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H.397

An act relating to miscellaneous amendments to the statutes governing emergency management and flood response

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

* * * Division of Emergency Management; Plans and Reports * * *

Sec. 1. 20 V.S.A. § 3a is amended to read:

§ 3a. EMERGENCY MANAGEMENT DIVISION; DUTIES; BUDGET

(a) In addition to other duties required by law, the Division of Emergency Management shall:

* * *

(3) Annually on or before the last legislative day in January, provide an update and presentation to the House Committee on Government Operations and Military Affairs and the Senate Committee on Government Operations concerning all action items in the all-hazards mitigation plan required by subdivision (1) of this subsection.

(4) Provide assistance to municipalities to develop and implement the components of the Statewide Emergency Management Plan described in subdivision 41(4) of this chapter.

* * *

1 Sec. 2. 20 V.S.A. § 41 is amended to read:

2 § 41. STATE EMERGENCY MANAGEMENT PLAN

3 The Department of Public Safety's Vermont Emergency Management
4 Division, in collaboration with the Chief Recovery Officer and in consultation
5 with regional planning commissions, the Vermont League of Cities and
6 Towns, and Vermont's long-term recovery groups, shall create, and republish
7 as needed, but not less than every five years, a comprehensive State
8 Emergency Management Plan. The Plan shall:

9 (1) detail response systems during all-hazards events, including
10 communications, coordination among State, local, private, and volunteer
11 entities, and the deployment of State and federal resources. ~~The Plan shall also;~~

12 (2) detail the State's emergency preparedness measures and goals,
13 including those for the prevention of, protection against, mitigation of, and
14 recovery from all-hazards events. ~~The Plan shall;~~

15 (3) include templates and guidance for regional emergency management
16 and for local emergency plans that support municipalities in their respective
17 emergency management planning; and

18 (4) provide a framework for municipalities to develop and implement:

19 (A) emergency parking plans for areas within a municipality affected
20 by an all-hazard event;

1 the acquired property as open space with a deed restriction or covenant
2 prohibiting development of the property.

3 Sec. 4. 32 V.S.A. § 3709 is amended to read:

4 § 3709. PILOT SPECIAL FUND

5 (a) There is hereby established a PILOT Special Fund consisting of local
6 option tax revenues paid to the Treasurer pursuant to 24 V.S.A. § 138. This
7 Fund shall be managed by the Commissioner of Taxes pursuant to chapter 7,
8 subchapter 5 of this title. Notwithstanding subdivision 588(3) of this title, all
9 interest earned on the Fund shall be retained in the Fund for use in meeting
10 future obligations. The Fund shall be exclusively for payments required under
11 chapter 123, ~~subchapter~~ subchapters 4 and 4C of this title, and for any
12 additional State payments in lieu of taxes for correctional facilities ~~and to the~~
13 ~~City of Montpelier~~. The Commissioner of Finance and Management may draw
14 warrants for disbursements from this Fund in anticipation of receipts.

15 * * *

16 Sec. 5. 32 V.S.A. chapter 123, subchapter 4C is added to read:

17 Subchapter 4C. Municipal Grand List Stabilization Program

18 § 3710. MUNICIPAL GRAND LIST STABILIZATION PROGRAM

19 (a) There is established the Municipal Grand List Stabilization Program
20 within the Department of Taxes to reimburse municipalities for municipal
21 property taxes assessed under chapter 133 of this title for flood-prone

1 properties acquired by a municipality pursuant to 20 V.S.A. § 51 or a prior
2 voluntary buyout program operated by the Division of Emergency
3 Management.

4 (b) On or before September 1 of each year, the Commissioner of Public
5 Safety shall certify to the Commissioner of Taxes the properties eligible for the
6 Municipal Grand List Stabilization Program and shall submit any other
7 information required by the Commissioner of Taxes. To be eligible for
8 the Program under this subchapter, a municipality must have acquired an
9 eligible property on or after July 1, 2023 and preserved the property as open
10 space with a deed restriction or covenant prohibiting development of the
11 property. The Commissioner of Public Safety shall first certify properties to
12 the Commissioner of Taxes pursuant to this subsection on or before September
13 1, 2025.

14 (c) Upon notification by the Commissioner of Public Safety, the
15 Commissioner of Taxes shall certify the payment amounts and make an annual
16 payment to each municipality for each eligible property to compensate for the
17 loss of municipal property tax. The payment shall be calculated using the
18 grand list value of the acquired property for the year during which the property
19 was either damaged by flooding or identified as flood-prone by the
20 Commissioner of Public Safety, multiplied by the municipal tax rate, including

1 any submunicipal tax rates, in effect each year. This payment shall be made on
2 or before January 1 of each year for five years.

