



VERMONT LEGISLATIVE
Joint Fiscal Office

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Fiscal Note

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S.310 – An act relating to natural disaster government response, recovery, and resiliency

As Recommended by the House Committee on Government Operations, with Further Proposal of Amendment by the House Committee on Ways and Means, Draft 3.1

Bill Summary

The bill proposes numerous modifications to Vermont’s disaster response statutes and activities. The bill would also, among other things, create a new municipal grant program and special fund, increase the Fire Service Training Council insurance assessment by \$300,000, authorize the creation of a credit facility for local investments using up to 2.5% of the State’s average cash balance, direct the Treasurer to coordinate climate infrastructure financing efforts, authorize the creation of an Urban Search and Rescue Team, make changes to stormwater utility laws, and direct the Department of Public Safety (DPS) to review various aspects of Vermont’s emergency response systems.

Fiscal Impact

The bill as recommended contains no appropriations. However, the following provisions would likely have fiscal impacts:

- Creating a Community Resilience and Disaster Mitigation Fund for a municipal disaster mitigation, adaptation, or repair grant program.
- Increasing the Fire Service Training Council insurance assessment by \$300,000 and dedicating the increase to the Emergency Medical Services Special Fund.
- Authorizing the State Treasurer to create a credit facility for local investments using up to 2.5% of the State’s average cash balance.
- Authorizing the State Treasurer to coordinate climate infrastructure financing efforts within the State.
- Authorizing the creation of an Urban Search and Rescue (USAR) Team with a designated program manager.
- Requiring the Enhanced 911 (E-911) Board to fund an evaluation of telecommunications tariffs.
- Requiring DPS’ Division of Vermont Emergency Management (VEM) to ensure language access services are available for all State communications regarding all-hazards events.
- Adding one public member to the State Emergency Response Commission.

Details on Sections with Fiscal Impact

Sections 1-2: Community Resilience and Disaster Mitigation Fund and Grant Program

Section 1 proposes to create a Community Resilience and Disaster Mitigation Grant Program to award grants to covered municipalities to support disaster mitigation, adaptation, or repair activities. To be eligible, a municipality must participate in the National Flood Insurance Program in accordance with 42 U.S.C. chapter 50. The grant program would be designed and administered by DPS, in coordination with the Department of Environmental Conservation (DEC).

Section 2 would create the Community Resilience and Disaster Mitigation Fund to provide funding for the program established in Section 1. This Fund would be administered by DPS and consist of monies appropriated or transferred to it; S.310 contains no appropriation or transfer.

Section 4: Increase to Emergency Medical Services Special Fund

Section 4 would increase the Fire Service Training Council insurance assessment from \$1.2 million to \$1.5 million and the annual allocation to the Emergency Medical Services Special Fund from \$150,000 to \$450,000.

The Fire Service Training Council insurance assessment was established in 1993 and was last increased in 2016, from \$950,000 to \$1.2 million. Per 32 V.S.A. § 8557, the \$1.2 million assessment is charged by the Department of Financial Regulation (DFR) against insurance companies that write fire, homeowner multiple peril, allied lines, farm owners multiple peril, commercial multiple peril, private passenger and commercial auto, and inland marine policies on property and persons situated within Vermont. The assessment does not apply to captive insurance companies. It is charged in proportion to each insurance company's percentage of gross written premiums on property in Vermont. Approximately 300 companies pay the assessment in amounts ranging from \$21 to \$79,000 on a base of approximately \$1 billion of premiums.

The \$1.2 million assessment is deposited in the Fire Safety Special Fund. Not less than \$100,000 is allocated to providing training to firefighters and not less than \$150,000 is allocated to the Emergency Medical Services Special Fund. Section 4 would increase the total assessment by \$300,000 (from \$1.2 million to \$1.5 million) and dedicate this increase to the Emergency Medical Services (EMS) Special Fund. The EMS Special Fund would then be allocated \$450,000 from the assessment annually.

