementation.

(A) The amounts appropriated and the substantive provisions adopted in 2021 Acts and Resolves No. 74, Sec. H.18 apply to projects for which a final grant application has been submitted before July 1, 2022.

(B) The amounts appropriated in this subsection (c) and the substantive provisions adopted in Sec. 46 of this act apply to projects for which a grant application is filed on or after July 1, 2022.

(d) Recruitment. In fiscal year 2023, the amount of \$3,093,000.00 is appropriated from the General Fund to the Agency of Commerce and Community Development for the relocated and remote worker program.

(e) Everyone Eats. In fiscal year 2023, the amount of \$1,300,000.00 is appropriated from the General Fund to the Agency of Commerce and Community Development to grant to Southeastern Vermont Community Action for the Restaurants and Farmers Feeding the Hungry Program, known as Everyone Eats, to provide State funds to match Federal Emergency Management Agency (FEMA) funds available for the Program. The Agency and Southeastern Vermont Community Action shall take steps to ensure that program funds and benefits are targeted to food-insecure Vermonters.

Sec. 54. APPROPRIATION; DOWNTOWN AND VILLAGE CENTER TAX
CREDIT PROGRAM

There is appropriated the sum of \$2,450,000.00 from the General Fund to the Vermont Downtown and Village Center Tax Credit Program to be used in fiscal years 2023 and 2024. Notwithstanding 32 V.S.A. § 5930ee, the funds shall be used to increase the amount of tax credits that may be awarded to qualified projects. Of those tax credits awarded in fiscal years 2023 and 2024, up to \$2,000,000.00 may be awarded to qualified projects located in designated neighborhood development areas.

* * * Sports Betting Study Committee * * *

Sec. 55. SPORTS BETTING; FINDINGS

The General Assembly finds that:

(1) An estimated 28 percent of adults in the United States bet on sports and 46 percent of adults say that they have an interest in betting on sports.

(2) Based on current participation rates and expected growth, it is estimated that Vermont could generate from \$640,000.00 to \$4.8 million in the first year of sports betting revenue taxes and \$1.3 million to \$10.3 million in the second year, depending on the regulatory model chosen by the General Assembly.

(3) As of March 2022, 31 states and the District of Columbia have some form of active legal sports betting operations while an additional three states have enacted laws or adopted ballot measures to permit legal sports betting.

(4) Legislation has also been introduced in at least 14 of the states without a legal sports betting market, including Vermont, to legalize, regulate, and tax sports betting.

(5) Given the widespread participation in sports betting, the General Assembly finds that careful examination of whether and how best to regulate sports betting in Vermont and protect Vermonters involved in sports betting is necessary.

Sec. 56. SPORTS BETTING; STUDY COMMITTEE; REPORT

(a) Creation. There is created the Sports Betting Study Committee to examine whether and how to regulate sports betting in Vermont.

(b) Membership. The Study Committee shall be composed of the following members:

(1) the Attorney General or designee;

(2) the Commissioner of Liquor and Lottery or designee;

- (3) the Commissioner of Taxes or designee;
- (4) the Secretary of State or designee;
- (5) the Secretary of Commerce and Community Development or designee;
- (6) two current members of the Senate, who shall be appointed by the Committee on Committees; and
- (7) two current members of the House, who shall be appointed by the Speaker of the House.

(c) Powers and duties. The Study Committee shall examine the sports betting study conducted by the Office of Legislative Counsel and Joint Fiscal Office and shall study various models for legalizing, taxing, and regulating sports betting, including the following issues:

- (1) studies carried out by other states concerning the legalization, taxation, and regulation of sports betting;
- (2) laws enacted by other states to legalize, tax, and regulate sports betting;
- (3) potential models for legalizing and regulating sports betting in Vermont, including any advantages or drawbacks to each model;
- (4) potential models for legalizing and regulating online sports betting, including any advantages or drawbacks to each model;
- (5) potential tax and fee structures for sports betting activities;
- (6) potential restrictions or limitations on the types of sports that may be bet on, including whether and to what extent restrictions should be imposed with respect to the participant age, amateur status, and location of sporting events that may be bet on; and
- (7) potential impacts on various socioeconomic and demographic groups and on problem gambling and the resources necessary to address the identified impacts.

(d) Assistance. The Committee shall have the administrative, technical, and legal assistance of the Office of Legislative Council and the Joint Fiscal Office.

(e) Report. On or before December 15, 2022, the Study Committee shall submit a written report to the House Committee on General, Housing, and Military Affairs and the Senate Committee on Economic Development, Housing and General Affairs with its findings, recommendations for legislative action, and a draft of proposed legislation.

(f) Meetings.

(1) The Attorney General or designee shall call the first meeting of the Committee to occur on or before September 1, 2022.

(2) The Committee shall select a chair from among its members at the first meeting.

(3) A majority of the membership shall constitute a quorum.

(4) The Committee shall cease to exist on December 30, 2022.

(g) Compensation and reimbursement. For attendance at meetings during adjournment of the General Assembly, legislative members of the Committee serving in their capacity as a legislator shall be entitled to per diem compensation and reimbursement of expenses pursuant to 2 V.S.A. § 23 for not more than four meetings. These payments shall be made from monies appropriated to the General Assembly.

Sec. 57. 9 V.S.A. § 2464e is added to read:

§ 2464e. ROBOCALLS; PROHIBITION; PENALTY

(a) Intent. It is the intent of the General Assembly in adopting this section to create State law prohibition on the placement of robocalls to Vermont consumers that is coextensive with the federal limitations created in the Telephone Consumer Protection Act, the Telemarketing and Consumer Fraud and Abuse Prevention Act, the regulations adopted under those Acts, and the judicial construction of these laws.

(b) Prohibition. A person shall not initiate an automatically dialed or pre-recorded telephone call to a Vermont consumer in violation of the federal Telephone Consumer Protection Act, 47 U.S.C. § 227, the federal Telemarketing and Consumer Fraud and Abuse Prevention Act, 15 U.S.C. §§ 6101–6108, and the regulations adopted pursuant to those Acts, as amended.

(c) Civil violation.

(1) A violation of this section constitutes a violation of section 2453 of this title.

(2) Each prohibited telephone call constitutes a separate violation under this subsection.

(3)(A) A person who receives a telephone call in violation of this section may bring an action in Superior Court for damages or a civil penalty, injunctive relief, punitive damages in the case of a willful violation, and reasonable costs and attorney's fees.

(B) The court may issue an award for the greater of a person's damages or a civil penalty of \$500.00 for a first violation and \$1,000.00 for each subsequent violation.

(d) Criminal penalties.

(1) A person who commits a knowing and willful violation of this section shall be imprisoned for not more than 90 days or fined not more than \$1,000.00 per violation, or both.

(2) Each telephone call constitutes a separate violation under this subsection.

(e) The Attorney General shall exercise his or her authority and discretion to work cooperatively with other state and federal government entities to identify callers who initiate robocalls to consumers in violation of this section and to enforce the provisions of this section regardless of the location of the caller.

Sec. 58. ATTORNEY GENERAL; REPORT

On or before January 15, 2023, the Office of the Attorney General shall review and consider the federal law and judicial construction concerning robocalls and their relationship to 9 V.S.A. § 2464e as adopted in Sec. 57 of this act and shall report to the House Committees on Commerce and Economic Development and on Judiciary and to the Senate Committees on Economic Development, Housing and General Affairs and on Judiciary with any findings and recommendations for necessary legislative action, if any.

Sec. 59. EFFECTIVE DATES

(a) This act shall take effect on July 1, 2022, except that:

(1) Sec. 13 (Secondary Student Industry Recognized Credential Pilot Project) shall take effect on passage.

(2) Sec. 30 (18 V.S.A. § 9456) shall take effect on January 1, 2023 and shall apply to hospital fiscal years 2024 and after.

(3) Sec. 48 (Windham County Economic Development) shall take effect on passage.

(4) Sec. 50 (Pandemic Unemployment Assistance Program extension) shall take effect on passage.

(b)(1) Notwithstanding 1 V.S.A. § 214, Sec. 52a (repeal of prior unemployment insurance supplemental benefit) shall take effect retroactively on October 7, 2021.

(2) Sec. 52b (temporary increase in unemployment insurance maximum weekly benefit) shall take effect on July 1, 2022 and shall apply to benefit weeks beginning after that date.

(3)(A) Sec. 52c (prospective repeal of temporary increase in unemployment insurance maximum weekly benefit) shall take effect upon the payment of a cumulative total of \$8,000,000.00 in additional benefits pursuant to 21 V.S.A. § 1338(f)(1) compared to the amount that would have been paid out pursuant to the provisions of 21 V.S.A. § 1338(f)(1) on June 30, 2022 and shall apply to benefit weeks beginning after that date.

(B) However, Sec. 52c shall not take effect at all if Sec. 52d takes effect before the conditions of subdivision (A) of this subdivision (b)(3) are satisfied.

(4)(A) Sec. 52d (amendment of temporary increase in unemployment insurance maximum weekly benefit) shall take effect on July 1, 2025 or the date on which the Commissioner of Labor determines that the Department of Labor is able to implement the provisions of that section as set forth in subdivision 52f(b), whichever is earlier, and shall apply to benefit weeks beginning after that date.

(B) However, Sec. 52d shall not take effect at all if Sec. 52c takes effect before the conditions of subdivision (A) of this subdivision (b)(4) are satisfied.

(5)(A) Sec. 52e (increase in unemployment insurance weekly benefit amount) shall take effect on July 1, 2025 and shall apply to benefit weeks beginning after that date.

(B) However, Sec. 52e shall not take effect at all if either

(i) Sec. 52d takes effect before July 1, 2025; or

(ii) Sec. 52c has not taken effect before July 1, 2025.

(6) Sec. 52g (prospective repeal of unemployment insurance benefit increase) shall take effect upon the payment of a cumulative total of additional benefits pursuant to 21 V.S.A. § 1338(e) when compared to the rate at which benefits would have been paid under the formula set forth in 21 V.S.A. § 1338(e) on June 30, 2025 equal to \$92,000,000.00 plus the difference between \$8,000,000.00 and the amount of additional benefits paid out pursuant to section 52b, if any, and shall apply to benefit weeks beginning after that date.

(7) Sec. 52f (report on implementation of change to unemployment insurance weekly benefit) shall take effect on passage.

(c) Sec. 57 (robocalls) shall take effect on July 1, 2023.

and that after passage the title of the bill be amended to read: “An act relating to economic and workforce development”

COMMITTEE ON THE PART OF
THE SENATE

SEN. MICHAEL D. SIROTKIN

SEN. ALISON CLARKSON

SEN. RANDOLPH D. BROCK

COMMITTEE ON THE PART OF
THE HOUSE

REP. MICHAEL J. MARCOTTE

REP. CHARLES A. KIMBELL

REP. STEPHANIE ZAK JEROME

Rep. Long of Newfane presiding.

Which was considered and adopted on the part of the House.

**Rules Suspended; Immediate Consideration; Report of Committee of
Conference Adopted**

S. 210

Appearing on the Notice Calendar, on motion of **Rep. McCoy of Poultney**, the rules were suspended and Senate bill, entitled

An act relating to rental housing health and safety and affordable housing

Was taken up for immediate consideration.

The Speaker placed before the House the following Committee of Conference report:

To the Senate and House of Representatives:

The Committee of Conference to which were referred the disagreeing votes of the two Houses respectfully reported that it met and considered the same and recommended the following:

TO THE SENATE AND HOUSE OF REPRESENTATIVES:

The Committee of Conference, to which were referred the disagreeing votes of the two Houses upon Senate Bill, entitled:

S.210. An act relating to rental housing health and safety and affordable housing.

Respectfully reports that it has met and considered the same and recommends that the Senate recede from its further proposal of amendment

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

* * * Department of Public Safety; Authority for Rental Housing
Health and Safety * * *

Sec. 1. 20 V.S.A. chapter 172 is added to read:

CHAPTER 172. RENTAL HOUSING HEALTH AND SAFETY

§ 2676. DEFINITION

As used in this chapter, “rental housing” means:

(1) a “premises” as defined in 9 V.S.A. § 4451 that is subject to 9 V.S.A. chapter 137 (residential rental agreements); and

(2) a “short-term rental” as defined in 18 V.S.A. § 4301 and subject to 18 V.S.A. chapter 85, subchapter 7.

§ 2677. RENTAL HOUSING; RULES; INSPECTIONS; PENALTY

(a) Rules. The Commissioner of Public Safety may adopt rules to prescribe standards for the health, safety, sanitation, and fitness for habitation of rental housing that the Commissioner determines are necessary to protect the public, property owners, and property against harm.

(b) Inspections.

(1) After adopting rules pursuant to subsection (a) of this section, the Commissioner shall design and implement a complaint-driven system to conduct inspections of rental housing.

(2) When conducting an inspection, the Commissioner shall:

(A) issue a written inspection report on the unit or building that:

(i) contains findings of fact that serve as the basis of one or more violations;

(ii) specifies the requirements and timelines necessary to correct a violation;

(iii) provides notice that the landlord is prohibited from renting the affected unit to a new tenant until the violation is corrected; and

(iv) provides notice in plain language that the landlord or agents of the landlord must have access to the rental unit to make repairs as ordered by the Commissioner consistent with the access provisions in 9 V.S.A. § 4460;

(B) provide a copy of the inspection report to the landlord, to the person who requested the inspection, and to any tenants who are affected by a violation:

(i) electronically, if the Department has an electronic mailing address for the person; or

(ii) by first-class mail, if the Department does not have an electronic mailing address for the person;

(C) if an entire building is affected by a violation, provide a notice of inspection directly to the individual tenants, and may also post the notice in a common area, that specifies:

(i) the date of the inspection;

(ii) that violations were found and must be corrected by a certain date;

(iii) how to obtain a copy of the inspection electronically or by first-class mail; and

(iv) if the notice is posted in a common area, that the notice shall not be removed until authorized by the Commissioner; and

(D) make the inspection report available as a public record.

(c) Penalties. If the person responsible for a violation does not comply with the requirements and timelines specified in an inspection report issued pursuant to subsection (b) of this section, the Commissioner may impose an administrative penalty that is reasonably related to the severity of the violation, not to exceed \$1,000.00 per violation.

* * * Positions Authorized * * *

Sec. 2. DEPARTMENT OF PUBLIC SAFETY; POSITIONS

(a) The Department of Public Safety is authorized to create five full-time classified Inspector positions in order to conduct rental housing health and safety inspections and enforcement pursuant to 20 V.S.A. chapter 172.

(b) The Department may hire the Inspectors authorized by this section with funds appropriated for that purpose in this act.

* * * Conforming Changes to Current Law Governing the Department of Health, State Board of Health, and Local Health Officials * * *

Sec. 3. 18 V.S.A. chapter 11 is amended to read:

CHAPTER 11. LOCAL HEALTH OFFICIALS

* * *

§ 602a. DUTIES OF LOCAL HEALTH OFFICERS

(a) A local health officer, within his or her jurisdiction, shall:

(1) ~~upon request of a landlord or tenant, or~~ upon receipt of information regarding a condition that may be a public health hazard, conduct an investigation;

(2) enforce the provisions of this title, the rules promulgated, and permits issued thereunder;

(3) prevent, remove, or destroy any public health hazard; or mitigate any significant public health risk in accordance with the provisions of this title;

(4) in consultation with the Department, take the steps necessary to enforce all orders issued pursuant to chapter 3 of this title; and

(5) have the authority to assist the Department of Public Safety in inspecting rental housing pursuant to 20 V.S.A. chapter 172, provided that if the local health officer inspects a rental property without an inspector from the Division, the officer shall issue an inspection report in compliance with 20 V.S.A § 2677(b)(2).

(b) Upon discovery of violation or a public health hazard or public health risk that involves a public water system, a food or lodging establishment, or any other matter regulated by Department rule, the local health officer shall immediately notify the Division of Environmental Health. Upon discovery of any other violation, public health hazard, or public health risk, the local health officer shall notify the Division of Environmental Health within 48 hours of discovery of such violation or hazard and of any action taken by the officer.

§ 603. ~~RENTAL HOUSING SAFETY; INSPECTION REPORTS~~

~~(a)(1) When conducting an investigation of rental housing, a local health officer shall issue a written inspection report on the rental property using the protocols for implementing the Rental Housing Health Code of the Department or the municipality, in the case of a municipality that has established a code enforcement office.~~

~~(2) A written inspection report shall:~~

~~(A) contain findings of fact that serve as the basis of one or more violations;~~

~~(B) specify the requirements and timelines necessary to correct a violation;~~

~~(C) provide notice that the landlord is prohibited from renting the affected unit to a new tenant until the violation is corrected; and~~

~~(D) provide notice in plain language that the landlord and agents of the landlord must have access to the rental unit to make repairs as ordered by the health officer consistent with the access provisions in 9 V.S.A. § 4460.~~

~~(3) A local health officer shall:~~

~~(A) provide a copy of the inspection report to the landlord and any tenants affected by a violation by delivering the report electronically, in person, by first class mail, or by leaving a copy at each unit affected by the deficiency; and~~

~~(B)(i) if a municipality has established a code enforcement office, provide information on each inspection according to a schedule and in a format adopted by the Department in consultation with municipalities that have established code enforcement offices; or~~

~~(ii) if a municipality has not established a code enforcement office, provide information on each inspection to the Department within seven days of issuing the report using an electronic system designed for that purpose, or within 14 days by mail if the municipality is unable to utilize the electronic system.~~

~~(4) If an entire property is affected by a violation, the local health officer shall post a copy of the inspection report in a common area of the property and include a prominent notice that the report shall not be removed until authorized by the local health officer.~~

~~(5) A municipality shall make an inspection report available as a public record.~~

~~(b)(1) A local health officer may impose a civil penalty of not more than \$200.00 per day for each violation that is not corrected by the date provided in the written inspection report, or when a unit is re-rented to a new tenant prior to the correction of a violation.~~

~~(2)(A) If the cumulative amount of penalties imposed pursuant to this subsection is \$800.00 or less, the local health officer, Department of Health, or State's Attorney may bring a civil enforcement action in the Judicial Bureau pursuant to 4 V.S.A. chapter 29.~~

~~(B) The waiver penalty for a violation in an action brought pursuant to this subsection is 50 percent of the full penalty amount.~~

~~(3) If the cumulative amount of penalties imposed pursuant to this subsection is more than \$800.00, or if injunctive relief is sought, the local health officer, Department of Health, or State's Attorney may commence an action in the Civil Division of the Superior Court for the county in which a violation occurred.~~

~~(e) If a local health officer fails to conduct an investigation pursuant to section 602a of this title or fails to issue an inspection report pursuant to this section, a landlord or tenant may request that the Department, at its discretion, conduct an investigation or contact the local board of health to take action.~~

[Repealed.]

* * *

* * * Transition Provisions * * *

Sec. 4. RENTAL HOUSING HEALTH AND SAFETY; TRANSITION PROVISIONS

(a) Notwithstanding any provision of law to the contrary:

(1) Until the Commissioner of Public Safety adopts rules governing rental housing health and safety pursuant to 20 V.S.A. § 2677, the Department of Health, local officials authorized by law, and the Department of Public Safety have concurrent authority to enforce the Vermont Rental Housing Health Code adopted by the Department of Health pursuant to 18 V.S.A. § 102, 3 V.S.A. § 3003(a), and 3 V.S.A. § 801(b)(11).

(2) The Commissioner of Public Safety may immediately adopt a rule incorporating the Rental Housing Health Code without following the procedures otherwise required for general rulemaking in 3 V.S.A. chapter 25.

(3) Except as provided in subdivision (2) of this subsection, the Commissioner of Public Safety shall comply with the requirements for general rulemaking in 3 V.S.A. chapter 25 when adopting rules governing rental housing health and safety.

(b) Upon the adoption of rules governing rental housing health and safety pursuant to the authority in 20 V.S.A. § 2677:

(1) the Department of Public Safety is the State government entity with primary authority to enforce State laws governing rental housing health and safety;

(2) the Department of Public Safety and local officials have concurrent authority to enforce State and local laws governing rental housing health and safety pursuant to 18 V.S.A. chapter 11; 20 V.S.A. chapter 172, subchapter 2; 24 V.S.A. chapters 83 and 123; and applicable municipal law; and

(3) the Department of Health, the State Board of Health, and local health officials have concurrent authority to enforce State and local laws governing public health hazards and public health risks, as those terms are defined in 18 V.S.A. § 2, pursuant to 18 V.S.A. chapters 1, 3, and 11.

* * * Vermont Housing Investments * * *

Sec. 5. VERMONT RENTAL HOUSING IMPROVEMENT PROGRAM;

PURPOSE

(a) Recognizing that Vermont's rental housing stock is some of the oldest in the country and that much of it needs to be updated to meet code requirements and other standards, the Vermont Rental Housing Improvement Program is intended to incentivize private apartment owners to make significant improvements to both housing quality and weatherization by providing grants and forgivable loans that are matched in part by the property owner.

(b) The Program seeks to take the lessons learned from the successful Re-housing Recovery Program established with funds provided by the Federal CARES Act and implement them in a State-funded program.

Sec. 6. 10 V.S.A. chapter 29, subchapter 3 is added to read:

Subchapter 3. Housing; Investments

§ 699. VERMONT RENTAL HOUSING IMPROVEMENT PROGRAM

(a) Creation of program.

(1) The Department of Housing and Community Development shall design and implement a Vermont Rental Housing Improvement Program, through which the Department shall award funding to statewide or regional nonprofit housing organizations, or both, to provide competitive grants and forgivable loans to private landlords for the rehabilitation, including weatherization, of eligible rental housing units.

(2) The Department shall develop statewide standards for the Program, including factors that partner organizations shall use to evaluate applications and award grants and forgivable loans.

(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).

(c) Administration. The Department shall require a housing organization that receives funding under the Program to adopt:

(1) a standard application form that describes the application process and includes instructions and examples to help landlords apply;

(2) an award process that ensures equitable selection of landlords, subject to a housing organization's exercise of discretion based on the factors adopted by the Department pursuant to subsection (a) of this section; and

(3) a grant and loan management system that ensures accountability for funds awarded.

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

(1) A grant or loan shall not exceed \$50,000.00 per unit. In determining the amount of a grant or loan, a housing organization shall consider the number of bedrooms in the unit and whether the unit is being rehabilitated or newly created.

(2) A landlord shall contribute matching funds or in-kind services that equal or exceed 20 percent of the value of the grant or loan.

(3) A project may include a weatherization component.

(4) A project shall comply with applicable building, housing, and health laws.

(5) The terms and conditions of a grant or loan agreement apply to the original recipient and to a successor in interest for the period the grant or loan agreement is in effect.

(6) The identity of a recipient and the amount of a grant or forgivable loan are public records that shall be available for public copying and inspection and the Department shall publish this information at least quarterly on its website.

(e) Program requirements applicable to grants. For a grant awarded under subdivision (b)(1) of this section for a unit that is non-code compliant, the following requirements apply for a minimum period of five years:

(1) A landlord shall coordinate with nonprofit housing partners and local coordinated entry organizations to identify potential tenants.

(2)(A) Except as provided in subdivision (2)(B) of this subsection (e), a landlord shall lease the unit to a household that is exiting homelessness or actively working with an immigrant or refugee resettlement program.

(B) If, upon petition of the landlord, the Department or the housing organization that issued the grant determines that a household exiting homelessness is not available to lease the unit, then the landlord shall lease the unit:

(i) to a household with an income equal to or less than 80 percent of area median income; or

(ii) if such a household is unavailable, to another household with the approval of the Department or housing organization.

(3)(A) A landlord shall accept any housing vouchers that are available to pay all, or a portion of, the tenant's rent and utilities.

(B) If no housing voucher or federal or State subsidy is available, the total cost of rent for the unit, including utilities not covered by rent payments, shall not exceed the applicable fair market rent established by the Department of Housing and Urban Development.

(4)(A) A landlord may convert a grant to a forgivable loan upon approval of the Department and the housing organization that approved the grant.

(B) A landlord who converts a grant to a forgivable loan shall receive a 10 percent credit for loan forgiveness for each year in which the landlord participates in the grant program.

(f) Requirements applicable to forgivable loans. For a forgivable loan awarded under subdivision (b)(1) of this section for a unit that is non-code compliant, the following requirements apply for a minimum period of 10 years:

(1)(A) A landlord shall accept any housing vouchers that are available to pay all, or a portion of, the tenant's rent and utilities.

(B) If no housing voucher or federal or State subsidy is available, the cost of rent for the unit, including utilities not covered by rent payments, shall not exceed the applicable fair market rent established by the Department of Housing and Urban Development.

(2) The Department shall forgive 10 percent of the amount of a forgivable loan for each year a landlord participates in the loan program.

(g) Requirements for an accessory dwelling unit.

(1) For a grant or forgivable loan awarded under subdivision (b)(2) of this section for a unit that is a new accessory dwelling unit, the total cost of rent for the unit, including utilities not covered by rent payments, shall not exceed the applicable fair market rent established by the Department of Housing and Urban Development.

(2) A landlord shall not offer an accessory dwelling unit created through the Program as a short-term rental, as defined in 18 V.S.A. § 4301.

(h) Lien priority. A lien for a grant converted to a loan or for a forgivable loan issued pursuant to this section is subordinate to:

(1) a lien on the property in existence at the time the lien for rehabilitation and weatherization of the rental housing unit is filed in the land records; and

(2) a first mortgage on the property that is refinanced and recorded after the lien for rehabilitation and weatherization of the rental housing unit is filed in the land records.

Sec. 7. REPORT

On or before February 15, 2023, the Department of Housing and Community Development shall report to the General Assembly concerning the design, implementation, and outcomes of the Vermont Rental Housing Improvement Program, including findings and any recommendations related to the amount of grant awards.

Sec. 8. APPROPRIATIONS

(a) Purpose. The purpose of the appropriations in this section are:

(1) to respond to the far-reaching public health and negative economic impacts of the COVID-19 pandemic; and

(2) to ensure that Vermonters and Vermont communities have an adequate supply of safe, affordable housing.

(b) In fiscal year 2022, the amount of \$20,400,000.00 is appropriated from the America Rescue Plan Act (ARPA) – Coronavirus State Fiscal Recovery Funds as follows:

(1) \$400,000.00 to the Department of Public Safety to hire one or more Inspector positions authorized pursuant to this act.

(2) \$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 20 percent of the funds for new accessory dwellings as follows:

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

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

Sec. 9. EFFECTIVE DATES

This section and the following sections shall take effect on passage:

(1) Sec. 1 (DPS authority for rental housing health and safety; rental housing registration).

(2) Sec. 2 (DPS positions).

(3) Sec. 3 (conforming changes to Department of Health statutes).

(4) Sec. 4 (DPS rulemaking authority and transition provisions).

(5) Secs. 5–7 (Vermont Rental Housing Improvement Program).

(6) Sec. 8 (ARPA appropriations).

COMMITTEE ON THE PART OF
THE SENATE

SEN. MICHAEL D. SIROTKIN

SEN. ALISON CLARKSON

SEN. RANDOLPH D. BROCK

COMMITTEE ON THE PART OF
THE HOUSE

REP. THOMAS STEVENS

REP. JOHN KILLACKY

REP. TOMMY J. WALZ

Which was considered and adopted on the part of the House.

Rules Suspended to Interrupt Orders of the Day

Rep. Hango of Berkshire moved to suspend the rules to interrupt the Orders of the Day for the purpose of hearing a ceremonial reading of H.C.R. 153, and to recognize the persons honored in the resolution, which was agreed to.

Ceremonial Reading

H.C.R. 153

House concurrent resolution celebrating the State Partnership Program recently established between the Vermont National Guard and Austria

Offered by: Representatives Hango of Berkshire, Austin of Colchester, Birong of Vergennes, Fagan of Rutland City, Goslant of Northfield, Harrison of Chittenden, Martel of Waterford, Morgan, L. of Milton, Morgan, M. of Milton, Morrissey of Bennington, Norris of Sheldon, Ode of Burlington, Page of Newport City, Rosenquist of Georgia, Scheuermann of Stowe, Sibilia of Dover, Troiano of Stannard, and Walz of Barre City

Having been adopted in concurrence on Friday, April 29, 2022 in accord with Joint Rule 16b, was read.

**Rules Suspended; Immediate Consideration;
Senate Proposal of Amendment Concurred in**

H. 518

Appearing on the Notice Calendar, on motion of **Rep. McCoy of Poultney**, the rules were suspended and House bill, entitled

An act relating to municipal energy resilience initiatives

Was taken up for immediate consideration.

The Senate proposed to the House to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. FINDINGS; MUNICIPAL ENERGY RESILIENCE

The General Assembly finds that:

(1) Vermont's municipalities own and operate more than 2,000 buildings and facilities, which are used to provide services to its citizens, including libraries; storing town vehicles; providing space for civic engagement; and connecting citizens to healthcare, education, and commercial interests.

(2) Vermont's Global Warming Solutions Act sets aggressive targets for greenhouse gas emissions reductions, and the heating of buildings provide significant opportunities for meeting these targets.

(3) The volatile cost of fossil fuel heating is often one of the largest line items in a municipal budget, which impacts the residential and commercial taxpayers in that municipality.

(4) A modest expansion to the State Energy Management Program, established in 29 V.S.A. § 168, made in 2019 can assist municipalities with responding to the greenhouse gas emissions targets set forth in the Global Warming Solutions Act.

(5) Connecting technical resources at the local, regional, and State level and expanding the State's energy management program to include municipal buildings will promote increased resilience and sustained connection to critical services for all Vermonters.

**Sec. 2. MUNICIPAL ENERGY RESILIENCE; DEPARTMENT OF
BUILDINGS AND GENERAL SERVICES; ASSESSMENTS**

(a) Energy resilience assessments. On or before September 1, 2022, the Department of Buildings and General Services shall issue a request for proposal for a comprehensive energy resilience assessment of covered municipal buildings and facilities.

(b) Request for proposal. The Commissioner of Buildings and General Services shall contract with an independent third party to conduct the assessment described in subsection (a) of this section. The assessment shall be completed on or before January 15, 2024.

(c) Application. A covered municipality shall submit an application to the Department of Buildings and General Services to receive an assessment of its buildings and facilities pursuant to the guidelines established in subsection (e) of this section. As part of the application process, a municipality may use the assistance of a regional planning commission to develop plans.

(d) Scope. For each covered municipality, the assessment described in subsection (a) of this section shall include a scope of work, cost, and timeline for completion for each building or facility. The assessment shall also include:

(1) recommendations for improvements that reduce the operating and maintenance costs, enhance comfort, and reduce energy intensity in a municipal building or facility, including:

(A) the improvement or replacement, or both, of heating, ventilation and air conditioning systems;

(B) the use of a renewable energy source for heating systems, provided that recommendations for the use of a heating systems that uses fossil fuels is not eligible; and

(C) improvements to the buildings or facilities thermal envelope;

(2) an evaluation on the reasonableness of battery storage and EV charging stations and recommended locations, as applicable;

(3) an evaluation of the potential for on-site renewable energy generation options and recommendation on the one most feasible, as applicable;

(4) an estimate of costs for each recommendation;

(5) an estimate of system and equipment life cycle costs and consumption data; and

(6) the potential to phase the scope of work and suggest a prioritized order of completion separate from the energy assessment scope.

(e) Administration. The Department of Buildings and General Services shall establish guidelines for a covered municipality to receive an assessment and shall require at a minimum that:

(1) the covered municipality has access to high-speed Internet as defined in the State's Telecommunication Plan set forth in 30 V.S.A. § 202c or a plan

is in place by 2024 to ensure access to high-speed Internet; and

(2) any building that is assessed is compliant with the American Disabilities Act at the time the project is completed.

(f) Definition. As used in this section, “covered municipality” means a city, town, fire district or incorporated village, and all other governmental incorporated units except for school districts.

Sec. 3. MUNICIPAL ENERGY RESILIENCE GRANT PROGRAM

(a) Program established.

