

1 TO THE HONORABLE SENATE:

2 The Committee on Government Operations to which was referred House  
3 Bill No. 397 entitled “An act relating to miscellaneous amendments to the  
4 statutes governing emergency management and flood response” respectfully  
5 reports that it has considered the same and recommends that the Senate  
6 propose to the House that the bill be amended by striking out all after the  
7 enacting clause and inserting in lieu thereof the following:

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

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

10 § 3a. EMERGENCY MANAGEMENT DIVISION; DUTIES; BUDGET

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

13 \* \* \*

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

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

\* \* \*

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

§ 41. STATE EMERGENCY MANAGEMENT PLAN

The ~~Department of Public Safety's Vermont~~ Division of Emergency Management Division, in consultation with stakeholders, shall create, and republish as needed, but not less than every five years, a comprehensive State Emergency Management Plan. The Plan shall:

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

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

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

\* \* \* Voluntary Buyouts and Municipal Grand List Stabilization Program \* \* \*

Sec. 3. 20 V.S.A. § 48 is amended to read:

§ 48. COMMUNITY RESILIENCE AND DISASTER MITIGATION

GRANT PROGRAM

\* \* \*

1 (c) Administration; implementation.

2 (1) Grant awards. The Department of Public Safety, in coordination  
3 with the Department of Environmental Conservation, shall administer the  
4 Program, which shall award grants for the following:

5 \* \* \*

6 (C) projects that implement disaster mitigation measures, adaptation,  
7 or repair, including watershed restoration, voluntary buyouts for flood-  
8 impacted properties, and similar activities that directly reduce risks to  
9 communities, lives, public collections of historic value, and property; and

10 \* \* \*

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

12 § 3709. PILOT SPECIAL FUND

13 (a) There is hereby established a PILOT Special Fund consisting of local  
14 option tax revenues paid to the Treasurer pursuant to 24 V.S.A. § 138. This  
15 Fund shall be managed by the Commissioner of Taxes pursuant to chapter 7,  
16 subchapter 5 of this title. Notwithstanding subdivision 588(3) of this title, all  
17 interest earned on the Fund shall be retained in the Fund for use in meeting  
18 future obligations. The Fund shall be exclusively for payments required under  
19 chapter 123, ~~subchapter~~ subchapters 4 and 4C of this title, and for any  
20 additional State payments in lieu of taxes for correctional facilities ~~and to the~~

1 ~~City of Montpelier.~~ The Commissioner of Finance and Management may draw  
2 warrants for disbursements from this Fund in anticipation of receipts.

3 \* \* \*

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

5 Subchapter 4C. Municipal Grand List Stabilization Program

6 § 3710. MUNICIPAL GRAND LIST STABILIZATION PROGRAM

7 (a) There is established the Municipal Grand List Stabilization Program  
8 within the Department of Taxes to reimburse municipalities for municipal  
9 property taxes assessed under chapter 133 of this title for flood-prone  
10 properties acquired by a municipality pursuant to a voluntary buyout program  
11 operated by the Division of Emergency Management.

12 (b) On or before September 1 of each year, the Commissioner of Public  
13 Safety shall certify to the Commissioner of Taxes the properties eligible for the  
14 Municipal Grand List Stabilization Program and shall submit any other  
15 information required by the Commissioner of Taxes. To be eligible for  
16 the Program under this subchapter, a municipality must have acquired an  
17 eligible property on or after July 1, 2023 and preserved the property as open  
18 space with a deed restriction or covenant prohibiting development of the  
19 property. The Commissioner of Public Safety shall first certify properties to  
20 the Commissioner of Taxes pursuant to this subsection on or before September  
21 1, 2025.

