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H.769

Introduced by Representatives Noyes of Wolcott, Andrews of Westford,
Anthony of Barre City, Arsenault of Williston, Austin of
Colchester, Bartley of Fairfax, Beck of St. Johnsbury, Berbeco
of Winooski, Birong of Vergennes, Black of Essex, Bluemle of
Burlington, Bos-Lun of Westminster, Boyden of Cambridge,
Brumsted of Shelburne, Burke of Brattleboro, Buss of
Woodstock, Campbell of St. Johnsbury, Carpenter of Hyde
Park, Casey of Montpelier, Chase of Chester, Chesnut-
Tangerman of Middletown Springs, Christie of Hartford, Cina
of Burlington, Coffey of Guilford, Cole of Hartford, Cordes of
Lincoln, Demrow of Corinth, Dodge of Essex, Dolan of Essex
Junction, Dolan of Waitsfield, Elder of Starksboro, Farlice-
Rubio of Barnet, Garofano of Essex, Goldman of Rockingham,
Graning of Jericho, Headrick of Burlington, Holcombe of
Norwich, Hooper of Randolph, Houghton of Essex Junction,
Howard of Rutland City, Hyman of South Burlington, Krasnow
of South Burlington, LaBounty of Lyndon, Lalley of Shelburne,
Leavitt of Grand Isle, Logan of Burlington, Masland of
Thetford, McCann of Montpelier, McGill of Bridport, Minier of
South Burlington, Mrowicki of Putney, Mulvaney-Stanak of

1 Burlington, Nicoll of Ludlow, Ode of Burlington, Pajala of
2 Londonderry, Patt of Worcester, Priestley of Bradford,
3 Rachelson of Burlington, Rice of Dorset, Roberts of Halifax,
4 Sibia of Dover, Sims of Craftsbury, Stebbins of Burlington,
5 Stevens of Waterbury, Stone of Burlington, Taylor of
6 Colchester, Torre of Moretown, Troiano of Stannard, Waters
7 Evans of Charlotte, White of Bethel, Whitman of Bennington,
8 and Williams of Barre City

9 Referred to Committee on

10 Date:

11 Subject: Executive; finance; baby bond trust

12 Statement of purpose of bill as introduced: This bill proposes to establish a
13 baby bond trust fund for children with low income to spend on education,
14 housing, business, or certain investment accounts upon reaching adulthood.

15 An act relating to establishing a baby bond trust program

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

17 Sec. 1. 3 V.S.A. chapter 20 is added to read:

18 CHAPTER 20. VERMONT BABY BOND TRUST

19 § 601. DEFINITIONS

20 As used in this chapter:

1 (1) “Designated beneficiary” means an individual born on or after July
2 1, 2024 who was eligible at birth for coverage in the Dr. Dynasaur program
3 established in accordance with Title XIX (Medicaid) and Title XXI (SCHIP) of
4 the Social Security Act or for coverage available pursuant to 33 V.S.A. chapter
5 19, subchapter 9.

6 (2) “Eligible expenditure” means an expenditure associated with any of
7 the following, each as prescribed by the Treasurer:

8 (A) education of a designated beneficiary;

9 (B) purchase of a dwelling unit or real property in Vermont by a
10 designated beneficiary;

11 (C) investment in a business in Vermont by a designated beneficiary;

12 or

13 (D) investment or rollover in a qualified retirement account,
14 Section 529 account, or Section 529A account established for the benefit of a
15 designated beneficiary.

16 (3) “Trust” means the Vermont Baby Bond Trust established by this
17 chapter.

18 § 602. VERMONT BABY BOND TRUST; ESTABLISHMENT

19 (a) There is established the Vermont Baby Bond Trust, to be administered
20 by the Office of the State Treasurer. The Trust shall constitute an
21 instrumentality of the State and shall perform essential governmental functions

1 as provided in this chapter. The Trust shall receive and hold until disbursed in
2 accordance with section 607 of this title all payments, deposits, and
3 contributions intended for the Trust; as well as gifts, bequests, and
4 endowments; federal, State, and local grants; any other funds from any public
5 or private source; and all earnings on these funds.