(1) In fiscal year 2023, there is established the Municipal Energy Resilience Grant Program to award grants to:

(A) make recommendations to municipalities on the use of more efficient renewable or electric heating systems; and

(B) make necessary improvements to reduce emissions by reducing fossil fuel usage and increasing efficiency in municipally owned buildings.

(2) For the awards granted pursuant to this subsection, the primary design of replacement systems shall prioritize renewable or electric heating systems as the preferred heating source. If, after review, a non-fossil fuel heating system is not technically feasible as a primary heating source, the recommendation may include upgrades for other heating systems, provided they reduce fossil fuel consumption and meet the goals of this act.

(b) Definition. As used in this section, “covered municipality” means a city, town, fire district or incorporated village, and all other governmental incorporated units except for school districts.

(c) Administration; implementation.

(1) Grant awards. The Department of Buildings and General Services, in coordination with Efficiency Vermont, through the State Energy Management Program, shall administer the Program, which shall award grants for the following:

(A) not more than \$500,000.00 to each covered municipality for approved projects for weatherization, thermal efficiency, to supplement or replace fossil fuel heating systems with more efficient renewable or electric heating systems, and any other expenditures necessary for the project to be eligible for funding under federal law and guidelines; and

(B) not more than \$4,000.00 to each covered municipality to facilitate community meetings and communication about municipal energy resilience.

(2) Grant Program design. The Department of Buildings and General Services, in consultation with Efficiency Vermont; the Vermont League of Cities and Towns; regional planning commissions; and experts in the field of thermal enclosure, energy efficiency, and renewable building space systems, shall design the Program. The Program shall include a streamlined and minimal application process for a municipality to apply directly to the Department of Buildings and General Services or with the assistance of a regional planning commission. The Program design shall establish:

(A) an outreach and education plan by regional planning commissions, including specific tactics to reach and support each covered municipality;

(B) an equitable system for distributing grants statewide on the basis of need according to a system of priorities, including the following ranked in priority order:

(i) a municipality with the highest energy burden community needs and lowest resources, as defined in Efficiency Vermont's 2019 Energy Burden Report;

(ii) a municipality that may not have administrative support to apply for grants;

(iii) geographic location;

(iv) community size; and

(v) whether another division of the municipality has already received a grant;

(C) guidelines for renewable and energy efficiency buildings systems resilience, durability, health, and efficiency measures and costs that will be eligible for grant funding; and

(D) eligibility criteria for covered municipalities, including written commitment by the municipality to conduct community workshops and a self-assessment.

(d) Coordination. The Department of Buildings and General Services shall coordinate with any other State entities and agencies working with covered municipalities to provide grants for the Program.

(e) Funding. The Program shall be funded by the American Rescue Plan Act State and Local Fiscal Recovery Fund.

(f) Assessment. A covered municipality is only eligible for a grant under this section if an assessment of its buildings and facilities has been conducted pursuant to Sec. 2 of this act.

Sec. 4. MUNICIPAL ENERGY RESILIENCE GRANT PROGRAM;
APPROPRIATION

In fiscal year 2023, the amount of \$45,000,000.00 shall be appropriated from the American Rescue Plan Act (ARPA) from the State and Local Fiscal Recovery Fund to the Municipal Energy Resilience Grant Program for use as follows:

(1) The amount of \$2,400,000.00 shall be appropriated to the Department of Buildings and General Services for regional planning commissions to assist with grant and assessment applications and provide programming and technical assistance to covered municipalities. The funding to regional planning commissions shall be distributed as follows:

(A) Fifty-five percent of the funds shall be divided equally among the regional planning commissions.

(B) Forty-five percent of the funds shall be allocated according to the number of Vermont member municipalities in each regional planning commission as of July 1, 2022.

(2) The amount of \$42,600,000.00 shall be appropriated to the Department of Buildings and General Services to be used as follows:

(A) \$5,000,000.00 for hiring a contractor to conduct assessments pursuant to Sec. 2 of this act;

(B) \$1,000,000.00 for costs associated with administering the grant program; and

(C) \$36,600,000.00 for grants to covered municipalities for weatherization, for thermal efficiency, and to supplement or replace heating systems with more efficient renewable or electric heating systems.

* * * Municipal Energy Loan Program * * *

Sec. 5. 29 V.S.A. § 168a is added to read:

§ 168a. MUNICIPAL ENERGY LOAN PROGRAM

(a) Authority. The Department of Buildings and General Service is authorized to provide financing to municipalities through the Municipal Energy Loan Program for equipment replacement, studies, weatherization, construction of improvements affecting the use of energy resources, the implementation of energy efficiency and conservation measures, and the use of renewable resources.

(b) Loan eligibility and criteria. The Commissioner shall establish for the Program described in subsection (a) of this section:

(1) criteria to determine eligibility for funding, including repayment terms;

(2) a priority basis for the selection process that ensures equitable allocation of funds to municipalities, considering at least financial need, geographic distribution, and ability to repay; and

(3) loan conditions that ensure accountability by a municipality receiving funds.

(c) Definitions. As used in this section:

(1) “Energy efficiency improvement” has the same meaning as in section 168 of this title.

(2) Definition. As used in this section, “covered municipality” means a city, town, fire district or incorporated village, and all other governmental incorporated units except for school districts.

(3) “Renewables” has the same meaning as in 30 V.S.A. § 8002.

(4) “Resource conservation measures” has the same meaning as in section 168 of this title.

Sec. 6. 29 V.S.A. § 168b is added to read:

§ 168b. MUNICIPAL ENERGY REVOLVING FUND

(a) Creation. There is established the Municipal Energy Revolving Fund to provide financing for the Municipal Energy Loan Program established in section 168a of this title.

(b) Monies in the Fund. The Fund shall consist of:

(1) monies appropriated to the Fund and;

(2) loan repayment by municipalities

(c) Repayment terms. A municipality receiving funding shall repay the Fund through its regular operating budget according to a schedule established by the Commissioner.

(d) Fund administration.

(1) The Commissioner of Finance and Management may anticipate receipts to this Fund and issue warrants based thereon.

(2) The Commissioner of Buildings and General Services shall maintain accurate and complete records of all receipts by and expenditures from the Fund.

(3) All balances remaining at the end of a fiscal year shall be carried

over to the following year.

(e) Definitions. As used in this section:

(1) “Energy efficiency improvement” has the same meaning as in section 168 of this title.

(2) “Renewables” has the same meaning as in 30 V.S.A. § 8002.

(f) Annual report. Beginning on or before January 15, 2023 and annually thereafter, the Commissioner of Buildings and General Services shall report to the House Committees on Corrections and Institutions and on Energy and Technology and the Senate Committee on Institutions on the expenditure of funds from the Municipal Energy Revolving Fund. For each fiscal year, the report shall include a summary of each project receiving funding and the municipality’s expected savings. 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. 7. MUNICIPAL ENERGY REVOLVING FUND; DEPARTMENT OF
BUILDINGS AND GENERAL SERVICES; FEE
RECOMMENDATION

On or before January 15, 2023, the Commissioner of Buildings and General Services shall submit a recommendation to the House Committee on Ways and Means and the Senate Committee on Finance for a fee amount to be charged to pay for administrative costs associated with the Municipal Energy Revolving Fund.

Sec. 8. MUNICIPAL ENERGY REVOLVING FUND; FY 2023
APPROPRIATION; REPORT

(a) In FY 2023, to the extent permitted by federal law, the following amounts shall be transferred to the Department of Buildings and General Services from the Department of Public Service for the Municipal Energy Revolving Fund, as established in 29 V.S.A. § 168b:

(1) not more than \$800,000.00 from the Energy Efficiency Revolving Loan Fund Capitalization Grant allocated in the Infrastructure Investment and Jobs Act, Pub. L. No. 117-58 pursuant to the process set forth in 32 V.S.A. § 5; and

(2) not more than \$2,000,000.00 from the Energy Efficiency and Renewable Energy Block Grant Fund in the Infrastructure Investment and Jobs Act, Pub. L. No. 117-58 pursuant to the process set forth in 32 V.S.A. § 5.

(b) On or before January 15, 2023, the Department of Public Service shall report to the House Committee on Energy and Technology and the Senate

Committee on Finance on the total grant amounts approved by the State and transferred to the Municipal Energy Revolving Fund pursuant to subsection (a) of this section.

Sec. 9. 2015 Acts and Resolves No. 58, Sec. E.112, as amended by 2019 Acts and Resolves No. 72, Sec. E.112, is further amended to read:

Sec. E.112 ENERGY EFFICIENCY; STATE BUILDINGS AND FACILITIES

* * *

(b) Notwithstanding any provision of Title 30 of the Vermont Statutes Annotated, Public Service Board order, or other provision of law to the contrary:

(1) The Department and Efficiency Vermont (EVT) shall augment the Program for a preliminary period of ~~eight~~ 11 years commencing in fiscal year 2016 under which EVT shall provide the Department with support for the Program to deliver cost-effective energy efficiency and conservation measures to State buildings and facilities, with the goal of this pilot to create a self-sustaining program at the Department, with annual savings from energy projects exceeding the annual cost to staff the Program. The Department and EVT may agree to continue conducting this augmented Program in subsequent fiscal years, after considering recommendations for improvement based on evaluation of the preliminary period.

* * *

(2) In addition to the requirements of subdivision (1) of this subsection, the project shall include provision by EVT of support for personnel to implement the Program during fiscal years 2016 to ~~2023~~ 2027.

* * *

(B) Under this subdivision (2), EVT shall provide up to \$290,000 during fiscal year 2016. For the remaining ~~seven~~ 10 fiscal years, EVT shall ~~provide an additional amount sufficient to support annual salary and benefit adjustments~~ make available under agreement with the Department an additional amount sufficient to support annual salary and benefit adjustments. These funds shall be received in the Facilities Operations Fund established in 29 V.S.A. § 160a, and may be spent using excess receipts authority. Efficiency Vermont and the Department may agree to adjust the funding committed to this Program based on a joint evaluation that annual energy savings generated by this Program exceed the annual cost of the staff positions.

(3) The Public Service Board shall adjust any performance measures applicable to EVT to recognize the requirements of this section.

(c) The Department and EVT shall execute a new or amended memorandum of understanding to implement this section, which shall include targets for future energy savings, a process for determining how savings targets are met, and details of EVT's commitment for personnel over ~~an eight-year~~ a 10-year time period.

(d) On or before October 1 of each year commencing in 2016 and ending in ~~2023~~ 2027, the Department and EVT shall provide a joint report on the implementation of this section.

* * *

(5) The report to be submitted in 2019 ~~and~~, in 2023, ~~and in 2027~~ shall contain an evaluation of the Program authorized under this section and any resulting recommendations, including recommendations related to Program continuation beyond ~~2023~~ 2027.

* * *

Sec. 10. FY 2023; APPROPRIATION; DEPARTMENT OF BUILDINGS
AND GENERAL SERVICES; REGIONAL PLANNING
COMMISSIONS; POSITIONS

(a) Department of Buildings and General Services. Two full-time, limited-service positions are created in the Department of Buildings and General Services in fiscal year 2023 for three fiscal years to administer the municipal energy resilience assessments pursuant to Sec. 2 of this act. The positions shall be responsible for determining project eligibility; coordinating with the State Energy Management Program to recruit and coordinate auditors, engineers, and contractors; and providing financing technical assistance for municipalities implementing projects. These positions shall be funded from the amount appropriated in Sec. 4(2)(B) of this act.

(b) Department of Buildings and General Services; Municipal Energy Resilience Grant Program. Two full-time, limited-service positions are created in the Department of Buildings and General Services in fiscal year 2023 for three fiscal years to administer the Municipal Energy Resilience Grant Program created in Sec. 3 of this act. The positions shall be funded from the amount of \$1,000,000.00 for administrative costs appropriated in Sec. 4(2)(B) of this act.

* * * Effective Date * * *

Sec. 11. EFFECTIVE DATE

This act shall take effect on July 1, 2022.

Which proposal of amendment was considered and concurred in.

Rules Suspended; Bills Messaged to Senate Forthwith

On motion of **Rep. McCoy of Poultney**, the rules were suspended and House action on the following bills were ordered messaged to the Senate forthwith:

S. 11

Senate bill, entitled

An act relating to prohibiting robocalls

S. 210

Senate bill, entitled

An act relating to rental housing health and safety and affordable housing

S. 283

Senate bill, entitled

An act relating to miscellaneous changes to education laws

Recess

At three o'clock and forty-four minutes in the afternoon, the Speaker declared a recess until the fall of the gavel.

Message from the Governor

A message was received from His Excellency, the Governor, by Ms. Brittney L. Wilson, Secretary of Civil and Military Affairs, as follows:

Madam Speaker:

I am directed by the Governor to inform the House of Representatives that on the 11th day of May, 2022, he signed bills originating in the House of the following titles:

H. 266 An act relating to health insurance coverage for hearing aids

H. 293 An act relating to creating the State Youth Council

H. 411 An act relating to the retrieval and use of covered wild animals

Message from the Senate No. 74

A message was received from the Senate by Mr. Marshall, its Assistant Secretary, as follows:

Madam Speaker:

I am directed to inform the House that:

The Senate has considered House proposals of amendment to Senate proposals of amendment to House proposals of amendment to Senate bill of the following title:

S. 188. An act relating to regulating licensed small cannabis cultivation as farming.

And has concurred therein.

The Senate has considered the report of the Committee of Conference upon the disagreeing votes of the two Houses upon House bill of the following title:

H. 727. An act relating to the exploration, formation, and organization of union school districts and unified union school districts.

And has accepted and adopted the same on its part.

The Senate has considered bills originating in the House of the following titles:

H. 74. An act relating to making miscellaneous changes concerning self-storage businesses.

H. 244. An act relating to authorizing the natural organic reduction of human remains.

H. 477. An act relating to leave for crime victims.

H. 559. An act relating to workers' compensation.

And has passed the same in concurrence.

The Senate has considered a bill originating in the House of the following title:

H. 730. An act relating to alcoholic beverages and the Department of Liquor and Lottery.

And has passed the same in concurrence with proposals of amendment in the adoption of which the concurrence of the House is requested.

Called to Order

Rep. Krowinski of Burlington presiding. At four o'clock and fourteen minutes in the afternoon the Speaker called the House to order.

**Rules Suspended; Immediate Consideration; Report of Committee of
Conference Adopted**

H. 720

Appearing on the Calendar for Notice, on motion of **Rep. McCoy of Poultney**, the rules were suspended and House bill, entitled

An act relating to the system of care for individuals with developmental disabilities

Was taken up for immediate consideration.

The Speaker placed before the House the following Committee of Conference report:

To the Senate and House of Representatives:

The Committee of Conference to which were referred the disagreeing votes of the two Houses respectfully reported that it met and considered the same and recommended the following:

TO THE SENATE AND HOUSE OF REPRESENTATIVES:

The Committee of Conference to which were referred the disagreeing votes of the two Houses upon House Bill entitled:

H.720. An act relating to the system of care for individuals with developmental disabilities.

Respectfully reports that it has met and considered the same and recommends that the Senate recede from its proposal of amendment and that the bill be amended by striking out Sec. 3, report; case manager quality assurance review, in its entirety and inserting in lieu thereof the following:

Sec. 3. REPORT; QUALITY ASSURANCE REVIEW

(a) On or before November 15, 2022, the Department of Disabilities, Aging, and Independent Living shall submit a written report to the House Committee on Human Services and to the Senate Committee on Health and Welfare regarding the oversight of services for individuals with developmental disabilities. The report shall, at a minimum:

(1) identify the current level of quality service reviews required by the Department for home- and community-based services provided by the designated and specialized service agencies and other contracted agencies that provide services to individuals with developmental disabilities and recommend any modifications to these requirements or processes; and

(2) identify the current requirements for the designated and specialized service agencies and other providers to perform on-site visits to individuals

with a developmental disability receiving Medicaid-funded residential services, including the residences of individuals residing with shared living providers; the residences of individuals receiving services in their own home or the home of their family; and the residences of individuals residing in residential care homes, therapeutic community residences, nursing facilities, and any other residential settings.

(b) On or before January 15, 2023, the Department of Disabilities, Aging, and Independent Living shall submit a written report to the House Committee on Human Services and to the Senate Committee on Health and Welfare regarding the oversight of services for individuals with developmental disabilities. The report shall develop an implementation plan that shall address the fiscal and workforce requirements for conducting a minimum of at least one annual on-site quality assurance and improvement visit by the Department to the designated and specialized service agencies and other providers serving individuals with developmental disabilities to address the quality of home- and community-based services, including health and safety, in accordance with personalized service plans for the individuals served.

*CHERYL M. HOOKER
RUTH E. HARDY
JOSHUA TERENCEZINI*

Committee on the part of the Senate

*THERESA A. WOOD
FRANCIS M. MCFAUN
DANIEL A. NOYES*

Committee on the part of the House

Which was considered and adopted on the part of the House.

**Rules Suspended; Immediate Consideration; Consideration of Senate
Proposal of Amendment Interrupted; Recess; Consideration Resumed;
Senate Proposal of Amendment Concurred in**

H. 533

Pending entry on the Notice Calendar, on motion of **Rep. McCoy of
Poultney**, the rules were suspended and House bill, entitled

An act relating to converting civil forfeiture of property in drug-related
prosecutions into a criminal process

Was taken up for immediate consideration.

The Senate proposed to the House to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. DRUG-RELATED PROPERTY SEIZURE AND FORFEITURE;
WORKING GROUP; REPORT

(a) Creation. There is created the Property Seizure and Forfeiture Working Group to study Vermont's use of property seizure and forfeiture processes under federal and State law for drug-related offenses.

(b) Membership. The Working Group shall be composed of the following members:

(1) the Chief Judge of the Vermont Superior Court or designee;

(2) the Attorney General or designee;

(3) the State Treasurer or designee;

(4) the Defender General or designee;

(5) the Commissioner of Public Safety or designee;

(6) the Executive Director of the Department of State's Attorney and Sheriffs or designee;

(7) the President of the Vermont Sheriffs' Association or designee; and

(8) the Center for Justice Reform at Vermont Law School.

(c) Powers and duties. The Working Group shall study how Vermont law enforcement used federal and State law to seize and forfeit property in drug-related offenses since 2015. In particular, the study shall examine:

(1) the date, type, quantity, value, and location of any seized property;

(2) the number of State property seizures resulting in federal adoption;

(3) forfeiture actions commenced using the State and federal processes, including the date of commencement, type of forfeiture process used, and why the specific forfeiture process was selected;

(4) drug offenses related to any State and federal forfeiture actions, including the date the offense is charged and date of final judgment, plea agreement, or other agreement disposing of the matter;

(5) whether innocent owners, lienholders, or other interested parties aggrieved by a seizure or forfeiture intervened or otherwise participated in any State and federal forfeiture actions;

(6) the outcomes of State and federal forfeiture actions, including the

dates of disposition and whether property was forfeited, returned, or otherwise disposed;

(7) how and when the proceeds of forfeited property were distributed using the State and federal processes, including the share of proceeds received by any law enforcement agencies and prosecutors' offices;

(8) how any proceeds were used by law enforcement agencies and prosecutors' offices;

(9) any problems, impediments, or issues with the State process, including impacts on the State court system if it is expanded; and

(10) any complaints concerning abuse of the State and federal processes by law enforcement agencies or prosecutors' offices.

(d) Report. On or before December 15, 2022, the Working Group shall submit a written report in the form of proposed legislation to the Joint Legislative Justice Oversight Committee, the Senate Committee on Judiciary, and the House Committee on Judiciary.

(e) Meetings.

(1) The Chief Judge of the Vermont Superior Court or designee shall call the first meeting of the Working Group to occur on or before July 15, 2022.

(2) The Committee shall select a chair from among its members at the first meeting.

(3) A majority of the membership shall constitute a quorum.

(4) The Working Group shall cease to exist on January 31, 2023.

Sec. 2. 18 V.S.A. § 4247 is amended to read:

§ 4247. DISPOSITION OF PROPERTY

(a) Whenever property is forfeited and delivered to the State Treasurer under this subchapter, the State Treasurer shall, ~~no~~ not sooner than 90 days ~~of~~ after the date the property is delivered, sell the property at a public sale held under 27 V.S.A. chapter ~~13~~ 18, subchapter 7.

(b) The proceeds from the sale of forfeited property shall be used first to offset any costs of selling the property, and then, after any liens on the property have been paid in full, applied to payment of seizure, storage, and forfeiture expenses, including animal care expenses related to the underlying violation. Remaining proceeds shall be distributed as follows:

* * *

(B) ~~The Governor's Criminal Justice and Substance Abuse Cabinet Agency of Administration~~ is authorized to determine the allocations among the groups listed in subdivision (A) of this subdivision (1); and may only reimburse the prosecutor and law enforcement agencies that participated in the enforcement effort resulting in the forfeiture for expenses incurred, including actual expenses for involved personnel. The proceeds shall be held by the Treasurer until the ~~Cabinet Agency~~ notifies the Treasurer of the allocation determinations, at which time the Treasurer shall forward the allocated amounts to the appropriate agency's operating funds.

* * *

Sec. 3. REPEAL

18 V.S.A. § 4247(b)(1)(B) is repealed on July 1, 2024.

Sec. 4. EFFECTIVE DATE

This act shall take effect on July 1, 2022.

And that after passage the title of the bill be amended to read:

An act relating to forfeited property disposition and a study assessing civil and criminal seizure and forfeiture of property in drug-related offenses.

At four o'clock and thirty-four minutes in the afternoon, the Speaker declared a recess until the fall of the gavel.

At four o'clock and forty-six minutes in the afternoon, the Speaker called the House to order.

Thereupon, consideration resumed on the Senate proposal of amendment and which proposal of amendment was concurred in.

Rules Suspended; Immediate Consideration; Senate Proposal of Amendment Concurred in with a Further Amendment Thereto

H. 572

Appearing on the Notice Calendar, on motion of **Rep. McCoy of Poultney**, the rules were suspended and House bill, entitled

An act relating to the retirement allowance for interim educators

Was taken up for immediate consideration.

The Senate proposed to the House to amend the bill by striking all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. FY 2023; RESTORATION OF SERVICE; VERMONT STATE

TEACHERS' RETIREMENT SYSTEM

(a) Authority. Notwithstanding 16 V.S.A. § 1939 or any other provision of law, in fiscal year 2023, a beneficiary who retired from the System as a Group A or a Group C member may resume service, as that term is defined in 16 V.S.A. § 1931, to serve as an interim school educator for a period not to exceed one school year and receive the beneficiary's retirement allowance for the entire period that service is resumed, provided that:

(1) the beneficiary has received a retirement allowance for six months or more immediately preceding the resumption of service;

(2) the employer of the beneficiary is subject to the assessment set forth in 16 V.S.A. § 1944d on behalf of the beneficiary and remits payment to the Benefits Fund; and

(3) the employer of the beneficiary remits a one-time fee of \$2,500.00 to the State Treasurer for administrative costs associated with the beneficiary resuming service.

(b) Period of service. A person who resumes service under subsection (a) of this section shall not make any contributions to the System during the person's period of service and shall not be entitled to a retirement allowance separately computed for the period that service was resumed.

(c) Employment certification. Each superintendent who hires an interim school educator pursuant to subsection (a) of this section shall certify to the Board that the district exhausted all reasonable options to employ a qualified active educator prior to employing a beneficiary as an interim school educator.

(d) Renewal.

(1) In fiscal years 2024 and 2025, the State Treasurer is authorized to grant not more than two renewals for a one-fiscal-year period to the authority described in subsection (a) of this section. The State Treasurer shall make the determination to renew the authority not earlier than June 1 but not later than June 30 in each fiscal year and shall notify the House and Senate Committees on Government Operations of the determination.

(2) In the event the State Treasurer makes a determination to renew the authority pursuant to subdivision (1) of this subsection, a beneficiary may only resume service during each one-year renewal period if service is performed in a different interim school educator position.

(e) Repeal. This section shall be repealed on June 30, 2026.

Sec. 2. EFFECTIVE DATE

This act shall take effect on July 1, 2022.

Pending the question, Shall the House concur in the Senate proposal of amendment?, **Rep. Copeland Hanzas of Bradford** moved to concur in the Senate proposal of amendment with a further amendment thereto as follows:

First: In Sec. 1, FY 2023; restoration of service; Vermont State Teachers' Retirement System, by striking out subdivision (a)(3) in its entirety and inserting a new subdivision (a)(3) to read as follows:

(3) the employer of the beneficiary remits payment to the Vermont Teachers' Retirement Fund, established in 16 V.S.A. § 1944, in an amount equal to the contribution rate established for members of the beneficiary's group for any period that service is resumed.

Second: By adding a new Sec. 2 to read as follows:

Sec. 2. 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 (d) 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, or who are vested deferred, 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 on 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, or who is vested deferred, 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) Amount of postretirement adjustment. The postretirement adjustment for each member who meets the eligibility criteria set forth in subsection (c) shall be as follows:

(1) the full amount of the net percentage increase calculated pursuant to subsection (b) of this section for all Group A members; and

(2) one-half of the net percentage increase for all Group C members.

(e) 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.

and by renumbering the remaining section to be numerically correct.

Which was agreed to.

Rules Suspended; Immediate Consideration; Senate Proposal of Amendment Concurred in

H. 512

Pending entry on the Notice Calendar, on motion of **Rep. McCoy of Poultney**, the rules were suspended and House bill, entitled

An act relating to modernizing land records and notarial acts law

Was taken up for immediate consideration.

The Senate proposed to the House to amend the bill as follows:

First: In Sec. 2, 27 V.S.A. chapter 5, subchapter 8, by striking out section 625 in its entirety and inserting in lieu thereof a new section 625 to read as follows:

§ 625. STANDARDS AND BEST PRACTICES

To ensure consistency in the standards and best practices of, and the technologies used by, recorders in this State, all recordings of deeds and other instruments or evidences respecting real estate, regardless of format, shall comply with standards and best practices issued by the Vermont State Archives and Records Administration pursuant to 3 V.S.A. § 117. Recorders shall seek services from the Vermont State Archives and Records Administration to comply with the standards and best practices issued in accordance with this subchapter. No provisions of this subchapter shall be implemented unless a recorder has complied with the standards and best practices issued by the Vermont State Archives and Records Administration in accordance with this subchapter.

Second: In Sec. 3, Vermont State Archives and Records Administration; report, by striking out subsection (a) in its entirety and inserting in lieu thereof a new subsection (a) to read as follows:

(a)(1) On or before January 15, 2024, the Vermont State Archives and Records Administration shall submit a report to the House Committees on Commerce and Economic Development and on Government Operations and the Senate Committees on Economic Development, Housing and General Affairs and on Government Operations concerning the fiscal, governance, and operational sustainability of uniform approaches to the modernization of the acceptance, recording, and availability of deeds and other property records, regardless of format.

(2) For the report required by this subsection, the Vermont State Archives and Records Administration shall consult with:

- (A) the Joint Fiscal Office;
- (B) the Vermont League of Cities and Towns;
- (C) the Vermont Municipal Clerks' and Treasurers' Association;
- (D) representatives from the banking, bar, title insurance, and real estate industry; and
- (E) other interested parties.

Third: In Sec. 5 (effective date), by striking Sec. 5 in its entirety and inserting in lieu thereof a Sec. 6 to read as follows:

Sec. 6. EFFECTIVE DATES

(a) This section and Sec. 4 (Vermont State Archives and Records Administration; position) shall take effect on passage.

(b) Secs. 1, 2, 3, and 5 shall take effect on July 1, 2022.

Which proposal of amendment was considered and concurred in.

Rules Suspended; Bills Messaged to Senate Forthwith

On motion of **Rep. McCoy of Poultney**, the rules were suspended and House actions on the following bills were ordered messaged to the Senate forthwith:

H. 512

House bill, entitled

An act relating to modernizing land records and notarial acts law

H. 518

House bill, entitled

An act relating to municipal energy resilience initiatives

H. 533

House bill, entitled

An act relating to converting civil forfeiture of property in drug-related prosecutions into a criminal process

H. 572

House bill, entitled

An act relating to the retirement allowance for interim educators

H. 720

House bill, entitled

An act relating to the system of care for individuals with developmental disabilities

Recess

At five o'clock and eleven minutes in the afternoon, the Speaker declared a recess until the fall of the gavel.

Message from the Senate No. 75

A message was received from the Senate by Mr. Marshall, its Assistant Secretary, as follows:

Madam Speaker:

I am directed to inform the House that:

The Governor has informed the Senate that on May 11, 2022, he did not approve and *allowed to become law without his signature* a bill originating in the Senate of the following title:

S. 197. An act relating to the provision of mental health supports.

Text of Communication from Governor

The text of the communication to the Senate from His Excellency, the Governor, setting forth his reasons for refusing to sign and *allowing to become law without his signature*, **Senate Bill No. S. 197**, is as follows:

“May 11, 2022

Vermont General Assembly
115 State Street
Montpelier, VT 05633

Re: S. 197, An act relating to the provisions of mental health supports

Dear Legislators:

Today, I am letting S. 197, *An act relating to the provisions of mental health supports* go into law because, in the aftermath of remote learning and school masking policies of the last two years of the pandemic, our school staffs and our kids need resources and supports to address learning deficits and mental health needs which only became worse during COVID, particularly among Vermont’s most vulnerable kids. I thank the Legislature for appropriating \$3 million in federal funds for this purpose.

Unfortunately, while S. 197 will become law, it will be without my signature due to what I believe is a separation of powers issue related to executive privilege within the bill. In response to Section 5 of this bill, the Task Force will release materials upon request only, and only to the extent I have made a determination in my discretion to waive the privilege. Letting this bill go into law without my signature does not constitute a waiver of my executive privilege.

Sincerely,

/s/ Philip B. Scott
Governor

PBS/kp”

The Governor has informed the Senate that on the eleventh day of May, 2022, he approved and signed bills originating in the Senate of the following titles:

S. 162. An act relating to the collective bargaining rights of teachers.

S. 206. An act relating to planning and support for individuals and families impacted by Alzheimer's Disease and related disorders.

Message from the Senate No. 76

A message was received from the Senate by Mr. Marshall, its Assistant Secretary, as follows:

Madam Speaker:

I am directed to inform the House that:

The Senate has considered the reports of the Committees of Conference upon the disagreeing votes of the two Houses upon Senate bills of the following titles:

S. 11. An act relating to prohibiting robocalls.

S. 210. An act relating to rental housing health and safety and affordable housing.

S. 283. An act relating to miscellaneous changes to education laws.

And has accepted and adopted the same on its part.

The Senate has on its part adopted Senate concurrent resolutions of the following titles:

S.C.R. 22. Senate concurrent resolution congratulating Jay and Joan Zwynenburg on the 50th anniversary of Jay's Art Shop & Frame Gallery and for their roles as exemplary downtown Bennington entrepreneurs.

S.C.R. 23. Senate concurrent resolution celebrating the State Partnership Program recently established between the Vermont National Guard and Austria.

The Senate has on its part adopted concurrent resolutions originating in the House of the following titles:

H.C.R. 170. House concurrent resolution in memory of former Representative, Commissioner of State Buildings, and Labor Relations Board

member John J. Zampieri of Ryegate.

H.C.R. 171. House concurrent resolution congratulating Jayne Barber of Bellows Falls on her 2022 induction into the Vermont Sports Hall of Fame.

Called to Order

At six o'clock and forty-four minutes in the evening the Speaker called the House to order.

Rules Suspended; Immediate Consideration; Report of Committee of Conference Adopted

H. 727

Pending entry on the Notice Calendar, on motion of **Rep. McCoy of Poultney**, the rules were suspended and House bill, entitled

An act relating to the exploration, formation, and organization of union school districts and unified union school districts

Was taken up for immediate consideration.

The Speaker placed before the House the following Committee of Conference report:

To the Senate and House of Representatives:

The Committee of Conference to which were referred the disagreeing votes of the two Houses respectfully reported that it met and considered the same and recommended the following:

To the Senate and House of Representatives:

The Committee of Conference, to which were referred the disagreeing votes of the two Houses upon House Bill, entitled:

H.727. An act relating to the exploration, formation, and organization of union school districts and unified union school districts.

