

1 H.567

2 An act relating to unclaimed property, State retirement systems, and capital
3 debt

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

5 * * * Unclaimed Property * * *

6 Sec. 1. 27 V.S.A. § 1492 is amended to read:

7 § 1492. CONTENT OF REPORT

8 (a) The report required under section 1491 of this title must:

9 (1) be signed by or on behalf of the holder and verified as to its
10 completeness and accuracy;

11 (2) if filed electronically, be in a secure format approved by the
12 Administrator that protects confidential information of the apparent owner in
13 the same manner as required of the Administrator and the Administrator's
14 agent under subchapter 14 of this chapter;

15 (3) describe the property;

16 (4) except for a traveler's check, money order, or similar instrument,
17 contain the name, if known; last-known address, if known; and Social Security
18 number or taxpayer identification number, if known or readily ascertainable, of
19 the apparent owner of property with a value of \$50.00 or more;

20 (5) for an amount held or owing under a life, medical, or endowment
21 insurance policy or annuity contract, contain the name and last-known address

1 of the insured, annuitant, or other apparent owner of the policy or contract and
2 of the beneficiary, as well as any explanation of benefit numbers;

3 * * *

4 Sec. 2. 27 V.S.A. § 1543 is amended to read:

5 § 1543. EXPENSES AND SERVICE CHARGES OF ADMINISTRATOR

6 Before making a deposit of funds received under this chapter to the General
7 Fund, the Administrator may deduct:

8 (1) expenses of disposition of property delivered to the Administrator
9 under this chapter;

10 (2) costs of mailing and publication in connection with property
11 delivered to the Administrator under this chapter;

12 (3) reasonable service charges;

13 (4) expenses incurred in examining records of or collecting property
14 from a putative holder or holder; and

15 (5) property valued at ~~\$100.00~~ \$150.00 or less more than 10 years after
16 the abandoned property was received from the holder under subchapter 6 of
17 this chapter ~~shall be paid by the~~.

18 (A) The Administrator shall deposit funds deducted under this
19 subdivision (5) into the Vermont Retirement Security Fund created by 3
20 V.S.A. § 534 up to a maximum annual total of \$300,000.00.

1 (B) Notwithstanding subdivision (A) of this subdivision (5), in the
2 Administrator's sole discretion, funds deducted under this subdivision (5) may
3 be deposited into the Vermont Higher Education Endowment Trust Fund
4 created by 16 V.S.A. § 2885 ~~under authority of this subdivision, provided that~~
5 not more than a combined total of \$300,000.00 shall be deposited into the
6 Funds in a given year.

7 (C) For purposes of this subdivision, the value of the abandoned
8 property shall be that value as of the date the property was received from the
9 holder by the Administrator.

10 Sec. 3. 27 V.S.A. § 1543(5) is amended to read:

11 (5) property valued at \$150.00 or less more than 10 years after the
12 abandoned property was received from the holder under subchapter 6 of this
13 chapter.

14 (A) The Administrator shall deposit funds deducted under this
15 subdivision (5) into the ~~Vermont Retirement Security Fund created by 3~~
16 ~~V.S.A. § 534~~ Vermont Higher Education Endowment Trust Fund created by 16
17 V.S.A. § 2885 up to a maximum annual total of \$300,000.00.

18 ~~(B) Notwithstanding subdivision (A) of this subdivision (5), in the~~
19 ~~Administrator's sole discretion, funds deducted under this subdivision (5) may~~
20 ~~be deposited into the Vermont Higher Education Endowment Trust Fund~~

1 ~~created by 16 V.S.A. § 2885, provided that not more than a combined total of~~
2 ~~\$300,000.00 shall be deposited into the Funds in a given year. [Repealed.]~~

3 (C) For purposes of this subdivision, the value of the abandoned
4 property shall be that value as of the date the property was received from the
5 holder by the Administrator.

6 Sec. 4. 27 V.S.A. § 1553 is amended to read:

7 § 1553. CLAIM FOR PROPERTY BY PERSON CLAIMING TO BE
8 OWNER

9 (a) A person claiming to be the owner of property held under this chapter
10 by the Administrator may file a claim for the property on a form prescribed by
11 the Administrator. The claimant must verify the claim as to its completeness
12 and accuracy.

13 (b) The Administrator may waive the requirement in subsection (a) of this
14 section and may pay or deliver property directly to a person if:

15 (1) the person receiving the property or payment is shown to be the
16 apparent owner included on a report filed under section 1491 of this title;

17 (2) the Administrator reasonably believes the person is entitled to
18 receive the property or payment; and

19 (3) the property has a value of less than ~~\$250.00~~ 1,000.00.

