

1 Sec. 21. 24 V.S.A. chapter 53, subchapter 7 is added to read:

2 Subchapter 7. Community and Housing Infrastructure Program

3 § 1906. DEFINITIONS

4 As used in this subchapter:

5 (1) “Brownfield” means a property on which the presence or potential  
6 presence of a hazardous material, pollutant, or contaminant complicates the  
7 expansion, development, redevelopment, or reuse of the property.

8 (2) “Committed” means pledged and appropriated for the purpose of the  
9 current and future payment of financing and related costs.

10 (3) “Developer” means the person undertaking to construct a housing  
11 development.

12 (4) “Financing” means debt, including principal, interest, and any fees  
13 or charges directly related to that debt, incurred by a sponsor, or other  
14 instruments or borrowing used by a sponsor, to pay for a housing infrastructure  
15 project and, in the case of a sponsor that is a municipality, authorized by the  
16 municipality pursuant to section 1910a of this subchapter.

17 (5) “Housing development” means the construction, rehabilitation, or  
18 renovation of any building on a housing development site approved under this  
19 subchapter.

1           (6) “Housing development site” means the parcel or parcels  
2           encompassing a housing development as authorized by a municipality pursuant  
3           to section 1908 of this subchapter.

4           (7) “Housing infrastructure agreement” means a legally binding  
5           agreement to finance and develop a housing infrastructure project and to  
6           construct a housing development among a municipality, a developer, and, if  
7           applicable, a third-party sponsor.

8           (8) “Housing infrastructure project” means one or more improvements  
9           authorized by a municipality pursuant to section 1908 of this subchapter.

10           (9) “Improvements” means:

11           (A) the installation, construction, or rehabilitation of infrastructure  
12           that will serve a public good and fulfill the purpose of housing infrastructure  
13           tax increment financing as stated in section 1907 of this subchapter, including  
14           utilities, digital infrastructure, roads, bridges, sidewalks, parking, public  
15           facilities and amenities, public recreation, land and property acquisition and  
16           demolition, brownfield remediation, site preparation, and flood remediation  
17           and mitigation; and

18           (B) the funding of debt service interest payments for a period of up to  
19           four years, beginning on the date on which the debt is first incurred.

1           (10) “Legislative body” means the mayor and alderboard, the city  
2           council, the selectboard, and the president and trustees of an incorporated  
3           village, as appropriate.

4           (11) “Municipality” means a city, town, or incorporated village.

5           (12) “Original taxable value” means the total valuation as determined in  
6           accordance with 32 V.S.A. chapter 129 of all taxable real property located  
7           within a housing development site as of its creation date, provided that no  
8           parcel within the housing development site shall be divided or bisected.

9           (13) “Related costs” means expenses incurred and paid by a  
10          municipality, exclusive of the actual cost of constructing and financing  
11          improvements, that are directly related to the creation and implementation of  
12          the municipality’s housing infrastructure project, including reimbursement of  
13          sums previously advanced by the municipality for those purposes. Related  
14          costs may include direct municipal expenses such as departmental or personnel  
15          costs related to creating or administering the housing infrastructure project to  
16          the extent they are paid from the tax increment realized from municipal and not  
17          education taxes and using only that portion of the municipal increment above  
18          the percentage required for serving debt as determined in accordance with  
19          subsection 1910c(c) of this subchapter.

20          (14) “Sponsor” means the person undertaking to finance a housing  
21          infrastructure project. Any of a municipality, a developer, or an independent

1 agency that meets State lending standards may serve as a sponsor for a housing  
2 infrastructure project.

3 § 1907. PURPOSE

4 The purpose of housing infrastructure tax increment financing is to provide  
5 revenues for improvements and related costs to encourage the development of  
6 primary residences for households of low or moderate income.

7 § 1908. CREATION OF HOUSING INFRASTRUCTURE PROJECT AND  
8 HOUSING DEVELOPMENT SITE

9 (a) The legislative body of a municipality may create within its jurisdiction  
10 a housing infrastructure project, which shall consist of improvements that  
11 stimulate the development of housing, and a housing development site, which  
12 shall consist of the parcel or parcels on which a housing development is  
13 installed or constructed and any immediately contiguous parcels.