Respectfully reports that it has met and considered the same and recommends that the Senate recede from its proposal of amendment and that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 16 V.S.A. chapter 11, subchapter 1 is redesignated to be chapter 9, subchapter 6 to read:

Subchapter ~~16~~. ~~GENERALLY~~; CONTRACTS BETWEEN DISTRICTS
TO OPERATE SCHOOLS JOINTLY

§ 571. CONTRACTS TO CONSTRUCT AND OPERATE JOINT SCHOOLS

* * *

§ 572. JOINT BOARDS FOR JOINT, CONTRACT, OR CONSOLIDATED SCHOOLS

* * *

Sec. 2. REPEAL

16 V.S.A. chapter 11 (union schools) is repealed on passage of this act.

Sec. 3. 16 V.S.A. chapter 11 is added to read:

CHAPTER 11. UNION SCHOOL DISTRICTSSubchapter 1. General Provisions§ 701. POLICY

It is the policy of the State to provide substantially equal educational opportunities for all children in Vermont by authorizing two or more school districts, including an existing union school district, to form a union school district for the purpose of providing for the education of its resident students in the grades for which it is organized, and for the new union school district to be a body politic and corporate with the powers incident to a municipal corporation, with all of the rights and responsibilities that a town school district has in providing for the education of its resident students. Formation of union school districts shall be designed to encourage and support local decisions and actions that provide substantial equity of educational opportunities statewide, lead students to achieve or exceed the State's Education Quality Standards, maximize operational efficiencies, promote transparency and accountability, and be delivered at a cost that parents, voters, and taxpayers value.

§ 702. DEFINITIONS

As used in this chapter:

(1) "Board clerk" means the individual selected to be clerk of the board of a union school district by the members of the board from among their number pursuant to the provisions of sections 714 (initial members of union school district board), 729 (unified union district board members), and 747 (union elementary and union high school district board members) of this chapter.

(2) "District clerk" means the individual elected as clerk of a union school district by the voters of the district pursuant to the provisions of sections 715 (union school district organizational meeting), 735 (unified union

school district officers and election), and 753 (union elementary and union high school district officers and election) of this chapter.

(3) “Forming districts” means all school districts, including union school districts, that are located within the geographical boundaries of a proposed or voter-approved union school district prior to the operational date of the union school district, which will potentially merge or have merged to form the new union school district.

(4) “Member district” means a school district, which can be a union school district, that is a member of a union elementary school district or a union high school district for certain grades, prekindergarten through grade 12, and is a distinct district organized to provide for the education of its resident students for all other grades, whether by operating one or more schools or paying tuition.

(5) “Operational date” means the date on which a union school district formed pursuant to the provisions of this chapter assumes full and sole responsibility for the education of all resident students in the grades for which it is organized.

(6) “School district” means a school district organized as a town school district, city school district, incorporated school district, or union school district, unless clearly inapplicable.

(7) In addition to its plain meaning, “town” means a city or incorporated village.

(8) In addition to its plain meaning, “town school district” means a city school district, or incorporated school district, and does not mean a union school district.

(9) “Town within a unified union school district” means each town located inside the geographic boundaries of a unified union school district and in which the district’s resident students live.

(10) “Transitional period” means the period of time beginning on the day on which a union school district becomes a legal entity pursuant to section 713 (certification of votes) of this chapter and continuing until its operational date.

(11) “Unified union school district” means a union school district organized to provide for the education of the district’s resident students in all grades, prekindergarten through grade 12.

(12) “Union elementary school district” and “union high school district” mean a union school district organized to provide for the education of the

district's resident students in fewer than all grades, prekindergarten through grade 12.

(13)(A) "Union school district" means a municipality formed under the provisions of this chapter that is governed by a single publicly elected board and that is responsible for the education of students residing in two or more towns in the grades for which the district is organized by:

(i) operating a school or schools for all grades;

(ii) operating a school or schools for all students in one or more grades and paying tuition for all students in the remaining grade or grades; or

(iii) paying tuition for all grades.

(B) Use of the term "union school district" or "union district" includes a union elementary school district, union high school district, and unified union school district unless the context clearly limits it to fewer than all options.

(14) "Weighted voting" means a system, sometimes used in the "proportional to town population" model of union school district board membership, set forth in subdivisions 711(d)(1), 711(e)(1), 730(a)(1), 748(a)(1), and 748(b)(1) of this chapter, where proportionality is achieved by assigning a different number of votes to each board member.

§ 703. APPLICATION OF OTHER LAWS AND ARTICLES OF AGREEMENT

(a) Other education laws. The provisions of this chapter are intended to be in addition to the general provisions of law pertaining to schools, school districts, and supervisory unions. General provisions of law shall apply to union school districts unless inconsistent with or otherwise provided in this chapter.

(b) Existing articles of agreement.

(1) If a union school district joins with other school districts to form a new union school district pursuant to the provisions of sections 706–715 (process of exploration, formation, and organization of a union school district) of this chapter, then the articles of agreement of the existing union school district are repealed, and the articles of agreement of the new union school district shall govern.

(2) If a union school district joins another existing union school district pursuant to the provisions of section 721 (joining an existing union school district) of this chapter, then the articles of agreement of the joining district are

repealed, and the articles of agreement of the enlarged union school district shall govern, unless the districts agree otherwise.

Subchapter 2. Exploration, Formation, and Organization

Article 1. Process

§ 706. PROPOSAL TO FORM STUDY COMMITTEE; BUDGET AND MEMBERSHIP

(a) Establishment of committee. When the boards of two or more school districts vote to establish a study committee to study the advisability of forming a union school district or are petitioned to do so by at least five percent of voters in the school district, the boards shall meet with the superintendent or superintendents of each school district. With the advice of the superintendent or superintendents, the boards shall establish a budget for the study committee's work and shall determine the number of persons to serve on the study committee pursuant to subsection (b) of this section.

(b) Budget and membership. Each participating school district's share of the established budget and membership on the study committee shall be the same as the proportion of the school district's equalized pupils to the total equalized pupils of all school districts intending to participate formally in the study committee. As used in this subsection, "equalized pupils" has the same meaning as in section 4001 of this title.

(c) Existing union school districts.

(1) Existing union elementary or union high school district; proposed unified union school district. If the board of an existing union elementary or union high school district votes to participate in a study committee to consider formation of a unified union school district, or is petitioned by the voters to do so, then:

(A) The interests of the existing union school district shall be represented by its member districts on the study committee.

(B) Any warning and vote on the study committee budget pursuant to section 707 of this chapter and the warning and vote on any resulting proposal to form a unified union school district pursuant to section 710 shall be at the member district level.

(C) If the existing union school district does not have any member districts because all towns for which it is organized are members of both a union elementary school district and a union high school district, then the existing union school district shall represent its own interests on the study committee, and the towns within it shall not participate on its behalf.

(D) If a town is a member of both a union elementary school district and a union high school district, is not independently organized as a district that is responsible for the education of students in any grade, and does not have a town school district board, then notwithstanding other provisions to the contrary:

(i) To the extent possible, the boards of the union elementary and union high school districts of which the town is a member shall make a reasonable attempt, jointly, to appoint a member to the study committee who resides in the town.

(ii) The legislative body or appropriate officer of the town shall perform electoral functions, including warning meetings and conducting the voting process, ordinarily performed by and in member districts on behalf of a union school district.

(2) Existing unified union school district; proposed unified union school district. If the board of a unified union school district votes to participate in a study committee to consider formation of a new unified union school district rather than the enlargement of the existing unified union school district pursuant to section 721 (joining an existing union school district) of this chapter, or is petitioned by the voters to do so, then:

(A) The existing unified union school district shall represent its own interests on the study committee, and the towns within it shall not participate on its behalf.

(B) To the extent possible, the board of the existing unified union school district shall make a reasonable attempt to appoint members to the study committee who reside in each town within the district.

(C) Any warning and vote on the study committee budget pursuant to section 707 of this chapter and the warning and vote of the electorate on any resulting proposal to form a new unified union school district pursuant to section 710 shall proceed pursuant to the provisions for commingled Australian ballot voting as set forth in subchapter 3 (unified union school districts) of this chapter.

(3) Existing union elementary or union high school district; proposed union elementary or union high school district. If the board of an existing union elementary or union high school district votes to participate in a study committee to consider formation of a new union elementary or union high school district rather than enlarging the existing union school district pursuant to section 721 (joining an existing union school district) of this chapter, or is petitioned by the voters to do so, then:

(A) The existing union school district shall represent its own interests on the study committee, and the member districts of the existing union school district shall not participate on its behalf.

(B) To the extent possible, the board of the existing union school district shall make a reasonable attempt to appoint members to the study committee who reside in each of the member districts within the existing union school district.

(C) Any warning and vote on the study committee budget pursuant to section 707 of this chapter and the warning and vote of the electorate on any resulting proposal to form a new union elementary or union high school district pursuant to section 710 of this chapter shall proceed pursuant to the provisions for commingled Australian ballot voting as set forth in subchapter 4 (union elementary and union high school districts) of this chapter.

§ 707. APPROVAL OF STUDY BUDGET; APPOINTMENT OF STUDY COMMITTEE; PARTICIPATION

(a) Proposed budget exceeding \$50,000.00.

(1) If the proposed budget established in section 706 of this chapter exceeds \$50,000.00, then subject to the provisions of that section the board of each potentially participating school district shall warn the district's voters to meet at an annual or special school district meeting to vote whether to appropriate funds necessary to support the district's financial share of a study committee's costs. The meeting in each school district shall be warned for the same date. The warning in each school district shall contain an identical article in substantially the following form:

Shall the school district of _____ appropriate funds necessary to support the school district's financial share of a study to determine the advisability of forming a union school district with some or all of the following school districts: _____, _____, and _____? It is estimated that the _____ school district's share, if all of the identified school districts vote to participate, will be \$ _____. The total proposed budget, to be shared by all participating school districts is \$ _____."

(2) If the vote in subdivision (1) of this subsection is in the affirmative in two or more school districts, then the boards of the affirming school districts shall appoint a study committee consisting of the number of persons determined pursuant to section 706 (proposed study committee budget and membership) of this chapter. At least one current board member from each participating school district shall be appointed to the study committee. The board of a school district appointing more than one person to the study

committee may appoint residents of the school district who are not members of the board to any of the remaining seats.

(3) The sums expended for study purposes under this section shall be considered part of the approved cost of any project in which the union school district, if created, participates pursuant to chapter 123 of this title.

(b) Proposed budget not exceeding \$50,000.00.

(1) If the proposed budget established in section 706 of this chapter does not exceed \$50,000.00, then the boards of the participating school districts shall appoint a study committee consisting of the number of persons determined under that section. At least one current board member from each participating school district shall be appointed to the study committee. The board of a school district appointing more than one person to the study committee may appoint residents of the school district who are not members of the board to any of the remaining seats.

(2) The sums expended for study purposes under this section shall be considered part of the approved cost of any project in which the union school district, if created, participates pursuant to chapter 123 of this title.

(c) Additional costs.

(1) If the voters approve a budget that exceeds \$50,000.00 but the study committee later determines that its budget is likely to exceed the projected, voter-approved amount, then the boards of all participating school districts shall obtain voter approval for the amounts exceeding the previously approved budget in the manner set forth in subdivision (a)(1) of this section before the study committee obligates or expends sums in excess of the initial voter-approved amount.

(2) If a proposed budget does not exceed \$50,000.00 at the time the school boards appoint members to the study committee, but the study committee later determines that its total budget is likely to exceed \$50,000.00, then the boards of all participating school districts shall obtain voter approval for the amounts exceeding \$50,000.00 in the manner set forth in subdivision (a)(1) of this section before the study committee obligates or expends funds in excess of \$50,000.00.

(d) Grants. Costs to be paid by State, federal, or private grants shall not be included when calculating whether a study committee's budget or proposed budget exceeds \$50,000.00.

(e)(1) Subsequent appointments of persons to the study committee; vacancy. Subject to the requirement that each school board appoint at least one current member of the board, the board of a participating school district

shall appoint a person residing in the school district to the study committee if one of the school district's seats is vacant because a study committee member:

(A) is no longer a member of the school district's board and was the sole board member appointed by that school district;

(B) has resigned from or is no longer able to serve on the study committee; or

(C) has not attended three consecutive study committee meetings without providing notice to the study committee chair of the reason for each absence and obtaining a determination of the study committee members that the absences were reasonable.

(2) Notice under subdivision (1)(C) of this subsection shall be given in advance of absences whenever possible.

(f) Formal participation in study committee.

(1) A school district shall not be a formal participant in and appoint members to more than one study committee created under this chapter at any one point in time.

(2) A school district shall not formally withdraw its participation in an existing study committee after the school district has appointed members to that committee until the study committee dissolves pursuant to subsection 708(e) of this chapter.

(g) Additional formal participants.

(1) Subject to the provisions of subsection (f) of this section, a school district may join as an additional formal participant in a study committee after creation of the committee if:

(A) the school district's board has requested the committee's approval to participate after either a vote of the school district's board or a petition by five percent of the school district's voters and if the study committee votes to approve formal participation by the district; or

(B) the study committee has voted to ask the school district to participate formally and either the board of the school district votes to approve formal participation or is petitioned by five percent of the school district's voters to do so.

(2) A school district that becomes a formal participant in an existing study committee pursuant to this subsection is subject to the provisions of section 706 (proposed study committee budget and membership) of this chapter regarding financial and representational proportionality and to all other requirements of study committees set out in this chapter.

(h) Informal participation by other school districts.

(1) The board of a school district that is not a formal participant in an existing study committee may authorize one or more of the board's members to contact the study committee to discuss whether it may be advisable to include the school district within a proposal to form a new union school district as an "advisable" district, as described in section 708 (necessary and advisable districts) of this chapter.

(2) An existing study committee may authorize one or more of its members to contact the board of one or more additional school districts that are not formal participants in the committee to discuss whether it may be advisable to include the school district within a proposal to form a new union school district as an "advisable" district.

(3) An existing study committee may invite representatives of a nonparticipating school district's board to participate informally in the study committee's deliberations.

(4) Nothing in this section shall be construed to prohibit the board of a school district from authorizing informal exploration between and among the boards of school districts prior to the formation of a study committee.

§ 708. STUDY COMMITTEE; NECESSARY AND ADVISABLE
DISTRICTS; CONTENTS OF STUDY COMMITTEE REPORT AND
PROPOSED ARTICLES; DISSOLUTION OF COMMITTEE

(a) Study committee; process.

(1) The superintendent shall convene a study committee's first meeting when the committee's members are appointed. If the participating districts are members of more than one supervisory union, then the superintendents shall decide which of their number shall convene the meeting. The study committee members shall elect a chair who shall notify the Secretary in writing of the committee's creation and the chair's election within 30 days following the vote of the committee's creation.

(2) Staff of the supervisory union or unions shall provide administrative assistance to the study committee.

(3) The Secretary shall cooperate with the study committee and is authorized to make Agency staff available to provide technical assistance to the committee.

(4) The study committee is a public body pursuant to 1 V.S.A. § 310(4) and is subject to the requirements of 1 V.S.A. chapter 5, subchapter 2.

(5) Although a study committee should try to achieve consensus, committee decisions shall be reached by a majority of all committee members present and voting.

(b) Necessary and advisable school districts. If a study committee decides to recommend formation of a union school district, then it shall determine whether each school district included in the recommended formation is “necessary” or “advisable” to formation.

(1) “Necessary” school district.

(A) The study committee shall identify a school district as “necessary” to formation of the union school district only if the school district is a formal participant in the study committee.

(B) Subject to the provisions of subsection 706(c) of this chapter, the school board of a “necessary” school district is required to warn a vote of the electorate under sections 710 (vote to form union school district) and 711 (initial members of union school district board election) of this chapter.

(C) A proposed union school district is formed only if the voters voting in each “necessary” school district vote to approve formation.

(2) “Advisable” school district.

(A) The study committee may identify any school district as “advisable” to formation of the union school district even if the school district is not a formal participant in the study committee.

(B) The school board of an “advisable” school district is not required to warn a vote of the electorate under sections 710 (vote to form union school district) and 711 (initial members of union school district board election) of this chapter, except upon application of 10 percent of the voters in the school district.

(C) Voter approval in an “advisable” district is not required for formation of a new union school district.

(3) Existing union elementary or union high school district. Notwithstanding other provisions of this subsection, an existing union elementary or union high school district is “necessary” to the formation of a unified union school district even though its interests are represented by its member districts pursuant to subdivision 706(c)(1) (study committee budget and membership for existing union school districts) of this chapter.

(c) Proposal to form union school district; report and proposed articles of agreement. If a study committee determines that it is advisable to propose formation of a union school district, then it shall prepare a report analyzing the

strengths and challenges of the current structures of all “necessary” and “advisable” school districts and outlining the ways in which a union school district promotes the State policy set forth in section 701 of this chapter. The study committee shall also prepare proposed articles of agreement that, if approved pursuant to the provisions of this chapter, shall serve as the operating agreement for the new union school district. At a minimum, articles of agreement shall state:

(1) The name of any school district the study committee considers “necessary” to formation of the proposed union school district.

(2) The name of any school district the study committee considers “advisable” to include in the proposed union school district.

(3) The legal name or temporary legal name by which the union school district shall be known.

(4) The grades, if any, that the proposed union school district will operate and the grades, if any, for which it will pay tuition.

(5) The cost and general location of any proposed new school buildings to be constructed and the cost and general description of any proposed renovations to existing school buildings.

(6) A plan for the first year of the union school district’s operation for transportation of students, assignment of staff, and use of curriculum that is consistent with existing contracts, collective bargaining agreements, and other provisions of law. The board of the union school district, if formed, shall make all subsequent decisions regarding transportation, staff, and curriculum subject to existing contracts, collective bargaining agreements, and other provisions of law.

(7) A list of the indebtedness of each “necessary” and “advisable” district, which the union school district shall assume.

(8) The specific pieces of real property of each “necessary” and “advisable” district that the union school district shall acquire, their valuation, and how the union school district shall pay for them.

(9) Consistent with the proportional representation requirements of the Equal Protection Clause of the U.S. Constitution, the method or methods of apportioning representation on the union school district board as set forth in subsections 711(d) (unified union school district), (e) (union elementary or union high school district), and (f) (weighted voting) of this chapter.

(10) The term of office for each member initially elected to the union school district board, to be arranged so that one-third expire on the day of the second annual meeting of the union school district, one-third on the day of the

third annual meeting, and one-third on the day of the fourth annual meeting, or as near to that proportion as possible.

(11) The date on which the proposal to create the union school district and the election of initial union school district board members will be submitted to the voters.

(12) The date on which the union school district will be solely responsible for the education of its resident students in the grades for which it is organized and will begin operating any schools, paying any tuition, and providing educational services.

(13) Whether the election of board members, election of school district officers, votes on the union school district budget, or votes on other public questions, or any two or more of these, shall be by Australian ballot.

(14) Any other matters that the study committee considers pertinent.

(d) No proposal to form a union school district. If a study committee determines that it is inadvisable to propose formation of a union school district, then its members shall vote to dissolve the committee. If the study committee members vote to dissolve, then the chair shall notify the Secretary in writing of the vote.

(e) Dissolution of study committee.

(1) If a study committee proposes formation of a union school district pursuant to subsection (c) of this section, then the committee shall cease to exist when the clerk of each school district voting on a proposal to establish the union school district has certified the results of the vote to the Secretary pursuant to subsection 713(a) of this chapter.

(2) If a study committee determines that it is inadvisable to propose formation of a union school district, then the committee shall cease to exist when the chair notifies the Secretary of the committee's vote pursuant to subsection (d) of this section.

§ 709. REVIEW BY LOCAL SCHOOL DISTRICT BOARDS;
CONSIDERATION AND APPROVAL BY STATE BOARD OF
EDUCATION

(a) If a study committee determines that it is advisable to propose formation of a union school district, then the committee shall transmit its report and proposed articles of agreement to the school board of each school district that the report identifies as either "necessary" or "advisable" to formation of the proposed union school district. Each board may review the report and proposed articles and may provide its comments to the study committee. The study committee has sole authority to determine the contents

of the report and proposed articles and to decide whether to submit them to the State Board under subsection (b) of this section.

(b) If a study committee determines that it is advisable to propose formation of a union school district, then the committee shall transmit the report and proposed articles of agreement to the Secretary who shall submit them with recommendations to the State Board.

(c)(1) The State Board:

(A) shall consider the study committee's report and proposed articles of agreement and the Secretary's recommendations;

(B) shall provide the study committee an opportunity to be heard;

(C) may ask the Secretary or the study committee, or both, to make further investigation and may consider any other information the State Board deems to be pertinent; and

(D) may request that the study committee amend the report or the proposed articles of agreement, or both.

(2) If the State Board finds that formation of the proposed union school district is in the best interests of the State, the students, and the school districts, and aligns with the policy set forth in section 701 of this title, then it shall approve the study committee's report and proposed articles of agreement, together with any amendments, as the final report and proposed articles of agreement, and shall give notice of its action to the study committee.

(d) The chair of the study committee shall file a copy of the approved final report and proposed articles of agreement with the clerk of each school district identified as "necessary" or "advisable" at least 30 days prior to the vote of the electorate on whether to form the union school district.

§ 710. VOTE TO FORM UNION SCHOOL DISTRICT

Subject to the provisions of subsections 706(c) (proposal to form study committee; existing union school districts) and 708(b) (study committee; necessary and advisable districts) of this chapter, the voters of each school district identified as "necessary" or "advisable" shall vote whether to form the proposed union school district, as follows:

(1) The vote shall be held on the date specified in the final report.

(2) The vote shall be by Australian ballot.

(3) The vote shall be at separate school district meetings held on the same day.

(4) The opportunity for early and absentee voting pursuant to 17 V.S.A. §§ 2531–2550 shall be provided.

(5) The board of each school district voting on the proposal shall warn the vote either as a special meeting of the school district or as part of its annual meeting.

§ 711. VOTE TO ELECT INITIAL MEMBERS OF THE UNION SCHOOL DISTRICT BOARD

(a) Election of initial members of union school district board. At the meeting warned to vote on formation of a union school district under section 710 of this chapter, the voters shall also elect the initial members who will serve on the board of the union school district if the voters approve the district's formation.

(1) The vote to elect the initial members shall be by Australian ballot.

(2) The opportunity for early and absentee voting pursuant to 17 V.S.A. §§ 2531–2550 shall be provided.

(b) Representation and term length. Initial membership on a union school district board shall be pursuant to the method of representation set forth in the articles of agreement, for the terms specified in that document, and pursuant to the provisions of this section and subdivisions 708(c)(9) and (10) (study committee; proposed articles of agreement; apportionment and terms) of this chapter.

(c) Operational definitions. As used in subsections (d) and (e) of this section, any term not defined in section 702 of this chapter shall have its plain meaning, except as provided in this subsection.

(1) If, pursuant to section 425 (other town school district officers) of this title, the voters of a school district have elected a district clerk who is not also the clerk of the town served by the school district, then "town clerk" means the elected clerk of that school district.

(2) Notwithstanding subdivision (1) of this subsection, if a potential forming district is an existing unified union school district, then:

(A) Reference to the voters of the "school district" means the voters of each town within the existing unified union school district, who shall vote at a location in their town of residence that is identified in the warning issued by the existing unified union school district; provided, however, that the total of all votes cast in the towns shall determine the modified at-large and at-large election of initial board members pursuant to subdivisions (d)(2) (proposed unified union district; modified at-large), (d)(3) (proposed union district; at-large), (e)(2) (proposed union elementary or union high school district;

modified-at large), and (e)(3) (proposed union elementary or union high school district; at-large) of this section, as well as whether the existing unified union school district approves formation of the new unified union school district.

(B) “Town clerk” means the clerk of each town within the existing unified union school district; provided, however, that the town clerk of each town shall transmit the name of each duly nominated candidate to the clerk of the existing unified union school district, who shall prepare the unified union school district ballot for that town and transmit the ballot to the town clerk to make available to the voters.

(3) Notwithstanding subdivision (1) (clerk of school district) of this subsection, if a town is a member of both a union elementary school district and a union high school district, is not independently organized as a district that is responsible for the education of students in any grade, and does not have a town school district board, then:

(A) reference to the voters of the “school district” means the voters of the town that is the member of both existing union school districts, who shall vote at a location in their town of residence that is identified in the warning issued by:

(i) the existing union elementary school district if the voters are voting on a proposed unified union school district or a proposed union elementary school district; or

(ii) the existing union high school district if the voters are voting on a proposed union high school district; and

(B) “town clerk” means the clerk of the town that is a member of both existing union school districts; provided, however, that the town clerk shall transmit the name of each duly nominated candidate to the clerk of the union school district identified in subdivision (A) of this subdivision (3), who shall prepare the ballot for that town and transmit the ballot to the town clerk to make available to the voters.

(d) Proposed unified union school district. Subject to the provisions of subsections 706(c) (existing union school districts) and 708(b) (necessary and advisable school districts) of this chapter, the voters of each school district identified as “necessary” or “advisable” shall vote whether to elect initial board members of a proposed unified union school district, as follows

(1) Proportional to town population. When representation on the board of a proposed unified union school district is apportioned to each potential town within the proposed district in a number that is closely proportional to the town’s relative population:

(A) Voters of each school district identified as either “necessary” or “advisable” to formation of the proposed unified union school district shall file a petition nominating a candidate for the office of unified union school district board member based on town population. A petition shall be valid only if:

(i) the candidate is a current voter of the town;

(ii) the petition identifies the term of office for which the candidate is nominated;

(iii) the petition is signed by at least 30 voters residing in the town or one percent of the legal voters in the town, whichever is less;

(iv) the voters file the petition with the town clerk of the town in which the candidate resides not later than 5:00 p.m. on the sixth Monday preceding the day of the election; and

(v) the candidate files with the town clerk a written consent to the printing of the candidate’s name on the ballot.

(B) The town clerk shall place the name of each duly nominated candidate on the ballot to be presented to the voters of the school district.

(C) The voters of the school district for the town in which the candidate resides shall elect as many board members to the unified union school board as are apportioned based on the town’s population.

(2) Modified at-large model: allocation to town; at-large representation. When representation on the board of a proposed unified union school district is allocated to each potential town within the proposed district, but the allocation is not closely proportional to the town’s relative population and the board member is elected at-large:

(A) Voters of each school district identified as either “necessary” or “advisable” to formation of the proposed unified union school district shall file a petition nominating a candidate for the office of unified union school district board member allocated to the voters’ town. A petition shall be valid only if:

(i) the candidate is a current voter of the town;

(ii) the petition identifies the term of office for which the candidate is nominated;

(iii) the petition is signed by at least 30 voters residing in the town or one percent of the legal voters in the town, whichever is less;

(iv) the voters file the petition with the town clerk of the town in which the candidate resides not later than 5:00 p.m. on the sixth Monday preceding the day of the election; and

(v) the candidate files with the town clerk a written consent to the printing of the candidate's name on the ballot.

(B) Upon receipt of a petition for a unified union school district board member allocated to a potential town within the proposed district but to be elected at-large under the modified at-large model, the town clerk shall place the name of the duly nominated candidate on the ballot to be presented to the voters of the school district and shall notify the town clerks preparing the ballots for the voters of each of the other "necessary" school districts and of each "advisable" school district voting on formation of the proposed unified union school district to place the candidate's name on the ballot presented to the voters in those districts. Alternatively, at their discretion, the town clerks may meet jointly to prepare a uniform ballot.

(C) The voters of each "necessary" school district and of each "advisable" school district voting on formation of the proposed unified union school district shall vote for the board members to be elected at-large under the modified at-large model; provided, however, that ballots shall be included in the calculation of total votes cast pursuant to the provisions of subdivision 714(a)(2) (calculation of votes) of this chapter.

(3) At-large representation. When representation on the board of a proposed unified union school district is not apportioned or allocated to the potential towns within the proposed district pursuant to subdivision (1) (proportional to town population) or (2) (modified at-large) of this subsection and the board member is elected at-large:

(A) The voters of one or more school districts identified as "necessary" to formation of the proposed unified union school district shall file a petition nominating a candidate for the office of unified union school district board member at-large. A petition shall be valid only if:

(i) the candidate is a current voter of a school district identified as "necessary" to the formation of the proposed union school district;

(ii) the petition identifies the term of office for which the candidate is nominated;

(iii) the petition is signed by at least 60 voters residing in one or more school districts identified as "necessary" to the formation of the proposed unified union school district;

(iv) the voters file the petition with the town clerk in the "necessary" school district in which the candidate resides not later than 5:00 p.m. on the sixth Monday preceding the day of the election; and

(v) the candidate files with the town clerk a written consent to the printing of the candidate's name on the ballot.

(B) Upon receipt of a petition for a unified union school district board member elected at-large, the town clerk shall place the name of the duly nominated candidate on the ballot to be presented to the voters of the school district and shall notify the town clerks preparing the ballots for the voters of each of the other "necessary" school districts and of each "advisable" school district voting on formation of the proposed unified union school district to place the candidate's name on the ballot presented to the voters in those districts. Alternatively, at their discretion, the town clerks may meet jointly to prepare a uniform ballot.

(C) The voters of each "necessary" school district and of each "advisable" school district voting on formation of the proposed unified union school district shall vote for the members to be elected at-large; provided, however, that ballots shall be included in the calculation of total votes cast pursuant to the provisions of subdivision 714(a)(2) (calculation of votes) of this chapter.

(e) Proposed union elementary or union high school district. Subject to the provisions of subsections 706(c) (existing union school districts) and 708(b) (necessary and advisable school districts) of this chapter, the voters of each school district identified as "necessary" or "advisable" shall vote whether to elect initial board members of the proposed union school district, as follows:

(1) Proportional to town population. When representation on the board of a proposed union elementary or union high school district is apportioned to each potential member district of the proposed district in a number that is closely proportional to the potential member district's relative population:

(A) Voters of each school district identified as either "necessary" or "advisable" to formation of the proposed union school district shall file a petition nominating a candidate for the office of union school district board member representing the potential member district. A petition shall be valid only if:

(i) the candidate is a current voter of the potential member district;

(ii) the petition identifies the term of office for which the candidate is nominated;

(iii) the petition is signed by at least 30 voters residing in the potential member district or one percent of the legal voters in the district, whichever is less;

(iv) the petition is filed with the town clerk not later than 5:00 p.m. on the sixth Monday preceding the day of the election; and

(v) the candidate files with the town clerk a written consent to the printing of the candidate's name on the ballot.

(B) The town clerk shall place the name of each duly nominated candidate on the ballot to be presented to the voters of the potential member district.

(C) The voters of the district shall elect as many board members as are apportioned to the potential member district based on population.

(2) Modified at-large model: allocation to town; at-large representation. When representation on the board of a proposed union elementary or union high school district is allocated to each potential member district, but the allocation is not closely proportional to the potential member district's relative population and the board member is elected at-large:

(A) Voters of each school district identified as either "necessary" or "advisable" to formation of the proposed union school district shall file a petition nominating a candidate for the office of union school district board member allocated to the potential member district. A petition shall be valid only if:

(i) the candidate is a current voter of the potential member district;

(ii) the petition identifies the term of office for which the candidate is nominated;

(iii) the petition is signed by at least 30 voters residing in the potential member district or one percent of the legal voters in the district, whichever is less;

(iv) the petition is filed with the town clerk of the school district in which the candidate resides not later than 5:00 p.m. on the sixth Monday preceding the day of the election; and

(v) the candidate files with the town clerk a written consent to the printing of the candidate's name on the ballot.

(B) Upon receipt of a petition for union school district board member allocated to a potential member district but to be elected at-large under the modified at-large mode, the town clerk shall place the name of the duly nominated candidate on the ballot to be presented to the voters of the potential member district and shall notify the town clerks preparing the ballots for the voters of each of the other "necessary" school districts and of each "advisable"

school district voting on formation of the proposed union school district to place the candidate's name on the ballot presented to the voters in those districts. Alternatively, at their discretion, the town clerks may meet jointly to prepare a uniform ballot.