1 Sec. 5. 27 V.S.A. § 1557 is amended to read:

2 § 1557. DECEASED OWNERS; MULTIPLE CLAIMANTS

3 (a) If the Administrator holds unclaimed property in the name of a
4 deceased owner, the Administrator may deliver the property as follows:

5 (1) In the case of an open estate, to the ~~Administrator~~ administrator or
6 executor.

7 (2) In the case of a closed estate and the unclaimed property is valued at
8 less than ~~\$5,000.00~~ 10,000.00, in accordance with the Probate Division of the
9 Superior Court decree of distribution.

10 (3) In the absence of an open estate or Probate Division of the Superior
11 Court decree of distribution, and the unclaimed property is valued at less than
12 ~~\$5,000.00~~ 10,000.00, to the surviving spouse of the deceased owner, or, if
13 there is no surviving spouse, then to the next of kin according to 14 V.S.A.
14 § 314.

15 (4) In all other cases where the Administrator holds property in the
16 name of a deceased owner, a probate estate shall be opened by the claimant, or
17 other interested party, in order to determine the appropriate distribution of the
18 unclaimed property. Where an estate is opened solely to distribute unclaimed
19 property under this section, the Probate Division of the Superior Court may
20 waive any filing fees.

1 (b) If the Administrator holds unclaimed property valued at ~~\$250.00~~
2 1,000.00 or less that more than one person owns, the Administrator may
3 deliver the property as follows:

4 (1) If the property has been listed on the Administrator's website for less
5 than one year, a proportionate share to each of the persons who owns the
6 property and who files a claim.

7 (2) If the property has been listed on the Administrator's website for a
8 year or more, to the first person who files a claim and who owns at least a
9 share of the property.

10 * * * Vermont State Retirement Systems * * *

11 Sec. 6. 3 V.S.A. § 488 is amended to read:

12 § 488. PAYMENT OF CONTRIBUTIONS

13 (a) The contributions computed under section 487 of this title together with
14 a pro rata share of the cost of the administration of the Vermont State
15 Retirement System based upon the payroll of the employees of the employer
16 who are members shall be certified by the Retirement Board to the Chief Fiscal
17 Officer of the employer. The amounts so certified shall be a charge against the
18 employer. The Chief Fiscal Officer shall pay to the State Treasurer the amount
19 certified by the Retirement Board as payable under the provisions of this
20 subchapter, and the State Treasurer shall credit such amounts to the Fund of
21 the Vermont State Retirement System.

1 (b) Any payments due that are not received within 30 days after the
2 installment due date set by the Board shall result in a penalty assessment
3 against the employer at the rate of one percent of the amount due for each
4 month calculated from the installment due date, provided that the Board may,
5 in its discretion, waive part or all of said penalty assessment if good cause is
6 shown. The delinquent payments and penalties thereon may be recovered by
7 action in a court of competent jurisdiction against the employer liable therefor
8 or may be deducted by or, at the request of the State Treasurer, from any other
9 monies payable to such employer by the State or any department or agency
10 thereof.

11 Sec. 7. PENSION AND BENEFITS FUNDING TASK FORCE; REPORT

12 (a) Creation. There is created the Pension and Benefits Funding Task
13 Force to review and report on the funding methodologies of the Vermont State
14 Retirement System and the State Teachers' Retirement System of Vermont,
15 including the State Employees' Postemployment Benefits Trust Fund and the
16 Retired Teachers' Health and Medical Benefits Fund.

17 (b) Membership. The Task Force shall be composed of the following
18 members:

19 (1) the Chair of the House Committee on Appropriations, who shall be
20 an ex officio member;

1 (2) the Chair of the Senate Committee on Appropriations, who shall be
2 an ex officio member;

3 (3) the Secretary of Administration or designee;

4 (4) the State Treasurer or designee;

5 (5) one member, appointed by the Vermont National Education
6 Association;

7 (6) one member, appointed by the Vermont State Employees’
8 Association; and

9 (7) one member, appointed by the President of the Vermont Troopers’
10 Association.

11 (c) Powers and duties.

12 (1) The Task Force shall review the existing funding schedules and
13 methodologies for the following retirement systems:

14 (A) the Vermont State Retirement Fund, 3 V.S.A. § 473;

15 (B) the State Employees’ Postemployment Benefits Trust Fund, 3
16 V.S.A. § 479a;

17 (C) the Vermont Teachers’ Retirement Fund, 16 V.S.A. § 1944; and

18 (D) the Retired Teachers’ Health and Medical Benefits Fund, 16
19 V.S.A. § 1944b.

