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H.124

Introduced by Representatives Sibia of Dover, Sims of Craftsbury, Hango of Berkshire, Priestley of Bradford, Andriano of Orwell, Anthony of Barre City, Austin of Colchester, Birong of Vergennes, Boyden of Cambridge, Burrows of West Windsor, Buss of Woodstock, Chesnut-Tangerman of Middletown Springs, Demrow of Corinth, Farlice-Rubio of Barnet, Gregoire of Fairfield, Jerome of Brandon, Labor of Morgan, LaBounty of Lyndon, Leavitt of Grand Isle, Masland of Thetford, McGill of Bridport, Morgan, M. of Milton, Nicoll of Ludlow, Noyes of Wolcott, O'Brien of Tunbridge, Pajala of Londonderry, Roberts of Halifax, Surprenant of Barnard, Templeman of Brownington, Torre of Moretown, White of Bethel, and Williams of Granby

Referred to Committee on

Date:

Subject: Commerce and trade; economic development

Statement of purpose of bill as introduced: This bill proposes to provide additional funding and support to rural communities to ensure effective and equitable access to economic development resources.

An act relating to promoting rural economic development capacity

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

2 Sec. 1. FINDINGS

3 The General Assembly finds:

4 (1) One in three persons in Vermont live in towns of fewer than 1,000  
5 persons.

6 (2) Vermont rural places help power, feed, and protect our State.

7 (3) Many small rural communities are experiencing transition—from  
8 industry with adverse environmental impacts, from the loss of manufacturing  
9 or a single dominant employer, and from reliance on agriculture or public  
10 lands—amid new challenges such as extreme weather events and the opioid  
11 crisis.

12 (4) At the same time, twenty-first century shifts in the national and  
13 global economy, demographics, and the climate are challenging small, rural  
14 Vermont towns.

15 (5) While these shifts offer opportunity, the capability of rural towns to  
16 strengthen their resilience and prosperity is often hampered by lower levels of  
17 community capacity, poor connectivity to regional partners and markets, and a  
18 history of marginalization.

19 (6) Current federal resources for equitable rural development are  
20 fragmented and incoherent, spread across more than 400 programs, 13

1 departments, and 50 offices and suboffices, making it difficult for rural  
2 communities to identify and access the resources appropriate for their needs.

3 (7) Federal resources offer limited support for predevelopment  
4 activities, technical assistance, and capacity-building and are not easily  
5 packaged to effectively support holistic, locally led development.

6 (8) The dominant reliance on financing rather than grants, and  
7 requirements such as matching funds, put many programs out of reach of the  
8 most vulnerable communities.

9 (9) Policy must modernize and evolve new approaches if it is to  
10 leverage the unique assets of different rural communities, maximize its support  
11 for local leaders and local solutions, ensure decision making and economic  
12 benefits are equitably shared, and measure and improve community-level  
13 outcomes.

14 (10) Rural capacity has been diminishing for years, and we need  
15 immediate, short-term solutions as well as medium- and long-term structural  
16 changes to help communities adapt to climate change and the global digital  
17 economy.

18 Sec. 2. RURAL INFRASTRUCTURE ASSISTANCE PROGRAM

19 (a) Program created. The Agency of Administration shall develop the  
20 Rural Infrastructure Assistance Program to support rural communities in  
21 accessing and managing competitive grant funds available for clean water

1 initiatives, development of a wide array of housing, broadband development,  
2 community recovery, workforce development, and business supports and  
3 climate change mitigation and resiliency infrastructure projects to be  
4 administered by the State.

5 (b) Eligible communities.

6 (1) The Agency shall partner with the Vermont League of Cities and  
7 Towns to design an index to prioritize the distribution of resources based on  
8 municipal administrative capacity and shall give priority to municipalities with  
9 the highest need.

10 (2) The Agency may expand the Program to additional communities  
11 after one calendar year from the date of implementation to the extent funds  
12 remain available.

13 (c) Community services. The Agency shall make available to  
14 municipalities upon request services to advance priority projects, including the  
15 following:

16 (1) a community needs assessment to evaluate need, as directed by a  
17 municipality, in the following categories:

18 (A) water quality infrastructure improvement;

19 (B) housing development;

20 (C) community recovery, workforce development, and business  
21 support;

1           (D) climate change mitigation and resilience; and

2           (E) other projects related to community economic development

3 identified by the Agency of Administration.

4           (2) an opportunity assessment to identify available State and federal  
5 funding programs;

6           (3) application and permitting support to assist municipalities in  
7 applying for applicable funding sources and necessary permits;

8           (4) project management and implementation support to assist successful  
9 grant recipients with project management and funding program compliance;

10 and

11           (5) other capacity-building activities to advance projects identified by  
12 communities.

13           (d) Administration. The Agency shall publish and publicize the  
14 organizations and businesses that are put on retainer to provide services to  
15 municipalities through the Program. A municipality may choose to work  
16 directly with an entity on the retainer list, and the contracted entity shall bill  
17 the Agency for services rendered.