(C) The voters of each "necessary" school district and of each "advisable" school district voting on formation of the proposed unified union school district shall vote for the board members to be elected at-large under the modified at-large model; provided, however, that ballots shall be included in the calculation of total votes cast pursuant to the provisions of subdivision 714(a)(2) (calculation of votes) of this chapter.

(3) At-large representation. When representation on the board of a proposed union elementary or union high school district board is not apportioned or allocated to the potential member districts pursuant to subdivision (1) (proportional to town population) or (2) (modified at large) of this subsection and the board member is elected at-large:

(A) The voters of one or more school districts identified as "necessary" to the formation of the proposed union school district shall file a petition nominating a candidate for the office of union school district board member at-large. A petition shall be valid only if:

(i) the candidate is a current voter of a school district identified as "necessary" to the formation of the proposed union school district;

(ii) the petition identifies the term of office for which the candidate is nominated;

(iii) the petition is signed by at least 60 voters residing in one or more school districts identified as "necessary" to the formation of the proposed union school district;

(iv) the petition is filed with the town clerk in the "necessary" school district in which the candidate resides not later than 5:00 p.m. on the sixth Monday preceding the day of the election; and

(v) the candidate files with the town clerk a written consent to the printing of the candidate's name on the ballot.

(B) Upon receipt of a petition for a union school district board member to be elected at-large, the town clerk shall place the name of the duly nominated candidate on the ballot to be presented to the voters of the school district and shall notify the town clerks preparing the ballots for the voters of each of the other "necessary" school districts and of each "advisable" school district voting on formation of the proposed union school district to place the candidate's name on the ballot presented to the voters in those districts.

Alternatively, at their discretion, the town clerks may meet jointly to prepare a uniform ballot.

(C) The voters of each “necessary” school district and of each “advisable” school district voting on formation of the proposed union school district shall vote for the board members to be elected at-large; provided, however, that ballots shall be included in the calculation of total votes cast pursuant to the provisions of subdivision 714(a)(2) (calculation of votes) of this chapter.

(f) Weighted voting. If representation on a union school district board is apportioned based upon population pursuant to subdivision (d)(1) or (e)(1) of this section, then the union school district may achieve proportionality through a system of weighted voting.

§ 712. CONTENTS OF WARNING ON VOTES TO ESTABLISH THE
UNION SCHOOL DISTRICT AND ELECT THE INITIAL
MEMBERS OF THE UNION SCHOOL DISTRICT BOARD

The warning for each school district meeting to vote on formation of a union school district shall contain two articles in substantially the following form. The language used in Article 1 shall be the same for each “necessary” and “advisable” district voting on formation of the new district. Article II of the warning shall not include names of candidates for the union school district board.

WARNING

The voters of the _____ School District are hereby notified and warned to meet at _____ on the ____ day of _____, 20__, to vote by Australian ballot between the hours of _____, at which time the polls will open, and _____, at which time the polls will close, upon the following articles of business:

Article I. FORMATION OF UNION SCHOOL DISTRICT

Shall the _____ School District, which the proposed articles of agreement have identified as [“necessary” or “advisable”] to the formation of the proposed union school district, join with the school district[s] of _____ and _____, which are identified as “necessary” to formation, and potentially the school district[s] of _____ and _____, which are identified as “advisable” to formation, for the purpose of forming a union school district, as provided in Title 16, Vermont Statutes Annotated, upon the following conditions and agreements:

(a) Grades. The union school district shall be organized to provide for the education of resident students in grades _____ through _____ and shall assume full and sole responsibility therefor on July 1, 20__.

(b) Operation of schools. The union school district shall operate and manage one or more schools offering instruction in grades _____ through _____. [Amend as necessary if the district will pay tuition for any or all grades for which it is organized.]

(c) Union school district board. [State method by which representation of each member of the union school board is to be determined pursuant to section 711 (vote to elect initial members) of this chapter.]

(d) Assumption of debts and ownership of school property. The union school district shall assume the indebtedness of forming districts, acquire the school properties of the forming districts, and pay for them, all as specified in the final report and proposed articles of agreement.

(e) Final report. The provisions of the final report and proposed articles of agreement approved by the State Board of Education on the ___ day of _____, 20__, which is on file in the office of the clerk of each school district named in this warning, shall govern the union school district.

Article II. ELECTION OF INITIAL MEMBERS OF THE UNION SCHOOL DISTRICT BOARD

To elect a total of _____ () member(s) to serve as initial members of the proposed union school district board for the terms established in the final report and proposed articles of agreement: [Amend as necessary to reflect method for determining school board membership pursuant to section 711 (vote to elect initial members) of this chapter.]

(a) [Insert number] Board Member[s] to serve until the second annual meeting of the union school district, in 20__.

(b) [Insert number] Board Member[s] to serve until the third annual meeting of the union school district, in 20__.

(c) [Insert number] Board Member[s] to serve until the fourth annual meeting of the union school district, in 20__.

§ 713. CERTIFICATION OF VOTES; DESIGNATION OF DISTRICT AS UNION SCHOOL DISTRICT; RECORDING BY SECRETARY OF STATE

(a) Within 45 days after the vote or 15 days after a vote to reconsider the original vote under 17 V.S.A. § 2661, whichever is later, the clerk of each school district voting on the proposal to form a union school district shall

certify the results of that vote to the Secretary of Education. The clerk shall submit the certification regardless of whether the district voters approved the proposed formation of a union school district.

(b) If the voters voting in each school district identified as “necessary” to formation of the proposed union school district vote to form the district, then the “necessary” school districts constitute a union school district, together with any school district designated as “advisable” that votes to form the proposed union school district.

(c) If the voters approve formation of a union school district pursuant to subsection (b) of this section, then upon receiving the certification of each clerk pursuant to subsection (a) of this section, but not sooner than 30 days after the initial vote, the Secretary shall designate the newly formed district as a union school district. The Secretary shall certify that designation and send the certification together with the clerks’ certifications to the Secretary of State, who shall record the certification.

(d) When the Secretary of State records the certification of the Secretary of Education, the union school district shall be a body politic and corporate with the powers incident to a municipal corporation, shall be known by the name or number given in the recorded certification, by that name or number may sue and be sued, and may hold and convey real and personal property for the use of the union school district. The recorded certification shall be notice to all parties of the formation of the union school district with all the powers incident to such a district as provided in this title.

(e) The Secretary of State shall file a certified copy of the recorded certification with the clerk of each member district of a new union elementary or union high school district and with the town clerk of each town within a new unified union school district. The Secretary of State shall file the certified copies not later than 14 days after the date on which the Secretary of Education certifies the existence of the union school district to the Secretary of State. Filing a certified copy with each clerk shall be prima facie evidence of full compliance with the requirements for the formation of a union school district as set forth in this subchapter.

§ 714. INITIAL MEMBERS OF UNION SCHOOL DISTRICT BOARD;
TALLYING OF AT-LARGE VOTES; OATH OF OFFICE AND
ASSUMPTION OF DUTIES

(a) Tallying of at-large votes for initial members of board. If the voters have elected some or all of the initial members of the union school district board under either model involving at-large voting as set forth in subdivision 711(d)(2) (proposed unified union school district; modified at-large), (d)(3)

(proposed unified union school district; at-large), (e)(2) (proposed union elementary or union high school district; modified at-large), or (e)(3) (proposed union elementary or union high school district; at-large) of this chapter, then the total votes cast for each of the at-large candidates shall be calculated as follows:

(1) Within seven days after the vote, the clerk of each school district voting on the proposal to form a union school district shall transmit electronically to the Secretary of Education the total number of votes cast in that school district for each at-large candidate.

(2) The Secretary shall calculate the total votes cast for each candidate and transmit those calculations to the clerks for verification. Ballots cast by the voters of any “advisable” district that does not approve the proposal to form a new union school district shall not be included in the calculation.

(3) When each clerk has verified the calculations, the Secretary shall prepare and execute a certification of the votes cast for each candidate.

(b) Notification. If the voters approve formation of a new union school district, then within 30–45 days after the vote or 15 days after a vote to reconsider the original vote to form the district, whichever is later, the notification of the election of initial board members shall be sent to the Secretary of State as follows:

(1) The clerk of each forming district shall transmit the names of board members elected in a manner that is proportional to town population as set forth in subdivision 711(d)(1) (proposed unified union district; proportional to town population) or (e)(1) (proposed union elementary or union high school district; proportional to town population) of this chapter.

(2) The Secretary of Education shall transmit the names of board members elected under either model involving at-large voting.

(c) Oath of office; assumption of duties; election of chair and clerk. The superintendent of the supervisory union serving the new union school district shall cause the initial board members to be sworn in. Although the swearing-in may occur prior to the organizational meeting required by section 715 of this chapter, it shall not occur before the Secretary of State files the certified copy of the recorded certification with each clerk pursuant to subsection 713(e) of this chapter. The initial board members shall assume office upon being sworn in and shall meet to elect one of their number to serve as the board chair and one other of its number to serve as the board clerk, and to transact any other business within its jurisdiction; provided, however, such meeting shall not occur prior to the organizational meeting required by section 715.

§ 715. ORGANIZATIONAL MEETING; NOTICE; BUSINESS TO BE
TRANSACTIONED

(a) Meeting. The union school district shall hold an organizational meeting within 60 days after the Secretary of State files the certified copy of the recorded certification with each clerk pursuant to subsection 713(e) of this chapter.

(b) Notice.

(1) The Secretary of Education shall prepare and execute a warning for the organizational meeting. The warning shall give notice of the day, hour, and location of the meeting and shall itemize the business to be transacted.

(2) The Secretary of Education shall transmit the signed warning to the superintendent, who shall post the warning in at least one public place in each town within the union school district and shall cause the warning to be published once in a newspaper of general circulation in the towns within the union school district. Posting and publication shall be made not more than 40 days nor less than 30 days before the date of the meeting.

(3) The union school district shall bear the cost of posting and publishing the warning.

(c) Business to be transacted.

(1) The Secretary or a person designated by the Secretary shall call the organizational meeting to order and the registered voters shall consider the following items of business:

(A) Elect a temporary presiding officer and a temporary clerk of the union school district from among the voters present at the organizational meeting.

(B) Adopt Robert's or other rules of order, which shall govern the parliamentary procedures of the organizational meeting and all subsequent meetings of the union school district.

(C) Elect a moderator of the union school district from among the voters.

(D) Elect a clerk of the union school district from among the voters or vote to authorize the school board to appoint a clerk of the union school district from among the voters.

(E) Elect a treasurer of the union school district or vote to authorize the school board to appoint a treasurer of the union school district. The treasurer may also be the supervisory union treasurer and need not be a resident of the union school district.

(F) Determine the date and location of the union school district's annual meeting, which shall be not earlier than February 1 nor later than June 1, if not previously determined by the voter-approved articles of agreement.

(G) Determine whether compensation shall be paid to the moderator, clerk, and treasurer of the union school district elected at the organizational meeting and at subsequent annual meetings of the union school district and, if so, the amount to be paid to them.

(H) Determine whether compensation shall be paid to members of the union school district board and, if so, the amount to be paid to them.

(I) Establish provisions for payment by the union school district of any expense incurred or to be incurred by or on behalf of the district for the period between the date on which the voters approved formation of the union school district and the first annual meeting of the union district.

(J) Determine whether to authorize the initial board of the union school district to borrow money pending receipt of payments from the Education Fund by the issuance of its note payable not later than one year from the date of the note. Regardless of whether the voters provide this authorization, the initial board is authorized to borrow sufficient funds to meet pending obligations until the voters approve a budget for the initial year of operation pursuant to subdivision 716(b)(3) of this chapter.

(K) Transact any other business, the subject matter of which has been included in the warning, that the voters have power to transact at any annual or special meeting and transact any nonbinding business that may legally come before the voters.

(2) When there is only one nominee for temporary presiding officer, temporary clerk, moderator, district clerk, or district treasurer, the voters may, by acclamation, instruct an officer to elect the nominee by casting one ballot, and upon the ballot being cast, the nominee shall be legally elected and shall thereupon be sworn.

(3) The elected officers listed in subdivisions (1)(A) (temporary presiding officer and temporary clerk), (C) (moderator of the union school district), (D) (clerk of the union school district), and (E) (treasurer of the union school district) of this subsection shall be sworn in before entering upon the duties of their offices and a record made by the district clerk. They shall assume office upon being sworn in. The officers listed in subdivisions (1)(C), (D), and (E) of this subsection shall serve terms as set forth in section 735 (unified union school districts; officers) or 753 (union elementary and union

high school district; officers) of this chapter unless the voters extend the term length up to three years.

(4) Any member of the union school district board not sworn in before the organizational meeting pursuant to section 714 of this chapter may be sworn in at or after the organizational meeting.

Article 2. Transition; Dissolution, Reorganization, and Discontinuation of Forming Districts; Sale of Real Property; Supervisory Unions and Supervisory Districts

§ 716. TRANSITION TO FULL OPERATIONS

(a) Operational date. The operational date of a union school district is the July 1 next following the date on which the voters vote to approve formation of the district, unless the voter-approved articles of agreement establish a different date.

(b) Roles and authority during transitional period. During the transitional period:

(1) The forming districts, through their boards, shall continue to be responsible for the education of their respective resident students.

(2) The board of the new union school district shall develop school district policies; adopt curriculum, educational programs, assessment measures, and reporting procedures; negotiate and enter into contractual agreements; negotiate and enter into collective bargaining agreements; set the school calendar for the fiscal year that begins on the operational date; prepare and present to the voters the proposed budget for the fiscal year that begins on the operational date; prepare for the annual and any special meetings of the new union school district that may occur during the transitional period; and transact any other lawful business coming before it.

(3) During the transitional period and continuing until the voters approve a budget for the initial fiscal year of operation, the board of the new union school district shall have the authority to borrow sufficient funds to meet pending obligations. The board shall vote whether to include the total sum borrowed under this subsection as education spending in the board's proposed budget for the initial fiscal year or to treat the sum as a deficit pursuant to 24 V.S.A. § 1523(b) (municipal and county government; duties of selectboards as to a deficit).

(c) Assets.

(1) Definition. For purposes of this subsection, the "assets" of a forming district shall include all real and personal property, operating fund accounts, special fund accounts, trust fund accounts, accounts receivable, and

any other property to which the forming district holds title or over which it has control.

(2) Transfer and acquisition of title. On or before the operational date, the forming districts shall transfer and the union school district shall acquire ownership of all assets of the forming districts that are owned by the forming districts on or before the June 30 immediately preceding the operational date, unless the voter-approved articles of agreement explicitly provide for an alternative disposition of a specific asset. The transfer of an asset shall be subject to all encumbrances and conditions of record, unless the voter-approved articles of agreement explicitly provide otherwise.

(3) Prohibition. A forming district shall not transfer ownership of an asset to any entity other than the union school district between the date on which the vote occurs pursuant to section 710 (vote to form union school district) of this chapter and the operational date unless explicitly authorized in the voter-approved articles of agreement or approved by the voters of the union school district during the transitional period.

(4) Trust funds. A union school district shall hold and apply all trust funds transferred to it by a forming district as the terms of the trust indicate. If the trust allows, a union school district may use the funds to benefit union school district students who reside, or buildings that are located, outside the geographical boundaries of the forming district that originally held the trust.

(5) Reserve funds. A union school district shall hold and apply all reserve funds transferred to it by a forming district pursuant to the conditions imposed prior to the date on which the forming district voted to approve formation of the union school district.

(d) Liabilities.

(1) Definition. For purposes of this subsection, the “liabilities” of a forming district shall include all contractual obligations, all indebtedness including principal and interest, and any other legal commitment of a forming district.

(2) Transfer and assumption of liabilities. On or before the operational date, the forming districts shall transfer and the union school district shall assume all liabilities of the forming districts that exist on the June 30 immediately preceding the operational date, unless the voter-approved articles of agreement explicitly provide otherwise.

(3) Prohibition. Notwithstanding the provisions of subdivision (2) of this subsection (d), a union school district shall not assume liabilities that a forming district incurs between the date on which the vote occurs pursuant to section 710 (vote to form union school district) of this chapter and the

operational date unless explicitly authorized in the voter-approved articles of agreement or approved by the union school district board during the transitional period; provided, however, that a union school district shall in all cases assume the contractual obligations of the member districts regarding each collective bargaining agreement or other employment contract entered into during the transitional period until the agreement's or contract's expiration.

(e) Unpaid expenses. At the district's first annual meeting following assumption of full operations or at a later meeting as necessary, the voters of a new union school district shall vote a sum sufficient to pay any unpaid balance of expenses, as defined in subdivision 715(c)(1)(H) of this chapter, that was incurred by or on behalf of the union school district during the transitional period.

§ 717. DISSOLUTION, REORGANIZATION, AND DISCONTINUATION OF FORMING DISTRICTS

(a) Unified union school district; dissolution of forming districts. On its operational date, a unified union school district shall supplant all forming districts and the forming districts shall cease to exist; provided, however, that if the voter-approved articles of agreement explicitly provide for it, then the supplanted forming districts and their boards may continue to exist for up to six months after the operational date for the sole purpose of completing any outstanding business that cannot legally be performed by the new unified union school district.

(b) Union Elementary and Union High School Districts.

(1) Reorganization of forming districts. On its operational date, a union elementary or union high school district shall supplant each forming district for the grades for which the union elementary or union high school district is organized (the supplanted grades). Each forming district shall cease to be organized to provide for education in the supplanted grades but shall continue to be responsible for the other grades for which it is organized; provided, however, that if the voter-approved articles of agreement explicitly provide for it, then the forming districts and their boards may continue to exist for the supplanted grades for up to six months after the operational date for the sole purpose of completing any outstanding business that cannot legally be performed by the new union elementary or union high school district.

(2) Dissolution of forming districts. If a forming district is organized to provide for education solely in the grades for which the new union elementary or union high school district is organized and the forming district is a member district of another union school district for all other grades, prekindergarten

through grade 12, then the forming district shall cease all educational operations on the new union district's operational date, the new union school district shall assume all powers and responsibilities of the forming district, and the forming district shall cease to exist; provided, however, that if the voter-approved articles of agreement explicitly provide for it, then the forming district and its board may continue to operate for up to six months after the operational date for the sole purpose of completing any outstanding business that cannot legally be performed by the new union elementary or union high school district.

§ 718. TRANSFER OF REAL PROPERTY TO TOWN IN WHICH IT IS LOCATED

If the original voter-approved articles of agreement require sale of real property to the town in which the property is located and the sale is scheduled to occur after the operational date, or if after the operational date and after completing any statutory and contractual prerequisites the union school district offers to sell any of its real property to the town in which the property is located, then the town may assume title to the real property for a price that is less than the fair market value only as follows:

(1) The conveyance to the town shall be made subject to all encumbrances of record, the assumption or payment of all outstanding bonds and notes, and the repayment of any school construction aid or grants that may be required by law if any such obligation was incurred before the operational date.

(2) The conveyance to the town shall be conditioned upon the town owning and using the real property for community and public purposes for a minimum of five years.

(3) If the town sells the real property prior to five years of ownership, then the town shall compensate the union school district for all capital improvements and renovations initiated after the operational date and prior to the sale to the town.

§ 719. SUPERVISORY UNION; SUPERVISORY DISTRICT

(a) The State Board shall assign each union school district formed under this chapter to a supervisory union for administrative, educational, and planning services, effective on the day on which the union school district becomes a body politic and corporate pursuant to subsection 713(d) (Secretary of State records the certification of the Secretary of Education) of this chapter.

(b) If a union school district formed under this chapter is a unified union school district, then the State Board may designate it as a supervisory district

pursuant to the provisions of this title, to be effective not earlier than the operational date of the unified union school district.

(c) If a supervisory union includes at least one district that is a unified union school district, then the State Board, on its own initiative or at the request of the board of the supervisory union or the board of one or more districts in the supervisory union, may at any time, adjust the supervisory union board representation required by section 266 of this title to more fairly and accurately reflect the relative number of students for which each district is responsible and the grades for which the district operates a school or schools.

Article 3. Changes in Union District Membership and
Other Amendments to Articles of Agreement

§ 721. JOINING AN EXISTING UNION SCHOOL DISTRICT

(a) Action initiated by district outside the union school district.

(1) After preliminary study, if the board of a school district determines that it would be advisable to join an existing union school district, then the board of the interested school district shall request approval of the State Board to pursue this possibility.

(2) If the State Board determines that it is in the best interests of the State, the students, and the districts involved and aligns with the policy set forth in section 701 of this title for the interested school district to join the existing union school district, then at a meeting of the interested school district warned for the purpose, the voters shall vote whether to apply to the existing union school district for admission.

(3) If the voters of the interested school district approve the proposal to apply to the union school district for admission, then the clerk of the interested school district shall certify the results of the vote to the Secretary and to the clerk of the union school district.

(4) If the voters of the union school district approve the application of the school district within two years after the vote in subdivision (2) of this subsection, then the clerk of the union school district shall certify the results of the vote to the Secretary.

(b) Action initiated by union school district.

(1) After preliminary study, if the board of a union school district determines that it would be advisable to enlarge the district, then the board of the union school district shall submit a plan to the State Board requesting approval to incorporate a distinct school district into the union school district.

(2) If the State Board determines that it is in the best interests of the State, the students, and the districts involved and aligns with the policy set forth in section 701 of this title for the school district to join the existing union school district, then at a union school district meeting warned for the purpose, the voters shall vote whether to enlarge the union school district to include the school district.

(3) If the voters of the union school district approve the proposal to include the school district, then the clerk of the union school district shall certify the results of that vote to the Secretary and to the clerk of the school district.

(4) If the voters of the school district approve the offer to join the union school district within two years after the vote in subdivision (2) of this subsection, then the clerk of the school district shall certify the results of the vote to the Secretary.

(c) Certification; Secretary of State. Upon receipt of the clerk's certification pursuant to subdivision (a)(4) (school district application approval) or (b)(5) (school district approval of offer to join the union school district) of this section, the Secretary of Education shall designate the existing union school district to be enlarged pursuant to the votes and shall certify the enlargement to the Secretary of State. When the Secretary of State records the certification of the Secretary of Education, the union school district shall be enlarged accordingly, although the union school district and the school district that will join it may decide in advance of the votes that the enlarged union school district shall have a later operational date. The Secretary of State shall file a certified copy of the recorded certification with the clerks of the union school district and of the district that is joining it. The Secretary of State shall file the certified copies not later than 14 days after the date the Secretary of Education certifies the designation to the Secretary of State. Filing a certified copy with each clerk shall be prima facie evidence of full compliance with the requirements for enlarging an existing union school district as set forth in this section.

(d) Powers and responsibilities. A union school district enlarged pursuant to this section shall have all the powers and responsibilities given to a union school district by this title. Unless otherwise approved by the voters of the union school district and the school district that will join it, if the operational date is delayed pursuant to an agreement under subsection (c) of this section, then the joining school district shall share in the expenses of the union school district beginning on the date the Secretary of State records the certification of the Secretary of Education.

(e) Australian ballot. All votes of the electorate under this section shall occur by Australian ballot.

§ 722. AMENDMENTS TO ARTICLES OF AGREEMENT

(a) The union school district voters. Only the voters of a union school district may amend a specific condition or agreement in the district's articles of agreement if the condition or agreement was set forth as a distinct subsection in the warning required by section 712 (warning on vote to establish union school district and elect initial members of the board) of this chapter to form the union school district or in a subsequent warning to amend the articles pursuant to this section, which the voters approved.

(b) The union school district board. The board of a union school district may amend a specific condition or agreement in the district's articles of agreement only if the condition or agreement was not set forth as a distinct subsection in a warning required in subsection (a) of this section, but was instead incorporated into the warning by reference pursuant subsection 712(e) of this chapter (warning on vote to establish union school district and elect initial members of the board), or if the original articles of agreement or voter-approved amendments authorize the board to amend a specific condition or agreement.

(c) Reduction of grades operated. Notwithstanding the provisions of subsection (a) (union school district voters) of this section, the voters shall not vote whether to reduce the grades that the union school district operates, and to begin paying tuition for those grades, unless the State Board finds it is in the best interests of the State, the students, and the districts involved and aligns with the policy set-forth in section 701 of this title and gives prior approval to the proposed amendment.

(d) Number of board members. Notwithstanding the provisions of subsections (a) (union school district voters) and (b) (union school district board) of this section, if membership on a union school district board is proportional to town population as set forth in subdivisions 711(d)(1) (proposed unified union school district) and (e)(1) (proposed union elementary or union high school district) of this chapter, and if the district's articles of agreement direct the board to adjust board membership when necessary to conform to each new decennial census, then the board shall amend the articles to adjust the apportionment of board seats without presenting the amendment to the voters for approval.

(e) Districts created by State Board order. Notwithstanding the provisions of subsections (a) (union school district voters) and (b) (union school district board) of this section, the authority to amend the articles governing any union

school district formed by the State Board's Final Report and Order issued on November 30, 2018 pursuant to 2015 Acts and Resolves No. 46, as amended, vests either with the electorate or the board pursuant to the provisions of Article 14, as that article was issued by the State Board or subsequently amended by the voters of the union school district.

(f) Process. A vote by the voters of a union school district to amend the articles of agreement shall be by Australian ballot and shall proceed pursuant to sections 737 (warnings of unified union school district meetings) and 739–742 (vote by Australian ballot) of this chapter for unified union school districts and sections 755 (warnings of union elementary and union high school district meetings) and 757–759 (vote by Australian ballot) for union elementary and union high school districts. The warning shall contain each proposed amendment as a distinct question to be determined separately. The provisions of this subsection shall not apply to any issue to the extent that a different section of law provides a specific amendment procedure.

§ 723. DECISION TO VOTE BY AUSTRALIAN BALLOT

(a) If a union school district's articles of agreement do not provide that the election of board members or district officers, budget votes, or votes on other public questions shall proceed by Australian ballot, then the voters of a union school district may vote to do so at any annual or special meeting of the union school district where the question has been duly warned.

(b) Any category of vote to be taken by Australian ballot shall proceed in this manner in all towns within or member districts of a union school district.

(c) If voting in a unified union school district proceeds by Australian ballot, then the provisions of sections 739–742 (vote by Australian ballot) of this chapter shall apply to all votes taken by Australian ballot.

(d) If voting in a union elementary or union high school district proceeds by Australian ballot, then the voters shall also determine whether the ballots shall be commingled prior to counting total votes cast by Australian ballot in the union district.

(1) If the voters determine that the ballots shall not be commingled for counting in this manner, then the board of civil authority of each town within the union elementary or union high school district shall count the ballots cast in that town and report that town's results to the clerk of the union elementary or union high school district, who shall calculate the total votes cast within the district and report the total result to the public.

(2) If the voters determine that the ballots shall be commingled for counting, then the ballots shall be deposited in separate ballot boxes at each

polling location and the provisions of sections 757–759 (vote by Australian ballot) of this chapter shall apply.

(e) The vote on whether to proceed by Australian ballot shall be taken by paper ballot.

(f) Unless clearly inconsistent, the provisions of 17 V.S.A. chapter 55 shall apply to actions taken under this section.

§ 724. WITHDRAWAL FROM OR DISSOLUTION OF A UNIFIED
UNION SCHOOL DISTRICT

(a) Definition. As used in this section, “petitioning town” means the town within a unified union school district that seeks to withdraw from the union district pursuant to the provisions of this section.

(b) Withdrawal study committee.

(1) To initiate the process set forth in this section, the voters residing in the petitioning town shall submit petitions to the clerk of the unified union school district indicating the petitioners’ desire to withdraw the petitioning town from the union district. Individual petitions shall be signed by at least five percent of the voters residing in each of the towns within the union school district, with each town having its own petition. The petitioners shall submit each petition to that town’s town clerk for verification of the voting registration status of the signors. On a form created by the Secretary of State’s Office, and appended to each petition, shall be the names of three voters residing in the petitioning town to serve on a withdrawal study committee and a signed statement by each of the three named voters consenting to serve. Once each petition has been verified by the subject town clerk, the petitioners shall submit the petitions to the clerk of the unified union school district.

(2) Within 30 days after receiving the petition, the board of the union district shall recognize the creation of the withdrawal study committee and shall appoint a board subcommittee to serve as a liaison between the board and the withdrawal study committee and to represent the interests of the union district.

(3) Within 30 days after the board’s appointment of the liaison subcommittee, the superintendent of the union district shall convene the first formal meeting of the withdrawal study committee. The study committee shall elect one committee member to serve as chair.

(4) Before beginning any analysis under subsection (c) of this section or seeking technical or analytical services from the union district staff or supervisory union staff, or both, the withdrawal study committee shall obtain a

letter of commitment from a supervisory union board to explore the provision of supervisory union services if withdrawal is ultimately approved.

(5) The withdrawal study committee is a public body pursuant to 1 V.S.A. § 310(4) and is subject to the requirements of chapter 5, subchapter 2 of that title.

(c) Analysis. The withdrawal study committee shall evaluate the strengths and challenges of the current union district structure and consider the ways in which the union district promotes or fails to promote the State policy set forth in section 701 of this chapter. At a minimum, the withdrawal study committee shall evaluate:

(1) the educational advantages and disadvantages likely to result from the proposed withdrawal of the petitioning town from the union district:

(A) on the students residing in the proposed new school district; and

(B) on the students remaining in the union district if withdrawal is approved;

(2) the educational advantages and disadvantages likely to result from the continued inclusion of the petitioning town as a town within the union district:

(A) on the students residing in the petitioning town; and

(B) on the students residing in the other towns within the union district;

(3) the financial advantages and disadvantages likely to result from the proposed withdrawal of the petitioning town from the union district:

(A) on the taxpayers residing in the proposed new school district; and

(B) on the taxpayers remaining in the union district if withdrawal is approved;

(4) the financial advantages and disadvantages likely to result from the continued inclusion of the petitioning town as a town within the union district:

(A) on the taxpayers residing in the petitioning town; and

(B) on the taxpayers residing in the other towns within the union district;

(5) the likely operational and financial viability and sustainability of:

(A) the proposed new school district; and

(B) the union district if withdrawal is approved;

(6) any other advantages and disadvantages of withdrawal, including any advantages and disadvantages to the students and taxpayers of the region and the State; and

(7) the potential source of supervisory union services for the proposed new school district, including discussions with the board of any supervisory union to which the report of the withdrawal study committee might propose assignment.

(d) Report, including a plan for withdrawal; decision not to prepare report.

(1) Report supporting withdrawal.

(A) If, after conducting the analysis required by subsection (c) of this section, the withdrawal study committee votes to advance the withdrawal process as further outlined in this section, then the committee shall prepare a report, which it shall deliver electronically to the union district board and which the superintendent shall publish on the district's website.

(B) At a minimum, the report shall include:

(i) the analysis conducted pursuant to subsection (c) of this section, describing the ways in which the data and analysis:

(I) support withdrawal; and

(II) do not support the continuation of the union district in its current configuration;

(ii) the proposed financial terms of withdrawal, including the proposed ownership of buildings and other assets and the proposed responsibility for financial and other contractual obligations, including debts;

(iii) a plan, including a detailed timeline, for the actions the proposed new school district would take to ensure that, on a proposed operational date, it could provide for the education of its students in prekindergarten through grade 12 by operating all grades, tuitioning all grades, or operating some grades and tuitioning the remainder, in a manner that will meet educational quality standards as required by section 165 of this title, and including, if applicable, the process by which the proposed new school district would explore formation of a new union school district with one or more other school districts in the region and would integrate or condition any votes to withdraw with votes on formation of a new union district; and

(iv) a proposal, including analysis, for the potential source of supervisory union services for the proposed new school district, including, if applicable to the proposal:

(I) a recommendation of one or more potential supervisory unions to which the State Board could assign the proposed new school district; and

(II) a statement from the board of the potential supervisory union or unions regarding the ability and willingness to accept the proposed new school district as a member district.

(C) Within 45 days following receipt of the withdrawal study committee report, the union district board shall invite the members of the withdrawal study committee to attend a regularly scheduled meeting of the board to present the contents of its report and to answer any questions posed by the board. The board shall also invite the members of the liaison subcommittee to share any analysis and conclusions at the meeting. The withdrawal study committee has sole authority to determine the contents of its report.