20 (2) Following the review required by subdivision (1) of this subsection,
21 the Task Force shall make recommendations about the funding methodologies

1 of these systems, consistent with actuarial and governmental accounting
2 standards, with due consideration of the following:

3 (A) the long-term sustainability of the pension and benefit plans;

4 (B) the total cost of funding the systems over time;

5 (C) the predictability and stability of annual actuarially determined
6 employer contributions;

7 (D) the impact of any change in funding methodologies on the State's
8 credit rating; and

9 (E) best funding practices as recommended by actuaries and
10 implemented by peer public pension systems.

11 (3) The Task Force shall not make recommendations on member
12 benefits, contribution levels, or assumed rates of return.

13 (d) Assistance.

14 (1) The Task Force shall have the administrative, technical, legal, and
15 fiscal assistance of the Office of the State Treasurer, Vermont Pension
16 Investment Commission, and the Joint Fiscal Office.

17 (2) The Office of the State Treasurer is authorized to contract for
18 advisory services for the Task Force from an actuarial and financial expert, as
19 necessary.

20 (e) Report. On or before December 15, 2026, the Task Force shall submit a
21 final report to the General Assembly, the Retirement Board of the Vermont

1 State Retirement System, and the Board of Trustees of the State Teachers'
2 Retirement System of Vermont with its findings and any recommendations for
3 legislative action.

4 (f) Meetings.

5 (1) The State Treasurer or designee shall be the chair. The Task Force
6 shall elect a vice chair from among its members at the first meeting.

7 (2) The Chair shall call the first meeting of the Task Force to occur on
8 or before June 15, 2026.

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

10 (4) The Task Force shall cease to exist on December 31, 2026.

11 (g) Compensation and reimbursement.

12 (1) For attendance at meetings during adjournment of the General
13 Assembly, a legislative member of the Task Force serving in the member's
14 capacity as a legislator shall be entitled to per diem compensation and
15 reimbursement of expenses pursuant to 2 V.S.A. § 23 for not more than six
16 meetings. These payments shall be made from monies appropriated to the
17 General Assembly.

18 (2) Other members of the Task Force who are not State employees shall
19 be entitled to per diem compensation and reimbursement of expenses as
20 permitted under 32 V.S.A. § 1010 for not more than six meetings. These
21 payments shall be made from monies appropriated to the State Treasurer.

1 such investigation, the Retirement Board shall adopt for the Retirement System
2 such mortality, service, and other tables as shall be deemed necessary and shall
3 certify the rates of contribution payable under the provisions of this
4 subchapter.

5 (k) On the basis of such mortality and service tables as the Retirement
6 Board shall adopt, the actuary shall make annual valuations of the assets and
7 liabilities of the ~~fund~~ Fund of the Retirement System.

8 ~~(l) The Commission shall designate from time to time a depository for the~~
9 ~~securities and evidences of indebtedness held in the Fund of the System and~~
10 ~~may contract for the safekeeping of securities and evidences of indebtedness~~
11 ~~within and without the State of Vermont in such banks, trust companies, and~~
12 ~~safe deposit facilities as it shall from time to time determine. The necessary~~
13 ~~and incidental expenses of such safekeeping and for service rendered,~~
14 ~~including advisory services in investment matters, shall be paid from the~~
15 ~~operation expenses of the System as set forth in this chapter. Any agreement~~
16 ~~for the safekeeping of securities or evidences of indebtedness shall provide for~~
17 ~~the access to such securities and evidences of indebtedness, except securities~~
18 ~~loaned pursuant to a securities lending agreement as authorized by subsection~~
19 ~~(m) of this section, at any time by the custodian or any authorized agent of the~~
20 ~~State for audit or other purposes. [Repealed.]~~

1 (m) ~~The Commission may authorize the loan of its securities pursuant to~~
2 ~~securities lending agreements that provide for collateral consisting of cash or~~
3 ~~securities issued or guaranteed by the U.S. government or its agencies equal to~~
4 ~~100 percent or more of the market value of the loaned securities. Cash~~
5 ~~collateral may be invested by the lending institution in investments approved~~
6 ~~by the State Treasurer. Approval of investments shall be made in accordance~~
7 ~~with the standard of care established by the prudent investor rule under 9~~
8 ~~V.S.A. chapter 147. [Repealed.]~~

9 (n) The Board shall review annually the amount of State contribution
10 recommended by the actuary of the Retirement System as necessary to achieve
11 and preserve the financial integrity of the ~~fund~~ Fund established pursuant to
12 section 473 of this title. Based on this review, the Board shall recommend the
13 amount of State contribution that should be appropriated for the next fiscal
14 year to achieve and preserve the financial integrity of the ~~fund~~ Fund. On or
15 before November 1 of each year, the Board shall submit this recommendation
16 to the Governor and the House Committees on Government Operations and
17 Military Affairs and on Appropriations and the Senate Committees on
18 Government Operations and on Appropriations. The provisions of 2 V.S.A.
19 § 20(d) (expiration of required reports) shall not apply to the report to be made
20 under this subsection.