3 (d) A property shall not be eligible for reimbursement payments for more
4 than 10 years. The Commissioner shall make an annual payment for the full
5 amount calculated under subsection (c) of this section for five years. After a
6 municipality has received payments for an eligible property for five
7 consecutive years, the Commissioner shall make an annual payment to the
8 municipality for any subsequent year of eligibility in an amount equal to one-
9 half of the amount calculated under subsection (c) of this section.

10 (e) Payment under this section shall be calculated and issued from the
11 PILOT Special Fund under section 3709 of this title only after all other grants
12 under subchapter 4 of this chapter are calculated and issued. If the PILOT
13 Special Fund balance is insufficient to pay the full amount of all payments
14 authorized under this subchapter, then payments calculated under this section
15 and due to each municipality for each property shall be reduced
16 proportionately.

17 * * * Division of Emergency Management; Assistance to Municipalities * * *

18 Sec. 6. [Deleted.]

1 Sec. 7. 20 V.S.A. § 52 is added to read:

2 § 52. DIVISION OF EMERGENCY MANAGEMENT; ALL-HAZARD
3 AND WEATHER ALERT SYSTEMS FOR MUNICIPAL
4 CORPORATIONS

5 Upon request of a municipal corporation, the Division of Emergency
6 Management, in collaboration with regional planning commissions and the
7 Vermont League of Cities and Towns, shall assist the municipal corporation
8 with access to and development of the following:

9 (1) surface water flood monitoring devices, which shall automatically
10 trigger notification systems for emergency services providers and residents;

11 (2) alert systems that are integrated with a statewide weather alert
12 system for real-time updates during severe weather events; and

13 (3) connection to a statewide enhanced weather alert system that:

14 (A) predicts local and regional conditions using advanced modeling;
15 and

16 (B) issues real-time warnings for flooding, blizzards, and ice storms
17 through multiple communication channels.

18 * * * Needs Assessment Report * * *

1 Sec. 8. DIVISION OF EMERGENCY MANAGEMENT; STATE
2 STAKEHOLDERS; NEEDS ASSESSMENT; REPORT

3 The Division of Emergency Management, Chief Recovery Officer, Agency
4 of Commerce and Community Development, Agency of Natural Resources,
5 and Agency of Transportation shall conduct a needs assessment to identify any
6 additional staffing, resources, technical needs, or authority needed to carry out
7 the provisions of this act. On or before November 15, 2025, the Division shall
8 submit a written report to the House Committees on Appropriations and on
9 Government Operations and Military Affairs and the Senate Committees on
10 Appropriations and on Government Operations containing the needs
11 assessments conducted by the State agencies and departments identified in this
12 section.

13 Sec. 9. [Deleted.]

14 * * * Municipal Finances and Indebtedness * * *

15 Sec. 10. 24 V.S.A. 1585 is added to read:

16 § 1585. UNASSIGNED FUND BALANCE

17 Monies from a budget approved by the voters at an annual or special
18 meeting that are not expended by the end of a municipality's fiscal year shall
19 be under the control and direction of the legislative body of the municipality
20 and may be carried forward from year to year as an unassigned fund balance.
21 Unassigned fund balances may be invested and reinvested as are other monies

1 received by a town treasurer and may be expended for any public purpose as
2 established by the legislative body of the municipality.

3 Sec. 11. 24 V.S.A. § 1790 is added to read:

4 § 1790. EMERGENCY BORROWING; ALL-HAZARD EVENT OR STATE
5 OF EMERGENCY

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

13 Sec. 12. [Deleted.]

14 * * * Dam Drawdown During Emergency Flood Events * * *

15 Sec. 13. 20 V.S.A. § 9 is amended to read:

16 § 9. EMERGENCY POWERS OF GOVERNOR

17 Subject to the provisions of this chapter, in the event of an all-hazards event
18 in or directed upon the United States or Canada that causes or may cause
19 substantial damage or injury to persons or property within the State in any
20 manner, the Governor may declare a state of emergency within the entire State
21 or any portion or portions of the State. Thereafter, the Governor shall have and

1 may exercise for as long as the Governor determines the emergency to exist the
2 following additional powers within ~~such~~ the area or areas:

3 * * *

4 (12) In consultation with the Secretary of Natural Resources or
5 designee, to authorize the Agency to waive applicable permits and restrictions
6 under 10 V.S.A. chapter 47 or the Vermont Water Quality Standards to allow
7 dams within the State to draw down water levels in anticipation of a flood
8 event that is likely to cause substantial damage or injury to persons or property.
9 Waivers may only be issued if the Governor, in consultation with the Secretary
10 of Natural Resources or designee, has significant reason to believe doing so
11 will decrease the risk of substantial damage to persons or property within the
12 State. Dam operators operating under a waiver shall be required to make every
13 effort to minimize the environmental impact of a water level drawdown under
14 the authorized waiver.