(2) Decision not to propose withdrawal. If, after conducting the analysis required by subsection (c) of this section, the withdrawal study committee votes not to approve advancement of the withdrawal process, then:

(A) the withdrawal study committee shall prepare a brief written statement explaining the reasons underlying the votes supporting and not supporting advancement, which it shall deliver electronically to the union district board and which the superintendent shall publish on the district's website;

(B) within 45 days following receipt of the withdrawal study committee report, the union district board shall invite the members of the withdrawal study committee to attend a regularly scheduled meeting of the board to present the contents of the written statement and to answer any questions posed by the board; and

(C) the withdrawal study committee shall cease to exist upon adjournment of the union district board's meeting.

(e) Secretary and State Board.

(1) Secretary. If the study committee voted to proceed pursuant to subdivision (d)(1) of this section, then within 30 days after attending the union district board meeting pursuant to subdivision (d)(1)(C) of this section, it shall deliver its report electronically to the Secretary for review. The liaison subcommittee may also submit a report outlining its analysis and conclusions. The Secretary shall submit the report or reports, with recommendations, to the State Board.

(2) State Board review. The State Board:

(A) shall consider the report or reports and the Secretary's recommendations;

(B) shall provide representatives of the withdrawal study committee and the liaison subcommittee an opportunity to be heard;

(C) may, in its discretion, take testimony from other individuals and entities;

(D) may ask the Secretary, the withdrawal study committee, or the liaison subcommittee to make further investigation and may consider any other information the State Board deems to be pertinent; and

(E) may request the members of the withdrawal study committee to amend the report.

(3) State Board action.

(A) Advisory opinion with positive recommendation. If the State Board finds that the withdrawal proposal contained in the report, including the most feasible options for the provision of supervisory union services to the proposed new school district, is in the best interests of the State, the region, the students, and the school districts and aligns with the policy set forth in section 701 of this title, then within 90 days after receiving the report of the study committee the State Board shall:

(i) issue an opinion recommending approval of the withdrawal proposal;

(ii) provide a preliminary assessment of most feasible options for the provision of supervisory union services to the proposed new school district if withdrawal is approved by the voters; and

(iii) make any other finding or declaration, and approve any other motion, related and necessary to the withdrawal proposal.

(B) Advisory opinion with negative recommendation. If the State Board finds that the withdrawal proposal contained in the report, including the most feasible options for the provision of supervisory union services to the proposed new school district, is not in the best interests of the State, the region, the students, and the school districts or does not align with the policy set forth in section 701 of this title, or both, then within 90 days after receiving the report of the study committee the State Board shall:

(i) issue an opinion recommending disapproval of the withdrawal proposal, including a written statement detailing the reasons supporting this conclusion;

(ii) provide a preliminary assessment of most feasible options for the provision of supervisory union services to the proposed new school district if withdrawal is approved by the voters; and

(iii) make any other finding or declaration and approve any other motion related and necessary to the withdrawal proposal.

(f) Vote of the electorate.

(1) Vote following positive recommendation of the State Board.

(A) Within 30 days after receipt of the State Board's written recommendation, the superintendent shall file the withdrawal study committee's report, the State Board's written recommendation, and any report of the liaison subcommittee with the clerk of the union district and the town clerk of each town within the union district.

(B) Within 90 days after the clerk of the union district receiving the reports and recommendations described in subdivision (A) of this subsection, the voters of the union district, including those residing in the petitioning town, shall vote whether to approve withdrawal as set forth in the report. The question shall be determined by Australian ballot and shall proceed pursuant to sections 737 (warnings of unified union school district meetings) and 739–741 (vote by Australian ballot) of this chapter. The ballots shall not be commingled.

(C) Withdrawal from the union district shall occur if the question is approved by a majority vote of the union district voters living in each town within the district, including the petitioning town. If a majority of the voters in one or more towns within the union district do not vote in favor of withdrawal, then the proposed withdrawal shall not occur.

(D) Within 45 days after the vote or 15 days after a vote to reconsider the original vote under 17 V.S.A. § 2661, whichever is later, the clerk of each town within the union district shall certify the results of the vote to the Secretary of Education, and the Secretary shall advise the State Board of the certified results. Each clerk shall submit the certification regardless of whether the voters in that town approved withdrawal. The withdrawal study committee shall cease to exist when each clerk has submitted a certification to the Secretary.

(2) Vote following negative recommendation of the State Board.

(A) The superintendent shall file the withdrawal study committee's report, the State Board's written recommendation, and any report of the liaison subcommittee with the clerk of the union district and with the town clerk of each town within the union district.

(B) The union district voters residing in the petitioning town shall vote whether to withdraw from the union district pursuant to the terms set forth in the report.

(i) The question shall be determined by Australian ballot and shall proceed pursuant to sections 737 (warnings of unified union school district meetings) and 739–741 (vote by Australian ballot) of this chapter.

(ii) The withdrawal proposal shall proceed to a vote in each of the other towns within the union district only if approved by a majority of the union district voters residing in the petitioning town present and voting yes or no on the warned question. If a majority of the voters in the petitioning town do not vote in favor of withdrawal, then the proposed withdrawal shall not occur.

(C) Within 45 days after the vote in subdivision (B) of this subdivision (f)(2) or 15 days after a vote to reconsider the original vote under 17 V.S.A. § 2661, whichever is later, the clerk of the petitioning town shall certify the results of the vote to the Secretary of State who shall record the certificate and give notice of the vote to the clerk of the union district, the clerks of each of the other towns within the union district, and the Secretary of Education. The clerk of the petitioning town shall submit the certification regardless of whether the voters in the petitioning town approved withdrawal. The withdrawal study committee shall cease to exist upon submission of the certification.

(D) If the union district voters residing in the petitioning town approve the withdrawal proposal pursuant to subdivision (B) of this subdivision (f)(2), then, within 90 days after receiving notice of the certification as required in subdivision (C) of this subdivision (f)(2), the voters of the union district residing in each of the other towns shall vote on the same day whether to approve withdrawal of the petitioning town as set forth in the final report.

(i) The question shall be determined by Australian ballot and shall proceed pursuant to sections 737 (warnings of unified union school district meetings) and 739–741 (vote by Australian ballot) of this chapter. The ballots shall not be commingled.

(ii) Withdrawal from the union district shall occur if the question is approved by a majority vote of the union district voters living in each of the other towns within the union district. If a majority of the voters in one or more towns within the union district do not vote in favor of withdrawal, then the proposed withdrawal shall not occur.

(E) Within 45 days after the vote in subdivision (D) of this subdivision (f)(2) or 15 days after a vote to reconsider the original vote under 17 V.S.A. § 2661, whichever is later, the clerk of each of the other towns within the union district shall certify the results of the vote to the Secretary of Education, and the Secretary shall advise the State Board of the certified results. Each clerk shall submit the certification regardless of whether the voters in that town approved withdrawal. The withdrawal study committee shall cease to exist when each clerk has submitted a certification to the Secretary.

(g) Election of potential board members. On the day on which they vote whether to approve withdrawal, the union district voters residing in the petitioning town shall also vote for three individual registered voters from the petitioning town to serve as the initial members of the proposed new school district's board if withdrawal is approved. The nomination and election of the initial members shall proceed pursuant to subdivision 730(a)(1) of this chapter (election of board members under the proportional to town model by Australian ballot). The term of office for each initial member shall be arranged so that one term expires on the day of the second annual meeting of the proposed new school district, one term expires on the day of the third annual meeting, and one term expires on the day of the fourth annual meeting.

(h) State Board's duties if withdrawal is approved. If the union district voters approve withdrawal pursuant to subsection (f) of this section, then upon receiving notice from the Secretary pursuant to subdivision (f)(1)(D) or (f)(2)(E) of this section, the State Board shall:

(1) Declare the withdrawal approved as of the date of the Board's meeting; provided, however, that withdrawal shall not be final until the date identified in the voter-approved proposal of withdrawal.

(2) Declare the creation and existence of the new school district, effective on the date of the Board's declaration; provided, however, that:

(A) the new school district shall assume full and sole responsibility for the education of its resident students on the date identified in the voter-approved proposal of withdrawal; and

(B) until the identified operational date, the new school district shall exist for the sole purposes of:

(i) convening an organizational meeting of the voters of the new school district to prepare the district to assume its responsibilities;

(ii) organizing the school board of the new school district, which shall be responsible for preparing a proposed budget for the fiscal year beginning on the identified operational date;

(iii) approving the budget of the new school district for the fiscal year beginning on the identified operational date; and

(iv) taking any other actions necessary, as district voters or as a school board, for the new school district to assume full responsibility for providing for the education of the district's resident students in all grades, prekindergarten through grade 12, on the identified operational date.

(3) Determine or set a schedule for determining the manner in which supervisory union services will be provided to the new school district, to be effective on the district's identified operational date.

(A) In addition to the considerations set forth in section 261 of this title, when the State Board makes its determination, it shall consider the potential positive and negative consequences on all affected districts and supervisory unions if supervisory union services were provided to the new school district in a manner that required:

(i) a union district serving as its own supervisory district to become a member of a multidistrict supervisory union; or

(ii) a neighboring supervisory union to accept one or more additional districts that the supervisory union testifies it is not able to accommodate.

(B) If assigned to a multidistrict supervisory union, then the board of the new school district may appoint its members to the supervisory union board pursuant to section 266 of this title, where they may participate as nonvoting members of that board until the new school district's operational date.

(i) Certification; Secretary of State. If the State Board declares the creation and existence of a new school district pursuant to subdivision (h)(2) of this section, then within 30 days following such action the Secretary of Education shall certify the adjustment of the towns within the union district to the Secretary of State. When the Secretary of State records the certification of the Secretary of Education, the towns within the union district shall be adjusted accordingly; provided, however, that the voter-approved proposal of withdrawal shall establish the date on which withdrawal shall be final, the new school district shall assume full and sole responsibility for the education of its resident students, and the union school district shall no longer have responsibility for the education of those students. Not more than 14 days after the date the Secretary of Education certifies the adjustment, the Secretary of State shall file a certified copy of the recorded certification with the clerk of the union district and the clerk for the town in which the new school district is located. Filing a certified copy with the clerks shall be prima facie evidence of

full compliance with the requirements for adjusting the union school district by withdrawal as set forth in this section.

(j) Timing of action.

(1) The voters residing in any town within a union district shall not initiate the withdrawal process set forth in this section within the first year after the latter of the operational date of a newly formed union district or, if applicable, the operational date of a union district adjusted pursuant to subsection (i) of this section.

(2) If a petitioning town's action to withdraw from a union school district is unsuccessful, then the voters residing in that town shall not initiate a new withdrawal action under this section until two years after either a withdrawal study committee votes not to approve advancement of the withdrawal process or the vote by the voters that concluded the initial withdrawal action.

§ 725. WITHDRAWAL FROM OR DISSOLUTION OF A
UNION ELEMENTARY OR UNION HIGH SCHOOL DISTRICT

(a) Definitions. As used in this section:

(1) "Petitioning district" means:

(A) a member district of a union elementary or union high school district that seeks to withdraw from the union district pursuant to the provisions of this section; or

(B) a town that is a member of both a union elementary school district and a union high school district, is not independently organized as a district that is responsible for the education of students in any grade, does not have a town school district board, and that seeks to withdraw from a union elementary or union high school district pursuant to the provisions of this section.

(2) "New school district" means the petitioning district once the State Board has declared it to be withdrawn from the union elementary or union high school district.

(b) Withdrawal study committee.

(1) To initiate the process set forth in this section, the board of the petitioning district shall submit a petition to the clerk of the union elementary or union high school district indicating its desire to withdraw the petitioning district from the union district and identifying at least three board members of the petitioning district who will serve on a withdrawal study committee. The board of the petitioning district shall submit the petition to the clerk of the

union school district after either a vote by the board of the petitioning district or receipt of individual petitions signed by at least five percent of the voters residing in the petitioning district and five percent of the voters residing in each of the other member districts within the union school district, with each member district having its own petition. The clerk of the petitioning district shall submit each petition to the subject member district's clerk for verification of the voting registration of the signors. Once each petition has been verified by the subject district clerk, the board of the petitioning district shall append the individual petitions to the withdrawal petition it sends to the clerk of the union district.

(2) To initiate the process set forth in this section if the petitioning district does not have a town school district board, the voters residing in the petitioning district shall submit petitions to the clerk of the unified union school district indicating the petitioners' desire to withdraw the petitioning district from the union district. Individual petitions shall be signed by at least five percent of the voters residing in the petitioning district and five percent of the voters residing in each of the member districts within the union school district, with each district having its own petition. The petitioning district shall submit each petition to that district's clerk for verification of the voting registration status of the signors. On a form created by the Secretary of State's Office, and appended to each petition, shall be the names of three voters residing in the petitioning district to serve on a withdrawal study committee and a signed statement by each of the three named voters consenting to serve. Once each petition has been verified by the subject district clerk, the petitioning district shall submit the petitions to the clerk of the union school district.

(3) Within 30 days after receiving the petition, the board of the union district shall recognize the creation of the withdrawal study committee and shall appoint a board subcommittee to serve as a liaison between the board and the withdrawal study committee and to represent the interests of the union district.

(4) Within 30 days after the board's appointment of the liaison subcommittee, the superintendent of the union district shall convene the first formal meeting of the withdrawal study committee. The study committee shall elect one committee member to serve as Chair.

(5) Before beginning any analysis under subsection (c) of this section or seeking technical or analytical services from the union district staff or supervisory union staff, or both, the withdrawal study committee shall obtain a letter of commitment from a supervisory union board to explore the provision of supervisory union services if withdrawal is ultimately approved.

(6) The withdrawal study committee is a public body pursuant to 1 V.S.A. § 310(4) and is subject to the requirements of chapter 5, subchapter 2 of that title.

(c) Analysis. The withdrawal study committee shall evaluate the strengths and challenges of the current union district structure and consider the ways in which the union district promotes or fails to promote the State policy set forth in section 701 of this chapter. At a minimum, the withdrawal study committee shall evaluate:

(1) the educational advantages and disadvantages likely to result from the proposed withdrawal of the petitioning district from the union elementary or union high school district:

(A) on the students residing in the proposed new school district; and

(B) on the students remaining in the union district if withdrawal is approved;

(2) the educational advantages and disadvantages likely to result from the continued inclusion of the petitioning district as a member district of the union elementary or union high school district:

(A) on the students residing in the petitioning district; and

(B) on the students residing in the other member districts of the union district;

(3) the financial advantages and disadvantages likely to result from the proposed withdrawal of the petitioning district from the union elementary or union high school district:

(A) on the taxpayers residing in the proposed new school district; and

(B) on the taxpayers remaining in the union district if withdrawal is approved;

(4) the financial advantages and disadvantages likely to result from the continued inclusion of the petitioning district within the union elementary or union high school district:

(A) on the taxpayers residing in the petitioning district; and

(B) on the taxpayers residing in the other member districts within the union district;

(5) the likely operational and financial viability and sustainability of:

(A) the proposed new school district; and

(B) the union elementary or union high school district if withdrawal is approved;

(6) any other advantages and disadvantages of withdrawal, including any advantages and disadvantages to the students and taxpayers of the region and the State; and

(7) the potential source of supervisory union services for the proposed new district, including discussions with the board of any supervisory union to which the report of the withdrawal study committee might propose assignment or the continuation of assignment.

(d) Report, including a plan for withdrawal; decision not to prepare report.

(1) Report supporting withdrawal.

(A) If, after conducting the analysis required by subsection (c) of this section, the withdrawal study committee votes to advance the withdrawal process as further outlined in this section, then the committee shall prepare a report, which it shall deliver electronically to the union district board and which the superintendent shall publish on the district's website.

(B) At a minimum, the report shall include:

(i) the analysis conducted pursuant to subsection (c) of this section, describing the ways in which the data and analysis:

(I) support withdrawal; and

(II) do not support the continuation of the union elementary or union high school district in its current configuration;

(ii) the proposed financial terms of withdrawal, including the proposed ownership of buildings and other assets and the proposed responsibility for financial and other contractual obligations, including debts;

(iii) a plan, including a detailed timeline, for the actions the proposed new school district would take to ensure that, on the proposed operational date, it could provide for the education of its students in the grades for which the union elementary or union high school district is organized, in a manner that will meet educational quality standards as required by section 165 of this title, and including, if applicable, the process by which the proposed new school district would explore formation of a new union district with one or more other school districts in the region and would integrate or condition any votes to withdraw with votes on formation of a new union district; and

(iv) a proposal, including analysis, for the source of supervisory union services for the proposed new school district.

(C) Within 45 days following receipt of the study committee report, the union elementary or union high school district board shall invite the members of the withdrawal study committee to attend a regularly scheduled meeting of the board to present the contents of its report and to answer any questions posed by the board. The board shall also invite the members of the liaison subcommittee to share any analysis and conclusions at the meeting. The withdrawal study committee has sole authority to determine the contents of its report.

(2) Decision not to propose withdrawal. If, after conducting the analysis required by subsection (c) of this section, the withdrawal study committee votes not to approve advancement of the withdrawal process, then:

(A) the withdrawal study committee shall prepare a brief written statement explaining the reasons underlying the votes supporting and not supporting advancement, which it shall deliver electronically to the union district board and which the superintendent shall publish on the district's website;

(B) within 45 days following receipt of the study committee report, the union elementary or union high school district board shall invite the members of the withdrawal study committee to attend a regularly scheduled meeting of the board to present the contents of the written statement and to answer any questions posed by the board; and

(C) the withdrawal study committee shall cease to exist upon adjournment of the union elementary or union high school district board's meeting.

(e) Secretary and State Board.

(1) Secretary. If the study committee voted to proceed pursuant to subdivision (d)(1) of this section, then within 30 days after attending the union district board meeting pursuant to subdivision (d)(1)(C) of this section, it shall deliver its report electronically to the Secretary for review. The liaison subcommittee may also submit a report outlining its analysis and conclusions. The Secretary shall submit the report or reports, with recommendations, to the State Board.

(2) State Board review. The State Board:

(A) shall consider the report or reports and the Secretary's recommendations;

(B) shall provide representatives of the withdrawal study committee and the liaison subcommittee an opportunity to be heard;

(C) may, in its discretion, take testimony from other individuals and entities;

(D) may ask the Secretary, the withdrawal study committee, or the liaison subcommittee to make further investigation and may consider any other information the State Board deems to be pertinent; and

(E) may request the members of the withdrawal study committee to amend the report.

(3) State Board action.

(A) Advisory opinion with positive recommendation. If the State Board finds that the withdrawal proposal contained in the report is in the best interests of the State, the region, the students, and the school districts, and aligns with the policy set forth in section 701 of this title, then within 90 days after receiving the report of the study committee the State Board shall:

(i) issue an opinion recommending approval of the withdrawal proposal;

(ii) provide a preliminary assessment of the source of supervisory union services to the proposed new school district if withdrawal is approved by the voters; and

(iii) make any other finding or declaration, and approve any other motion, related and necessary to the withdrawal proposal.

(B) Advisory opinion with negative recommendation. If the State Board finds that the withdrawal proposal contained in the report is not in the best interests of the State, the region, the students, and the school districts or does not align with the policy set forth in section 701 of this title, or both, then within 90 days after receiving the report of the study committee, the State Board shall:

(i) issue an opinion recommending disapproval of the withdrawal proposal, including a written statement detailing the reasons supporting this conclusion;

(ii) provide a preliminary assessment of the source supervisory union services to the proposed new school district if withdrawal is approved by the voters; and

(iii) make any other finding or declaration, and approve any other motion, related and necessary to the withdrawal proposal.

(f) Vote of the electorate.

(1) Vote following positive recommendation of the State Board.

(A) Within 30 days after receipt of the State Board's written recommendation, the superintendent shall file the withdrawal study committee's report, the State Board's written recommendation, and any report of the liaison subcommittee with the clerk of the union elementary or union high school district and the district clerk of each of the member districts within the union elementary or union high school district.

(B) Within 90 days after the clerk of the union district receiving the reports and recommendations described in subdivision (A) of this subdivision (f)(1), the voters of the union elementary or union high school district, including those residing in the petitioning district, shall vote whether to approve withdrawal as set forth in the report. The question shall be determined by Australian ballot and shall proceed pursuant to sections 755 (warnings of union elementary and union high school district meetings) and 757-759 (vote by Australian ballot) of this chapter.

(C) Withdrawal from the union elementary or union high school district shall occur if the question is approved by a majority vote of the union district voters living in each of the member districts within the union elementary or union high school district, including in the petitioning district. If a majority of the voters in one or more member districts within the union elementary or union high school district do not vote in favor of withdrawal, then the proposed withdrawal shall not occur.

(D) Within 45 days after the vote or 15 days after a vote to reconsider the original vote under 17 V.S.A. § 2661, whichever is later, the clerk of each member district within the union elementary or union high school district shall certify the results of the vote to the Secretary of Education, and the Secretary shall advise the State Board of the certified results. Each clerk shall submit the certification regardless of whether the voters in that district approved withdrawal. The withdrawal study committee shall cease to exist when each clerk has submitted a certification to the Secretary.

(E) If the petitioning district or one of the other member districts does not have a town school district board, the legislative body or appropriate officer of the town shall perform electoral functions, including warning meetings and conducting the voting process, ordinarily performed by and in member districts on behalf of a union school district.

(2) Vote following negative recommendation of the State Board.

(A) The superintendent shall file the withdrawal study committee's report, the State Board's written recommendation, and any report of the liaison subcommittee with the clerk of the union elementary or union high school

district and the district clerk of each of the member districts within the union elementary or union high school district.

(B) The union district voters residing in the petitioning district shall vote whether to withdraw from the union elementary or union high school district pursuant to the terms set forth in the report.

(i) The question shall be determined by Australian ballot and shall proceed pursuant to sections 755 (warnings of union elementary and union high school district meetings) and 757–759 (vote by Australian ballot) of this chapter.

(ii) The withdrawal proposal shall proceed to a vote in each of the other member districts within the union elementary or union high school district only if approved by a majority of the union district voters residing in the petitioning district present and voting yes or no on the warned question. If a majority of the voters in the petitioning district do not vote in favor of withdrawal, then the proposed withdrawal shall not occur.

(C) Within 45 days after the vote in subdivision (B) of this subdivision (f)(2) or 15 days after a vote to reconsider the original vote under 17 V.S.A. § 2661, whichever is later, the clerk of the petitioning district shall certify the results of the vote to the Secretary of State who shall record the certificate and give notice of the vote to the clerk of the union elementary or union high district, the clerks of each of the other member districts within the union district, and the Secretary of Education. The clerk of the petitioning district shall submit the certification regardless of whether the voters in the petitioning district approved withdrawal. The withdrawal study committee shall cease to exist upon submission of the certification.

(D) If the union elementary or union high school district voters residing in the petitioning district approve the withdrawal proposal pursuant to subdivision (B) of this subdivision (f)(2), then, within 90 days after receiving notice of the certification as required in subdivision (C) of this subdivision (f)(2), the voters of the union elementary or union high school district residing in each of the other member districts shall vote on the same day whether to approve withdrawal of the petitioning district as set forth in the final report.

(i) The question shall be determined by Australian ballot and shall proceed pursuant to sections 755 (warnings of union elementary and union high school district meetings) and 757–759 (vote by Australian ballot) of this chapter.

(ii) Withdrawal from the union elementary or union high school district shall occur if the question is approved by a majority vote of the union district voters living in each of the other member districts within the union

elementary or union high school district. If a majority of the voters living in one or more member districts within the union district do not vote in favor of withdrawal, then the proposed withdrawal shall not occur.

(E) Within 45 days after the vote in subdivision (D) of this subdivision (f)(2) or 15 days after a vote to reconsider the original vote under 17 V.S.A. § 2661, whichever is later, the clerk of each of the other member districts within the union elementary or union high school district shall certify the results of the vote to the Secretary of Education, and the Secretary shall advise the State Board of the certified results. Each clerk shall submit the certification regardless of whether the voters in that member district approved withdrawal. The withdrawal study committee shall cease to exist when each clerk has submitted a certification to the Secretary.

(F) If the petitioning district or one of the other member districts does not have a town school district board, the legislative body or appropriate officer of the town shall perform electoral functions, including warning meetings and conducting the voting process, ordinarily performed by and in member districts on behalf of a union school district.

(g) Election of potential board members. If the petitioning district does not have a town school district board, on the day on which they vote whether to approve withdrawal, the union district voters residing in the petitioning school district shall also vote for three individual registered voters from the petitioning district to serve as the initial members of the proposed new school district's board if withdrawal is approved. The nomination and election of the initial members shall proceed pursuant to subdivision 748(a)(1) of this chapter (election of board members under the proportional to town model by Australian ballot). The term of office for each initial member shall be arranged so that one term expires on the day of the second annual meeting of the proposed new school district, one term expires on the day of the third annual meeting, and one term expires on the day of the fourth annual meeting.

(h) State Board's duties if withdrawal is approved. If the union elementary or union high school district voters approve withdrawal pursuant to subsection (f) of this section, then upon receiving notice from the Secretary pursuant to subdivision (f)(1)(D) or (f)(2)(E) of this section, the State Board shall:

(1) declare the withdrawal approved as of the date of the Board's meeting; provided, however, that withdrawal shall not be final until the date identified in the voter-approved proposal of withdrawal;

(2) declare it to be the obligation of the new school district to assume responsibility for the education of its residents in the grades for which the

union elementary or union high school district was previously responsible, effective on the date of the Board's declaration; provided, however, that:

(A) the new school district shall assume full and sole responsibility for the education of its resident students in the grades for which the union elementary or union high school district was previously responsible on the date identified in the voter-approved proposal of withdrawal; and

(B) until the identified operational date, the new school district shall exist for the sole purposes of:

(i) providing for the education of its residents in the grades for which it was organized prior to withdrawal;

(ii) convening an organizational meeting of the voters of the new school district to prepare the district to assume its new responsibilities if the petitioning district did not have a town school district board;

(iii) organizing the school board of the new school district if the petitioning district did not have a town school district board;

(iv) preparing a proposed budget for the fiscal year beginning on the identified operational date;

(v) approving the budget of the new school district for the fiscal year beginning on the identified operational date; and

(vi) taking any other actions necessary, as district voters or as a school board, for the new school district to assume full responsibility for providing for the education of the district's resident students in the grades it is now organized to provide for, on the identified operational date; and

(3) ensure a smooth transition of supervisory services, to be effective on the district's identified operational date.

(i) Certification; Secretary of State. If the State Board declares it to be the obligation of the new school district pursuant to subdivision (h)(2) of this section to provide for the education of resident students who were formerly the responsibility of the union elementary or union high school district, then within 30 days following such action the Secretary of Education shall certify the adjustment of the member districts within the union elementary or union high school district to the Secretary of State. When the Secretary of State records the certification of the Secretary of Education, the member districts within the union elementary or union high school district shall be adjusted accordingly; provided, however, that the voter-approved proposal of withdrawal shall establish the date on which withdrawal shall be final, the new school district shall assume full and sole responsibility for the education of its residents in the grades for which it is now organized, and the union school

district shall no longer have responsibility for the education of those students. Not more than 14 days after the date the Secretary of Education certifies the adjustment, the Secretary of State shall file a certified copy of the recorded certification with the clerk of the union elementary or union school district and the clerk for new school district. Filing a certified copy with the clerks shall be prima facie evidence of full compliance with the requirements for adjusting the union school district by withdrawal as set forth in this section.

(j) Timing of action.

(1) The voters residing in any member district within a union elementary or union high school district shall not initiate the withdrawal process set forth in this section within the first year after the latter of the operational date of a newly formed union elementary or union high school district or, if applicable, the operational date of a union elementary or union high school district adjusted pursuant to subsection (h) of this section.

(2) If a petitioning district's action to withdraw from a union elementary or union high school district is unsuccessful, then the voters residing in that member district shall not initiate a new withdrawal action under this section until two years after either a withdrawal study committee votes not to approve advancement of the withdrawal process or the vote by the voters that concluded the initial withdrawal action.

Subchapter 3. Unified Union School Districts

Article 1. Unified Union School Districts – Boards and Board Members

§ 729. BOARD MEMBERS; TERM; CONDUCT OF MEETINGS;
QUORUM AND VOTING; POWERS AND DUTIES

(a) Members. Except as set forth in subchapter 2 (exploration, formation, and organization) of this chapter for initial members, each member of the board of a unified union school district shall:

(1) be elected by the voters at a warned meeting of the unified union school district pursuant to sections 730 (nomination and election of unified union school district board members) and 737 (warnings of unified union school district meetings) of this title;

(2) assume office upon election, except as provided in subdivision 737(f)(3) (warnings of unified union school district meetings) of this chapter; and

(3) be sworn in before entering upon the duties of the office.

(b) Term. A member elected at an annual meeting shall serve for a term of three years or until the member's successor is elected and has taken the oath of

office. A member elected at a special meeting shall serve for the balance of the term of office remaining.

(c) Quorum. A majority of the members of the board shall constitute a quorum. Subject to the provisions of subsection (d) of this section but notwithstanding any other provision of law, the concurrence of a majority of members present at a unified union school district board meeting shall be necessary and sufficient for board action; provided, however, the concurrence of more than a majority shall be necessary if required for a particular action by the voter-approved articles of agreement.

(d) Weighted voting. If weighted voting is used to achieve constitutionally required proportionality for members elected under the “proportional to town population” model described in subdivisions 711(d)(1) (proposed unified union school district; proportional to town population) and 730(a)(1) (unified union school district; Australian ballot; proportional to town population) of this chapter, then a number of members of the board holding a majority of the total number of weighted votes shall constitute a quorum, and a majority of the weighted votes cast shall be necessary and sufficient for board action.

(e) Board chair and board clerk. At the board meeting next following each annual district meeting, the unified union school district board shall elect one of its number to serve as the chair of the board and one other of its number to serve as the clerk of the board.

(f) Powers, duties, and liabilities. The powers, duties, and liabilities of a unified union school district board, board chair, and board clerk shall be the same as those of a board, board chair, and board clerk of a town school district.

(g) Minutes. The board clerk shall prepare minutes of the proceedings of the unified union school district board, unless the board votes to delegate those duties to another individual. The board clerk shall transmit the minutes and all other documents constituting the record of board proceedings to the clerk of the unified union school district, who shall be responsible for maintaining a permanent record of board proceedings. In the board clerk’s absence, another member of the school board shall assume the duties of the clerk.

(h) Stipend. The board clerk may be paid upon order of the board.

§ 730. UNIFIED UNION SCHOOL DISTRICT BOARD MEMBERS;
NOMINATION AND ELECTION; BOND

(a) If by Australian ballot. The provisions of this subsection (a) shall apply to a unified union school district that conducts elections for board membership by Australian ballot.

(1) Proportional to town population.

(A) When membership on the board of a unified union school district is apportioned to each town within the district in a number that is closely proportional to the town's relative population, the voters residing in the town may file a petition nominating a candidate for board membership. A petition is valid only if:

(i) the candidate is a current voter of the town;

(ii) the petition identifies the term of office for which the candidate is nominated;

(iii) the petition is signed by at least 30 voters residing in the town or one percent of the legal voters in the town, whichever is less;

(iv) the voters file the petition with the town clerk not later than 5:00 p.m. on the sixth Monday preceding the day of the election; and

(v) the candidate files with the town clerk a written consent to the printing of the candidate's name on the ballot.

(B) After confirming that the names on the petition correspond to registered voters of the town, the town clerk shall transmit the name of each duly nominated candidate to the clerk of the unified union school district.

(C) The district clerk shall prepare a unified union school district ballot for each town and shall transmit the ballot to the town clerk to make available to the voters residing in the town.

(D) The voters of a town within the unified union school district shall elect as many board members as are apportioned for that term of office based on the population of the town.

(2) Modified at-large model: allocation to town; at-large representation.