1 Sec. 9. 3 V.S.A. § 472 is amended to read:

2 § 472. INVESTMENTS; INTEREST RATE; DISBURSEMENTS;

3 STANDARDS OF CONDUCT

4 (a) The members of the Vermont Pension Investment Commission
5 established in chapter 17 of this title shall be the trustees of the Funds created
6 by this subchapter, 16 V.S.A. chapter 55, and 24 V.S.A. chapter 125, and with
7 respect to them may invest and reinvest the assets of the Fund, and hold,
8 purchase, sell, assign, transfer, and dispose of the securities and investments in
9 which the assets of the Fund have been invested and reinvested. Investments
10 shall be made in accordance with the standard of care established by the
11 prudent investor rule under 9 V.S.A. chapter 147.

12 (b) From time to time, the Retirement Board shall set the rate or rates of
13 regular interest at such percent rate compounded annually as shall be
14 determined by the Board, such rate to be limited to a minimum of three percent
15 and a maximum of five percent.

16 ~~(c) The State Treasurer shall be the custodian of the assets of the Fund of~~
17 ~~the Retirement System. All payments from the Fund shall be made by the~~
18 ~~State Treasurer or his or her deputy, with approval of the Retirement Board. A~~
19 ~~duly attested copy of a resolution of the Retirement Board designating such~~
20 ~~persons and bearing on its face specimen signatures of such persons shall be~~

1 ~~filed with the State Treasurer as his or her authority for making payments upon~~
2 ~~such vouchers. [Repealed.]~~

3 (d) Except as otherwise provided for in this section, no trustee and no
4 employee of the Board ~~or member of the Commission~~ shall have any direct
5 interest in the gains or profits of any investment made by the Commission; nor
6 shall any trustee or employee of the Board ~~or the Commission~~, directly or
7 indirectly, for the trustee or employee personally or as an agent, in any manner
8 use the same except to make such current and necessary payments as are
9 authorized by the Board ~~or Commission~~; nor shall any trustee or employee of
10 the Board ~~or the Commission~~ become an endorser or surety, or in any manner
11 an obligor, for the monies loaned to or borrowed from the Board. The
12 Treasurer, with the approval of the Board ~~and the Commission~~, shall adopt by
13 rule standards of conduct for trustees and employees of the Board in order to
14 maintain and promote public confidence in the integrity of the Board. Such
15 rules shall prohibit trustees and employees from receiving or soliciting any
16 gift, including meals, alcoholic beverages, travel fare, room and board, or any
17 other thing of value, tangible or intangible, from any vendor or potential
18 vendor of investment services, management services, brokerage services, and
19 other services to the Board ~~or Commission~~.

1 ~~of retirement system monies. All balances in the Benefits Fund at the end of~~
2 ~~the fiscal year shall be carried forward. Interest earned shall remain in the~~
3 ~~Benefits Fund. The Treasurer's annual financial report to the Governor and the~~
4 ~~General Assembly shall contain an accounting of receipts, disbursements, and~~
5 ~~earnings of the Benefits Fund. [Repealed.]~~

6 (d) Held in trust. All funds of the Benefits Fund shall be held in one or
7 more trusts, custodial accounts treated as trusts, or a combination thereof.
8 Contributions to the Benefits Fund shall be irrevocable, and it shall be
9 impossible at any time prior to the satisfaction of all liabilities, with respect to
10 employees and their beneficiaries, for any part of the corpus or income of the
11 Benefits Fund to be used for or diverted to purposes other than the payment of
12 retiree postemployment benefits to members and their beneficiaries and
13 reasonable expenses of administering the Benefits Fund and related benefit
14 plans. All balances in the Benefits Fund at the end of the fiscal year shall be
15 carried forward. Interest earned shall remain in the Benefits Fund.