15 * * * Local Option Tax; Amount Paid to Municipality * * *

16 Sec. 13a. 24 V.S.A. § 138 is amended to read:

17 § 138. LOCAL OPTION TAXES

18 * * *

19 (c)(1) Any tax imposed under the authority of this section shall be collected
20 and administered by the Department of Taxes, in accordance with State law
21 governing such State tax or taxes and subdivision (2) of this subsection;

1 provided, however, that a sales tax imposed under this section shall be
2 collected on each sale that is subject to the Vermont sales tax using a
3 destination basis for taxation. Except with respect to taxes collected on the
4 sale of aviation jet fuel, a per-return fee of \$5.96 shall be assessed, ~~70~~ 75
5 percent of which shall be borne by the municipality, and ~~30~~ 25 percent of
6 which shall be borne by the State to be paid from the PILOT Special Fund.
7 Notwithstanding 32 V.S.A. § 603 or any other provision of law or municipal
8 charter to the contrary, revenue from the fee shall be used to compensate the
9 Department for the costs of administering and collecting the local option tax
10 and of administering the State appraisal and litigation program established in
11 32 V.S.A. § 5413. The fee shall be subject to the provisions of 32 V.S.A.
12 § 605.

13 * * *

14 (d)(1) Except as provided in subsection (c) of this section and subdivision
15 (2) of this subsection with respect to taxes collected on the sale of aviation jet
16 fuel, of the taxes collected under this section, ~~70~~ 75 percent of the taxes shall
17 be paid on a quarterly basis to the municipality in which they were collected,
18 after reduction for the costs of administration and collection under subsection
19 (c) of this section. Revenues received by a municipality may be expended for
20 municipal services only, and not for education expenditures. Any remaining

1 revenue shall be deposited into the PILOT Special Fund established by 32
2 V.S.A. § 3709.

3 * * *

4 * * * Flooding Abatement Program * * *

5 Sec. 13b. 2024 Acts and Resolves No. 82, Sec. 1, as amended by 2024 Acts
6 and Resolves No. 108, Sec. 3, is further amended to read:

7 Sec. 1. REIMBURSEMENT TO MUNICIPALITIES OF STATE
8 EDUCATION PROPERTY TAXES THAT WERE ABATED DUE
9 TO FLOODING

10 (a)(1) The Commissioner of Taxes may approve an application by a
11 municipality for reimbursement of State education property tax payments owed
12 under 32 V.S.A. § 5402(c) and 16 V.S.A. § 426. To be eligible for
13 reimbursement under this section, prior to November 15, ~~2024~~ 2025, a
14 municipality must have abated, in proportion to the abated municipal tax,
15 under 24 V.S.A. § 1535 the State education property taxes that were assessed
16 on eligible property, after application of any property tax credit allowed under
17 32 V.S.A. chapter 154.

18 (2) As used in this subsection, “eligible property” means property lost
19 or destroyed due directly or indirectly to severe storms and flooding in an area
20 that was declared a federal disaster between July 1, 2023 and ~~October 15, 2023~~

1 December 31, 2024, provided the loss or destruction resulted in one or more of
2 the following:

3 (A) a 50 percent or greater loss in value to the primary structure on
4 the property;

5 (B) loss of use by the property owner of the primary structure on the
6 property for 60 days or more;

7 (C) loss of access by the property owner to utilities for the primary
8 structure on the property for 60 days or more; or

9 (D) condemnation of the primary structure on the property under
10 federal, State, or municipal law, as applicable.

11 (b) If a municipality demonstrates that, due to disruption to tax collections
12 resulting from flooding in an area that was declared a federal disaster between
13 July 1, 2023 and ~~October 15, 2023~~ December 31, 2024, the municipality
14 incurred unanticipated interest expenses on funds borrowed to make State
15 education property tax payments owed under 32 V.S.A. § 5402(c) and 16
16 V.S.A. § 426, the municipality may be reimbursed by an amount equal to its
17 reasonable interest expenses under this subsection, provided the amount of
18 reimbursed interest expenses shall not exceed eight percent.

19 * * *

20 * * * Appropriations * * *

21 * * * Municipal Charters; Local Option Tax Revenue Share * * *

1 Sec. 14. 24 App. V.S.A. chapter 3, § 102d is amended to read:

2 § 102d. LOCAL OPTION SALES TAX AUTHORITY

3 The Burlington City Council is authorized to impose a one percent sales tax
4 upon sales within the City that are subject to the State of Vermont sales tax
5 with the same exemptions as the State sales tax. The City sales tax shall be
6 effective beginning on the next tax quarter following 30 days' notice in 2006 to
7 the Department of Taxes, or shall be effective on the next tax quarter following
8 90 days' notice to the Department of Taxes if notice is given in 2007 or after.