14 (b) To create a housing infrastructure project and housing development  
15 site, a municipality, in coordination with stakeholders, shall:

16 (1) develop a housing development plan, including:

17 (A) a description of the proposed housing infrastructure project, the  
18 proposed housing development, and the proposed housing development site;

19 (B) identification of a sponsor;

20 (C) a tax increment financing plan meeting the standards of  
21 subsection 1910(f) of this subchapter;

1           (D) a pro forma projection of expected costs of the proposed housing  
2           infrastructure project;

3           (E) a projection of the tax increment to be generated by the proposed  
4           housing development; and

5           (F) a development schedule that includes a list, a cost estimate, and a  
6           schedule for the proposed housing infrastructure project and the proposed  
7           housing development;

8           (2) develop a plan describing the housing development site by its  
9           boundaries and the properties therein, entitled “Proposed Housing  
10          Development Site (municipal name), Vermont”;

11          (3) hold one or more public hearings, after public notice, on the  
12          proposed housing infrastructure project, including the plans developed  
13          pursuant to this subsection; and

14          (4) adopt by act of the legislative body of the municipality the plan  
15          developed under subdivision (2) of this subsection, which shall be recorded  
16          with the municipal clerk and lister or assessor.

17          (c) The creation of a housing development site shall occur at 12:01 a.m. on  
18          April 1 of the calendar year in which the Vermont Economic Progress Council  
19          approves the use of tax increment financing for the housing infrastructure  
20          project pursuant to section 1910 of this subchapter.

1     § 1909. HOUSING INFRASTRUCTURE AGREEMENT

2             (a) The housing infrastructure agreement for a housing infrastructure  
3     project shall:

4                 (1) clearly identify the sponsor for the housing infrastructure project;

5                 (2) clearly identify the developer and the housing development for the  
6     housing development site;

7                 (3) obligate the tax increments retained pursuant to section 1910c of this  
8     subchapter for not more than the financing and related costs for the housing  
9     infrastructure project;

10                (4) provide terms to ensure that any housing unit within the housing  
11     development be offered exclusively as a primary residence throughout the life  
12     of the housing development site; and

13                (5) provide for performance assurances to reasonably secure the  
14     obligations of all parties under the housing infrastructure agreement.

15             (b) A municipality shall provide notice of the terms of the housing  
16     infrastructure agreement for the municipality's housing infrastructure project  
17     to the legal voters of the municipality and shall provide the same information  
18     as set forth in subsection 1910a(e) of this subchapter.

1     § 1910. HOUSING INFRASTRUCTURE PROJECT APPLICATION;

2             VERMONT ECONOMIC PROGRESS COUNCIL

3             (a) Application. A municipality, upon approval of its legislative body, may  
4     apply to the Vermont Economic Progress Council to use tax increment  
5     financing for a housing infrastructure project.

6             (b) Review. The Vermont Economic Progress Council may approve only  
7     applications that:

8                 (1) meet the process requirements, either of the project criteria, and  
9     either of the location criteria of this section; and

10                (2) are submitted on or before December 31, 2035.

11             (c) Process requirements. The Vermont Economic Progress Council shall  
12     review a municipality's housing infrastructure project application to determine  
13     whether the municipality has:

14                (1) created a housing infrastructure project and housing development  
15     site pursuant to section 1908 of this subchapter;

16                (2) executed a housing infrastructure agreement for the housing  
17     infrastructure project adhering to the standards of section 1909 of this  
18     subchapter with a developer and, if the municipality is not financing the  
19     housing infrastructure project itself, a sponsor; and

1           (3) approved or pledged to use incremental municipal tax revenues for  
2           the housing infrastructure project in the proportion provided for municipal tax  
3           revenues in section 1910c of this subchapter.

4           (d) Project criteria.

5           (1) The Vermont Economic Progress Council shall review a  
6           municipality's housing infrastructure project application to determine whether  
7           at least 40 percent of the gross floor area of the projected housing development  
8           is dedicated to housing.

9           (2) If the Vermont Economic Progress Council determines that a  
10          municipality's housing infrastructure project application satisfies the process  
11          requirements and either of the location criteria of this section but does not  
12          satisfy the project criterion under subdivision (1) of this subsection, the  
13          Council shall request the Community and Housing Infrastructure Program  
14          Board to determine whether the projected housing development will  
15          meaningfully address the housing needs of the community, and the Board's  
16          affirmative determination will satisfy this project criterion.