16 * * *

17 Sec. 11. 3 V.S.A. § 521 is amended to read:

18 § 521. DEFINITIONS

19 As used in this chapter:

20 * * *

1 Sec. 13. 3 V.S.A. § 523 is amended to read:

2 § 523. VERMONT PENSION INVESTMENT COMMISSION; DUTIES

3 (a) General. The Vermont Pension Investment Commission shall serve as
4 the custodian of the funds and shall be responsible for the investment of the
5 assets of the ~~Vermont State Teachers' Retirement System, the Vermont State~~
6 ~~Employees' Retirement System, and the Vermont Municipal Employees'~~
7 ~~Retirement System pursuant to section 472 of this title, 16 V.S.A. § 1943, and~~
8 ~~24 V.S.A. § 5063~~ Plans. The Commission shall strive to maximize total return
9 on investment, within acceptable levels of risk for public retirement systems, in
10 accordance with the standards of care established by the prudent investor rule
11 under 14A V.S.A. § ~~902~~ chapter 9. The Commission may, in its discretion,
12 subject to approval by the Attorney General, also enter into agreements with
13 municipalities administering their own retirement systems to invest retirement
14 funds for those municipal pension plans. ~~The State Treasurer shall serve as the~~
15 ~~custodian of the funds of all three retirement systems. The Commission may,~~
16 ~~in its discretion, also enter into agreements with the State Treasurer to invest~~
17 ~~the State Employees' Postemployment Benefits Trust Fund, established in~~
18 ~~section 479a of this title, and the Retired Teachers' Health and Medical~~
19 ~~Benefits Fund, established in 16 V.S.A. § 1944b.~~

1 (b) Powers and duties. The Commission shall have the following duties:

2 (1) Set the following actuarial assumptions:

3 (A) the investment rate of return;

4 (B) the inflation rate; and

5 (C) the smoothing rate method used for the actuarial valuation of
6 assets and returns.

7 (2) Not more than 180 days after the end of each fiscal year, conduct an
8 asset allocation study that reviews the expected return of each ~~fund~~ Plan's
9 assets, including a risk analysis using best practices methodologies to estimate
10 potential risks to ~~the fund's~~ each Plan's asset values over a five-, 10-, and 20-
11 year period and the remainder of the statutory amortization period. The study
12 shall be submitted to the House Committee on Government Operations and
13 Military Affairs and the Senate Committee on Government Operations and the
14 Office of the Governor and made publicly available within 10 days of
15 following completion.

16 * * *

17 (d) Policies and limitations.

18 (1) Except as otherwise provided in this section, no member and no
19 employee of the Commission shall have any direct interest in the gains or
20 profits of any investment made by the Commission; nor shall any member or
21 employee of the Commission, directly or indirectly, for the member or

1 employee personally or as an agent, in any manner use the same except to
2 make such current and necessary payments as are authorized by the
3 Commission; nor shall any member or employee of the Commission become
4 an endorser or surety, or in any manner an obligor, for the monies loaned to or
5 borrowed from the Commission.

6 (2) The Commission shall formulate policies and procedures deemed
7 necessary and appropriate to carry out its functions, including a written
8 statement of the responsibilities of and expectations for the Chair of the
9 Commission and standards of conduct for members and employees of the
10 Commission in order to maintain and promote public confidence in the
11 integrity of the Commission. The standard of conduct policies shall prohibit
12 members and employees from receiving or soliciting any gift, including meals,
13 alcoholic beverages, travel fare, room and board, or any other thing of value,
14 tangible or intangible, from any vendor or potential vendor of investment
15 services, management services, brokerage services, and other services to the
16 Commission.

17 * * *

18 (f) Asset and liability study. Beginning on July 1, 2023, and every three
19 years thereafter, based on the most recent actuarial valuations of each Plan, the
20 Commission shall study the assets and liabilities of each Plan over a 20-year
21 period. The study shall:

1 year period and the funding ratio of each Plan to each Plan beneficiary at the
2 end of each fiscal year; and

3 (B) a report on the status of the funding and investment performance
4 of each Plan and any relevant information from the asset liability and scenario
5 testing completed during the prior fiscal year.

6 (2) The Commission shall send to each participant or beneficiary of each
7 Plan a written or electronic copy of the report described in subdivision (1) of
8 this subsection, in the format authorized by the participant or beneficiary. The
9 report shall be consolidated with any other reports required to be sent by the
10 Commission to the participants or beneficiaries of each Plan.

11 (3) Reports required by subdivision (1) of this subsection shall include
12 an accounting of receipts, disbursements, and earnings of the State Employees'
13 Postemployment Benefits Trust Fund established pursuant to section 479a of
14 this title and the Retired Teachers' Health and Medical Benefits Fund
15 established pursuant to 16 V.S.A. § 1944b.

16 (4) The provisions of 2 V.S.A. § 20(d) (expiration of required reports)
17 shall not apply to the reports to be made under this subsection.

18 (i) Securities depository. The Commission shall designate from time to
19 time a depository for the securities and evidences of indebtedness held in the
20 Plans and may contract for the safekeeping of securities and evidences of
21 indebtedness within and outside the State of Vermont in such banks, trust

1 companies, and safe-deposit facilities as it shall from time to time determine.
2 The necessary and incidental expenses of such safekeeping and for service
3 rendered, including advisory services in investment matters, shall be paid from
4 the operation expenses of the individual Plan as hereinafter provided. Any
5 agreement for the safekeeping of securities or evidences of indebtedness shall
6 provide for the access to such securities and evidences of indebtedness, except
7 securities loaned pursuant to a securities lending agreement as authorized by
8 subsection (j) of this section, at any time by the custodian or any authorized
9 agent of the State for audit or other purposes.