Section 4a: Credit Facility for Local Investments

Section 4a would authorize the Treasurer to establish a credit facility of up to 2.5% of the State's average cash balance to provide financing for climate infrastructure and resilience projects. The Treasurer would be permitted to modify the terms of such financing as is necessary to protect the interests of the State. This provision would have an unknown (but limited) fiscal impact that would mainly depend on the extent of lending activity and the difference between the interest rates paid on loans issued through the credit facility and the interest that would otherwise be earned on the State's cash balance had the funds remained in hand.

Section 4b: Climate Infrastructure Financing Coordination

Section 4b would authorize the Treasurer to coordinate climate infrastructure financing efforts within the State. The Treasurer would be directed to "seek to create a framework for effective collaboration among State organizations, agencies, and financial instrumentalities to maximize the amount of federal funds the State may receive and to effectively coordinate the deployment of these funds."

The Treasurer would be directed to submit a report to the General Assembly by December 15, 2024, detailing the status of these coordination efforts and any recommendations regarding legislation.

The Treasurer would be authorized to use funds appropriated in fiscal year 2025 for administrative costs and third-party consultants related to these activities; however, the bill does not appropriate any additional funds.

Section 11: Disaster Preparedness Review

Section 11 would require VEM to, on or before June 30, 2025, conduct an after-action review of the State's disaster preparedness leading up to, during, and after the 2023 summer flooding events. The Director of Emergency Management would be required to submit a written report to the House Committee on Government Operations and Military Affairs and the Senate Committee on Government Operations on or before December 15, 2025, with findings and recommendations for improvements. While Section 11 does not contain an appropriation, VEM expressed a potential need for additional resources to complete this project due to limited existing staff resources that are presently dedicated to multiple declared disasters.

Sections 13-15: Municipal Stormwater Utilities

These sections would modify how stormwater rates are assessed and how the associated revenue may be used. Section 13 would allow sewage system commissioners to set stormwater rates for equivalent residential units based on an average area of impervious surface on residential property within the municipality. The revenue could be used for stormwater management, control, and treatment; flood resilience; floodplain restoration; and other similar measures. Section 13 would also let sewage commissioners require the owners of buildings, subdivisions, or developments abutting public streets or highways to have all sewers from those buildings, subdivisions, or developments connected to the municipal sewage system. The fiscal impact of these provisions to ratepayers is not currently known and will depend on the decisions made by individual stormwater utilities.

Section 16: Urban Search and Rescue Team

Section 16 would authorize DPS to create an Urban Search and Rescue (USAR) Team and direct the Commissioner to appoint a program manager. DPS would also be authorized to employ as many USAR Team responders as necessary as temporary State employees, who would be compensated as such when authorized to respond to an emergency or hazard incident or to attend training. As introduced, the bill called for an amount not less than \$750,000 to be annually allocated to the DPS for the USAR Team. As passed by the Senate, S.310 does not explicitly appropriate additional State funding (though similar activities have historically been supported, in part, by federal grants).

Section 20: Enhanced 911 (E-911) Board Report

Section 20 would direct the E-911 Board to submit a report to the General Assembly on current local exchange telecommunications tariffs, and, in particular, evaluating existing tariffs permitted pursuant to 30 V.S.A. § 7055, determining actual costs for the provision of the service elements, and comparing those tariffs to similar cost recovery mechanisms in other states.

As introduced, Section 20 contained a \$25,000 General Fund appropriation to the E-911 Board in fiscal year 2025 for conducting the evaluation and producing the report; the Senate removed this appropriation.

Section 21: Language Access Services for State Emergency Communications

Section 21 would require VEM to ensure language assistance services are available for all State emergency communications. These services would be required to be provided to individuals who are Deaf, Hard of Hearing, and DeafBlind and to individuals with limited English proficiency. It is not currently known what the fiscal impact of this requirement would be, but it could represent a future budgetary pressure to DPS.

Section 32: State Emergency Response Commission

Section 32 would add one public member from the public works sector to the State Emergency Response Commission. This member, if not a State employee, would be entitled to per diem compensation and expense reimbursement, per 32 V.S.A. § 1010. This would represent a negligible additional cost to DPS and would depend on actual meeting attendance and frequency.