17          (e) Location criteria. The Vermont Economic Progress Council shall  
18          review a municipality's housing infrastructure project application to determine  
19          whether the housing development site is located within one of the following  
20          areas, provided that a housing development for which all permits required  
21          pursuant to 10 V.S.A. chapter 151 (State land use and development plans) have



1 been secured as of the time of application shall be deemed to have satisfied the  
2 location criteria of this subsection:

3 (1) an area designated Tier 1A or Tier 1B pursuant to 10 V.S.A. chapter  
4 151 (State land use and development plans) or an area exempt from the  
5 provisions of that chapter pursuant to 10 V.S.A. § 6081(dd) (interim housing  
6 exemptions); or

7 (2) an existing settlement or an area within one-half mile of an existing  
8 settlement, as that term is defined in 10 V.S.A. § 6001(16).

9 (f) Tax increment financing plan. The Vermont Economic Progress  
10 Council shall approve a municipality's tax increment financing plan prior to a  
11 sponsor's incurrence of debt for the housing infrastructure project, including, if  
12 the sponsor is a municipality, prior to a public vote to pledge the credit of the  
13 municipality under section 1910a of this subchapter. The tax increment  
14 financing plan shall include:

- 15 (1) a statement of costs and sources of revenue;  
16 (2) estimates of assessed values within the housing development site;  
17 (3) the portion of those assessed values to be applied to the housing  
18 infrastructure project;  
19 (4) the resulting tax increments in each year of the financial plan;  
20 (5) the amount of bonded indebtedness or other financing to be incurred;  
21 (6) other sources of financing and anticipated revenues; and

1           (7) the duration of the financial plan.

2           § 1910a. INDEBTEDNESS

3           (a) A municipality approved for tax increment financing under section  
4           1910 of this subchapter may incur indebtedness against revenues of the  
5           housing development site at any time during a period of up to five years  
6           following the creation of the housing development site. The Vermont  
7           Economic Progress Council may extend this debt incursion period by up to  
8           three years. If no debt is incurred for the housing infrastructure project during  
9           the debt incursion period, whether by the municipality or sponsor, the housing  
10          development site shall terminate.

11          (b) Notwithstanding any provision of any municipal charter, each instance  
12          of borrowing by a municipality to finance or otherwise pay for a housing  
13          infrastructure project shall occur only after the legal voters of the municipality,  
14          by a majority vote of all voters present and voting on the question at a special  
15          or annual municipal meeting duly warned for the purpose, authorize the  
16          legislative body to pledge the credit of the municipality, borrow, or otherwise  
17          secure the debt for the specific purposes so warned.

18          (c) Any indebtedness incurred under this section may be retired over any  
19          period authorized by the legislative body of the municipality.

1       (d) The housing development site shall continue until the date and hour the  
2       indebtedness is retired or, if no debt is incurred, five years following the  
3       creation of the housing development site.

4       (e) A municipal legislative body shall provide information to the public  
5       prior to the public vote required under subsection (b) of this section. This  
6       information shall include the amount and types of debt and related costs to be  
7       incurred, including principal, interest, and fees; terms of the debt; the housing  
8       infrastructure project to be financed; the housing development projected to  
9       occur because of the housing infrastructure project; and notice to the voters  
10       that if the tax increment received by the municipality from any property tax  
11       source is insufficient to pay the principal and interest on the debt in any year,  
12       the municipality shall remain liable for the full payment of the principal and  
13       interest for the term of the indebtedness. If interfund loans within the  
14       municipality are used, the information must also include documentation of the  
15       terms and conditions of the loan.

16       (f) If interfund loans within the municipality are used as the method of  
17       financing, no interest shall be charged.

18       (g) The use of a bond anticipation note shall not be considered a first  
19       incurrence of debt pursuant to subsection (a) of this section.

20       § 1910b. ORIGINAL TAXABLE VALUE; TAX INCREMENT

1       (a) As of the date the housing development site is created, the lister or  
2       assessor for the municipality shall certify the original taxable value and shall  
3       certify to the legislative body in each year thereafter during the life of the  
4       housing development site the amount by which the total valuation as  
5       determined in accordance with 32 V.S.A. chapter 129 of all taxable real  
6       property within the housing development site has increased or decreased  
7       relative to the original taxable value.