10 (j) Securities lending agreements. The Commission may authorize the loan
11 of its securities pursuant to securities lending agreements that provide for
12 collateral consisting of cash or securities issued or guaranteed by the U.S.
13 government or its agencies equal to 100 percent or more of the market value of
14 the loaned securities. Cash collateral may be invested by the lending
15 institution in investments approved by the Commission. Approval of
16 investments shall be made in accordance with the standard of care established
17 by the prudent investor rule under 14A V.S.A. chapter 9.

18 Sec. 14. 3 V.S.A. § 524 is amended to read:

19 § 524. VERMONT PENSION INVESTMENT COMMISSION SPECIAL

20 FUND

1 (a) Creation.

2 (1) There is hereby created the Vermont Pension Investment
3 Commission Special Fund, administered by the Vermont Pension Investment
4 Commission, for the purpose of receiving funds transferred to the Commission
5 pursuant to subsection 522(i) of this title. Monies in the Fund shall be used to
6 pay expenses associated with carrying out the Commission's duties.

7 (2) As used in this section, "Fund" means the Vermont Pension
8 Investment Commission Special Fund created by this section.

9 (b) Funds. The Fund shall consist of:

10 (1) any amounts collected and transferred by the ~~three retirement~~
11 ~~systems~~ Plans and any individual municipalities that have been allowed to
12 invest their retirement funds pursuant to subsection 523(a) of this title;

13 (2) any amounts transferred or appropriated to it by the General
14 Assembly; and

15 (3) any interest earned by the Fund.

16 Sec. 15. 16 V.S.A. § 1931 is amended to read:

17 § 1931. DEFINITIONS

18 As used in this chapter:

19 * * *

20 (23) "Commission" means the Vermont Pension Investment
21 Commission created by 3 V.S.A. § 522.

1 ~~States government or its agencies equal to 100 percent or more of the market~~
2 ~~value of the loaned securities. Cash collateral may be invested by the lending~~
3 ~~institution in investments approved by the State Treasurer. Approval of~~
4 ~~investments shall be made in accordance with the standard of care. [Repealed.]~~

5 * * *

6 Sec. 17. 16 V.S.A. § 1943 is amended to read:

7 § 1943. INVESTMENTS; INTEREST RATE; DISBURSEMENTS;

8 STANDARDS OF CONDUCT

9 (a) The members of the Vermont Pension Investment Commission
10 established in 3 V.S.A. chapter 17 shall be the trustees of the Pension Fund
11 created by this chapter, and with respect to them may invest and reinvest the
12 assets of the Pension Fund, and hold, purchase, sell, assign, transfer, and
13 dispose of the securities and investments in which the assets of the Pension
14 Fund have been invested and reinvested. Investments shall be made in
15 accordance with the standard of care established by the prudent investor rule
16 under 14A V.S.A. chapter 9.

17 (b) The Board from time to time shall set rates of regular interest at such
18 percentages compounded annually as it determines to be equitable both to
19 members and to taxpayers of the State, but not less than three percent nor more
20 than five percent.

1 (c) ~~The State Treasurer shall be the custodian of the assets of the Pension~~
2 ~~Fund of the System. All payment from the Pension Fund shall be made by the~~
3 ~~Treasurer or by a deputy treasurer, only upon vouchers signed by two persons~~
4 ~~designated by the Board. A duly attested copy of a resolution of the Board~~
5 ~~designating such persons and bearing on its face specimen signatures of such~~
6 ~~persons shall be filed with the State Treasurer as authority for making~~
7 ~~payments upon such vouchers. No vouchers shall be drawn unless it has~~
8 ~~previously been authorized by resolution of the Board. [Repealed.]~~

9 (d) Except as otherwise provided in this section, no trustee and no
10 employee of the Board ~~or member of the Vermont Pension Investment~~
11 ~~Commission~~ shall have any direct interest in the gains or profits of any
12 investment made by the Commission; nor shall any trustee or employee of the
13 Board ~~or Commission~~, directly or indirectly, for ~~himself or herself~~ the trustee
14 or employee personally or as an agent, in any manner use the same except to
15 make such current and necessary payments as are authorized by the Board ~~or~~
16 ~~Commission~~; nor shall any trustee or employee of the Board ~~or Commission~~
17 become an endorser or surety, or in any manner an obligor, for the monies
18 loaned to or borrowed from the Board. The State Treasurer, with the approval
19 of the Board ~~and the Commission~~, shall adopt by rule standards of conduct for
20 trustees and employees of the Board in order to maintain and promote public
21 confidence in the integrity of the Board. Such rules shall prohibit trustees and

1 employees from receiving or soliciting any gift, including meals, alcoholic
2 beverages, travel fare, room and board, or any other thing of value, tangible or
3 intangible, from any vendor or potential vendor of investment services,
4 management services, brokerage services, and other services to the Board.