18           (e) Outreach and facilitation. The regional planning commissions, the  
19 regional development corporations, the Vermont League of Cities and Towns,  
20 and the Agency shall conduct direct outreach to eligible municipalities to

1 encourage and ensure eligible municipalities utilize the resources available to  
2 them through the Program.

3 Sec. 3. APPROPRIATION; RURAL INFRASTRUCTURE ASSISTANCE  
4 PROGRAM

5 In fiscal year 2024, the amount of \$3,000,000.00 is appropriated from the  
6 General Fund to the Agency of Administration for the Rural Infrastructure  
7 Assistance Program.

8 Sec. 4. EQUITABLE DISTRIBUTION OF FEDERAL RELIEF FUNDS

9 Of the amounts remaining from the federal American Rescue Plan Act and  
10 the Coronavirus State and Local Fiscal Recovery Funds, when considering  
11 distribution of funds, the Secretary of Administration shall give priority  
12 application status to communities with the highest need, as determined by an  
13 index designed by the Agency in collaboration with the Vermont League of  
14 Cities and Towns that prioritizes the distribution of resources based on  
15 municipal administrative capacity.

16 Sec. 5. 24 V.S.A. § 4306 is amended to read:

17 § 4306. MUNICIPAL AND REGIONAL PLANNING FUND

18 (a)(1) The Municipal and Regional Planning Fund for the purpose of  
19 assisting municipal and regional planning commissions to carry out the intent  
20 of this chapter is hereby created in the State Treasury.

1           (2) The Fund shall be composed of 17 percent of the revenue from the  
2 property transfer tax under 32 V.S.A. chapter 231 and any monies from time to  
3 time appropriated to the Fund by the General Assembly or received from any  
4 other source, private or public. All balances at the end of any fiscal year shall  
5 be carried forward and remain in the Fund. Interest earned by the Fund shall  
6 be deposited in the Fund.

7           (3) Of the revenues in the Fund, each year:

8                   (A) 10 percent shall be disbursed to the Vermont Center for  
9 Geographic Information;

10                   (B) 70 percent shall be disbursed to the Secretary of Commerce and  
11 Community Development pursuant to subdivision (b)(1) of this section for  
12 performance contracts with regional planning commissions to provide regional  
13 planning services pursuant to section 4341a of this title; and

14                   (C) 20 percent shall be disbursed to municipalities.

15           (b)(1) Allocations for performance contract funding to regional planning  
16 commissions shall be determined according to ~~a formula to be adopted by rule~~  
17 ~~under 3 V.S.A. chapter 25 by the Department for the assistance of the regional~~  
18 ~~planning commissions~~ the number of Vermont member municipalities in each  
19 commission's service area as of July 1 of each year. Disbursement of funding  
20 to regional planning commissions shall be predicated upon meeting

1 performance goals and targets pursuant to the terms of the performance  
2 contract.

3 (2) Disbursement to municipalities shall be awarded annually on or  
4 before December 31 through a competitive program administered by the  
5 Department providing the opportunity for any eligible municipality or  
6 municipalities to compete regardless of size, provided that to receive funds, a  
7 municipality:

8 (A) shall be confirmed under section 4350 of this title; or

9 (B)(i) shall use the funds for the purpose of developing a municipal  
10 plan to be submitted for approval by the regional planning commission, as  
11 required for municipal confirmation under section 4350 of this title; and

12 (ii) shall have voted at an annual or special meeting to provide  
13 local funds for municipal and regional planning purposes.

14 (3) For disbursements to municipalities pursuant to subdivision (2) of  
15 this subsection, the Department shall give priority to municipalities that have  
16 not adopted a municipal plan or zoning bylaws.

17 (c) Funds allocated to municipalities shall be used for the purposes of:

18 (1) funding the regional planning commission in undertaking capacity  
19 studies;

20 (2) carrying out the provisions of subchapters 5 through 10 of this  
21 chapter;



1           (3) acquiring development rights, conservation easements, or title to  
2           those lands, areas, and strictures identified in either regional or municipal plans  
3           as requiring special consideration for provision of needed housing, aquifer  
4           protection, open space, farmland preservation, or other conservation purposes;  
5           and

6           (4) reasonable and necessary costs of administering the Fund by the  
7           Department of Housing and Community Development, not to exceed six  
8           percent of the municipality allocation.

9           (d) New funds allocated to municipalities under this section may take the  
10          form of Municipal Bylaw Modernization Grants in accordance with section  
11          4307 of this title.

12          Sec. 6. 10 V.S.A. § 1 is added to read:

13          § 1. GRANT PROGRAMS; EQUITABLE DISTRIBUTION

14          (a) The Secretary of Administration shall adopt rules, processes, and  
15          procedures consistent with this section that apply to all State-funded grant  
16          programs to ensure equitable access and distribution of funds throughout the  
17          State.

