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AND INSTITUTIONS

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MEMORANDUM

To: Members, House Committee on Appropriations

From: Members, House Committee on Corrections and Institutions

Date: February 18, 2021

Subject: Governor's Recommended FY 2022 Budget Proposals

The House Committee on Corrections and Institutions (Committee) thanks the House Committee on Appropriations for the opportunity to comment on the following two proposals included in the Governor's Recommended FY 2022 Budget:

1. One-time appropriation of \$5 million to BGS for low-cost financing to municipalities seeking to leverage energy savings opportunities.

The Committee supports this appropriation but recommends that the appropriation include language to: (1) authorize the Department of Buildings and General Services to establish a pilot program, including loan eligibility and criteria and a reporting requirement, and (2) create a special fund for the appropriation that may be used to support the pilot program. The Committee has provided draft language below.

2. Transfer of Unexpended Funds from -of-State Beds

The Committee recommends that in FY 2022, transfers of unexpended funds from out-of-state beds are made to other correctional services are prohibited. The Committee supports that at the end of FY 2022, any unexpended funds from out-of-state beds are carried forward to FY 2023 and used for community-based service programs, as approved by the Joint Legislative Justice Oversight Committee. The Committee has provided draft language below

Recommended Draft Language

* * * Buildings and General Services * * *

Sec. X. MUNICIPAL ENERGY LOAN PILOT PROGRAM

(a) Authority. Beginning July 1, 2021 and ending June 30, 2025, the Department of Buildings and General Service is authorized to provide financing to municipalities through the Municipal Energy Loan Pilot 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) Report. On or before October 15, 2022, the Commissioner of Buildings and General Services shall submit a report to the House Committee on Corrections and Institutions and the Senate Committee on Institutions with a status update on the pilot program, including a list of municipalities and projects that have received a loan, and the energy and cost-savings anticipated to be generated for each project. The report shall also include any recommendations for legislative action to continue or change the program.

(d) Definitions. As used in this section:

(1) “Energy efficiency improvement” means a set of measures aimed at reducing the energy used by specific end-use devices and systems to provide light, heat, cooling, or other services without affecting the level of service provided. An energy efficiency project may also include energy conservation measures, that is, a reduction in energy consumption that corresponds with a reduction in service demand.

(2) “Municipality” has the same meaning as under 1 V.S.A. § 126.

(3) “Renewables” has the same meaning as under 30 V.S.A. § 8002.

(4) “Resource conservation measures” means a set of measures, including a study, product, process, or technology, aimed at reducing overall use or consumption of energy resources. “Resource conservation measures” includes energy efficiency improvements.

Sec. X. 29 V.S.A. § 168a is added to read:

§ 168a. MUNICIPAL ENERGY REVOLVING FUND

(a) Creation. There is established the Municipal Energy Revolving Fund to provide financing to a municipality for energy management measures, including 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. Monies from the Fund shall be loaned for measures anticipated to generate a cost-savings to a municipality, as determined by the Commissioner.

(b) Monies in the Fund. The Fund shall consist of:

(1) monies appropriated to the Fund or that are paid to it under authorization of the Emergency Board;

(2) loan repayment by municipalities derived from savings by the implementation of energy efficiency improvements and the use of renewable resources; and

(3) fees for administrative costs paid by municipalities, which may be fixed by the Commissioner subject to the approval of the Secretary of Administration.

(c) Repayment terms. A municipality receiving funding shall repay the Fund through its regular operating budget according to a schedule established by the Commissioner. Repayment may include charges of fees for administrative costs over the term of the repayment.

(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” means a set of measures aimed at reducing the energy used by specific end-use devices and systems to provide light, heat, cooling, or other services without affecting the level of service provided. An energy efficiency project may also include energy conservation measures, that is, a reduction in energy consumption that corresponds with a reduction in service demand.

(2) “Municipality” has the same meaning as under 1 V.S.A. § 126.

(3) “Renewables” has the same meaning as under 30 V.S.A. § 8002.

(4) “Resource conservation measures” means a set of measures, including a study, product, process, or technology, aimed at reducing overall use or consumption of energy resources. “Resource conservation measures” includes energy efficiency improvements.

(g) Annual report. Beginning on or before January 15, 2022 and annually thereafter, the Commissioner of Buildings and General Services shall report to the House Committee on Corrections and 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. X. MUNICIPAL ENERGY REVOLVING FUND; FY 22 APPROPRIATION

In FY 22, the amount of \$5,000,000.00 in general funds is appropriated to the Department of Buildings and General Services for the Municipal Energy Revolving Fund, as established in 29 V.S.A. § 168a, to be used for the Municipal Energy Loan Pilot Program.

* * * Department of Corrections * * *

Sec. E.335. CORRECTIONS APPROPRIATIONS; UNEXPENDED FUNDS
TRANSFER; JUSTICE REINVESTMENT; REPORT

(a) In fiscal year 2022, the Secretary of Administration may, upon recommendation of the Secretary of Human Services, transfer unexpended funds between the respective appropriations for correctional services; provided, however, that no transfer shall be made from correctional services out-of-state beds. At least three days prior to any such transfer being made, the Secretary of Administration shall report the intended transfer to the Joint Fiscal Office and shall report any completed transfers to the Joint Fiscal Committee at its next scheduled meeting.

(b) In fiscal year 2022, any unexpended funds for correctional services out-of-state beds shall be carried forward to fiscal year 2023 and the amount reported to the Joint Legislative Justice Oversight Committee in July 2022. These funds may only be

expended on community-based service programs approved by the Joint Legislative
Justice Oversight Committee.