5 Sec. 18. 16 V.S.A. § 1944b is amended to read:

6 § 1944b. RETIRED TEACHERS' HEALTH AND MEDICAL BENEFITS

7 FUND

8 (a) There is established the Retired Teachers' Health and Medical Benefits
9 Fund (Benefits Fund) to pay retiree postemployment benefits when due in
10 accordance with the terms established by the Board of Trustees of the State
11 Teachers' Retirement System of Vermont pursuant to subsection 1942(p) and
12 section 1944e of this title. The Benefits Fund is intended to comply with and
13 be a ~~tax-exempt~~ tax-exempt governmental trust under Section 115 of the
14 Internal Revenue Code of 1986, as amended. ~~The Benefits Fund shall be~~
15 ~~administered by the Treasurer.~~

16 * * *

17 (d) ~~The Treasurer may invest monies in the Benefits Fund in accordance~~
18 ~~with the provisions of 32 V.S.A. § 434 or, in the alternative, may enter into an~~
19 ~~agreement with the Vermont Pension Investment Commission to invest such~~
20 ~~monies in accordance with the standards of care established by the prudent~~
21 ~~investor rule under 14A V.S.A. § 902, in a manner similar to the~~

1 ~~Commission's investment of retirement system monies.~~ Interest earned shall
2 remain in the Benefits Fund, and all balances remaining at the end of a fiscal
3 year shall be carried over to the following year. ~~The Treasurer's annual~~
4 ~~financial report to the Governor and the General Assembly shall contain an~~
5 ~~accounting of receipts, disbursements, and earnings of the Benefits Fund.~~

6 * * *

7 Sec. 19. 24 V.S.A. § 5062 is amended to read:

8 § 5062. RETIREMENT BOARD; MEDICAL BOARD; ACTUARY; RATES
9 OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

10 * * *

11 (m) ~~The Vermont Pension Investment Commission shall designate from~~
12 ~~time to time a depository for the securities and evidences of indebtedness held~~
13 ~~in the Fund of the System and may contract for the safekeeping of securities~~
14 ~~and evidences of indebtedness within and without the State of Vermont in such~~
15 ~~banks, trust companies, and safe deposit facilities as it shall from time to time~~
16 ~~determine. The necessary and incidental expenses of such safekeeping and for~~
17 ~~service rendered, including advisory services in investment matters, shall be~~
18 ~~paid from the operation expenses of the System as hereinafter provided. Any~~
19 ~~agreement for the safekeeping of securities or evidences of indebtedness shall~~
20 ~~provide for the access to such securities and evidences of indebtedness, except~~
21 ~~securities loaned pursuant to a securities lending agreement as authorized by~~

1 ~~subsection (o) of this section, at any time by the custodian or any authorized~~
2 ~~agent of the State for audit or other purposes. [Repealed.]~~

3 * * *

4 (o) ~~The Vermont Pension Investment Commission may authorize the loan~~
5 ~~of its securities pursuant to securities lending agreements that provide for~~
6 ~~collateral consisting of cash or securities issued or guaranteed by the U.S.~~
7 ~~government or its agencies equal to 100 percent or more of the market value of~~
8 ~~the loaned securities. Cash collateral may be invested by the lending~~
9 ~~institution in investments approved by the State Treasurer. Approval of~~
10 ~~investments shall be made in accordance with the standard of care established~~
11 ~~by the prudent investor rule under 9 V.S.A. chapter 147. [Repealed.]~~

12 Sec. 20. 24 V.S.A. § 5063 is amended to read:

13 § 5063. INVESTMENTS; INTEREST RATE; DISBURSEMENTS

14 * * *

15 (e) Except as otherwise herein provided, no trustee and no employee of the
16 Retirement Board ~~or Vermont Pension Investment Commission~~ shall have any
17 direct interest in the gains or profits of any investment made by the
18 Commission, nor shall any trustee, ~~member of the Commission,~~ or employee
19 of the Board ~~or Commission,~~ directly or indirectly, for ~~himself or herself~~ the
20 trustee or employee personally or as an agent, in any manner use the same
21 except to make such current and necessary payments as are authorized by the

1 Board ~~or Commission~~; nor shall any trustee or employee of the Board ~~or~~
2 ~~Commission~~ become an endorser or surety, or in any manner an obligor, for
3 monies loaned to or borrowed from the Board.

4 * * * Pension Credits * * *

5 Sec. 21. 16 V.S.A. § 1944 is amended to read:

6 § 1944. VERMONT TEACHERS' RETIREMENT FUND

7 * * *

8 (b) Member contributions.