18          (b)(1) When designing and implementing a grant program, the  
19          administering authority shall consult experts in the field and stakeholders to  
20          inform the design of the program.

1           (2) A program shall include a streamlined and minimal application  
2 process for applicants to apply and the following components:

3           (A) an outreach and education plan including specific tactics to reach  
4 and support eligible applicants, especially those from underserved regions or  
5 sectors; and

6           (B) an equitable system for distributing grants statewide on the basis  
7 of need according to a system of priorities, including:

8                   (i) geographic location;

9                   (ii) community size; and

10                   (iii) whether the applicant has already received a grant or is from a  
11 community that has already received funding from the grant program.

12           (3) The administering authority shall use its best efforts to ensure:

13           (A) that grant funds awarded are targeted to applicants from the  
14 geographic communities or regions with the most pressing economic and  
15 employment needs; and

16           (B) that the allocation of grant funds provides equitable access to the  
17 benefits to all eligible geographical areas.

18           (4) Whenever possible, a program shall use a formula-based distribution  
19 model instead of a competitive grant process.

1       Sec. 7. RURAL RECOVERY COORDINATION COUNCIL

2           (a) Goals. The Rural Recovery Coordination Council is created to  
3       strengthen coordination by providing clear policy direction to the agencies and  
4       stakeholders involved in rural development.

5           (b) Purposes. The Council shall consider and identify strategies to:

6           (1) prioritize areas of investment into Vermont's economy and persons  
7       in order to ensure equitable access to resources to meet Vermont's climate  
8       goals, rural economic development objectives, and environmental  
9       sustainability requirements;

10          (2) build long-term emergency and disaster preparedness and recovery;

11       and

12          (3) ensure intergovernmental communications and coordination.

13          (c) Powers and duties. The Council shall identify structural changes and  
14       improve coordination across all levels of government to support rural  
15       economic development, including addressing the following issues:

16          (1) a permanent structure for ensuring rural program development  
17       within State government;

18          (2) how to better prioritize rural voices and regional collaboration and  
19       prioritization;

20          (3) how municipal, regional, and State plans, policies, and investments  
21       can be integrated and mutually supportive;

1           (4) where to establish an office of Rural Economic Development and  
2           how long the office should be authorized for;

3           (5) how to support capacity at the municipal level and how to support  
4           multitown coordination and collaboration; and

5           (6) how to maximize rural voices and regional collaboration and  
6           prioritization.

7           (d) Report. On or before January 15, 2024, the Council shall report to the  
8           General Assembly and to the Agency of Administration with its findings,  
9           recommendations, and draft legislation.

10          (e) Members. The Council shall comprise the following members:

11           (1) the Vermont Chief Performance Officer;

12           (2) the Secretary of Commerce and Community Development;

13           (3) the Commissioner of Public Service;

14           (4) the Secretary of Transportation;

15           (5) the Director of Racial Equity or designee;

16           (6) one or more representatives from the regional planning  
17           commissions and regional development corporations;

18           (7) the Executive Director of the Vermont League of Cities and Towns;

19           (8) a member, appointed by the Vermont Communications Union  
20           Districts Association;

21           (9) the Secretary of Natural Resources;

1           (10) a member, appointed by the University of Vermont Office of

2           Engagement;

3           (11) a member, appointed by the Vermont Housing and Conservation

4           Board;

5           (12) a member of the House of Representatives, appointed by the

6           Speaker of the House; and

7           (13) a member of the Senate, appointed by the Committee on

8           Committees.

9           (f) Compensation and reimbursement.

10           (1) For attendance at meetings during adjournment of the General  
11           Assembly, a legislative member of the Council shall be entitled to per diem  
12           compensation and reimbursement of expenses pursuant to 2 V.S.A. § 23.

13           (2) Other members of the Council shall be entitled to per diem  
14           compensation and reimbursement of expenses as permitted under 32 V.S.A.  
15           § 1010.

16           (g) Meetings; administration.

17           (1) The Council shall meet at least five times and take testimony from a  
18           variety of stakeholders, including from those with experience in state land use  
19           planning, regional planning, municipal planning, economic planning, or  
20           strategic planning.

1           (2) The Council shall receive administrative support from the Vermont  
2           Council on Rural Development, which shall convene the first meeting.

3           (3) The Committee shall cease to exist on December 31, 2023.

4           (h) Appropriation. In fiscal year 2024, the amount of \$50,000.00 is  
5           appropriated from the General Fund to the Agency of Commerce and  
6           Community Development to provide funding for the Council as follows:

7           (1) \$40,000.00 to the Vermont Council on Rural Development to  
8           convene meetings of the Council and provide administrative and policy  
9           support; and

10           (2) \$10,000.00 to provide per diem compensation and reimbursement of  
11           expenses for members of the Council.

12           Sec. 8. EFFECTIVE DATE

13           This act shall take effect on July 1, 2023.