

1 Introduced by Senator Chittenden

2 Referred to Committee on

3 Date:

4 Subject: Municipal and county government; finances; accounts and audits;

5 unassigned fund balance; emergency borrowing; level debt service

6 Statement of purpose of bill as introduced: This bill proposes to authorize
7 municipal corporations to establish a carryforward unassigned fund balance for
8 any budgetary monies not expended by the end of the fiscal year. This bill also
9 proposes to authorize the legislative bodies of municipalities to borrow monies
10 in the name of the municipal corporation during, without approval of the
11 voters, in order to pay expenses for fund public improvements associated with
12 a state of emergency or an all-hazards event, provided that the term of
13 indebtedness is not more than five years or a term not to exceed the reasonably
14 anticipated usefulness of the improvements or assets. This bill also proposes to
15 amend 24 V.S.A. § 1759 to allow creditors and municipal corporations to agree
16 to a level debt repayment option for the bonds governed by that section.

17 An act relating to municipal funds and indebtedness

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

19 Sec. 1. 24 V.S.A. 1585 is added to read:

20 § 1585. UNASSIGNED FUND BALANCE

1 Monies from a budget approved by the voters at an annual or special
2 meeting that are not expended by the end of a municipality’s fiscal year shall
3 be under the control and direction of the legislative body of the municipality
4 and may be carried forward from year to year as an unassigned fund balance.
5 Unassigned fund balances may be invested and reinvested as are other monies
6 received by a town treasurer and may be expended for any public purpose as
7 established by the legislative body of the municipality.

8 Sec. 2. 24 V.S.A. § 1790 is added to read:

9 § 1790. EMERGENCY BORROWING; ALL-HAZARD EVENT OR STATE
10 OF EMERGENCY

11 The legislative body of a municipality may borrow money, in the name of
12 the municipal corporation, by issuance of its notes or orders for the purpose of
13 paying expenses of the municipal corporation or for public improvements
14 associated with an all-hazards event or a declared state of emergency pursuant
15 to 20 V.S.A. chapter 1. The notes or orders shall be for a period of not more
16 than five years or a term not to exceed the reasonably anticipated useful life of
17 the improvements or assets financed by the notes or orders.

18 Sec. 3. 24 V.S.A. § 1759 is amended to read:

19 § 1759. DENOMINATIONS; PAYMENTS; INTEREST

20 (a)(1) Any bond issued under this subchapter shall draw interest at a rate
21 not to exceed the rate approved by the voters of the municipal corporation in

1 accordance with section 1758 of this title, or if no rate is specified in the vote
2 under that section, at a rate approved by the legislative branch of the municipal
3 corporation, ~~such~~ the interest to be payable ~~semiannually~~ as determined by the
4 legislative body of the municipal corporation. ~~Such~~ The bonds or bond shall
5 be payable serially, the first payment to be deferred not later than from one to
6 five years after the issuance of the bonds and subsequent principal payments or
7 debt service payments, which include both principal and interest payments, to
8 be continued annually in ~~equal~~ substantially level or ~~diminishing~~ declining
9 amounts, as determined by the legislative body of the municipality, so that the
10 entire debt will be paid in not more than 20 years from the date of issue.

11 (2) In the case of bonds issued for the purchase or development of a
12 municipal forest, the first payment may be deferred not more than 30 years
13 from the date of issuance ~~thereof~~ of the bond. ~~Thereafter such~~ After any
14 deferral period, the bonds or bond shall be payable annually in ~~equal~~
15 substantially level or ~~diminishing amounts~~ declining annual debt service as the
16 legislative body of the municipal corporation may determine, so that the entire
17 debt will be paid in not more than 60 years from the date of issue.

18 * * *

19 (b) General obligation bonds authorized under this subchapter for the
20 purpose of financing the improvement, construction, acquisition, repair,
21 renovation, and replacement of a municipal plant as defined in 30 V.S.A. §

1 2901 shall be paid serially, the first payment to be deferred not later than from
2 one to five years after the issuance of the bonds, and subsequent principal
3 payments or debt service payments, which include both principal and interest
4 payments, to be continued annually in substantially level or declining amounts,
5 as determined by the legislative body of the municipal corporation, so that the
6 entire debt will be paid ~~over a term equal to the useful life of the financed~~
7 ~~improvements, but~~ not more than 40 years from the date of issue, ~~and may be~~
8 ~~so arranged that beginning with the first year in which principal is payable, the~~
9 ~~amount of principal and interest in any year shall be as nearly equal as is~~
10 ~~practicable according to the denomination in which such bonds are issued,~~
11 notwithstanding other permissible payment schedules authorized by this
12 section.

13 Sec. 4. EFFECTIVE DATE

14 This act shall take effect on July 1, 2025.