

Rebecca Wasserman
Office of Legislative Council
Municipal Emergency Statewide Education Property Tax Borrowing Program
May 5, 2020

Sec. 1. MUNICIPAL EMERGENCY STATEWIDE EDUCATION

PROPERTY TAX BORROWING PROGRAM

(a) Intent. It is the intent of the General Assembly to establish a program to assist municipalities required to make a short-term borrowing to manage the cash flow effects of statewide education property tax deferrals or delays in receipt of such taxes by municipalities as a result of the COVID-19 pandemic. This program shall be administered in a way that is consistent with section 5001 of Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116–136 (the CARES Act) and any guidance or regulations issued pursuant to that section, and that allows the State to recover, to the maximum extent possible, the short-term borrowing costs payable to municipalities from the Coronavirus Relief Fund established by section 5001 of the CARES Act, as may be amended, or any other federal funds that may be granted to the State and used to reimburse short-term borrowing costs.

(b) Definitions. As used in this section:

(1) “Short-term borrowing costs” means interest incurred for short-term borrowing directly attributable to the COVID-19 pandemic, including letters or lines of credit, revenue anticipation notes, tax anticipation notes, and bond anticipation notes. “Short-term borrowing costs” does not mean the principal payments of any borrowing or any interest on borrowing not directly attributable to the COVID-19 pandemic.

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

(c) Program. The Municipal Emergency Statewide Education Property Tax Borrowing Program is established to authorize the State Treasurer to make payments to municipalities to cover the short-term borrowing costs incurred directly attributable to the COVID-19 pandemic.

(d) Application. A municipality that has duly authorized a short-term borrowing directly attributable to the COVID-19 pandemic may apply to the State Treasurer for payment under the Program. The application shall be in the manner prescribed by the Treasurer and shall include, at a minimum:

(1) the amount and type of short-term borrowing costs that the municipality seeks to have reimbursed;

(2) the municipality’s 2020 tax collection date;

(3) an explanation, with supporting documentation, of the municipality’s under-collection or delay in statewide education property tax collection attributable to COVID-19; and

(4) certification by the municipality, and supporting documentation, that such costs meet the definition of short-term borrowing as defined in subdivision (b)(1) of this section and the eligibility criteria as defined in subsection (e) of this section.

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(e) Eligibility. Payments under the Program shall be available only to a municipality, as that term is defined in subdivision (b)(2) of this section, subject to the following criteria:

(1) Short-term borrowing costs were not included in the municipality's budget or any amendment to the budget enacted on or prior to March 27, 2020.

(2) Short-term borrowing costs were incurred during the period beginning on March 1, 2020 and ending on December 30, 2020.

(3) The borrowing was made for the purpose of managing the cash flow effects of statewide education property tax deferrals or delays as a direct result of the COVID-19 pandemic.

(4) The expenses must be consistent with use of funds authorized in Section 5001 of the CARES Act, as may be amended, or the requirements of any other federal funds that may be granted to the State and used to support the Program.

(5) Any borrowing interest must be commercially reasonable based on published municipal indices or prevailing bank rates.

(f) Administration.

(1) The Treasurer shall specify the form of certification to the municipalities not later than seven days after enactment of this act and begin accepting applications not later than ten days after enactment of this act.

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(2) The Treasurer may be reimbursed for any expenditure made in the administration of the provisions of this section.

(g) Records. A municipality shall keep records sufficient to demonstrate that the amount of payments to the municipality has been used in accordance with this section.

Sec. 2. MUNICIPAL EMERGENCY STATEWIDE EDUCATION

BORROWING FUND

(a) The Municipal Emergency Statewide Education Borrowing Fund is created in the State Treasury pursuant to 32 V.S.A. chapter 7, subchapter 5 and shall be administered by the State Treasurer. Monies in the Fund shall be used solely for payments made to municipalities under the Municipal Emergency Statewide Education Borrowing Program and for necessary costs incurred in administering the Fund.

(b) The Fund shall consist of any sums as may be appropriated or transferred to the Fund.

(c) The State Treasurer may seek and accept gifts, donations, and grants from any source, public or private, to be dedicated for deposit into the Fund.

(d) All interest earned on Fund balances shall be credited to the Fund.

Sec. 3. MUNICIPAL EMERGENCY STATEWIDE EDUCATION

PROPERTY TAX BORROWING FUND; APPROPRIATION

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The sum of \$XXXXXXX is appropriated in FY 2020 to the Municipal
Emergency Statewide Education Property Tax Borrowing Fund for use in FY
2020 and FY 2021.

Sec. 4. EFFECTIVE DATE

This act shall take effect on passage.