9 Any tax imposed under the authority of this section shall be collected and
10 administered by the Vermont Department of Taxes in accordance with State
11 law governing the State sales tax. ~~Seventy percent of the~~ The taxes collected
12 shall be paid to the City, ~~and the remaining amount of the taxes collected shall~~
13 ~~be remitted to the State Treasurer for deposit in the PILOT Special Fund first~~
14 ~~established in 1997 Acts and Resolves No. 60, Sec. 89. The cost of~~
15 ~~administration and collection of this tax shall be paid 70 percent by the City~~
16 ~~and 30 percent by the State from the PILOT Special Fund pursuant to 24~~
17 V.S.A. § 138. The tax to be paid to the City, ~~less its obligation for 70 percent~~
18 ~~of the costs of administration and collection,~~ pursuant to 24 V.S.A. § 138 shall
19 be paid to the City on a quarterly basis and may be expended by the City for
20 municipal services only and not for education expenditures.

1 Sec. 14a. 24 App. V.S.A. chapter 5, § 1214 is amended to read:

2 § 1214. LOCAL OPTION TAXES

3 Local option taxes are authorized under this section for the purpose of
4 affording the City an alternative method of raising municipal revenues.

5 Accordingly:

6 * * *

7 (3) ~~Of the taxes reported under this section, 70 percent shall be paid to~~
8 ~~the City for calendar years thereafter. Such revenues~~ The City's local option
9 tax revenue may be expended by the City for municipal services only and not
10 for educational expenditures. The remaining amount of the taxes reported
11 shall be remitted monthly to the State Treasurer for deposit in the PILOT
12 Special Fund set forth in 32 V.S.A. § 3709. Taxes due to the City under this
13 section shall be paid by the State on a quarterly basis.

14 Sec. 14b. 24 App. V.S.A. chapter 127, § 1308a is amended to read:

15 § 1308a. SALES, ROOMS, MEALS, AND ALCOHOLIC BEVERAGES

16 TAX

17 * * *

18 (d) ~~Of the taxes collected under this section, 70 percent~~ The share of taxes
19 due to the Town pursuant to 24 V.S.A. § 138 shall be paid to the Town on a
20 quarterly basis ~~to the Town~~ after reduction for the costs of administration and
21 collection under subsection (c) of this section. Revenues received by the Town

1 may be expended for municipal services only and not for education
2 expenditures. Any remaining revenues shall be deposited in the PILOT
3 Special Fund established by 32 V.S.A. § 3709.

4 Sec. 14c. 24 App. V.S.A. chapter 171, § 18 is amended to read:

5 § 18. LOCAL OPTIONS TAX

6 The Selectboard is authorized to impose a one percent sales tax, a one
7 percent meals and alcoholic beverages tax, and a one percent rooms tax upon
8 sales within the Town that are subject to the State of Vermont tax on sales,
9 meals, alcoholic beverages, and rooms. The Town tax shall be implemented in
10 the event the State local options tax as provided for in 24 V.S.A. § 138 is
11 repealed or the 70-percent allocation to the town is reduced. A tax imposed
12 under the authority of this section shall be collected and administered by the
13 Vermont Department of Taxes in accordance with State law governing the
14 State tax on sales, meals, alcoholic beverages, and rooms. ~~The amount of 70~~
15 ~~percent of the taxes collected shall be paid to the Town, and the remaining~~
16 ~~amount of the taxes collected shall be remitted to the State Treasurer for~~
17 ~~deposit in the Pilot Special Fund first established in 1997 Acts and Resolves~~
18 ~~No. 60, § 89 pursuant to 24 V.S.A. § 138.~~ The cost of administration and
19 collection of this tax shall be paid ~~70 percent by the Town and 30 percent by~~
20 ~~the State from the Pilot Special Fund pursuant to 24 V.S.A. § 138.~~ The tax to
21 be paid to the Town, ~~less its obligation for the 70 percent of the costs of~~

1 ~~administration and collection~~, pursuant to 24 V.S.A. § 138 shall be paid to the
2 Town on a quarterly basis and may be expended by the Town for municipal
3 services only and not for education expenditures. The Town may repeal the
4 local option taxes by Australian ballot vote.

5 * * * Effective Dates * * *

6 Sec. 15. EFFECTIVE DATES

7 (a) This section shall take effect on passage.

8 (b) Notwithstanding 1 V.S.A. § 214, Sec. 13b (flooding abatement
9 reimbursement program) shall take effect retroactively on November 15, 2024.

10 (c) All other sections shall take effect on July 1, 2025.