1        (c) Upon notification by the Commissioner of Public Safety, the  
2        Commissioner of Taxes shall certify the payment amounts and make an annual  
3        payment to each municipality for each eligible property to compensate for the  
4        loss of municipal property tax. The payment shall be calculated using the  
5        grand list value of the acquired property for the year during which the property  
6        was either damaged by flooding or identified as flood-prone by the  
7        Commissioner of Public Safety, multiplied by the municipal tax rate, including  
8        any submunicipal tax rates, in effect each year. This payment shall be made on  
9        or before January 1 of each year for five years.

10       (d) A property shall not be eligible for reimbursement payments for more  
11       than 10 years. The Commissioner shall make an annual payment for the full  
12       amount calculated under subsection (c) of this section for five years. After a  
13       municipality has received payments for an eligible property for five  
14       consecutive years, the Commissioner shall make an annual payment to the  
15       municipality for any subsequent year of eligibility in an amount equal to one-  
16       half of the amount calculated under subsection (c) of this section.

17       (e) Payment under this section shall be calculated and issued from the  
18       PILOT Special Fund under section 3709 of this title only after all other grants  
19       under subchapter 4 of this chapter are calculated and issued. If the PILOT  
20       Special Fund balance is insufficient to pay the full amount of all payments  
21       authorized under this subchapter, then payments calculated under this section

1 and due to each municipality for each property shall be reduced  
2 proportionately.

3 \* \* \* Division of Emergency Management; Assistance to Municipalities \* \* \*

4 Sec. 6. 20 V.S.A. § 52 is added to read:

5 § 52. DIVISION OF EMERGENCY MANAGEMENT; ALL-HAZARD  
6 AND WEATHER ALERT SYSTEMS FOR MUNICIPAL  
7 CORPORATIONS

8 Upon request of a municipal corporation, the Division of Emergency  
9 Management shall assist the municipal corporation with access to the  
10 following:

11 (1) a statewide river observation and modeling system that details  
12 current river level observations and models river flood outlooks; and

13 (2) a statewide enhanced weather forecasting and alert system that:

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

16 (B) issues real-time warnings for potentially dangerous weather  
17 through multiple communication channels.

\* \* \* Needs Assessment Report \* \* \*

Sec. 7. DIVISION OF EMERGENCY MANAGEMENT; STATE  
STAKEHOLDERS; NEEDS ASSESSMENT; REPORT

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

\* \* \* Municipal Finances and Indebtedness \* \* \*

Sec. 8. 24 V.S.A. 1585 is added to read:

§ 1585. UNASSIGNED FUND BALANCE

Monies from a budget approved by the voters at an annual or special meeting that are not expended by the end of a municipality's fiscal year shall be under the control and direction of the legislative body of the municipality and may be carried forward from year to year as an unassigned fund balance. 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. 9. 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 \* \* \* Dam Drawdown During Emergency Flood Events \* \* \*

14 Sec. 10. 20 V.S.A. § 9 is amended to read:

15 § 9. EMERGENCY POWERS OF GOVERNOR

16 Subject to the provisions of this chapter, in the event of an all-hazards event  
17 in or directed upon the United States or Canada that causes or may cause  
18 substantial damage or injury to persons or property within the State in any  
19 manner, the Governor may declare a state of emergency within the entire State  
20 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)(A) 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 (B) Dam owners authorized to use a waiver under this subdivision  
16 (12) shall be required to develop a drawdown plan that is approved by the  
17 Secretary prior to implementation of a drawdown. The drawdown plan shall at  
18 minimum include the following:

19 (i) hydrologic and hydraulic modeling of the dam, reservoir, and  
20 downstream channel performed by an engineer experienced in dam safety  
21 engineering that proves the public safety benefit of pre-event drawdown;

- 1 (ii) dam owner communications with downstream communities
- 2 and applicable regulators prior to and during drawdown operations;
- 3 (iii) maximum safe reservoir drawdown rates and outflows, as
- 4 well as ramping rates for drawdown operations;
- 5 (iv) target drawdown elevation in the reservoir;
- 6 (v) refill plan if unable to achieve during storm event;
- 7 (vi) monitoring and reporting requirements of drawdown
- 8 operations; and
- 9 (vii) documentation of plan updates and revisions over time.