6 (b)(1) The amounts on deposit in the Trust shall not constitute property of
7 the State, and the Trust shall not be construed to be a department, institution, or
8 agency of the State. Amounts on deposit in the Trust shall not be commingled
9 with State funds, and the State shall have no claim to or against, or interest in,
10 the amounts on deposit in the Trust.

11 (2) Any contract entered into by, or any obligation of, the Trust shall not
12 constitute a debt or obligation of the State, and the State shall have no
13 obligation to any designated beneficiary or any other person on account of the
14 Trust.

15 (3) All amounts obligated to be paid from the Trust shall be limited to
16 the amounts available for that obligation on deposit in the Trust. The amounts
17 on deposit in the Trust shall only be disbursed in accordance with the
18 provisions of section 607 of this title.

19 (4) The Trust shall continue in existence until it no longer holds any
20 deposits or has any obligations and its existence is terminated by law. Upon

1 termination, any unclaimed assets shall return to the State and shall be
2 governed by the provisions of 27 V.S.A chapter 18.

3 (c) The Treasurer shall be responsible for receiving, maintaining,
4 administering, investing, and disbursing amounts from the Trust. The Trust
5 shall not receive deposits in any form other than cash.

6 § 603. TREASURER'S TRUST AUTHORITY

7 The Treasurer, on behalf of the Trust and for purposes of the Trust, may:

8 (1) receive and invest monies in the Trust in any instruments,
9 obligations, securities, or property in accordance with section 604 of this title;

10 (2) enter into one or more contractual agreements, including contracts
11 for legal, actuarial, accounting, custodial, advisory, management,
12 administrative, advertising, marketing, or consulting services, for the Trust and
13 pay for such services from the assets of the Trust;

14 (3) procure insurance in connection with the Trust's property, assets,
15 activities, or deposits and pay for such insurance from the assets of the Trust;

16 (4) apply for, accept, and expend gifts, grants, and donations from public
17 or private sources to enable the Trust to carry out its objectives;

18 (5) adopt rules pursuant to 3 V.S.A. chapter 25;

19 (6) sue and be sued;

20 (7) establish one or more funds within the Trust and expend reasonable
21 amounts from the funds for internal costs of administration; and

1 (8) take any other action necessary to carry out the purposes of this
2 chapter.

3 § 604. INVESTMENT OF FUNDS IN THE TRUST

4 The Treasurer shall invest the amounts on deposit in the Trust in a manner
5 reasonable and appropriate to achieve the objectives of the Trust, exercising
6 the discretion and care of a prudent person in similar circumstances with
7 similar objectives. The Treasurer shall give due consideration to the rate of
8 return, risk, term or maturity, and liquidity of any investment; diversification
9 of the total portfolio of investments within the Trust; projected disbursements
10 and expenditures; and the expected payments, deposits, contributions, and gifts
11 to be received. The Treasurer shall not invest directly in obligations of the
12 State or any political subdivision of the State or in any investment or other
13 fund administered by the Treasurer. The assets of the Trust shall be
14 continuously invested and reinvested in a manner consistent with the
15 objectives of the Trust until disbursed for eligible expenditures or expended on
16 expenses incurred by the operations of the Trust.

17 § 605. EXEMPTION FROM TAXATION

18 The property of the Trust and the earnings on the Trust shall be exempt
19 from all taxation by the State or any political subdivision of the State.

1 § 606. MONIES INVESTED IN TRUST NOT CONSIDERED ASSETS OR
2 INCOME

3 (a) Notwithstanding any provision of law to the contrary, and to the extent
4 permitted by federal law, no sum of money invested in the Trust shall be
5 considered to be an asset or income for purposes of determining an
6 individual's eligibility for assistance under any program administered by the
7 Agency of Human Services.