(A) When membership on the board of a unified union school district is allocated to each town within the district, but the allocation is not closely proportional to the town's relative population and the board member is elected at-large, the voters residing in any one or more of the towns within the district may file a petition nominating a candidate for board membership under the "modified at-large" model. A petition is valid only if:

(i) the candidate is a current voter of the town to which the seat is allocated;

(ii) the petition identifies the term of office for which the candidate is nominated;

(iii) the petition is signed by at least 60 voters residing in the unified union school district;

(iv) the voters file the petition with the clerk of the unified union school district not later than 5:00 p.m. on the sixth Monday preceding the day of the election; and

(v) the candidate files with the district clerk a written consent to the printing of the candidate's name on the ballot.

(B) Not later than 5:00 p.m. on the sixth Monday preceding the day of the election, the town clerk of each town within the unified union school district shall furnish to the district clerk, at the expense of the district, authenticated copies of the checklist of legal voters within the town as the checklist appears after revisions are made pursuant to 17 V.S.A. §§ 2141–2150.

(C) The district clerk shall prepare the unified union school district ballot to include the name of each duly nominated candidate and shall transmit the ballot to the town clerk of each town within the district to make available to the voters residing in the town.

(D) The voters of the unified union school district shall elect as many board members as are to be elected at-large for that term of office under the “modified at-large” model.

(3) At-large representation.

(A) When membership on a unified union school district board is not apportioned or allocated pursuant to subdivision (1) (proportional to town population) or (2) (modified at-large) of this subsection (a) and the board member is elected at large, the voters residing in any one or more of the towns within the district may file a petition nominating a candidate for at-large board membership. A petition is valid only if:

(i) the candidate is a current voter of a town within the unified union school district;

(ii) the petition identifies the term of office for which the candidate is nominated;

(iii) the petition is signed by at least 60 voters residing in the unified union school district;

(iv) the voters file the petition with the clerk of the unified union school district not later than 5:00 p.m. on the sixth Monday preceding the day of the election; and

(v) the candidate files with the district clerk a written consent to the printing of the candidate's name on the ballot.

(B) Not later than 5:00 p.m. on the sixth Monday preceding the day of the election, the town clerk of each town within the unified union school district shall furnish to the district clerk, at the expense of the district, authenticated copies of the checklist of legal voters within the town as the checklist appears after revisions are made pursuant to 17 V.S.A. §§ 2141–2150.

(C) The district clerk shall prepare the unified union school district ballot to include the name of each duly nominated candidate and shall transmit the ballot to the town clerk of each town within the district to make available to the voters residing in the town.

(D) The voters of the unified union district shall elect as many board members as are to be elected at-large for that term of office.

(b) If not by Australian ballot. The provisions of this subsection shall apply to a unified union school district that has not voted to conduct elections for board membership by Australian ballot.

(1) The nomination and election of candidates for the office of unified union school district board member shall occur at a warned meeting of the unified union school district; provided, however, if the district elects board members under the “proportional to town population” model, then the nomination and election of candidates shall occur at an annual or special meeting of the town in which the candidate resides, warned for the purpose pursuant to subsection 737(f) of this chapter.

(2) Voters shall only nominate a person who is present at the meeting and the person shall accept or reject the nomination.

(3) The clerk shall ensure that the candidate is a voter of a specific town if the district elects board members under either the “proportional to town population” model or the “modified at-large” model.

(c) Bond. Before a newly elected board member enters upon the duties of office, the district shall ensure that the district's blanket bond covers the new member. In lieu of a blanket bond, the district may choose to provide suitable crime insurance coverage.

(d) Notification. Within 10 days after the election of a board member pursuant to this section, the district clerk shall transmit the name of newly elected board members to the Secretary of State.

§ 731. VACANCY ON UNIFIED UNION SCHOOL DISTRICT BOARD

(a) Filling a vacancy. Notwithstanding any other provision of law to the contrary, this section shall apply to a vacancy on a unified union school district board, unless otherwise provided in the articles of agreement of the district as initially approved by the voters on or before July 1, 2019.

(1) Proportional to town population. If the vacancy is for a seat where membership is apportioned to a town within the unified union school district in a number that is closely proportional to the town's relative population and only voters residing in the town elect the board member, then the clerk of the unified union school district shall notify the selectboard of the town not later than five days after learning of the vacancy. Within 30 days after providing notice and after consultation with the selectboard, the unified union school district board shall appoint an eligible person to fill the vacancy until the voters elect a successor at an annual or special meeting.

(2) Modified at-large model: allocation to town; at-large representation. If the vacancy is for a seat where membership is allocated to a town within the unified union school district in a number that is not closely proportional to each town's relative population and the board member is elected at large, then the district clerk shall notify the selectboard of the town not later than five days after learning of the vacancy. Within 30 days after providing notice and after consultation with the selectboard, the unified union school district board shall appoint an eligible person to fill the vacancy until the voters elect a successor at an annual or special meeting.

(3) At-large representation. If the vacancy is for a seat that is neither apportioned nor allocated to a town within the unified union school district as provided in subdivision (1) or (2) of this subsection and the board member is elected at-large, then within 30 days after creation of the vacancy the unified union school district board shall appoint an eligible person to fill the vacancy until the voters elect a successor at an annual or special meeting.

(4) Vacancy in all seats. If all seats on a school board are vacant, then the Secretary of State shall call a special election to fill the vacancies.

(b) Notification. Within 10 days after the appointment of a board member pursuant to this section, the district clerk of the unified union school district shall transmit the name of the appointed board member to the Secretary of State.

(c) Obligations and expenses.

(1) Vacancy in majority. If there are vacancies in a majority of the members of a unified union school district board at the same time, then the remaining member or members are authorized to draw orders for payment of

continuing obligations and necessary expenses until a majority of the vacancies are filled pursuant to the provisions of this section.

(2) Vacancy in all seats. If there are no members of the unified union school district board in office, then the Secretary of State shall authorize the district clerk or other qualified person to draw orders for payment of continuing obligations and necessary expenses until a majority of the vacancies are filled.

§ 732. UNIFIED UNION SCHOOL DISTRICT BUDGET; PREPARATION AND AUTHORIZATION

(a) The board of a unified union school district shall prepare and distribute a proposed budget annually for the next school year pursuant to the provisions of subdivision 563(11) (powers of school boards; budget) of this title.

(b) If the voters do not approve the board's proposed budget, then the board shall prepare and present a revised proposed budget pursuant to 17 V.S.A. § 2680(c)(2) (local elections; Australian ballot system; rejected budget).

(c) If the voters do not approve a budget on or before June 30 of any year, then the board of the unified union school district may borrow funds pursuant to the authority granted under section 566 (school district; authority to borrow) of this title. As used in section 566, the "most recently approved school budget" of a union school district in its first fiscal year of full operations means the cumulative budget amount of the most recently approved school budgets of all districts that merged to form the union district plus one percent.

§ 733. ANNUAL REPORT; DATA

(a) The board of a unified union school district shall prepare an annual report concerning the affairs of the district and have it printed and distributed to the voters of the district pursuant to the provisions of subdivision 563(10) (school districts; powers of school boards; report) of this title. The board shall file the report with the unified union school district clerk and with the town clerk of each town within the district.

(b) Annually, on or before August 15, the unified union school district board shall provide to the Secretary answers to statistical inquiries that may be addressed to the district by the Secretary.

Article 2. Unified Union School Districts – Officers, Annual Meetings,
and Special Meetings

§ 735. OFFICERS; ELECTION; TERM; VACANCY; BOND

(a) Officers. At an annual meeting of the unified union school district, the voters shall elect a moderator from among the registered voters of the district. The voters shall also vote to elect a clerk and a treasurer of the district; provided, however, at any annual or special meeting, the voters may vote to authorize the school board to appoint the clerk or the treasurer, or both. The clerk of the district shall be elected or appointed from among the voters. The treasurer may also be the supervisory union treasurer and need not be a resident of the union school district.

(b) Election.

(1) If an officer is elected by Australian ballot in a unified union school district, then the provisions of subdivision 730(a)(3) for election by Australian ballot of at-large candidates for the unified union school district board shall apply.

(2) Votes cast to elect an officer shall be commingled and reported to the voters pursuant to section 742 (commingling of votes cast by Australian ballot and from the floor) of this chapter.

(c) Terms.

(1) Moderator. A moderator elected at an annual meeting pursuant to this section shall assume office on July 1 following the election, unless the voters vote at an annual meeting for the moderator to assume office upon election. A moderator shall serve a term of one year or until a successor is elected and has taken the oath of office unless the voters extend the term length up to three years.

(2) Clerk. A clerk elected at an annual meeting pursuant to this section shall assume office on July 1 following the election. A clerk shall serve a term of one year or until a successor is elected and has taken the oath of office unless the voters extend the term length up to three years.

(3) Treasurer. A treasurer elected at an annual meeting pursuant to this section shall assume office on July 1 following the election. A treasurer shall serve a term of one year or until a successor is elected and has taken the oath of office unless the voters extend the term length up to three years.

(d) Vacancy. The board of the unified union school district shall fill a vacancy in any office elected pursuant to this section as soon as practicable after the vacancy occurs. The appointee shall serve upon appointment for the remainder of the unexpired term of office or until the voters elect a successor.

(e) Oath of office. An officer elected or appointed pursuant to this section shall be sworn in before entering upon the duties of the office.

(f) Bond. The district shall ensure that its blanket bond covers a newly elected or appointed treasurer before the treasurer enters upon the duties of the office. In lieu of a blanket bond, the district may choose to provide suitable crime insurance coverage.

(g) Notification. Within 10 days after the election or appointment of any officer pursuant to this section, the clerk of the unified union school district shall transmit the name of the officer to the Secretary of State.

§ 736. OFFICERS; POWERS, DUTIES, AND LIABILITIES

(a) Moderator. The powers, duties, and liabilities of the moderator of a unified union school district shall be the same as those of a moderator of a town school district. The moderator shall preside at each annual and special meeting of the unified union school district. In the moderator's absence, the voters shall elect a moderator pro tempore to preside.

(b) Clerk. The powers, duties, and liabilities of the clerk of a unified union school district shall be the same as those of a clerk of a town school district. The district clerk shall keep a record of the votes and the proceedings of the union school district meetings and shall provide certified copies of them when requested.

(c) Treasurer. The powers, duties, and liabilities of the treasurer of a unified union school district shall be the same as those of a treasurer of a town school district.

(d) Documents. The person having custody shall provide to each newly elected or appointed officer of a unified union district all books, papers, and electronic documents of the office.

§ 737. WARNINGS OF UNIFIED UNION SCHOOL DISTRICT MEETINGS

(a) The board of a unified union school district shall have the same authority and obligation to warn or call meetings of the district as a town school board has to warn or call town school district meetings.

(b) Except as provided in subsection (f) of this section, the district clerk shall warn a unified union school district meeting pursuant to the provisions of 17 V.S.A. § 2641 (town meetings and local elections; warning and notice publication) by posting a warning and notice to voters, signed by the chair of the board or the chair's designee, specifying the date, time, location, and business of the meeting, in at least one public place in each town within the unified union school district, and causing the same to be published once in a

newspaper circulating in the unified union school district. In the district clerk's absence, the chair of the board or the chair's designee shall warn the meeting pursuant to the provisions of this section.

(c) The warning shall, by separate articles, specifically indicate the business to be transacted, to include the offices and the questions upon which the electorate shall vote. The warning shall also contain any article or articles requested by a petition signed by at least five percent of the voters of the district and filed with the district clerk pursuant to 17 V.S.A. § 2642 (town meetings and local elections; warning and notice contents).

(d) The posted notice that accompanies the warning shall include information on voter registration, early and absentee voting, the time and location at which the ballots will be counted, and any other applicable information.

(e) The warning shall be recorded in the office of the district clerk before posting.

(f) This subsection applies if a unified union school district elects school board members under the "proportional to town population" model and if it elects those members by a floor vote rather than by Australian ballot.

(1) The election shall be warned as follows:

(A) The district clerk shall transmit the signed warning to each town clerk.

(B) The district clerk shall assist each town clerk to incorporate the warning into the warning for the annual or special meeting of each town.

(C) Each town clerk, rather than the district clerk, shall post and publish the warning pursuant to the provisions of subsection (b) of this section.

(2) Notwithstanding any provision of law to the contrary, if any town within the unified union school district elects its selectboard members by Australian ballot, then the warning, nomination, ballot preparation, and election of unified union school district board members shall proceed pursuant to the same laws that govern the town.

(3) If an annual town meeting at which the board members are elected under this subsection is more than 30 days prior to the annual meeting of the unified union school district, then notwithstanding subsection 729(a) (members of unified union school district boards) of this section, the newly elected board members shall assume office at the conclusion of the district's annual meeting.

(g) Notwithstanding any provisions of this section to the contrary, a unified union school district:

(1) shall warn a meeting called for the purpose of considering a bond issue pursuant to the provisions of 24 V.S.A. § 1755; and

(2) shall warn a meeting to consider a revised proposed budget pursuant to the provisions of subsection 732(b) of this chapter.

§ 738. CHECKLIST FOR UNION DISTRICT MEETINGS WHERE
VOTING IS CONDUCTED FROM THE FLOOR

(a) Not later than the close of business on the day before an annual or special meeting of a unified union school district, the town clerk of each town within the district shall furnish to the district clerk, at the expense of the district, authenticated copies of the checklist of legal voters within the town as the checklist appears after revisions are made pursuant to 17 V.S.A. §§ 2141–2150 (elections; registration of voters). The checklist shall control for purposes of determining voter eligibility in the unified union school district.

(b) During the annual or special meeting, one or more members of each town's board of civil authority shall assist the district clerk to determine voter eligibility and to supervise voting during the meeting.

(c) This section shall not apply to a meeting warned pursuant to subsection 737(f) (unified union school district meetings; proportional to town population; floor vote) of this chapter.

§ 739. CONDUCT OF VOTE IF BY AUSTRALIAN BALLOT

For any vote that proceeds by Australian ballot in a unified union school district:

(1) A district voter shall vote by Australian ballot in the town in which the voter currently resides at the polling location identified in the warning.

(2) Voting shall occur in each town on the same day.

(3) The board of civil authority of each town shall be responsible for determining the eligibility of persons to vote and for supervising voting at that polling location.

(4) The opportunity for early and absentee voting pursuant to 17 V.S.A. §§ 2531–2550 (conduct of elections; early and absentee voters) shall be provided.

§ 740. PREPARATION AND FORM OF AUSTRALIAN BALLOT

(a) The clerk of a unified union school district shall prepare the ballot for any vote that proceeds by Australian ballot in the district.

(b) Only questions warned by the unified union school district and presented to the voters of that district shall appear on a ballot prepared pursuant to subsection (a) of this section.

(c) Warned questions of the unified union school district shall not appear on the same ballot as questions warned by the legislative body of a town within the unified union school district.

§ 741. COUNTING OF AUSTRALIAN BALLOTS

(a) Process.

(1) At least two members of the board of civil authority of each town within a unified union school district, or two election officials appointed by the board of civil authority of that town, shall transport ballots cast in the town in a sealed container to a central location designated by the district clerk. The district clerk shall place the ballots from all locations into a single container.

(2) The boards of civil authority shall not count the ballots for purposes of determining the outcome of the votes cast in that town prior to transporting them but may open the containers and count the total number of ballots cast at that polling location.

(3) The district clerk or designee shall supervise representatives of the boards of civil authority, identified in subdivision (1) of this subsection, to count ballots at the central location pursuant to section 742 (commingling and reporting of votes cast by Australian ballot and from the floor) of this title. The district clerk shall also have the authority to appoint current unified union school district board members who are not on the ballot to aid in the counting of ballots.

(4) The ballots shall be counted as soon as possible, but not later than 24 hours after the time at which the polls closed.

(5) If ballots are to be counted on the day following the election, then the clerk of each town within the unified union school district shall store the ballots in a secure location in the town until they are transported on the following day to the central location designated by the district clerk for counting.

(6) After the ballots have been counted, the district clerk shall seal them in a secure container and store them for at least 90 days in a secure location.

(b) Applicability. The counting of Australian ballots cast by voters in a unified union school district for the election of members of the district board, for the election of district officers, for proposed budgets, and for any other public questions shall proceed pursuant to the provisions of this section, except when:

(1) Vermont statute explicitly permits or requires a different method for a specific type of question presented to the voters;

(2) the ballots have been cast to elect a unified union school district board member where membership on the board is apportioned based on town population pursuant to subdivision 730(a)(1) (unified union school district; Australian ballot; proportional to town population) of this title; or

(3) the articles of agreement as initially approved by the voters on or before July 1, 2019 explicitly provide that the board of civil authority of each town within the unified union school district shall count Australian ballots cast in that town and report that town's results to the district clerk, who shall calculate total votes cast within the unified union school district and report the result of the vote to the public.

§ 742. COMMINGLING AND REPORTING OF ALL VOTES CAST BY
AUSTRALIAN BALLOT AND FROM THE FLOOR

(a) Commingling. Votes cast by the voters of a unified union school district shall be commingled, whether cast by Australian ballot or from the floor, and shall not be counted according to the town in which a voter resides.

(b) Report to public. The district clerk shall report the commingled results of votes cast by voters of a unified union school district.

(c) Applicability. The commingling and reporting of votes cast by voters in a unified union school district for the election of members of the district board, for the election of district officers, for proposed budgets, and for any other public question shall proceed pursuant to the provisions of this section regardless of whether the votes proceeds by Australian ballot or by a floor vote, except when:

(1) Vermont statute explicitly permits or requires a different method for a specific type of question presented to the voters;

(2) the ballots have been cast to elect a unified union school district board member where membership on the board is apportioned based on town population pursuant to subdivision 730(a)(1) (unified union school district; Australian ballot; proportional to town population) of this chapter; or

(3) the articles of agreement as initially approved by the voters on or before July 1, 2019 explicitly provide that the board of civil authority of each town within the unified union school district shall count Australian ballots cast in that town and report that town's results to the district clerk, who shall calculate total votes cast within the unified union school district and report the result of the vote to the public.

§ 743. BOND ISSUES; DEBT LIMIT

(a) A unified union school district may make improvements, as defined by 24 V.S.A. § 1751 (municipal and county government; indebtedness definitions), and may incur indebtedness for improvements as provided in 24 V.S.A. chapter 53, subchapter 1 (municipal and county government; indebtedness generally).

(b) The debt limit of the unified union school district shall be 10 times the total of the education grand lists of the towns within the unified union school district. The existing indebtedness of a unified union school district incurred to finance any project approved under sections 3447 to 3456 (State aid for capital construction costs) of this title shall not be considered a part of the indebtedness of the unified union school district for purposes of determining its debt limit for a new proposed bond issue.

(c) Bond issues under this section shall be determined by Australian ballot and shall proceed pursuant to sections 737 (warnings of unified union school district meetings) and 739–742 (vote by Australian ballot) of this subchapter. The ballots shall be commingled before counting.

Subchapter 4. Union Elementary School Districts and
Union High School Districts

§ 745. DEFINITIONS

As used in this subchapter, words have the meaning as defined in section 702 (definitions) of this title and any words not defined in that section have their plain meaning, except:

(1) Member district. “Member district” means either a town school district that is a member district as defined in section 702 (definitions) of this title or a town in a member district if the member district is itself a union elementary or union high school district, as applicable.

(2) Town clerk.

(A) If, pursuant to section 425 (other town school district officers) of this title, the voters of a member district have elected a district clerk who is not also the clerk of the town, then “town clerk” means the elected clerk of that member district.

(B) Notwithstanding subdivision (A) of this subdivision (2), if a union elementary or union high school district is a member district of the union school district, then “town clerk” has its plain meaning and means the clerk of each town in the member district.

Article 1. Union Elementary and Union High School Districts – Boards and Board Members

§ 747. BOARD MEMBERS; TERM; CONDUCT OF MEETINGS; QUORUM AND VOTING; POWERS AND DUTIES

(a) Members. Except as set forth in subchapter 2 (exploration, formation, and organization) of this chapter for initial members, each member of the board of a union elementary school or union high school district shall:

(1) be elected by the voters at warned meeting pursuant to section 748 (union elementary and union high school district board members) of this chapter;

(2) assume office upon election, except as provided in subdivision 755(f)(3) (warnings of union elementary and union high school district meetings) of this chapter; and

(3) be sworn in before entering upon the duties of the office.

(b) Term. A member elected at an annual meeting shall serve for a term of three years or until the member's successor is elected and has taken the oath of office. A member elected at a special meeting shall serve for the balance of the term remaining.

(c) Quorum. A majority of the members of the board shall constitute a quorum. Subject to the provisions of subsection (d) of this section but notwithstanding any other provision of law, the concurrence of a majority of members present at a union elementary or union high school district board meeting shall be necessary and sufficient for board action; provided, however, the concurrence of more than a majority shall be necessary if required for a particular action by the voter-approved articles of agreement.

(d) Weighted voting. If weighted voting is used to achieve constitutionally required proportionality for members elected under the "proportional to town population" model set out in subdivisions 711(e)(1) (proposed union elementary or union high school district; proportional to town population) and 748(a)(1) (union elementary and union high school district board members; Australian ballot; proportional to town population) of this chapter, then a number of members of the board holding a majority of the total number of weighted votes shall constitute a quorum, and a majority of the weighted votes cast shall be necessary and sufficient for board action.

(e) Board chair and board clerk. At the meeting next following each annual meeting, the union elementary or union high school district board shall elect one of its number to serve as the chair of the board and one other of its number to serve as the clerk of the board.

(f) Powers, duties, and liabilities. The powers, duties, and liabilities of a union elementary or union high school district board, board chair, and board clerk shall be the same as those of a board, board chair, and board clerk of a town school district.

(g) Minutes. The board clerk shall prepare minutes of the proceedings of the union elementary or union high school district board, unless the board votes to delegate those duties to another individual. The board clerk shall transmit the minutes and all other documents constituting the record of board proceedings to the clerk of the union elementary or union high school district, who shall be responsible for maintaining a permanent record of board proceedings. In the board clerk's absence, another member of the school board shall assume the duties of the clerk.

(h) Stipend. The board clerk may be paid upon order of the board.

§ 748. UNION ELEMENTARY AND UNION HIGH SCHOOL DISTRICT
BOARD MEMBERS; NOMINATION AND ELECTION; BOND

(a) If by Australian ballot. The provisions of this subsection (a) shall apply to a union elementary or union high school district that conducts elections for board membership by Australian ballot.

(1) Proportional to town population.

(A) When membership on the board of a union elementary or union high school district is apportioned to each member district in a number that is closely proportional to the member district's relative population, the voters of the member district may file a petition nominating a candidate for board membership. A petition is valid only if:

(i) the candidate is a current voter of the member district;

(ii) the petition identifies the term of office for which the candidate is nominated;

(iii) the petition is signed by at least 30 voters residing in the member district or one percent of the legal voters in that district, whichever is less;

(iv) the voters file the petition with the town clerk not later than 5:00 p.m. on the sixth Monday preceding the day of the election; and

(v) the candidate files with the town clerk a written consent to the printing of the candidate's name on the ballot.

(B) After confirming that the names on the petition correspond to registered voters of the member district, the town clerk shall transmit the name

of each duly nominated candidate to the clerk of the union elementary or union high school district.

(C) The union district clerk shall prepare a union elementary or union high school district ballot for each member district and shall transmit the ballot to the town clerk to make available to the voters residing in the member district.

(D) The voters of the member district shall elect as many board members as are apportioned for that term of office on the union elementary or union high school district board based on the population of the member district.

(2) Modified at-large model: allocation to town; at-large representation.

(A) When membership on the board of a union elementary or union high school district is allocated to each member district, but the allocation is not closely proportional to the member district's population and the board member is elected at-large, the voters residing in any one or more of the member districts may file a petition nominating a candidate for board membership under the "modified at-large" model. A petition is valid only if:

(i) the candidate is a current voter of the member district to which the seat is allocated;

(ii) the petition identifies the term of office for which the candidate is nominated;

(iii) the petition is signed by at least 60 voters residing in the union elementary or union high school district;

(iv) the voters file the petition with the clerk of the union elementary or union high school district not later than 5:00 p.m. on the sixth Monday preceding the day of the election; and

(v) the candidate files with the union district clerk a written consent to the printing of the candidate's name on the ballot.

(B) Not later than 5:00 p.m. on the sixth Monday preceding the day of the election, the town clerk of each member district shall furnish to the union district clerk, at the expense of the union district, authenticated copies of the checklist of legal voters within the member district as the checklist appears after revisions are made pursuant to 17 V.S.A. §§ 2141–2150.

(C) The union district clerk shall prepare the union elementary or union high school district ballot to include the name of each duly nominated candidate and shall transmit the ballot to the town clerk of each member district to make available to the voters residing in the member district.

(D) The voters of the union elementary or union high school district shall elect as many board members as are to be elected at-large for that term of office under the “modified at-large” model.

(3) At-large representation.

(A) When membership on the board of a union elementary or union high school district is not apportioned or allocated pursuant to subdivision (1) (proportional to town population) or (2) (modified at-large) of this subsection (a) (Australian ballot) and the board member is elected at large, the voters residing in any one or more of the member districts may file a petition nominating a candidate for at-large board membership. A petition is valid only if:

(i) the candidate is a current voter of the union elementary or union high school district;

(ii) the petition identifies the term of office for which the candidate is nominated;

(iii) the petition is signed by at least 60 voters residing in the union elementary or union high school district;

(iv) the voters file the petition with the clerk of the union elementary or union high school district not later than 5:00 p.m. on the sixth Monday preceding the day of the election; and

(v) the candidate files with the union district clerk a written consent to the printing of the candidate’s name on the ballot.

(B) Not later than 5:00 p.m. on the sixth Monday preceding the day of the election, the town clerk of each member district shall furnish to the union district clerk, at the expense of the union district, authenticated copies of the checklist of legal voters within the member district as the checklist appears after revisions are made pursuant to 17 V.S.A. §§ 2141–2150.

(C) The union district clerk shall prepare the union elementary or union high school district ballot to include the name of each duly nominated candidate and shall transmit the ballot to the town clerk of each member district to make available to the voters residing in the member district.

(D) The voters of the union elementary or union high school district shall elect as many board members as are to be elected at-large for that term of office.

(b) If not by Australian ballot. The provisions of this subsection (b) shall apply to a union elementary or union high school district that does not conduct elections for board membership by Australian ballot.

(1) The nomination and election of candidates for the office of union elementary or union high school district board member shall occur at a warned meeting of the union school district; provided, however, if the union district elects board members under the “proportional to town population” model, then the nomination and election of candidates shall occur at an annual or special meeting of the member district for the town in which the candidate resides, warned for the purpose pursuant to subsection 755(f) (warnings of union elementary and union high school district meetings; members elected under proportional to town population model and by floor vote) of this chapter.

(2) Voters shall only nominate a person who is present at the meeting, and the person shall accept or reject the nomination.

(3) The meeting shall proceed in a manner to ensure that the candidate is a voter of a specific member district if the union district elects board members under either the “proportional to town population” model or the “modified at-large” model.

(c) Bond. Before a newly elected board member enters upon the duties of office, the union district shall ensure that the district’s blanket bond covers the new member. In lieu of a blanket bond, the district may choose to provide suitable crime insurance coverage.

(d) Notification. Within 10 days after the election of a board member pursuant to this section, the union elementary or union high school district clerk shall transmit the name of the newly elected board member to the Secretary of State.

§ 749. VACANCY ON UNION ELEMENTARY OR UNION HIGH SCHOOL DISTRICT BOARD

(a) Filling a vacancy. Notwithstanding any other provisions of law to the contrary, this section shall apply to a vacancy on a union elementary or union high school district board, unless otherwise provided in the articles of agreement of the union elementary or union high school district as initially approved by the voters on or before July 1, 2019.

(1) Proportional to town population. If the vacancy is for a seat where membership is apportioned to a member district in a number that is closely proportional to its relative population and only voters residing in the member district elect the board member, then the union elementary or union high school district clerk shall notify the board of the member district not later than five days after learning of the vacancy. Within 30 days after receiving notice, the board of the member district shall appoint a person who is otherwise eligible to serve as a member of the union elementary or union high school district board to fill the vacancy until the voters elect a successor at an annual

or special meeting pursuant to the provisions of section 748 (union elementary and union high school district board members) of this chapter.

(2) Modified at-large model: allocation to town; at-large representation. If the vacancy is for a seat where membership is allocated to a member district in a number that is not closely proportional to each district's relative population and the board member is elected at-large, then the union elementary or union high school district clerk shall notify the board of the member district not later than five days after learning of the vacancy. Within 30 days after providing notice and after consultation with the member district's board, the union elementary or union high school district board shall appoint a person who is otherwise eligible to serve as a member of the union elementary or union high school district board to fill the vacancy until the voters elect a successor at an annual or special meeting pursuant to the provisions of section 748 (union elementary and union high school district board members) of this chapter.

(3) At-large representation. If the vacancy is for a seat that is neither apportioned nor allocated to a member district pursuant to subdivision (1) (proportional to town population) or (2) (modified at-large) of this subsection and the board member is elected at-large, then within 30 days after creation of the vacancy the union elementary or union high school district board shall appoint a person who is otherwise eligible to serve as a member of the board to fill the vacancy until the voters elect a successor at an annual or special meeting pursuant to the provisions of section 748 (union elementary and union high school district board members) of this chapter.

(4) No board of member district. For purposes of subdivisions (1) (proportional to town population) and (2) (modified at-large) of this subsection (a), if the member district is also a union school district and any related town school district has discontinued operations pursuant to subdivision 717(b)(2) (discontinuation of forming districts in union elementary and union high school districts) of this chapter and has no board, then the clerk of the union elementary or union high school district shall notify the selectboard of the pertinent town not later than five days after learning of the vacancy. Within 30 days after providing notice and after consultation with the selectboard, the union elementary or union high school district board shall appoint a person who is otherwise eligible to serve as a member of the union elementary or union high school district board to fill the vacancy until the voters elect a successor at an annual or special meeting pursuant to the provisions of section 748 (union elementary and union high school district board members) of this chapter.

(5) Vacancy in all seats. If all seats on a school board are vacant, then the Secretary of State shall call a special election to fill the vacancies.

(b) Notification. Within 10 days after the appointment of a board member pursuant to this section, the clerk of the union elementary or union high school district shall transmit the name of the appointed board member to the Secretary of State.

(c) Obligations and expenses.

(1) Vacancy in majority. If there are vacancies in a majority of the members of a union elementary or union high school district board at the same time, then the remaining member or members are authorized to draw orders for payment of continuing obligations and necessary expenses until a majority of the vacancies are filled pursuant to the provisions of this section.

(2) Vacancy in all seats. If there are no members of the union elementary or union high school district board in office, then the Secretary of State shall appoint and authorize the district clerk or other qualified person to draw orders for payment of continuing obligations and necessary expenses until a majority of the vacancies are filled.

§ 750. UNION ELEMENTARY OR UNION HIGH SCHOOL DISTRICT BUDGET; PREPARATION AND AUTHORIZATION

(a) The board of a union elementary or union high school district shall prepare and distribute a proposed budget annually for the next school year pursuant to the provisions of subdivision 563(11) (powers of school boards; budget) of this title.

(b) If the voters do not approve the board's proposed budget, then the board shall prepare a revised proposed budget pursuant to 17 V.S.A. § 2680(c)(2) (local elections using the Australian ballot system; rejected budget).

(c) If the voters do not approve a budget on or before June 30 of any year, the board of the unified union school district may borrow funds pursuant to the authority granted under section 566 (school districts; authority to borrow) of this title. As used in section 566, the "most recently approved school budget" of a union school district in its first fiscal year of full operations means the cumulative budget amount of the most recently approved school budgets of all districts that merged to form the union district plus 1 percent.

§ 751. ANNUAL REPORT; DATA

(a) The board of a union elementary or union high school district shall prepare an annual report concerning the affairs of the district and have it printed and distributed to the voters of the district pursuant to the provisions of subdivision 563(10) (powers of school boards; report) of this title. The board

shall file the report with the union district clerk and the clerk of each member district.

(b) Annually, on or before August 15, the union elementary or union high school district board shall provide to the Secretary answers to statistical inquiries that may be addressed to the district by the Secretary.

