

*** Recovery of Funding for Cancelled Projects ***

Sec. 3. 19 V.S.A. § 309c is amended to read:

§ 309c. Cancellation of locally managed projects

(a)~~(1)~~ Notwithstanding section 309a of this title, a municipality or other local sponsor responsible for a locally managed project through a grant agreement with the Agency shall be responsible for the repayment, in whole or in part, of ~~federal funds required by the Federal Highway Administration or other federal agency~~ funds provided pursuant to the grant agreement because of cancellation of the project by the municipality or other local sponsor due to circumstances or events wholly or partly within the municipality's or other local sponsor's control.

~~(1)~~ (2) Prior to any ~~such~~ determination that cancellation of a project was due to circumstances or events wholly or partly within a municipality's or other local sponsor's control, the Agency shall consult with the municipality or other local sponsor to attempt to reach an agreement to determine the scope of the municipality's or other local sponsor's repayment obligation.

~~(b)(1)~~ (b)(1) Within ~~15~~ 30 days ~~of~~ after an Agency determination under subsection (a) of this section, a municipality or other local sponsor may petition the Board for a hearing to determine if cancellation of the project was due to circumstances or events ~~in whole wholly or in part partly~~ outside the municipality's or local sponsor's control.

~~(2)~~ (2) The Board shall ~~hold~~ schedule a hearing on the petition ~~within 30 60 days~~ within 30 60 days of following its receipt and shall issue an appropriate order ~~within 30 60 days~~ within 30 60 days ~~thereafter~~ after the hearing. If the Board determines that cancellation of the project was due in whole or in part to circumstances or events outside the municipality's or local sponsor's

control, it shall order that the municipality's or the local sponsor's repayment obligation be reduced ~~proportionally, in whole or in part~~ in proportion to the degree to which circumstances or events outside of the municipality's or local sponsor's control caused the cancellation of the project.

(3) The municipality or other local sponsor shall have no obligation to make a repayment under this section until the Board issues its order.

(c)(1) A Committee is hereby established to develop specific criteria and guidelines for determining when and how payback should be applied. The Committee shall consist of the following members:

- a. Representatives from the Vermont Agency of Transportation (VTrans);
- b. Representatives from the Vermont League of Cities and Towns (VLCT);
- c. Representatives from the Vermont Association of Planning and Development Agencies (VAPDA).

(2) The Committee shall submit a report containing its findings and recommendations to the General Assembly and the Agency of Transportation no later than January 15, 2026. The recommendations will address:

- a. Criteria for determining when payback is warranted;
- b. Criteria for determining the amount of payback;
- c. Criteria for determining municipal payback exemptions, including definitions of "within" or "not within" a municipality's control regarding project cancellations.
- d. A transparent process for VTrans decision-making regarding payback;

e. Appropriate timelines for project sponsors to make decisions on project cancellations;

f. Timelines for VTrans decision-making, project sponsor appeals, and Transportation Board (T Board) decisions;