8       (b) Annually throughout the life of the housing development site, the lister  
9       or assessor shall include not more than the original taxable value of the real  
10       property in the assessed valuation upon which the treasurer computes the rates  
11       of all taxes levied by the municipality and every other taxing district in which  
12       the housing development site is situated, but the treasurer shall extend all rates  
13       so determined against the entire assessed valuation of real property for that  
14       year.

15       (c) Annually throughout the life of the housing development site, a  
16       municipality shall remit not less than the aggregate education property tax due  
17       on the original taxable value to the Education Fund.

18       (d) Annually throughout the life of the housing development site, the  
19       municipality shall hold apart, rather than remit to the taxing districts, that  
20       proportion of all taxes paid that year on the real property within the housing  
21       development site that the excess valuation bears to the total assessed valuation.

1     The amount held apart each year is the “tax increment” for that year. The tax  
2     increment shall only be used for financing and related costs.

3         (e) Not more than the percentages established pursuant to section 1910c of  
4     this subchapter of the municipal and State education tax increments received  
5     with respect to the housing development site and committed for the payment  
6     for financing for improvements and related costs shall be segregated by the  
7     municipality in a special tax increment financing account and in its official  
8     books and records until all capital indebtedness incurred for the housing  
9     infrastructure project has been fully paid. The final payment shall be reported  
10    to the treasurer, who shall thereafter include the entire assessed valuation of the  
11    housing development site in the assessed valuations upon which the municipal  
12    and other tax rates are computed and extended, and thereafter no taxes from  
13    the housing development site shall be deposited in the special tax increment  
14    financing account.

15         (f) Notwithstanding any charter provision or other provision, all property  
16    taxes assessed within a housing development site shall be subject to the  
17    provisions of this section. Special assessments levied under chapter 76A or 87  
18    of this title or under a municipal charter shall not be considered property taxes  
19    for the purpose of this section if the proceeds are used exclusively for  
20    operating expenses related to properties within the housing development site  
21    and not for improvements within the housing development site.

1     § 1910c. USE OF TAX INCREMENT; RETENTION PERIOD

2         (a) Uses of tax increments. A municipality may apply tax increments  
3         retained pursuant to this subchapter to debt incurred within the period  
4         permitted under section 1910a of this subchapter, to related costs, and to the  
5         direct payment of the cost of a housing infrastructure project. A municipality  
6         may provide tax increment to a sponsor only upon receipt of an invoice for  
7         payment of the financing, and the sponsor shall confirm to the municipality  
8         once the tax increment has been applied to the financing. Any direct payment  
9         shall be subject to the same public vote provisions of section 1910a of this  
10        subchapter as apply to debt.

11        (b) Education property tax increment. Up to 70 percent of the education  
12        property tax increment may be retained for up to 20 years, beginning the first  
13        year in which debt is incurred for the housing infrastructure project. Upon  
14        incurring the first debt, a municipality shall notify the Department of Taxes  
15        and the Vermont Economic Progress Council of the beginning of the retention  
16        period of the education property tax increment.

17        (c) Municipal property tax increment. Not less than 85 percent of the  
18        municipal property tax increment may be retained, beginning the first year in  
19        which debt is incurred for the housing infrastructure project.

20        (d) Excess tax increment.

1           (1) Of the municipal and education property tax increments received in  
2           any tax year that exceed the amounts committed for the payment of the  
3           financing and related costs for a housing infrastructure project, equal portions  
4           of each increment may be retained for the following purposes:

5                     (A) to prepay principal and interest on the financing;

6                     (B) to place in a special tax increment financing account required  
7           pursuant to subsection 1910b(e) of this subchapter and use for future financing  
8           payments; or

9                     (C) to use for defeasance of the financing.

10           (2) Any remaining portion of the excess education property tax  
11           increment shall be distributed to the Education Fund. Any remaining portion  
12           of the excess municipal property tax increment shall be distributed to the city,  
13           town, or village budget in the proportion that each budget bears to the  
14           combined total of the budgets unless otherwise negotiated by the city, town, or  
15           village.

16           (e) Adjustment of percentage. During the tenth year following the creation  
17           of a housing development site, the municipality shall submit an updated tax  
18           increment financing plan to the Vermont Economic Progress Council which  
19           shall include adjustments and updates of appropriate data and information  
20           sufficient for the Vermont Economic Progress Council to determine, based on  
21           tax increment financing debt actually incurred and the history of increment

1 generated during the first ten years, whether the percentages approved under  
2 this section should be continued or adjusted to a lower percentage to be  
3 retained for the remaining duration of the retention period and still provide  
4 sufficient municipal and education increment to service the remaining debt.