Article 2. Union Elementary and Union High School Districts – Officers,
Annual Meetings, and Special Meetings

§ 753. OFFICERS; ELECTION; TERM; VACANCY; BOND

(a) Officers. At an annual meeting of the union elementary or union high school district, the voters shall elect a moderator from among the registered voters. The voters shall also vote to elect a clerk and a treasurer of the district; provided, however, at any annual or special meeting, the voters may vote to authorize the school board to appoint the clerk or the treasurer, or both. The clerk of the district shall be elected or appointed from among the voters. The treasurer may also be the supervisory union treasurer and need not be a resident of the union elementary or union high school district.

(b) Election if by Australian ballot. If a union elementary or union high school district elects its officers by Australian ballot, then the provisions of subdivision 748(a)(3) of this chapter for election by Australian ballot of at-large candidates for the union elementary or union high school district board shall apply.

(c) Terms.

(1) Moderator. A moderator elected at an annual meeting pursuant to this section shall assume office on July 1 following the election, unless the voters vote at an annual meeting for the moderator to assume office upon election. A moderator shall serve a term of one year or until a successor is elected and has taken the oath of office unless the voters extend the term length up to three years.

(2) Clerk. A clerk elected at an annual meeting pursuant to this section shall assume office on July 1 following the election. A clerk shall serve a term of one year or until a successor is elected and has taken the oath of office unless the voters extend the term length up to three years.

(3) Treasurer. A treasurer elected at an annual meeting pursuant to this section shall assume office on July 1 following the election. A clerk shall serve a term of one year or until a successor is elected and has taken the oath of office unless the voters extend the term length up to three years.

(d) Vacancy. The board of the union elementary or union high school district shall fill a vacancy in any office elected or appointed pursuant to this

section as soon as practicable after the vacancy occurs. The appointee shall serve upon appointment for the remainder of the unexpired term of office or until the voters elect a successor.

(e) Oath of office. An officer elected or appointed pursuant to this section shall be sworn in before entering upon the duties of the office.

(f) Bond. The district shall ensure that its blanket bond covers a newly elected or appointed treasurer before the treasurer enters upon the duties of the office. In lieu of a blanket bond, the district may choose to provide suitable crime insurance coverage.

(g) Notification. Within 10 days after the election or appointment of any officer pursuant to this section, the clerk of the union elementary or union high school district shall transmit the name of the officer to the Secretary of State.

§ 754. OFFICERS; POWERS, DUTIES, AND LIABILITIES

(a) Moderator. The powers, duties, and liabilities of the moderator of a union elementary or union high school district shall be the same as those of a moderator of a town school district. The moderator shall preside at each annual and special meeting of the union elementary or union high school district. In the moderator's absence, the voters shall elect a moderator pro tempore to preside.

(b) Clerk. The powers, duties, and liabilities of the clerk of a union elementary or union high school district shall be the same as those of a clerk of a town school district. The district clerk shall keep a record of the votes and the proceedings of the union school district meetings and shall provide certified copies of them when requested.

(c) Treasurer. The powers, duties, and liabilities of the treasurer of a union elementary or union high school district shall be the same as those of a treasurer of a town school district.

(d) Documents. The person having custody shall provide to each elected or appointed officer of a union district all books, papers, and electronic documents of the office.

§ 755. WARNINGS OF UNION ELEMENTARY AND UNION HIGH SCHOOL DISTRICT MEETINGS

(a) The board of a union elementary or union high school district shall have the same authority and obligation to warn or call meetings of the district as a town school board has to warn or call town school district meetings.

(b) Except as provided in subsection (f) of this section, not less than 30 nor more than 40 days before the meeting, the union district clerk shall warn a

union elementary or union high school district meeting by posting a warning and notice to voters, signed by the chair of the union district board or the chair's designee, specifying the date, time, location, and business of the meeting, in the district clerk's office and at least one public place in each town within the union elementary or union high school district, and causing the same to be published once in a newspaper circulating in the union district at least five days before the meeting. In the district clerk's absence, the chair of the board or the chair's designee shall warn the meeting pursuant to the provisions of this section.

(c) The warning shall, by separate articles, specifically indicate the business to be transacted, including the offices and the questions upon which the electorate shall vote. The warning shall also contain any article or articles requested by a petition signed by at least five percent of the voters of the district and filed with the district clerk pursuant to 17 V.S.A. § 2642 (town meetings and local elections; warning and notice contents).

(d) The posted notice that accompanies the warning shall include information on voter registration, early and absentee voting, the time and location at which the ballots will be counted, and other applicable information.

(e) The warning shall be recorded in the office of the district clerk and shall be provided to the town clerk of each town in the unified elementary or union high school district before being posted.

(f) This subsection shall apply if a union elementary or union high school district elects school board members under the "proportional to town population" model and if it elects those members by a floor vote rather than by Australian ballot.

(1) The election shall be warned as follows:

(A) The district clerk shall transmit the signed warning to each town clerk.

(B) The district clerk shall assist each town clerk to incorporate the warning into the warning for the annual or special meeting of each member district.

(C) Each town clerk, rather than the union district clerk, shall post and publish the warning pursuant to the provisions of subsection (b) of this section.

(2) Notwithstanding any provision of law to the contrary, if any member district elects its own board members by Australian ballot, then the warning, nomination, ballot preparation, and election of union school district board

members shall proceed pursuant to the same laws that govern the member district.

(3) If an annual meeting of a member district at which the union district board members are elected under this subsection is more than 30 days prior to the annual meeting of the union school district, then notwithstanding subsection 747(a) (board members of union elementary and union high school districts) of this chapter, the newly elected board members shall assume office at the conclusion of the union school district's annual meeting.

(g) Notwithstanding any provision of this section to the contrary, a union elementary or union high school district:

(1) shall warn a meeting called for the purpose of considering a bond issue in accordance with the provisions of 24 V.S.A. § 1755; and

(2) shall warn a meeting to consider a revised proposed budget pursuant to the provisions of subsection 750(b) (union elementary or union high school district revised proposed budget) of this chapter.

§ 756. UNION DISTRICT MEETINGS CONDUCTED FROM THE FLOOR

(a) Not later than the close of business on the day before the meeting, the town clerk of each member district of a union elementary or union high school district shall furnish to the union district clerk, at the expense of the union district, authenticated copies of the checklist of legal voters within the member district as the checklist appears after revisions are made pursuant to 17 V.S.A. §§ 2141–2150 (registration of voters). The checklist shall control for purposes of determining voter eligibility in the union elementary or union high school district.

(b) During the annual or special meeting, one or more members of each town's board of civil authority shall assist the union district clerk to determine voter eligibility and to supervise voting during the meeting.

(c) Votes cast at an annual or special meeting shall be commingled and shall not be counted according to the town in which a voter resides.

(d) The provisions of this section shall apply to all votes of the electorate in a union elementary or union high school district that do not proceed by Australian ballot; provided, however:

(1) They shall not apply if Vermont statute explicitly permits or requires a different method for a specific type of question presented to the voters.

(2) They shall not apply to a vote warned pursuant to subsection 755(f) (warnings of union elementary and union high school district meetings;

members elected under proportional to town population model and by floor vote) of this chapter.

(e) If a person who resides in a member district and is otherwise eligible to vote at a union elementary or union high school district meeting has not maintained residence in the member district for the requisite number of days but resided in another member district of the union elementary or union high school district for the requisite number of days, then the town clerk of the member district in which the person currently resides shall enter such person's name on the checklist of legal voters if the person presents to that town clerk a certificate signed by the town clerk of the member district in which the person formally resided confirming that the person lived within the union elementary or union high school district for the requisite number of days.

§ 757. CONDUCT OF VOTE IF BY AUSTRALIAN BALLOT

In any vote that proceeds by Australian ballot in a union elementary or union high school district:

(1) A district voter shall vote by Australian ballot in the town in which the voter currently resides at the polling location identified in the warning.

(2) Voting shall occur in each town on the same day.

(3) The board of civil authority of each town shall be responsible for determining the eligibility of persons to vote and for supervising voting at that polling location.

(4) The opportunity for early and absentee voting pursuant to 17 V.S.A. §§ 2531–2550 (conduct of elections; early or absentee voters) shall be provided.

§ 758. PREPARATION AND FORM OF AUSTRALIAN BALLOT

(a) The clerk of a union elementary or union high school district shall prepare the ballot for any vote that proceeds by Australian ballot in the union school district.

(b) Only questions warned by the union elementary or union high school district and presented to the voters of that district shall appear on a ballot prepared pursuant to subsection (a) of this section.

(c) Warned questions of the union elementary or union high school district shall not appear on the same ballot as questions warned by a member district of the union elementary or union high school district or by the legislative body of a town within the union elementary or union high school district.

§ 759. COUNTING AND REPORTING RESULTS OF VOTE BY
AUSTRALIAN BALLOT

(a) Process if commingled. If the voters have approved the commingling of votes cast by Australian ballot for any or all categories of public questions, including elections and budget votes, or if Vermont law requires commingling, then the following process applies to those votes except to the extent that Vermont law explicitly requires a different process for a specific type of public question.

(1) At least two members of the board of civil authority of each town within a union elementary or union high school district, or two election officials appointed by the board of civil authority of that town, shall transport ballots cast in the member district in a sealed container to a central location designated by the clerk of the union elementary or union high school district.

(2) The boards of civil authority shall not count the ballots for purposes of determining the outcome of the votes cast in the member district prior to transporting them but may open the containers and count the total number of ballots cast at that polling location.

(3) The union elementary or union high school district clerk or designee shall supervise representatives of the boards of civil authority to count ballots at the central location. The union elementary or union high school district clerk shall also have the authority to appoint current union elementary or union high school district board members who are not on the ballot to aid in the counting of ballots

(4) The ballots shall be counted as soon as possible, but not later than 24 hours after the time at which the polls closed.

(5) If ballots are to be counted on the day following the election, then the clerk of each member district shall store the ballots in a secure location until they are transported on the following day to the central location designated by the union district clerk for counting.

(6) Ballots from all member districts shall be combined into a single group before counting and shall not be counted according to the member district or town in which a voter resides.

(7) After the ballots have been counted, the union district clerk shall seal them in a secure container and store them for at least 90 days at a secure location.

(8) The union district clerk shall report the commingled results of votes cast within the union elementary or union high school district to the public.

(b) Process if not commingled. If the voters have not approved the commingling of votes cast by Australian ballot for budgets, elections, or any other category of public question, and if Vermont law does not require commingling, then the following process applies to those votes except to the extent that Vermont law explicitly requires a different process for a specific type of public question.

(1) The board of civil authority of each town within the union elementary or union high school district shall count Australian ballots cast in the member district and report the results to the clerk of the union district.

(2) The clerk of the union district shall calculate total votes cast within the union district for any vote that requires approval by the electorate of the entire union elementary or union high school district, rather than approval by the voters in one member district or by the voters in each member district separately.

(3) The union district shall report to the public the results of total votes cast; provided, however, that both the union district clerk and the clerk of each member school district shall report the results of ballots cast to elect a union school district board member where membership on the board is apportioned based on town population pursuant to subdivision 748(a)(1) of this chapter.

§ 760. BOND ISSUES; DEBT LIMIT

(a) A union elementary or union high school district may make improvements, as defined by 24 V.S.A. § 1751, and may incur indebtedness for the improvements as provided in 24 V.S.A. chapter 53, subchapter 1.

(b) The debt limit of the union elementary or union high school district shall be 10 times the total of the education grand lists of the member districts of the union school district. The existing indebtedness of a union elementary or union high school district incurred to finance any project approved under sections 3447 to 3456 of this title shall not be considered a part of the indebtedness of the union elementary or union high school district for purposes of determining its debt limit for a new proposed bond issue. An obligation incurred by a union elementary or union high school district pursuant to this chapter shall be the joint and several obligation of the union school district and each of its member districts. Any joint or several obligation incurred by a member district pursuant to this subsection shall not be considered in determining the debt limit for the separate purposes of the member district.

(c) Bond issues under this section shall be determined by Australian ballot and shall proceed pursuant to sections 755 (warnings of union elementary school district and union high school district meetings) and 757–759 (vote by

Australian ballot) of this subchapter. Ballots shall be commingled before counting.

Subchapter 5. Districts Formed Pursuant to Prior Laws

§ 763. RATIFICATION; ARTICLES OF AGREEMENT; APPLICATION OF CHAPTER

(a) Each union school district in existence on July 1, 2022, is ratified and subject to the provisions of this chapter 11, regardless of whether the district was formed by an affirmative vote of the electorate or by the State Board as part of its “Final Report of Decisions and Order on Statewide School District Merger Decisions Pursuant to [2015 Acts and Resolves No.] 46, Sections 8(b) and 10” dated November 28, 2018 (the Order).

(b) References in this chapter 11 to articles of agreement initially adopted by the voters shall also mean articles of agreement as issued by the State Board as part of the Order.

(c) Articles of agreement in effect on June 30, 2022, as initially adopted by the voters or subsequently amended, shall govern the district unless and until amended; provided, however, and notwithstanding the provisions of 1 V.S.A. § 214 or other laws to the contrary, the provisions of this chapter 11 shall govern in all matters not addressed in the articles of agreement and shall take precedence in the event of conflict with any article.

§ 764. SECRETARY OF STATE; RECORDING CERTIFICATES

(a) To ensure that documentary evidence relating to the creation of union school districts can be found in one location, the Secretary of Education shall forward to the Secretary of State copies of the certifications designating the existence of each new union school district created pursuant to the State Board’s “Final Report of Decisions and Order on Statewide School District Merger Decisions Pursuant to 2015 Acts and Resolves No. 46, Sections 8(b) and 10” dated November 28, 2018 (the Order).

(b) The Secretary of State shall record the certifications and all subsequent amendments and addenda to the certifications.

(c) The Secretary of State shall file a certified copy of the recorded certification and any amendments or addenda with the elected clerk of each union school district created by the Order.

Sec. 4. WITHDRAWAL ACTIONS APPROVED BY STATE BOARD;
NEW DISTRICTS WITH AN OPERATIONAL DATE ON OR
AFTER JULY 1, 2023

(a) Application of this section. This section shall apply solely to a withdrawal action initiated pursuant to the provisions of 16 V.S.A. § 724 that were in effect prior to the effective date of Sec. 3 of this act (former 16 V.S.A. § 724), if each of the following actions occurred prior to that effective date:

(1) the State Board of Education gave final approval to the voter-approved and voter-ratified proposal to withdraw from the union school district;

(2) the State Board declared a new school district to be reconstituted;

(3) the State Board established the new school district's operational date as July 1, 2023 or after;

(4) the voters of the new school district elected school board members;

(5) the voters of the towns within the union district voted to approve the financial terms of withdrawal negotiated by the boards of the new school district and the union district; and

(6) the State Board charged the new school district and its board with performing the transitional activities necessary to assume sole responsibility for the education of resident students on the identified operational date.

(b) Vote of the board of the new school district; operational date. Before July 1, 2022, the board of the new school district shall vote whether to move forward with preparing for the operational date in effect on July 1, 2022 (current operational date) or whether to extend the operational date by one year. If the school board votes to extend the operational date, the operational date shall be extended to one year from the current operational date (new operational date). The board of the new school district shall notify the State Board and clerk of the union district of its decision and operational date on or before July 1, 2022. The State Board shall then review the preparedness of the new school district pursuant to subsection (d) of this section. The decision of the State Board shall be final regardless of whether it occurs in 2022 or 2023.

(c) Status report. On or before the regular July State Board meeting in the year in which the review will occur, the new school district shall submit a written status report to the Board detailing the actions the district has taken and will take to ensure that, as of its operational date, the district will be prepared to assume sole responsibility for the education of its students in prekindergarten through grade 12 in a manner that will meet educational quality standards as required by 16 V.S.A. § 165 and to ensure the provision of

supervisory union services. The status report shall include a timeline indicating the date by which each action shall be complete.

(d) State Board review and findings.

(1) Review. The State Board shall consider the status report and provide the board of the new school district an opportunity to be heard. The Board may, in its discretion, take testimony from other individuals and entities, including the union school district and the Agency of Education. The State Board shall issue a determination of preparedness based on the review and report on or before the September 1 of the year in which the review will occur.

(2) Preparedness deemed likely. If the State Board determines that it is likely the new school district will be prepared, on the identified operational date provided to the State Board pursuant to subsection (b), to assume full responsibility for the education of its resident students in a manner that substantially complies with educational quality standards as required by 16 V.S.A. § 165, and to ensure the provision of supervisory union services, then the new school district, the union district, and, if applicable, the supervisory union or unions shall continue to take all actions necessary to prepare for the realignment of duties on the operational date.

(3) Preparedness deemed unlikely.

(A) If the State Board determines there is a reasonable risk that the new district will not be able to be prepared, on the operational date provided to the State Board pursuant to subsection (b), to assume full responsibility for the education of its resident students in a manner that substantially complies with educational quality standards as required by 16 V.S.A. § 165, and to ensure the provision of supervisory union services, then the Board shall issue a written advisory statement detailing the factors underlying its conclusion, which it shall post on its website and transmit electronically to the board of the new school district.

(B) Upon receipt of an advisory opinion pursuant to subdivision (d)(3)(A) of this section, the board of the new school district shall post the document on its website and schedule the contents as a topic for public discussion at a special or regular board meeting.

(C) Prior to the operational date and after public discussion and any board deliberations:

(i) The board of the new school district may continue to take all actions necessary to prepare for the realignment of duties on the operational date.

(ii) On its own motion, or if petitioned to do so by at least five percent of the voters in the new school district, the board of the new school district shall warn a vote to request the State Board to reverse its declaration approving withdrawal and reconstituting the new school district. The vote shall be held before the October 1 prior to the operational date.

(I) The question shall be decided by Australian ballot.

(II) Within 45 days after the vote or 15 days after a vote to reconsider under 17 V.S.A. § 2661, whichever is later, the clerk of the new school district shall certify the results of the vote to the Secretary of State who shall record the certificate and give notice of the vote to the clerk of the union district, the clerks of each of the other towns within the union district, and the Secretary of Education. The clerk of the new school district shall submit the certification regardless of whether the voters in the district voted to petition the State Board to reverse its declarations.

(D) If the new school district requests the State Board to take action under subdivision (3)(C) of this subsection (d), then:

(i) the State Board shall reverse and void earlier declarations approving withdrawal and reconstituting the new school district and the withdrawal action initiated pursuant to the former 16 V.S.A. § 724 is concluded; and

(ii) the union school district shall continue to be solely responsible for the education of the students residing in the town that petitioned for withdrawal; provided, however:

(I) the new school district and its board shall continue to exist for up to six months after the day on which the State Board reverses and voids its earlier declarations for the sole purpose of completing any outstanding business that cannot legally be performed by another entity; and

(II) the State Board may make any declarations and take any actions, including recording certifications with the Secretary of State, that are necessary to support the consequences outlined in this subdivision (d)(3)(D).

(e) Repeal. This section is repealed on July 1, 2024.

Sec. 5. WITHDRAWAL PROPOSALS ON WHICH THE STATE BOARD
HAS NOT TAKEN ACTION; ALTERNATIVE GOVERNANCE
PROPOSAL PREVIOUSLY PRESENTED

(a) Application of this section.

(1) For purposes of this section and notwithstanding any provision of law to the contrary, the provisions of 16 V.S.A. § 724 that were in effect prior

to the effective date of Sec. 3 of this act (former 16 V.S.A. § 724) are deemed to authorize withdrawal from a unified union school district created by the State Board of Education in its “Final Report of Decisions and Order on Statewide School District Merger Decisions Pursuant to Act 46, Secs. 8(b) and 10” dated November 28, 2018 (Order).

(2) This section shall apply solely to a withdrawal action initiated by a town within a union district (petitioning town) pursuant to the former 16 V.S.A. § 724 if each of the following actions occurred prior to the effective date of Sec. 3 of this act:

(A) the State Board created the union district in its Order;

(B) prior to issuance of the Order, the districts that merged to form the union district submitted a proposal to the Secretary of Education and the State Board setting forth the details of their self-evaluation and a proposal for an alternative governance structure pursuant to 2015 Acts and Resolves No. 46, Sec. 9 (Section 9 proposal);

(C) the voters of the petitioning town approved a proposal to withdraw from the union district;

(D) the voters of each of the other towns within the union district ratified the petitioning town’s proposal to withdraw; and

(E) the State Board of Education has not approved or taken action to approve the withdrawal proposal or to declare that a new school district is reconstituted.

(b) Report and plan. At any time after the effective date of this section, but on or before the regular September 2022 State Board meeting, the self-selected representatives of the petitioning town and the board of the union district shall submit to the State Board in writing:

(1) A report explaining the ways in which the current plan of the petitioning town and the union district for operation after withdrawal conforms to or differs from the Section 9 proposal.

(2) A plan, including a timeline, identifying the actions the petitioning town and the union district have taken and will take to transition to the proposed structure and to ensure that, as of an identified operational date, the proposed new school district will be prepared to assume sole responsibility for the education of its students in prekindergarten through grade 12 in a manner that will meet educational quality standards as required by 16 V.S.A. § 165, including the actions necessary to transition to the proposed method by which supervisory union services would be provided. At a minimum, the plan and timeline should include the actions identified in subsection (d) of this section.

(c) State Board review and action.

(1) Review. The State Board shall consider the report and plan and shall provide the self-selected representatives of the petitioning town and the board of the union district an opportunity to be heard. The Board may, in its discretion, take testimony from other individuals and entities.

(2) Preparedness determination and vote to approve withdrawal. The State Board shall determine if it is likely or unlikely the proposed new school district, on the proposed operational date, will be prepared to assume full responsibility for the education of its resident students in a manner that substantially complies with educational quality standards as required by 16 V.S.A. § 165 and also whether it is likely or unlikely that supervisory union services will be available to both the proposed new school district and the union district on the operational date. If the State Board determines preparedness is unlikely, it shall issue a written advisory statement detailing the factors underlying its conclusion, which shall be posted on its website. Upon making its preparedness determination, the State Board shall vote to:

(A) approve the withdrawal proposal;

(B) approve any motion necessary for the withdrawal process to proceed pursuant to subsection (d) of this section, including a motion to create a new school district as of the date of the motion in order to enable the election of members to the board of the proposed new school district, negotiation and voter approval of a withdrawal agreement pursuant to the former 16 V.S.A. § 724(c), and preparation to assume full responsibility for the education of resident students on the operational date;

(C) determine or set a schedule for determining the manner in which supervisory union services will be provided to the proposed new school district and, if appropriate, the union district to be effective on the proposed new school district's operational date; and

(D) make any other findings or declarations and approve any other motions that are related and necessary to the withdrawal proposal.

(d) Actions necessary to be fully operational. After the State Board makes its determination of preparedness and approves the withdrawal process pursuant to subdivision (c)(2) of this section, then the new school district, the union district, and, if applicable, the supervisory union or unions shall take all actions necessary to be fully operational on the operational date. At a minimum, the required necessary actions shall include:

(1) election of initial school board members by the voters of the new school district, whose terms of office shall be arranged so that one each expires on the day of the second, third, and fourth annual meeting of the new school

district, and whose sole responsibility until the new school district's operational date shall be to prepare for the district to assume sole responsibility for the education of resident students on that date;

(2) negotiation of the proposed financial terms of withdrawal by the board of the new school district and the board of the union district in order to comply with the requirements of the former 16 V.S.A. § 724(c);

(3) approval by the voters of each town within the union district of the negotiated proposed financial terms of withdrawal in order to comply with the requirements of the former 16 V.S.A. § 724(c);

(4) preparation of a proposed budget by the board of the new school district for the fiscal year beginning on the district's operational date, together with presentation to and approval by the district's voters prior to that date;

(5) preparation for the provision of supervisory union services to the new school district and, if applicable, for the transition of the union school district from a supervisory district structure to a supervisory union structure; and

(6) all other actions necessary to transition from one school district to two districts and, if applicable, to transition from a supervisory district structure to a supervisory union structure, including all actions necessary to address the collectively bargained rights of employees of the current employing entity.

(e) Preparedness deemed unlikely.

(1) If the State Board determines preparedness is unlikely and issues a written advisory statement detailing the factors underlying its conclusion pursuant to subdivision (c)(2) of this section, it shall electronically transmit the advisory statement to the board of the new school district upon its election.

(2) Upon receipt of the advisory statement, the board of the new school district shall post the document on its website and schedule the contents as a topic for public discussion at a special or regular board meeting.

(3) Prior to the operational date and after public discussion and any board deliberations:

(A) The board of the new school district may continue to take all actions necessary to prepare for the realignment of duties on the operational date.

(B) On its own motion, or if petitioned to do so by at least five percent of the voters in the new school district, the board of the new school district shall warn a vote to request the State Board to reverse its declaration

approving withdrawal and reconstituting the new school district. The vote shall be held before the October 1 prior to the operational date.

(i) The question shall be decided by Australian ballot.

(ii) Within 45 days after the vote or 15 days after a vote to reconsider under 17 V.S.A. § 2661, whichever is later, the clerk of the new school district shall certify the results of the vote to the Secretary of State who shall record the certificate and give notice of the vote to the clerk of the union district, the clerks of each of the other towns within the union district, and the Secretary of Education. The clerk of the new school district shall submit the certification regardless of whether the voters in the district voted to petition the State Board to reverse its declarations.

(4) If the new school district requests the State Board to take action under subdivision (3) of this subsection, then:

(A) the State Board shall reverse and void earlier declarations approving withdrawal and reconstituting the new school district and the withdrawal action initiated pursuant to the former 16 V.S.A. § 724 is concluded; and

(B) the union school district shall continue to be solely responsible for the education of the students residing in the town that petitioned for withdrawal; provided, however:

(i) the new school district and its board shall continue to exist for up to six months after the day on which the State Board reverses and voids its earlier declarations for the sole purpose of completing any outstanding business that cannot legally be performed by another entity; and

(ii) the State Board may make any declarations and take any actions, including recording certifications with the Secretary of State, that are necessary to support the consequences outlined in this subdivision (e)(4).

(f) Application of this section to withdrawal from a union elementary or union high school district.

(1) The processes outlined in this section shall apply to an action of a member school district to withdraw from a union elementary or union high school district if the five elements set forth in subdivisions (A)–(E) of subdivision (a)(2) are met.

(2) For purposes of applying the process in this section to withdrawal from a union elementary or union high school district under this subsection, the terms used in subsections (a) through (e) have the following meanings:

(A) “Petitioning town” means the member district of the union elementary or union high school district that initiated the withdrawal process pursuant to the provisions of 16 V.S.A. § 721a that were in effect prior to the effective date of Sec. 3 of this act.

(B) “Selectboard” means the board of the member district that initiated the withdrawal process pursuant to the provisions of 16 V.S.A. § 721a that were in effect prior to the effective date of Sec. 3 of this act.

(C) “Town within the union school district” means a member district of the union elementary or union high school district.

(g) Repeal. This section is repealed on July 1, 2024.

Sec. 6. WITHDRAWAL PROPOSALS ON WHICH THE STATE BOARD
HAS NOT TAKEN ACTION; UNION DISTRICT CREATED BY
THE ELECTORATE

(a) Application of this section. This section shall apply solely to a withdrawal action initiated by a town within a union district (petitioning town) pursuant to the provisions of 16 V.S.A. § 724 that were in effect prior to the effective date of Sec. 3 of this act (former 16 V.S.A. § 724) if each of the following actions occurred prior to that date:

(1) the union district formed pursuant to the provisions of 16 V.S.A. §§ 706–706j that were in effect prior to the effective date of Sec. 3 of this act;

(2) the voters of the petitioning town approved a proposal to withdraw from the union district;

(3) the voters of each of the other towns within the union district ratified the petitioning town’s proposal to withdraw; and

(4) the State Board of Education has not approved or taken action to approve the withdrawal proposal or to declare that a new school district is reconstituted.

(b) Decision regarding timing of State Board review. At any time before July 1, 2022, the self-selected representatives of the petitioning town shall decide whether to begin a State Board of Education review of their withdrawal proposal in July of 2022 or July of 2023 and shall transmit their decision and proposed operational date to the State Board of Education and the clerk of the union district. The State Board shall review the withdrawal proposal only once. If the review of the withdrawal proposal occurs in 2023, the State Board may ask for updates from the self-selected members of the petitioning town on preparedness efforts prior to the final withdrawal proposal review. The decision of the State Board shall be final regardless of whether it occurs in 2022 or 2023.

(c) Report and plan. On or before the second Wednesday of July in the year in which the review will occur, the self-selected representatives of the petitioning town shall submit a written report and plan to the State Board and shall indicate to the State Board that the documents are submitted pursuant to this section.

(1) Report. The report shall describe the analysis that has been performed by the petitioning town to evaluate the likely strengths and challenges for the proposed new school district and for the reconfigured union district if withdrawal is approved and the ways in which withdrawal would enable both districts to provide for the education of their respective resident students in a manner that will meet educational quality standards as required by 16 V.S.A. § 165. The report shall address:

(A) the educational advantages and disadvantages likely to result from withdrawal for the students in the proposed new school district and the students in the remaining towns within the union district and the ways in which they are preferable to those of continuing in the current governance structure;

(B) the financial advantages and disadvantages likely to result from withdrawal for the taxpayers in the proposed new school district and the taxpayers in the remaining towns within the union district and the ways in which they are preferable to those of continuing in the current governance structure;

(C) the likely operational and financial viability and sustainability of the proposed new school district and the union district after withdrawal of the petitioning town;

(D) any other advantages and disadvantages of withdrawal, including any advantages and disadvantages to the students and taxpayers of the region and the State; and

(E) the potential source of supervisory union services for the new school district and, if appropriate, for the union district, including discussions with the board of any supervisory union to which the petitioning town proposes assignment.

(2) Plan. The plan shall describe the actions that the petitioning town has taken and will take to ensure that, as of its proposed operational date, the proposed new district will be prepared to assume sole responsibility for the education of its students in prekindergarten through grade 12 in a manner that will meet educational quality standards as required by 16 V.S.A. § 165, including the actions necessary to transition to the proposed method by which supervisory union services would be provided. The plan shall include a

timeline indicating the date by which each action will be complete. At a minimum, the plan and timeline should include the actions identified in subsection (e) of this section.

(d) State Board review and action.

(1) Review. The State Board shall consider the report and plan and shall provide the self-selected representatives of the petitioning town and the board of the union district an opportunity to be heard. The Board may, in its discretion, take testimony from other individuals and entities. The State Board shall issue a determination of preparedness as soon as possible after receipt of the report and plan but in no event later than the September 1 of the year in which the review will occur based on the decision the self-selected representatives of the petitioning town made pursuant to subsection (b) of this section.

(2) Preparedness determination and vote to approve withdrawal. The State Board shall determine if it is likely or unlikely the proposed new school district will be prepared to assume full responsibility for the education of its resident students in a manner that substantially complies with educational quality standards as required by 16 V.S.A. § 165 and whether it is likely or unlikely that supervisory union services will be available to the proposed new school district on the operational date. If the State Board determines preparedness is unlikely, it shall issue a written advisory statement detailing the factors underlying its conclusion, which shall be posted on its website. Upon making its preparedness determination, the State Board shall vote to:

(A) approve the withdrawal proposal;

(B) approve any motion necessary for the withdrawal process to proceed pursuant to subsection (e) of this section, including a motion to create a new school district as of the date of the motion in order to enable the election of members to the board of the proposed new school district, negotiation and voter approval of a withdrawal agreement pursuant to the former 16 V.S.A. § 724(c), and preparation to assume full responsibility for the education of resident students on the operational date;

(C) determine or set a schedule for determining the manner in which supervisory union services will be provided to the proposed new school district and, if appropriate, the union district, to be effective on the proposed new school district's operational date; and

(D) make any other findings or declarations and approve any other motions that are related and necessary to the withdrawal proposal.

