

CASH FUND – H.740 Conference - Proposed Amendment - House Updates

Sec. E.106.1 32 V.S.A. § 1001b is added to read:

§ 1001b. CAPITAL EXPENDITURE CASH FUND

(a) Creation. There is hereby created the Capital Expenditure Cash Fund to be administered by the Commissioner of Finance and Management, in consultation with the State Treasurer, for the purpose of using general funds to defray the costs of future capital expenditures that would otherwise be paid for using the State's general obligation bonding authority and debt service obligations.

(b) Fund. The Fund may consist of:

- (1) any appropriations or transfers made by the General Assembly; and
- (2) any interest earned by the Fund.

(c) Use of funds. **Expenditure may only be made from the fund via enacted**

**appropriations by the General Assembly. Plans for use shall be submitted as part of the**

**operating budget adjustment or operating budget process.** Monies in the Fund shall only be used for:

(1) costs associated with a proposed capital project that occur prior to the construction phase of that project, including feasibility, planning, design, and engineering and architectural costs;

(2) projects with an anticipated lifespan of less than 20 years;

(3) costs associated with the early redemption of general obligation bonds; and

(4) other eligible capital projects receiving an appropriation from the General Assembly.

(d) Fund balance. All balances in the Fund at the end of any fiscal year shall be carried forward and remain part of the Fund.

(e) Early redemption transfer. If any expenditures are made from the Fund or the General Assembly appropriates general funds to pay for the early redemption of general obligation bonds pursuant to subdivision (c)(3) of this section, then an amount equal to the reduction in debt service required in any fiscal year resulting from that redemption shall be transferred to the Fund.

Sec. E.106.2 CAPITAL EXPENDITURE CASH FUND; ANALYSIS

(a) The Commissioner of Finance and Management, in consultation with the Joint Fiscal Office and the State Treasurer, shall analyze and make recommendations on:

(1) a dedicated revenue source or State fiscal capacity to fund the Capital Expenditure Cash Fund; and

(2) for any revenue source or State fiscal capacity identified in subdivision (1) of this subsection, an analysis of the benefits and costs of dedicating this revenue source to the Capital Expenditure Cash Fund in comparison to other identified unfunded State fiscal pressures.

**(3) Amendments to 32 V.S.A. § 1001b (c) on the use of the Capital Expenditure Cash Fund, including**

**(A) if uses of the fund should be prioritized in statute;**

**(B) how to prioritize the use of the fund to emphasize strong financial management in Vermont State Government;**

**(C) if an allowed use should include internal state debts or deficits;**

**(D) if an allowed use should include state assistance for projects to mitigate emergent health and safety needs;**

**Draft #2 May 5, 2022**

(b) On or before January 15, 2023, the Commissioner of Finance and Management shall submit any recommendations to the House Committees on Appropriations and on Corrections and Institutions and the Senate Committees on Appropriations and on Institutions.