9 * * *

10 (12)(A) Any Group A or Group C member may elect to have included in
11 the member's creditable service years of service during which the member
12 exercised ~~his or her~~ the member's option not to be a member of the System.
13 Any member who so elects shall deposit in the Pension Fund by a single
14 contribution an amount computed at regular interest to be sufficient to provide
15 at normal retirement an annuity equal to one and two-thirds or two percent,
16 whichever is applicable pursuant to section 1937 of this title, of the member's
17 average compensation multiplied by the number of years of service for which
18 the member elects to receive credit.

19 (B)(i) Prior to receiving a retirement allowance, any Group A or
20 Group C member who is elected to serve as the president of an employee
21 organization designated as the exclusive bargaining representative for

1 employees in this chapter may elect to have included in the member's
2 creditable service a year during which they received no creditable service due
3 to serving as the employee organization president with full release from
4 employment responsibilities to a qualifying System employer, provided that on
5 behalf of any member who so elects, the employee organization shall deposit
6 in the Pension Fund an amount computed at regular interest to be sufficient to
7 provide at normal retirement an annuity equal to one and two-thirds or two
8 percent, whichever is applicable pursuant to section 1937 of this title, of the
9 member's average final compensation.

10 (ii) Any purchase under this subdivision (B) shall be completed
11 and payment received by the System on or before June 30 for each year of
12 service purchased.

13 (iii) It shall be the responsibility of the employee organization to
14 initiate each purchase with the System.

15 * * *

16 Sec. 22. 24 V.S.A. § 5054a is amended to read:

17 § 5054a. ELECTIVE CREDITS

18 * * *

19 (d)(1) Prior to receiving a retirement allowance, any Group A, B, or C
20 member who is elected to serve as the president of an employee organization
21 designated as the exclusive bargaining representative for employees in this

1 chapter may elect to have included in the member's creditable service a year
2 during which they received no creditable service due to serving as the
3 employee organization president with full release from employment
4 responsibilities to a qualifying System employer, provided that on behalf of
5 any member who so elects, the employee organization shall deposit in the
6 Pension Fund an amount determined by the System's actuary to be cost neutral
7 to the System.

8 (2) Any purchase under this subsection shall be completed and payment
9 received by the System on or before June 30 for each year of service
10 purchased.

11 (3) It shall be the responsibility of the employee organization to initiate
12 each purchase with the System.

13 * * * Capital Debt * * *

14 Sec. 23. 32 V.S.A. § 1001 is amended to read:

15 § 1001. CAPITAL DEBT AFFORDABILITY ADVISORY COMMITTEE

16 * * *

17 (c) Committee estimate of a prudent amount of net State tax-supported
18 debt; affordability considerations. On or before September 30 of each year, the
19 Committee shall submit to the Governor and the General Assembly the
20 Committee's estimate of net State tax-supported debt that prudently may be
21 authorized for the next fiscal year, together with a report explaining the basis

1 for the estimate. The Committee's estimate shall not take into consideration
2 the balance remaining at the end of each fiscal year in the subaccounts of the
3 Cash Fund for Capital and Essential Investments, established pursuant to
4 section 1001b of this title. The provisions of 2 V.S.A. § 20(d) (expiration of
5 required reports) shall not apply to the report to be made under this subsection.
6 In developing its annual estimate, and in preparing its annual report, the
7 Committee shall consider:

8 * * *

9 (4) The criteria that recognized bond rating agencies use to judge the
10 quality of issues of State bonds, including:

11 (A) existing and projected total debt service on net tax-supported
12 debt as a percentage of combined General and Transportation Fund revenues,
13 excluding surpluses in these revenues that may occur in an individual fiscal
14 year;

15 (B) existing and projected total net tax-supported debt outstanding as
16 a percentage of total State personal income;

17 (C) existing and projected pension and other postemployment benefit
18 liability metrics; and

19 (D) other metrics ~~at the Committee's discretion~~ adopted by
20 recognized bond rating agencies, including long-term liabilities not covered in
21 subdivisions (A)–(C) of this subdivision (4).

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* * *

(11) ~~The capital asset depreciation ratio reflecting unfunded capital maintenance costs~~ Measures reflecting the remaining useful life of State infrastructure and the potential for future capital maintenance and replacement costs.

* * *

Sec. 24. [Deleted.]

* * * Effective Dates * * *

Sec. 25. EFFECTIVE DATES

This act shall take effect on July 1, 2026, except that:

(1) this section and Sec. 7 (Pension and Benefits Funding Task Force) shall take effect on passage; and

(2) Sec. 3 (unclaimed property expenses and service charges sunset) shall take effect on January 1, 2040.