(e) Actions necessary to be fully operational. After the State Board makes its determination of preparedness and approves the withdrawal process

pursuant to subdivision (d)(2) of this section, then the new school district, the union district, and, if applicable, the supervisory union or unions shall take all actions necessary to be fully operational on the identified operational date. At a minimum, the required necessary actions shall include:

(1) election of initial school board members by the voters of the new school district, whose terms of office shall be arranged so that one each expires on the day of the second, third, and fourth annual meeting of the new school district and whose sole responsibility until the new school district's operational date shall be to prepare for the district to assume sole responsibility for the education of resident students on that date;

(2) negotiation by the board of the new school district and the board of the union district of the proposed financial terms of withdrawal in order to comply with the requirements of the former 16 V.S.A. § 724(c);

(3) approval by the voters of each town within the union district of the negotiated proposed financial terms of withdrawal in order to comply with the requirements of the former 16 V.S.A. § 724(c);

(4) preparation of a proposed budget by the board of the new school district for the fiscal year beginning on the district's operational date, together with presentation to and approval by the district's voters prior to that date;

(5) preparation for the provision of supervisory union services to the new school district and, if applicable, for the transition of the union school district from a supervisory district structure to a supervisory union structure; and

(6) all other actions necessary to transition from one school district to two districts and, if applicable, to transition from a supervisory district structure to a supervisory union structure, including any actions necessary to address the collectively bargained rights of employees of the former employing entity.

(f) Preparedness deemed unlikely.

(1) If the State Board determines preparedness is unlikely and issues a written advisory statement detailing the factors underlying its conclusion pursuant to subdivision (d)(2) of this section, it shall electronically transmit the advisory statement to the board of the new school district upon its election.

(2) Upon receipt of the advisory statement, the board of the new school district shall post the document on its website and schedule the contents as a topic for public discussion at a special or regular board meeting.

(3) Prior to the operational date and after public discussion and any board deliberations:

(A) The board of the new school district may continue to take all actions necessary to prepare for the realignment of duties on the operational date.

(B) On its own motion, or if petitioned to do so by at least five percent of the voters in the new school district, the board of the new school district shall warn a vote to request the State Board to reverse its declaration approving withdrawal and reconstituting the new school district. The vote shall be held before the October 1 prior to the operational date.

(i) The question shall be decided by Australian ballot.

(ii) Within 45 days after the vote or 15 days after a vote to reconsider under 17 V.S.A. § 2661, whichever is later, the clerk of the new school district shall certify the results of the vote to the Secretary of State who shall record the certificate and give notice of the vote to the clerk of the union district, the clerks of each of the other towns within the union district, and the Secretary of Education. The clerk of the new school district shall submit the certification regardless of whether the voters in the district voted to petition the State Board to reverse its declarations.

(4) If the new school district requests the State Board to take action under subdivision (3) of this subsection, then:

(A) the State Board shall reverse and void earlier declarations approving withdrawal and reconstituting the new school district and the withdrawal action initiated pursuant to the former 16 V.S.A. § 724 is concluded; and

(B) the union school district shall continue to be solely responsible for the education of the students residing in the town that petitioned for withdrawal; provided, however:

(i) the new school district and its board shall continue to exist for up to six months after the day on which the State Board reverses and voids its earlier declarations for the sole purpose of completing any outstanding business that cannot legally be performed by another entity; and

(ii) the State Board may make any declarations and take any actions, including recording certifications with the Secretary of State, that are necessary to support the consequences outlined in this subdivision (e)(4).

(g) Application of this section to withdrawal from a union elementary or union high school district.

(1) The processes outlined in this section shall apply to an action of a member school district to withdraw from a union elementary or union high

school district if the four elements set forth in subdivisions (1)–(4) of subdivision (a) are met.

(2) For purposes of applying the process in this section to withdrawal from a union elementary or union high school district under this subsection, the terms used in subsections (a) through (d) of this section have the following meanings:

(A) “Petitioning town” means the member district of the union elementary or union high school district that initiated the withdrawal process pursuant to the provisions of 16 V.S.A. § 721a that were in effect prior to the effective date of Sec. 3 of this act.

(B) “Selectboard” means the board of the member district that initiated the withdrawal process pursuant to the provisions of 16 V.S.A. § 721a that were in effect prior to the effective date of Sec. 3 of this act.

(C) “Town within the union school district” means a member district of the union elementary or union high school district.

(h) Repeal. This section is repealed on July 1, 2025.

Sec. 7. WITHDRAWAL PROPOSALS; NO FINAL RATIFICATION VOTES

(a) Application of this section. This section shall apply solely to a withdrawal action initiated by a town within a union district (petitioning town) pursuant to the provisions of 16 V.S.A. § 724 that were in effect prior to the effective date of Sec. 3 of this act (former 16 V.S.A. § 724) if each of the following actions occurred prior to that date:

(1) the union district formed pursuant to the provisions of 16 V.S.A. §§ 706–706j that were in effect prior to the effective date of Sec. 3 of this act;

(2) a vote in the petitioning town to approve a withdrawal proposal was warned to occur on or before June 1, 2022; and

(3) the voters of each of the other towns within the union district have not voted whether to ratify the withdrawal proposal prior to the effective date of this section or they each voted but the votes are not final prior to the effective date.

(b) Vote of the other towns within the union district. If the voters in the petitioning town vote to approve withdrawal, then within 90 days after the town clerks in the other towns within the union district receive notice from the Secretary of State pursuant to the former 16 V.S.A. § 724(b) that the vote in the petitioning town is final, the voters of the other towns within the union district shall vote whether to ratify the withdrawal proposal. The question

shall be determined by Australian ballot and shall proceed pursuant to Sec. 3, 16 V.S.A. § 737 (warnings of unified union school district meetings) and §§ 739–741 (vote by Australian ballot) of this act. The ballots shall not be commingled.

(1) Vote not to ratify withdrawal. If a majority of the voters in one or more towns within the union district do not vote in favor of withdrawal, then the proposed withdrawal shall not occur. The voters residing in any town within the union district may initiate new withdrawal procedures pursuant to the process set forth in Sec. 3, 16 V.S.A. § 724, of this act.

(2) Vote in favor of withdrawal. If a majority of the voters in all towns within the union district vote in favor of withdrawal, then the withdrawal process shall proceed pursuant to subsections (c)–(g) of this section.

(c) Decision regarding timing of State Board review. Within 30 days after the ratification votes of the other towns within the union district are final, the self-selected representatives of the petitioning town shall decide whether to undergo a State Board of Education review of the withdrawal proposal in 2022 or 2023 and shall transmit their decision and proposed operational date to the State Board of Education and clerk of the union district. In accordance with the decision of the self-selected representatives of the petitioning town regarding the year in which the withdrawal proposal shall be reviewed, the State Board, in consultation with the self-selected representatives, shall determine the date the final withdrawal proposal review will begin and transmit the date to the self-selected representatives of the petitioning town and the clerk of the union school district. The State Board shall review the withdrawal proposal only once. If the review of the withdrawal proposal occurs in 2023, the State Board may ask for updates from the self-selected members of the petitioning town on preparedness efforts prior to the final withdrawal proposal review. The decision of the State Board shall be final regardless of whether it occurs in 2022 or 2023.

(d) Report and plan. On or before the date set by the State Board to begin the final withdrawal proposal review, the self-selected representatives of the petitioning town shall submit a written report and plan to the State Board and shall indicate to the State Board that the documents are submitted pursuant to this section.

(1) Report. The report shall describe the analysis that has been performed by the petitioning town to evaluate the likely strengths and challenges for the proposed new school district and for the reconfigured union district if withdrawal is approved and the ways in which withdrawal would enable both districts to provide for the education of their respective resident

students in a manner that will meet educational quality standards as required by 16 V.S.A. § 165. The report shall address:

(A) the educational advantages and disadvantages likely to result from withdrawal for the students in the proposed new school district and the students in the remaining towns within the union district and the ways in which they are preferable to those of continuing in the current governance structure;

(B) the financial advantages and disadvantages likely to result from withdrawal for the taxpayers in the proposed new school district and the taxpayers in the remaining towns within the union district and the ways in which they are preferable to those of continuing in the current governance structure;

(C) the likely operational and financial viability and sustainability of the proposed new school district and the union district after withdrawal of the petitioning town;

(D) any other advantages and disadvantages of withdrawal, including any advantages and disadvantages to the students and taxpayers of the region and the State; and

(E) the potential source of supervisory union services for the new school district and, if appropriate, for the union district, including discussions with the board of any supervisory union to which the petitioning town proposes assignment.

(2) Plan. The plan shall describe the actions that the petitioning town has taken and will take to ensure that, as of its proposed operational date, the proposed new district will be prepared to assume sole responsibility for the education of its students in prekindergarten through grade 12 in a manner that will meet educational quality standards as required by 16 V.S.A. § 165, including the actions necessary to transition to the proposed method by which supervisory union services would be provided. The plan shall include a timeline indicating the date by which each action will be complete. At a minimum, the plan and timeline should include the actions identified in subsection (f) of this section.

(e) State Board review and action.

(1) Review. The State Board shall consider the report and plan and shall provide the self-selected representatives of the petitioning town and the board of the union district an opportunity to be heard. The Board may, in its discretion, take testimony from other individuals and entities. The State Board shall issue a determination of preparedness as soon as possible after receipt of

the report and plan but in no event later than 90 days after the date set by the State Board to begin the final withdrawal proposal review.

(2) Preparedness determination and vote to approve withdrawal. The State Board shall determine if it is likely or unlikely the proposed new school district will be prepared to assume full responsibility for the education of its resident students in a manner that substantially complies with educational quality standards as required by 16 V.S.A. § 165 and whether it is likely or unlikely that supervisory union services will be available to the proposed new school district on the operational date. If the State Board determines preparedness is unlikely, it shall issue a written advisory statement detailing the factors underlying its conclusion, which shall be posted on its website. Upon making its preparedness determination, the State Board shall vote to:

(A) approve the withdrawal proposal;

(B) approve any motion necessary for the withdrawal process to proceed pursuant to subsection (f) of this section, including a motion to create a new school district as of the date of the motion in order to enable the election of members to the board of the proposed new school district, negotiation and voter approval of a withdrawal agreement pursuant to the former 16 V.S.A. § 724(c), and preparation to assume full responsibility for the education of resident students on the operational date;

(C) determine or set a schedule for determining the manner in which supervisory union services will be provided to the proposed new school district and, if appropriate, the union district, to be effective on the proposed new school district's operational date; and

(D) make any other findings or declarations and approve any other motions that are related and necessary to the withdrawal proposal.

(f) Actions necessary to be fully operational. After the State Board makes its determination of preparedness and approves the withdrawal process pursuant to subdivision (e)(2) of this section, then the new school district, the union district, and, if applicable, the supervisory union or unions shall take all actions necessary to be fully operational on the identified operational date. At a minimum, the required necessary actions shall include:

(1) election of initial school board members by the voters of the new school district, whose terms of office shall be arranged so that one each expires on the day of the second, third, and fourth annual meeting of the new school district and whose sole responsibility until the new school district's operational date shall be to prepare for the district to assume sole responsibility for the education of resident students on that date;

(2) negotiation by the board of the new school district and the board of the union district of the proposed financial terms of withdrawal in order to comply with the requirements of the former 16 V.S.A. § 724(c);

(3) approval by the voters of each town within the union district of the negotiated proposed financial terms of withdrawal in order to comply with the requirements of the former 16 V.S.A. § 724(c);

(4) preparation of a proposed budget by the board of the new school district for the fiscal year beginning on the district's operational date, together with presentation to and approval by the district's voters prior to that date;

(5) preparation for the provision of supervisory union services to the new school district and, if applicable, for the transition of the union school district from a supervisory district structure to a supervisory union structure; and

(6) all other actions necessary to transition from one school district to two districts and, if applicable, to transition from a supervisory district structure to a supervisory union structure, including any actions necessary to address the collectively bargained rights of employees of the former employing entity.

(g) Preparedness deemed unlikely.

(1) If the State Board determines preparedness is unlikely and issues a written advisory statement detailing the factors underlying its conclusion pursuant to subdivision (e)(2) of this section, it shall electronically transmit the advisory statement to the board of the new school district upon its election.

(2) Upon receipt of the advisory statement, the board of the new school district shall post the document on its website and schedule the contents as a topic for public discussion at a special or regular board meeting.

(3) Prior to the operational date and after public discussion and any board deliberations:

(A) The board of the new school district may continue to take all actions necessary to prepare for the realignment of duties on the operational date.

(B) On its own motion, or if petitioned to do so by at least five percent of the voters in the new school district, the board of the new school district shall warn a vote to request the State Board to reverse its declaration approving withdrawal and reconstituting the new school district. The vote shall be held before the October 1 prior to the operational date.

(i) The question shall be decided by Australian ballot.

(ii) Within 45 days after the vote or 15 days after a vote to reconsider under 17 V.S.A. § 2661, whichever is later, the clerk of the new school district shall certify the results of the vote to the Secretary of State who shall record the certificate and give notice of the vote to the clerk of the union district, the clerks of each of the other towns within the union district, and the Secretary of Education. The clerk of the new school district shall submit the certification regardless of whether the voters in the district voted to petition the State Board to reverse its declarations.

(4) If the new school district requests the State Board to take action under subdivision (3) of this subsection, then:

(A) the State Board shall reverse and void earlier declarations approving withdrawal and reconstituting the new school district and the withdrawal action initiated pursuant to the former 16 V.S.A. § 724 is concluded; and

(B) the union school district shall continue to be solely responsible for the education of the students residing in the town that petitioned for withdrawal; provided, however:

(i) the new school district and its board shall continue to exist for up to six months after the day on which the State Board reverses and voids its earlier declarations for the sole purpose of completing any outstanding business that cannot legally be performed by another entity; and

(ii) the State Board may make any declarations and take any actions, including recording certifications with the Secretary of State, that are necessary to support the consequences outlined in this subdivision (g)(4).

(h) Application of this section to withdrawal from a union elementary or union high school district.

(1) The processes outlined in this section shall apply to an action of a member school district to withdraw from a union elementary or union high school district if the four elements set forth in subdivisions (1)–(4) of subdivision (a) of this section are met.

(2) For purposes of applying the process in this section to withdrawal from a union elementary or union high school district under this subsection, the terms used in subsections (a) through (g) of this section have the following meanings:

(A) “Petitioning town” means the member district of the union elementary or union high school district that initiated the withdrawal process pursuant to the provisions of 16 V.S.A. § 721a that were in effect prior to the effective date of Sec. 3 of this act.

(B) “Selectboard” means the board of the member district that initiated the withdrawal process pursuant to the provisions of 16 V.S.A. § 721a that were in effect prior to the effective date of Sec. 3 of this act.

(C) “Town within the union school district” means a member district of the union elementary or union high school district.

(i) Repeal. This section is repealed on July 1, 2025.

Sec. 8. TEMPORARY MORATORIUM ON UNION SCHOOL DISTRICT SCHOOL CLOSURES

(a) Notwithstanding any provision of law to the contrary, a union school district shall be prohibited from closing a school building within its district unless the school building closure has already been accounted for in the fiscal year 2023 school budget, the closure is necessary to protect the health and safety of students, the school district is unable to adequately staff the school building at issue, or the closure is approved by the district voters residing in the town in which the building is located. As used in this section, “closing a school building” means the district ceases to use the building to provide direct education for a majority of the grades operated within the building on or before July 1, 2022.

(b) This section is repealed on July 1, 2024.

Sec. 9. UNION SCHOOL DISTRICT CLOSURES; REPORT

On or before September 1, 2023, the Agency of Education shall issue a written report to the Senate and House Committees on Education on union school district school building closures. In preparing the report, the Agency shall consult with the State Board of Education, the Vermont School Boards Association, the Vermont Principals’ Association, the Vermont Superintendents Association, the Vermont National Education Association, and the Vermont League of Cities and Towns. The Agency shall also solicit and consider comments from the public. The report shall include:

(1) an examination of examples of recent school closures, or attempted school closures, within union school districts and identification of common trends and issues;

(2) an examination of the impact school closures have had or are anticipated to have on towns or member districts seeking to withdraw from a union school district;

(3) an examination of the issues leading a school board to consider closing a school building, the options to address the issue that could be employed instead of school closure, and the impact the inability to close a

school building has had or is expected to have on the union school district or any of the towns or member districts within it;

(4) an examination of the factors that should be used to determine school viability and sustainability and how those factors relate to school closure decisions;

(5) an examination of the advantages and disadvantages of creating a consistent statewide process for union school district school closures and a common definition of what actions constitute a closure;

(6) recommendations on school closure standards and processes; and

(7) recommendations for legislative action, including recommended legislative language.

Sec. 10. UNION SCHOOL DISTRICT WITHDRAWAL; ANNUAL REPORT

The Agency of Education shall make an annual report to the Senate and House Committees on Education on or before January 15. The report shall include a detailed analysis of each union school district withdrawal action the Agency reviewed during the preceding year. The report shall also include any recommendations for legislative action.

Sec. 11. 16 V.S.A. § 1804 is added to read:

§ 1804. EMPLOYMENT TRANSITION; NEW SCHOOL DISTRICT CREATED UPON WITHDRAWAL FROM A UNION SCHOOL DISTRICT

(a) Definitions. The definitions in section 1801 of this subchapter shall not apply to this section. As used in this section:

(1) "Expanded district" means a school district:

(A) that was responsible for the education of students residing in a single town for some, but not all, grades, whether by operating all grades, tuitioning all grades, or operating some grades and paying tuition for others; and

(B) that, as the result of its withdrawal from a union elementary or union high school district pursuant to section 725 of this title, is solely responsible for the education of its resident students in all grades prekindergarten through grade 12, whether by operating all grades, tuitioning all grades, or operating some grades and paying tuition for others.

(2) "New district" means:

(A) a school district created by withdrawal from a unified union school district pursuant to section 724 of this title that is responsible for the prekindergarten through grade 12 education of students residing in a single town, whether by operating all grades, tuitioning all grades, or operating some grades and paying tuition for others;

(B) a school district responsible for the prekindergarten through grade 12 education of students residing in a single town, whether by operating all grades, tuitioning all grades, or operating some grades and paying tuition for others, that was formed when another town's withdrawal from a unified union school district resulted in dissolution of the union district;

(C) an expanded district that did not operate any schools immediately prior to withdrawal and, after withdrawal, operates a school in one or more of the grades previously operated by the union district; or

(D) a school district created by withdrawal from a union elementary or union high school district pursuant to section 725 of this title if prior to withdrawal the withdrawing member was a member of both a union elementary school district and a union high school district, was not independently organized as a district responsible for the education of students in any grade, and did not have a town school district board.

(3) "Operational date" means the date on which a new district or an expanded district assumes full and sole responsibility for the education of its resident students in the grades for which the union district was previously responsible. "Initial operational year" and "second operational year" mean the year commencing on the operational date and the year immediately following the initial operational year, respectively.

(4) "Transitional period" means the period of time beginning on the day on which the State Board declares the creation and existence of the new district or the expanded district pursuant to subdivision 724(h)(2) or 725(h)(2) of this title and continuing until the new district's or newly expanded district's operational date.

(b) Negotiations council and recognized representatives of a new district. At its first meeting during the transitional period, the board of a new district shall:

(1) appoint a school board negotiations council for the new district for the purpose of negotiating with the representatives of future licensed and nonlicensed employees of the new district; and

(2) recognize the representative of the employees of the union school district as the recognized representative of the employees of the new district.

(c) Employment agreements for the initial and second operational years of a new district.

(1) After the new district's organizational meeting, the new district's school board negotiations council and the representative of the employees of the new district shall commence negotiations relating to the employment of licensed and nonlicensed employees in the initial operational year. Negotiations shall be conducted pursuant to the provisions of chapter 57 of this title for teachers and administrators and 21 V.S.A. chapter 22 for other employees. The negotiations council or councils representing employees of the union school district shall represent the employees of the new district unless and until the exclusive representative for employees of the new district designates new representatives to a negotiations council.

(2) If the parties do not ratify a new agreement at least 90 days prior to the new district's operational date, then the new district and its employees shall be governed by the terms of the collectively bargained agreement in place for the union district for the year preceding the initial operational year unless and until the parties agree otherwise.

(d) Non-probationary employees; changes to seniority and other provisions. For each new district and its employees, whether governed by an agreement in the initial operational year pursuant to subdivision (c)(1) or (c)(2) of this section:

(1) an employee of the union district in the year preceding the initial operational year who was not a probationary employee of the union district at the conclusion of that year shall not be considered a probationary employee if employed by the new district in the initial operational year; and

(2) prior to the operational date, the board of the union district, the board of the new district, and the representative of the employees of the union district may negotiate a temporary memorandum of understanding to adjust provisions in the union district contract regarding seniority, reductions in force, layoff, and recall in order to assist the workforce needs of both the union district and the new district and the best interests of the licensed and nonlicensed employees they employ.

(e) Individual employment contracts not covered by a collective bargaining agreement. On its operational date, the new district shall assume the obligations of each existing individual employment contract, including accrued leave and associated benefits, of any union district employee not covered by a collective bargaining agreement who worked in the building located in the new district in the year preceding the initial operational year and who chooses to

continue to work in the same capacity in that building in the initial operational year.

(f) Supervisory unions. If the State Board creates a new supervisory union to provide services to the new district and one or more other school districts, then the provisions of subsections (b) through (e) of this section shall apply to the transition of any employee who was employed by the union district in the year prior to the initial operational year to provide services typically provided by a supervisory union employee, if the employee is employed by the new supervisory union in the initial operational year to provide the same services, with the board of the new supervisory union assuming the responsibilities of the board of the new district as outlined in subsections (b) through (e) of this section.

Sec. 12. APPLICATION OF EMPLOYMENT TRANSITION PROVISIONS

The provisions of Sec. 11 of this act shall also apply to any school district with an operational date of July 1, 2023 or later if the State Board of Education created the district as the result of a withdrawal action initiated pursuant to the terms of 16 V.S.A. § 721a or § 724 that were in effect on January 1, 2022.

Sec. 13. EFFECTIVE DATE

This act shall take effect on passage.

BRIAN A. CAMPION

ANDREW J. PERCHLIK

JOSHUA TERENCE

Committee on the part of the Senate

PETER C. CONLON

CASEY J. TOOF

ERIN BRADY

Committee on the part of the House

Which was considered and adopted on the part of the House.

**Rules Suspended; Immediate Consideration; Senate Proposal of
Amendment Concurred in with a Further Amendment Thereto; Rules
Suspended; House Actions Messaged to Senate Forthwith**

H. 716

Appearing on the Notice Calendar, on motion of **Rep. McCoy of Poultney**, the rules were suspended and House bill, entitled

An act relating to making miscellaneous changes in education law

Was taken up for immediate consideration.

The Senate proposed to the House to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

* * * Special Education Funding * * *

Sec. 1. 16 V.S.A. § 2961 is amended to read:

§ 2961. CENSUS GRANT

* * *

(d)(1)(A) For fiscal year 2023, the amount of the census grant for a supervisory union shall be:

(i) the average amount it received for fiscal years 2018, 2019, and 2020, or the average amount it received for fiscal years 2019, 2020, and 2021, whichever amount is greater, from the State for special education under sections 2961 (standard mainstream block grants), 2963 (special education expenditures reimbursement), and 2963a (exceptional circumstances) of this title; increased by

(ii) the annual change in the National Income and Product Accounts (NIPA) Implicit Price Deflator for State and Local Government Consumption Expenditures and Gross Investment as reported by the U.S. Department of Commerce, Bureau of Economic Analysis.

* * *

* * * Holocaust Education; Report * * *

Sec. 2. HOLOCAUST EDUCATION; REPORT AND RECOMMENDATIONS

On or before January 15, 2023, the Agency of Education shall issue a written report to the Senate and House Committees on Education on the status of Holocaust education in public schools and its recommendations to ensure that Holocaust education is included in the educational programs provided to students in public schools. In preparing the report and recommendations, the Agency of Education shall work with the Vermont Holocaust Memorial to avail themselves of that organization's knowledge of the subject and experience in Vermont schools.

* * * Crime Insurance Coverage for School Districts * * *

Sec. 3. 16 V.S.A. § 492 is amended to read:

§ 492. POWERS, DUTIES, AND LIABILITIES; BONDS

(a) The powers, duties, and liabilities of the collector, treasurer, prudential

committee, and clerk shall be like those of a town collector, treasurer, board of school directors, and the school board clerk, respectively.

(b) Before entering upon their duties, the collector and treasurer shall give a bond to the district conditioned for the faithful performance of their duties, in such sum as may be required. ~~When~~ In lieu of taking a bond from a collector or treasurer, or both, a school district may choose to provide suitable crime insurance covering the collector or treasurer, or both. If a school district has not provided suitable crime insurance in lieu of a bond and a collector or treasurer for 10 days neglects to give a bond as required, his or her that office shall be vacant.

* * * Peer Review Support Grant Program * * *

Sec. 4. EDUCATOR WORKFORCE DEVELOPMENT; APPROPRIATION;
REPORT

(a) Purpose. The purpose of this section is to encourage and support the development and retention of qualified and effective Vermont educators. To combat the growing educator shortage throughout the State and meet the needs of Vermont students, it is necessary to invest in nontraditional educator training programs.

(b) Grant program.

(1) Program creation. In fiscal year 2023, there is established the Peer Review Support Grant Program, to be administered by the Agency of Education, to provide grants to expand support, mentoring, and professional development to prospective educators seeking licensure through the Agency of Education's peer review process, with the goal of increased program completion rates.

(2) Program administration. The Agency shall adopt policies, procedures, and guidelines necessary for implementation of the Program described in subdivision (1) of this subsection.

(3) Eligibility criteria. The Agency shall issue grants to organizations or school districts with programs designed to provide prospective educators in the peer review program the support necessary for successful completion of the peer review process by providing:

(A) support through the Praxis exam process;

(B) local educator lead seminars designed around the Vermont licensure portfolio themes;

(C) local educator mentors;

(D) support in completing the peer review portfolio and licensing

process; and

(E) continued professional development support within the first year of licensure.

(4) Report. On or before January 15, 2023, the Agency of Education shall report to the Senate and House Committees on Education on the status of the implementation of the Peer Review Support Grant Program and a summary and performance review of the programs to which grants were awarded. The report shall include any metrics used in the performance review, the number of program participants, endorsement areas of participants, feedback from participants and mentors, and any recommendation for legislative action.

(c) Appropriation. Notwithstanding 16 V.S.A. § 4025(d), the sum of \$712,500.00 is appropriated from the Education Fund to the Agency of Education in fiscal year 2023 for the purpose of funding the Peer Review Support Grant Program.

* * * Income-Based Education Tax Study Committee * * *

Sec. 5. INCOME-BASED EDUCATION TAX; STUDY COMMITTEE

(a) Creation. There is created the Income-Based Education Tax Study Committee to study and make recommendations regarding the creation and implementation of an income-based education tax system to replace the homestead property tax system for education funding in this State.

(b) Membership. The Study Committee shall be composed of the following members:

(1) three current members of the House of Representatives, not all from the same political party, who shall be appointed by the Speaker of the House; and

(2) three current members of the Senate, not all from the same political party, who shall be appointed by the Committee on Committees.

(c) Powers and duties. The Study Committee shall study the creation and implementation of an income-based education tax system, including the following issues:

(1) restructuring the renter credit under 32 V.S.A. chapter 154 or creating a new credit or other mechanisms to ensure that Vermonters who rent a primary residence participate fairly in the education income tax system;

(2) transitioning from the current homestead property tax system to a new income-based education tax system;

(3) accurate modeling, given the differences between household income for homestead property tax purposes and adjusted gross income for income tax purposes;

(4) whether there should be a limit to the amount of income subject to a new income-based education tax;

(5) challenges or other considerations for administering a new proposed education income tax system;

(6) with regard to income as a tax base, the impact of a new proposed education income tax on the State's taxing capacity, including the impact on the General Fund; and

(7) any other relevant considerations.

(d) Assistance. The Study Committee shall have the administrative, technical, and legal assistance of the Agency of Education, the Department of Taxes, the Joint Fiscal Office, the Office of Legislative Counsel, and the Office of Legislative Operations and shall consult with the Vermont League of Cities and Towns and any other interested stakeholders.

(e) Report. On or before December 30, 2022, the Study Committee shall submit a written report to the House Committees on Education and on Ways and Means and the Senate Committees on Education and on Finance with its findings and recommendations for legislative action, which shall include proposed legislative language.

(f) Meetings.

(1) The Joint Fiscal Office shall call the first meeting of the Study Committee to occur on or before July 15, 2022.

(2) The Study Committee shall select a chair from among its members at the first meeting.

(3) A majority of the membership shall constitute a quorum.

(4) The Study Committee shall cease to exist on December 31, 2022.

(g) Compensation and reimbursement. For attendance at meetings during adjournment of the General Assembly, members of the Study Committee shall be entitled to per diem compensation and reimbursement of expenses pursuant to 2 V.S.A. § 23 for not more than six meetings. These payments shall be made from monies appropriated to the General Assembly.

* * * Effective Date * * *

Sec. 6. EFFECTIVE DATE

This act shall take effect on July 1, 2022.

Pending the question, Shall the House concur in the Senate proposal of amendment?, **Reps. Webb of Shelburne, Arrison of Weathersfield, Austin of Colchester, Brady of Williston, Brown of Richmond, Conlon of Cornwall, Cupoli of Rutland City, Hooper of Randolph, James of Manchester, Toof of St. Albans Town, and Williams of Granby** moved to concur in the Senate proposal of amendment with a further amendment thereto as follows:

First: By striking out Sec. 3, 16 V.S.A. § 492, and its reader assistance heading in their entirety and inserting in lieu thereof a reader assistance heading and a new Sec. 3 to read:

* * * Special Education Rule Change; Delay * * *

Sec. 3. STATE BOARD OF EDUCATION 2360 RULE SERIES; PARTIAL
DELAY

It is the intent of the General Assembly to allow educators and staff time to adequately prepare for the delivery of special education services as required under the State Board of Education special education rules series 2360, which takes effect on July 1, 2022. Therefore, notwithstanding any provision of law to the contrary under 16 V.S.A. § 164 and 3 V.S.A. § 845(d), the State Board of Education shall suspend the implementation of rules 2362 and 2362.2.5 until July 1, 2023. The remaining rules under the 2360 rule series shall take effect on July 1, 2022.

Second: By striking out Sec. 4, educator workforce development; appropriation; report, and its reader assistance heading in their entirety and inserting in lieu thereof the following:

Sec. 4. [Deleted.]

Which was agreed to.

On motion of **Rep. McCoy of Poultney**, the rules were suspended and the House's actions on the bill were ordered messaged to the Senate forthwith.

Action on Bill Postponed

H. 738

House bill, entitled

An act relating to technical and administrative changes to Vermont's tax laws

Was taken up and pending the question, Shall the House concur in the Senate proposal of amendment?, on motion of **Rep. Long of Newfane**, action on the bill was postponed until May 12, 2022.

Adjournment

At seven o'clock and six minutes in the evening, on motion of **Rep. McCoy of Poultney**, the House adjourned until tomorrow at ten o'clock in the forenoon.

Concurrent Resolutions Adopted

The following concurrent resolutions, having been placed on the Consent Calendar on the preceding legislative day, and no member having requested floor consideration as provided by Rule 16b of the Joint Rules of the Senate and House of Representatives, are hereby adopted on the part of the House:

H.C.R. 170

House concurrent resolution in memory of former Representative, Commissioner of State Buildings, and Labor Relations Board member John J. Zampieri of Ryegate

H.C.R. 171

House concurrent resolution congratulating Jayne Barber of Bellows Falls on her 2022 induction into the Vermont Sports Hall of Fame

S.C.R. 22

Senate concurrent resolution congratulating Jay and Joan Zwynenburg on the 50th anniversary of Jay's Art Shop & Frame Gallery and for their roles as exemplary downtown Bennington entrepreneurs

S.C.R. 23

Senate concurrent resolution celebrating the State Partnership Program recently established between the Vermont National Guard and Austria

[The full text of the concurrent resolutions appeared in the House and Senate Calendar Addendums on the preceding legislative day and will appear in the Public Acts and Resolves of the 2022 Adjourned Session.]