5 § 1910d. INFORMATION REPORTING

6 (a) A municipality with an active housing infrastructure project shall:

7 (1) develop a system, segregated for the housing infrastructure project,  
8 to identify, collect, and maintain all data and information necessary to fulfill  
9 the reporting requirements of this section;

10 (2) provide timely notification to the Department of Taxes and the  
11 Vermont Economic Progress Council of any housing infrastructure project  
12 debt, public vote, or vote by the municipal legislative body immediately  
13 following the debt incurrence or public vote on a form prescribed by the  
14 Council, including copies of public notices, agendas, minutes, vote tally, and a  
15 copy of the information provided to the public pursuant to subsection 1910a(e)  
16 of this subchapter;

17 (3) annually on or before February 15, submit on a form prescribed by  
18 the Vermont Economic Progress Council an annual report to the Council and  
19 the Department of Taxes, including the information required by subdivision (2)  
20 of this subsection if not previously submitted, the information required for  
21 annual audit under section 1910e of this subchapter, and any information



1 required by the Council or the Department of Taxes for the report required  
2 pursuant to subsection (b) of this section.

3 (b) Annually on or before April 1, the Vermont Economic Progress Council  
4 and the Department of Taxes shall submit a report to the Senate Committees on  
5 Economic Development, Housing and General Affairs and on Finance and the  
6 House Committees on Commerce and Economic Development and on Ways  
7 and Means on housing infrastructure projects approved pursuant to this  
8 subchapter, including for each:

9 (1) the date of approval;

10 (2) a description of the housing infrastructure project;

11 (3) the original taxable value of the housing development site;

12 (4) the scope and value of projected and actual improvements and  
13 developments in the housing development site, including the number of  
14 housing units created;

15 (5) the expected or actual sale and rental prices of any housing units;

16 (6) the number of housing units known to be occupied on a basis other  
17 than as primary residence;

18 (7) the number and types of housing units for which a permit is being  
19 pursued under 10 V.S.A. chapter 151 (State land use and development plans)  
20 and, for each applicable housing development, the current stage of the  
21 permitting process;

1           (8) projected and actual incremental revenue amounts;

2           (9) the allocation of incremental revenue, including the amount  
3           allocated to related costs; and

4           (10) projected and actual financing.

5           (c) On or before January 15, 2030, the Vermont Economic Progress  
6           Council shall submit a report to the Senate Committees on Economic  
7           Development, Housing and General Affairs and on Finance and the House  
8           Committees on Commerce and Economic Development and on Ways and  
9           Means that:

10           (1) describes for each housing development site the change in assessed  
11           valuation and the municipal grand list across the life of the housing  
12           infrastructure project;

13           (2) describes barriers municipalities, developers, and sponsors encounter  
14           in using the Community and Housing Infrastructure Program; and

15           (3) provides considerations for updating the Community and Housing  
16           Infrastructure Program to address any barriers identified under subdivision (2).

17           (d) On or before January 15, 2035, the Vermont Economic Progress  
18           Council shall submit a report to the Senate Committees on Economic  
19           Development, Housing and General Affairs and on Finance and the House  
20           Committees on Commerce and Economic Development and on Ways and  
21           Means evaluating the success of the Community and Housing Infrastructure

1 Program in achieving its purpose, as stated in section 1907 of this chapter,  
2 including by identifying the amount and kinds of housing produced through  
3 the Program and by determining whether housing development pursued  
4 through the Program meets the project criterion and location criteria of section  
5 1910 of this chapter.

6 § 1910e. AUDITING

7 Annually on or before April 1 until the year following the end of the period  
8 for retention of education property tax increment, a municipality with a  
9 housing infrastructure project approved under this subchapter shall ensure that  
10 the special tax increment financing account required by section 1910b of this  
11 subchapter is subject to the annual audit prescribed in section 1681 or 1690 of  
12 this title and submit a copy to the Vermont Economic Progress Council. If an  
13 account is subject only to the audit under section 1681 of this title, the Council  
14 shall ensure a process is in place to subject the account to an independent audit.  
15 Procedures for the audit must include verification of the original taxable value  
16 and annual and total municipal and education property tax increments  
17 generated, expenditures for financing and related costs, and current balance.