8 (b) Notwithstanding any provision of law to the contrary, no sum of money
9 invested in the Trust shall be considered to be an asset for purposes of
10 determining an individual's eligibility for need-based institutional aid grants
11 offered to an individual by a public postsecondary school located in Vermont.

12 § 607. ACCOUNTING FOR DESIGNATED BENEFICIARY; CLAIMS
13 REQUIREMENTS

14 (a) The Treasurer shall establish in the Trust an accounting for each
15 designated beneficiary in the amount of \$3,200.00. Each accounting shall
16 include the initial amount of \$3,200.00, plus the designated beneficiary's pro
17 rata share of total net earnings from investments of sums held in the Trust.

18 (b) A designated beneficiary shall become eligible to receive the total sum
19 of the accounting under subsection (a) of this section upon the designated
20 beneficiary's 18th birthday and completion of a financial literacy requirement

1 as prescribed by the Treasurer. The sum shall only be used for eligible
2 expenditures.

3 (c) The Treasurer shall create a financial literacy program and materials
4 designed to educate designated beneficiaries and others about the permissible
5 use of funds available under this chapter.

6 (d) A designated beneficiary, or the designated beneficiary's authorized
7 representative in the case of a designated beneficiary unable to make a claim
8 due to disability, may submit a claim for accounting until the designated
9 beneficiary's 30th birthday, provided the designated beneficiary is a resident of
10 the State at the time of the claim. If a designated beneficiary dies before
11 submitting a valid claim or fails to submit a valid claim before the designated
12 beneficiary's 30th birthday, the designated beneficiary's accounting shall be
13 credited back to the assets of the Trust.

14 (e) The Treasurer shall adopt rules pursuant to 3 V.S.A. chapter 25 to carry
15 out the purposes of this section, including prescribing the process for
16 submitting a valid claim for accounting.

17 § 608. TRANSFER TO TRUST ANNUALLY

18 Annually, on or before July 1, the Treasurer shall transfer up to \$3,200.00
19 per designated beneficiary anticipated to be born in that fiscal year to the Trust
20 to be credited toward the accounting of each newly born designated beneficiary
21 as described in section 607 of this title. For any year in which the funds made

1 available pursuant to this section are insufficient to provide the full accounting
2 per designated beneficiary, the accounting shall be reduced on a pro rata basis,
3 with the calculation performed at the time of transfer.

4 § 609. DATA SHARING

5 In carrying out the purposes of this chapter, the Treasurer may enter into an
6 intergovernmental agreement or memorandum of understanding with any
7 agency or instrumentality of the State requiring disclosure to execute the
8 purposes of this chapter to receive outreach, technical assistance, enforcement,
9 and compliance services; collection or dissemination of information pertinent
10 to the Trust, including protected health information and personal identification
11 information, subject to such obligations of confidentiality as may be agreed to
12 or required by law; or other services or assistance.

13 Sec. 2. VERMONT BABY BOND TRUST; HOUSING OPPORTUNITIES;
14 REPORT

15 (a) The Office of the State Treasurer, in consultation with interested
16 stakeholders, shall evaluate whether funds from the Vermont Baby Bond Trust
17 established in 3 V.S.A. chapter 20 should be invested, consistent with the
18 Treasurer's fiduciary obligations, to promote an increase in housing
19 opportunities in Vermont. The report should examine the amount of funds
20 from the Vermont Baby Bond Trust that could be expended for this purpose;
21 how investments would be structured subject to the provisions of 32 V.S.A.

1 chapter 7, subchapter 2; and the anticipated impact of these investments on
2 housing in Vermont. The Office of the State Treasurer may also consider any
3 other issues relating to the Vermont Baby Bond Trust investments that the
4 Office identifies as warranting study.

5 (b) On or before January 15, 2025, the Office of the State Treasurer shall
6 submit a written report to the General Assembly with its findings and any
7 recommendations for legislative action.

8 Sec. 3. EFFECTIVE DATE

9 This act shall take effect on July 1, 2024.