10 \* \* \* Local Option Tax; Amount Paid to Municipality \* \* \*

11 Sec. 11. 24 V.S.A. § 138 is amended to read:

12 § 138. LOCAL OPTION TAXES

13 \* \* \*

14 (c)(1) Any tax imposed under the authority of this section shall be collected  
15 and administered by the Department of Taxes, in accordance with State law  
16 governing such State tax or taxes and subdivision (2) of this subsection;  
17 provided, however, that a sales tax imposed under this section shall be  
18 collected on each sale that is subject to the Vermont sales tax using a  
19 destination basis for taxation. Except with respect to taxes collected on the  
20 sale of aviation jet fuel, a per-return fee of \$5.96 shall be assessed, ~~70~~ 75  
21 percent of which shall be borne by the municipality, and ~~30~~ 25 percent of

1 which shall be borne by the State to be paid from the PILOT Special Fund.  
2 Notwithstanding 32 V.S.A. § 603 or any other provision of law or municipal  
3 charter to the contrary, revenue from the fee shall be used to compensate the  
4 Department for the costs of administering and collecting the local option tax  
5 and of administering the State appraisal and litigation program established in  
6 32 V.S.A. § 5413. The fee shall be subject to the provisions of 32 V.S.A.  
7 § 605.

8 \* \* \*

9 (d)(1) Except as provided in subsection (c) of this section and subdivision  
10 (2) of this subsection with respect to taxes collected on the sale of aviation jet  
11 fuel, of the taxes collected under this section, ~~70~~ 75 percent of the taxes shall  
12 be paid on a quarterly basis to the municipality in which they were collected,  
13 after reduction for the costs of administration and collection under subsection  
14 (c) of this section. Revenues received by a municipality may be expended for  
15 municipal services only, and not for education expenditures. Any remaining  
16 revenue shall be deposited into the PILOT Special Fund established by 32  
17 V.S.A. § 3709.

18 \* \* \*

19 \* \* \* Flooding Abatement Program \* \* \*

20 Sec. 12. 2024 Acts and Resolves No. 82, Sec. 1, as amended by 2024 Acts and  
21 Resolves No. 108, Sec. 3, is further amended to read:

1           Sec. 1. REIMBURSEMENT TO MUNICIPALITIES OF STATE

2                   EDUCATION PROPERTY TAXES THAT WERE ABATED DUE  
3                   TO FLOODING

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

12          (2) As used in this subsection, “eligible property” means property lost  
13          or destroyed due directly or indirectly to severe storms and flooding in an area  
14          that was declared a federal disaster between July 1, 2023 and ~~October 15, 2023~~  
15          December 31, 2024, provided the loss or destruction resulted in one or more of  
16          the following:

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

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

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

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

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

13 \* \* \*

14 \* \* \* Municipal Charters; Local Option Tax Revenue Share \* \* \*

15 Sec. 13. 24 App. V.S.A. chapter 3, § 102d is amended to read:

16 § 102d. LOCAL OPTION SALES TAX AUTHORITY

17 The Burlington City Council is authorized to impose a one percent sales tax  
18 upon sales within the City that are subject to the State of Vermont sales tax  
19 with the same exemptions as the State sales tax. The City sales tax shall be  
20 effective beginning on the next tax quarter following 30 days' notice in 2006 to  
21 the Department of Taxes, or shall be effective on the next tax quarter following

90 days' notice to the Department of Taxes if notice is given in 2007 or after.

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

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

§ 1214. LOCAL OPTION TAXES

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

Accordingly:

\* \* \*

(3) ~~Of the taxes reported under this section, 70 percent shall be paid to the City for calendar years thereafter. Such revenues~~ The City's local option

1 tax revenue may be expended by the City for municipal services only and not  
2 for educational expenditures. The remaining amount of the taxes reported  
3 shall be remitted monthly to the State Treasurer for deposit in the PILOT  
4 Special Fund set forth in 32 V.S.A. § 3709. Taxes due to the City under this  
5 section shall be paid by the State on a quarterly basis.

