



Memorandum

Date: February 9, 2021

To: Members, Senate Finance Committee

From: Karen Horn, Director, Public Policy and Advocacy

RE: Arrearages in Cities and Towns

Thank you for your on-going attention to the health of municipal governments during the COVID pandemic. Clearly, no one thought that in 2021 we would be still living with the COVID-19 pandemic and restrictions imposed by an emergency order to keep Vermonters safe. The difficulties people are having paying bills have not gone away and the restriction on disconnections from water or sewer continues in place. Tom Di Pietro's figures on behalf of Green Mountain Water and Environment Association (GMWEA) demonstrate the scale of the problem.

We urge the legislature to recommit to funding programs that help pay arrearages going forward.

Legislation in 2020

Act 92 of 2020 states at section 9,

(a) Notwithstanding 24 V.S.A. chapter 129, a municipality shall be prohibited from disconnecting a person from water or sewer services during a declared state of emergency under 20 V.S.A. chapter 1 due to COVID-19.

...

(c) Notwithstanding any provision of law to the contrary, a company engaged in the collecting, sale, and distribution of water for domestic, industrial, business, or fire protection purposes that is regulated by the Public Utility Commission under 30 V.S.A. § 203(3) shall be prohibited from disconnecting any person from services during a declared state of emergency under 20 V.S.A. chapter 1 due to COVID-19.

Act 102 of 2020 authorized local governments to extend or establish a new method of payment for municipal and education property taxes or to establish a grace period for, decrease or waive any penalty, interest or fee imposed for late payment of municipal or education property tax or reduce the municipal property tax rate. That authority expired on January 1, 2021.

Coronavirus Relief Fund (CRF) to Municipalities

Act 137 of the 2020 session established the Local Government Expense Reimbursement (LGER) grant program with \$13 million of Coronavirus Relief Fund (CRF) dollars to reimburse local governments for the reimbursement of COVID-19 expenses and Act 154 extended the application deadline to October 15, 2020.

It also provided \$8 million to the Department of Public Service to cover account arrearages in utility payments. In October, the Vermont COVID-19 Arrearage Assistance Program (VCAAP) was extended to municipal water and wastewater utilities. Applicants were informed that the program ran out of money on approximately December 8. Then an

Sponsor of:

VLCT Employment
Resource and Benefits
Trust, Inc.

VLCT Municipal
Assistance Center

VLCT Property and
Casualty Intermunicipal
Fund, Inc.

additional \$300,000 were made available by the Joint Fiscal Committee to fund those (but not new) applicants and applications were processed through December 23. That fund as it applies to municipal water and wastewater is now exhausted.

From the Department of Public Service Website:

Vermont COVID-19 Arrearage Assistance Program

Update December 14, 2020

The Vermont COVID-19 arrearage assistance program (VCAAP) is approaching the end of its funding. As of now we have hit the cap for water and sewer/wastewater systems. Please note that VCAAP applications received may not be approved due to a lack of funding. The department, however, intends to continue to accept applications through 12/15/2020. The department will continue to approve applications and make awards as long as funds are still available.

Update November 12, 2020

Vermonters suffering economic hardship due to loss of income from COVID-19 can get help now to pay their arrearages for residential and non-residential accounts. The Vermont COVID-19 Arrearage Assistance Program (VCAAP) provides financial support to customers who may face disconnection of service because of past-due balances for their electric, landline telephone, Vermont Gas, private water or water and sewer/wastewater charges.

[Note: the program has expanded and now accepts applications for help with municipal water and sewer/wastewater departments, community water systems, fire districts, and other systems that provide water and sewer/wastewater services to consumers.]

VCAAP provides eligible Vermont households and businesses with a grant to pay for past-due balances for utility bills. Residential households and non-residential account holders who have suffered an economic hardship due to loss of income precipitated by COVID-19 may apply for assistance. Residential applicants may only apply for a grant for their primary residence.

Applicants must attest to economic hardship caused by the pandemic among other attestations that are designed to ensure the integrity of the application.

Note: effective October 21, 2020 and again on November 11, 2020, changes were made to VCAAP, including a supplemental award, increased grant awards, and an expanded list of water and sewer/wastewater utilities.



From the Dept. of Taxes:

Local Government Expense Reimbursement (LGER) Grant

The Department of Taxes is not currently accepting new applications for the Local Government Expense Reimbursement (LGER) Grant. As submissions are evaluated, applicants will receive notification of their grant decision along with instructions for submitting documentation for reimbursement. We appreciate your patience. Please contact tax.munigrants@vermont.gov for any inquiries regarding your application.

Application deadline: October 15, 2020

Supporting documentation must be submitted on or before December 11, 2020

Eligible expenses must be incurred by December 30, 2020