18 § 1910f. GUIDANCE

19 (a) The Secretary of Commerce and Community Development, after  
20 reasonable notice to a municipality and an opportunity for a hearing, may issue  
21 decisions to a municipality on questions and inquiries concerning the

1 administration of housing infrastructure projects, statutes, rules,  
2 noncompliance with this subchapter, and any instances of noncompliance  
3 identified in audit reports conducted pursuant to section 1910e of this  
4 subchapter.

5 (b) The Vermont Economic Progress Council shall prepare  
6 recommendations for the Secretary of Commerce and Community  
7 Development prior to any decision issued pursuant to subsection (a) of this  
8 section. The Council may prepare recommendations in consultation with the  
9 Commissioner of Taxes, the Attorney General, and the State Treasurer. In  
10 preparing recommendations, the Council shall provide a municipality with a  
11 reasonable opportunity to submit written information in support of its position.

12 (c) The Secretary of Commerce and Community Development shall review  
13 the recommendations of the Council and issue a final written decision on each  
14 matter within 60 days following receipt of the recommendations. The  
15 Secretary may permit an appeal to be taken by any party to a Superior Court  
16 for determination of questions of law in the same manner as the Supreme Court  
17 may by rule provide for appeals before final judgment from a Superior Court  
18 before issuing a final decision.

19 (d) The Vermont Economic Progress Council may adopt rules that are  
20 reasonably necessary to implement this subchapter.

1     § 1910g. COMMUNITY AND HOUSING INFRASTRUCTURE PROGRAM

2             BOARD

3             (a) Creation. There is created the Community and Housing Infrastructure  
4             Program Board to assist the Vermont Economic Progress Council with  
5             evaluating a municipality's housing infrastructure project application pursuant  
6             to subsection 1910(d) of this subchapter.

7             (b) Membership. The Board shall be composed of the following members:

8                 (1) the State Treasurer, who shall serve as chair of the Board];

9                 (2) the Executive Director of the Vermont Housing Finance Agency;

10                (3) the Chief Executive Officer of the Vermont Economic Development  
11             Authority;

12                (4) the Executive Director of the Vermont Bond Bank; and

13                (5) the Executive Director of the Vermont League of Cities and Towns.

14             (c) Duties. Upon request of the Vermont Economic Progress Council, the  
15             Board shall evaluate the housing development plan component of a  
16             municipality's housing infrastructure project application to determine whether  
17             the proposed housing development will meaningfully serve the housing needs  
18             of the community.

19             (d) Assistance. The Board shall have the administrative and technical  
20             assistance of the [Office of the State Treasurer][Agency of Commerce and  
21             Community Development].

1       (e) Meetings. The Board shall meet upon request of the Vermont  
2       Economic Progress Council.

3       (f) Compensation and reimbursement. Members of the Board shall be  
4       entitled to per diem compensation and reimbursement of expenses as permitted  
5       under section 1010 of this title.

6       (g) Decisions not subject to review. A decision of the Board under  
7       subsection (c) of this section is an administrative decision that is not subject to  
8       the contested case hearing requirements under 3 V.S.A. chapter 25 and is not  
9       subject to judicial review.

10      Sec. 21a. 24 V.S.A. 1910(d) is amended to read:

11       (d) Location criteria. The Vermont Economic Progress Council shall  
12      review a municipality's housing infrastructure project application to determine  
13      whether the housing development site is located within one of the following  
14      areas, provided that a housing development for which all permits required  
15      pursuant to 10 V.S.A. chapter 151 (State land use and development plans) have  
16      been secured as of the time of application shall be deemed to have satisfied the  
17      location criteria of this subsection:

18           (1) an area designated Tier 1A or Tier 1B pursuant to 10 V.S.A. chapter  
19      151 or an area exempt from the provisions of that chapter pursuant to 10  
20      V.S.A. § 6081(dd) (interim housing exemptions); **or**

1           (2) an existing settlement or an area within one-half mile of an existing  
2           settlement, as that term is defined in 10 V.S.A. § 6001(16); or

3           (3) an area designated Tier 2 pursuant to 10 V.S.A. chapter 151.

4           Sec. 27. EFFECTIVE DATES

5           (a) Sec. 21a shall take effect on January 1, 2028.