6 Sec. 15. 24 App. V.S.A. chapter 127, § 1308a is amended to read:

7 § 1308a. SALES, ROOMS, MEALS, AND ALCOHOLIC BEVERAGES  
8 TAX

9 \* \* \*

10 (d) ~~Of the taxes collected under this section, 70 percent~~ The share of taxes  
11 due to the Town pursuant to 24 V.S.A. § 138 shall be paid to the Town on a  
12 quarterly basis ~~to the Town~~ after reduction for the costs of administration and  
13 collection under subsection (c) of this section. Revenues received by the Town  
14 may be expended for municipal services only and not for education  
15 expenditures. Any remaining revenues shall be deposited in the PILOT  
16 Special Fund established by 32 V.S.A. § 3709.

17 Sec. 16. 24 App. V.S.A. chapter 171, § 18 is amended to read:

18 § 18. LOCAL OPTIONS TAX

19 The Selectboard is authorized to impose a one percent sales tax, a one  
20 percent meals and alcoholic beverages tax, and a one percent rooms tax upon  
21 sales within the Town that are subject to the State of Vermont tax on sales,

1 meals, alcoholic beverages, and rooms. The Town tax shall be implemented in  
2 the event the State local options tax as provided for in 24 V.S.A. § 138 is  
3 repealed or the 70-percent allocation to the town is reduced. A tax imposed  
4 under the authority of this section shall be collected and administered by the  
5 Vermont Department of Taxes in accordance with State law governing the  
6 State tax on sales, meals, alcoholic beverages, and rooms. The ~~amount of 70~~  
7 ~~percent of the taxes collected shall be paid to the Town, and the remaining~~  
8 ~~amount of the taxes collected shall be remitted to the State Treasurer for~~  
9 ~~deposit in the Pilot Special Fund first established in 1997 Acts and Resolves~~  
10 ~~No. 60, § 89 pursuant to 24 V.S.A. § 138.~~ The cost of administration and  
11 collection of this tax shall be paid ~~70 percent by the Town and 30 percent by~~  
12 ~~the State from the Pilot Special Fund pursuant to 24 V.S.A. § 138.~~ The tax to  
13 be paid to the Town, ~~less its obligation for the 70 percent of the costs of~~  
14 ~~administration and collection, pursuant to 24 V.S.A. § 138~~ shall be paid to the  
15 Town on a quarterly basis and may be expended by the Town for municipal  
16 services only and not for education expenditures. The Town may repeal the  
17 local option taxes by Australian ballot vote.

18 \* \* \* Division of Emergency Management; Technical Corrections \* \* \*

19 Sec. 17. 20 V.S.A. chapter 1 is amended to read:

20 CHAPTER 1. EMERGENCY MANAGEMENT

21 \* \* \*



1       § 2. DEFINITIONS

2           As used in this chapter:

3                               \* \* \*

4           (3) “Director” means the Director of ~~Vermont~~ the Division of  
5       Emergency Management of the Department of Public Safety.

6                               \* \* \*

7       § 3. VERMONT EMERGENCY MANAGEMENT ~~DIVISION~~

8           (a) There is hereby created within the Department of Public Safety a  
9       ~~division to~~ the Division of Emergency Management, which may also be known  
10      as the Vermont Emergency Management Division.

11                              \* \* \*

12      § 4. LANGUAGE ASSISTANCE SERVICES FOR STATE EMERGENCY  
13      COMMUNICATIONS

14           (a) If an all-hazards event occurs, the ~~Vermont Emergency Management~~  
15      Division shall ensure that language assistance services are available for all  
16      State communications regarding the all-hazards event, including relevant press  
17      conferences and emergency alerts, as soon as practicable. Language assistance  
18      services shall be provided for:

19                              \* \* \*

20           (c) Annually, the ~~Vermont Emergency Management~~ Division shall hold a  
21      public meeting with members of the Vermont Deaf, Hard of Hearing, and

1 DeafBlind Advisory Council; the Office of Racial Equity; the Vermont  
2 Association of Broadcasters; and other relevant stakeholders to review the  
3 adequacy and efficacy of the provision and distribution of language assistance  
4 services of emergency communications over mass communication platforms to  
5 individuals who are Deaf, Hard of Hearing, and DeafBlind as well as  
6 individuals with limited English language proficiency.

7 \* \* \*

8 Sec. 18. 20 V.S.A. § 112 is amended to read:

9 § 112. ADDITIONAL PROVISIONS — ARTICLE X

10 \* \* \*

11 (b) The ~~director~~ Director of the Vermont ~~emergency management service~~  
12 Emergency Management shall be the authorized representative in regard to a  
13 request from a party state or by Vermont for aid that does not involve  
14 personnel or elements of the Vermont National Guard.

15 \* \* \*

16 (d) The ~~director~~ Director of Vermont ~~emergency management~~ Emergency  
17 Management shall be responsible for handling any and all documents  
18 necessary to obtain reimbursement hereunder for services rendered to a  
19 requesting state, or within Vermont by another assisting state.

20 \* \* \*

1 Sec. 19. 10 V.S.A. § 599a is amended to read:

2 § 599a. REPORTS; RULEMAKING

3 \* \* \*

4 (c) In adopting the Strategy, the Agency shall:

5 \* \* \*

6 (2) in consultation with other State agencies and departments, including  
7 the Department of Public Safety's Division of ~~Vermont~~ Emergency  
8 Management, assess the adaptation needs and vulnerabilities of various areas  
9 vital to the State's economy, normal functioning, and the health and well-being  
10 of Vermonters;

11 \* \* \*

12 Sec. 20. 32 V.S.A. § 3102 is amended to read:

13 § 3102. CONFIDENTIALITY OF TAX RECORDS

14 \* \* \*

15 (e) The Commissioner may, in the Commissioner's discretion and subject  
16 to such conditions and requirements as the Commissioner may provide,  
17 including any confidentiality requirements of the Internal Revenue Service,  
18 disclose a return or return information:

19 \* \* \*

20 (24) To the Division of ~~Vermont~~ Emergency Management at the  
21 Department of Public Safety for the purposes of emergency management and

1 communication, and to the Department of Housing and Community  
2 Development and any organization then under contract with the Department of  
3 Housing and Community Development to carry out a statewide housing needs  
4 assessment for the purpose of the statewide housing needs assessment,  
5 provided that the disclosure relates to the information collected on the landlord  
6 certificate pursuant to subsection 6069(c) of this title.

7 \* \* \*

8 \* \* \* Rulemaking; Federal Regulations Incorporated by Reference \* \* \*

9 Sec. 21. 3 V.S.A. § 850 is added to read:

10 § 850. RULES; INCORPORATION OF FEDERAL REGULATIONS

11 Any federal regulation incorporated by reference into a Vermont Rule as of  
12 January 1, 2025 shall continue in effect as a State rule until January 1, 2028 or  
13 when the State rule is next amended, whichever is sooner, regardless of  
14 whether the federal rule was later repealed or amended. The secretary of an  
15 agency or commissioner of a department, as applicable, shall provide notice of  
16 these incorporated regulations by posting them on the agency or department  
17 website. Nothing in this section shall prevent the secretary or commissioner  
18 from adopting or amending a rule pursuant to this chapter, including  
19 emergency rulemaking.

3 V.S.A. § 850 (rules; incorporation of federal regulations) is repealed on  
January 1, 2028.

## Sec. 23. EFFECTIVE DATES

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

FOR THE COMMITTEE