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State Officials Announce New Measures to Assist Municipalities with Storm-Related Cash Flow Issues

MONTPELIER, Vt.— State Treasurer Beth Pearce, legislative leadership, and the Shumlin administration today announced a package of measures that will accelerate highway aid and education payments and allow disaster-impacted towns to defer education payments due to the State on December 1.

"A key to Vermont's successful recovery from the disasters that have struck is the ongoing partnership between State and municipal governments," said State Treasurer Beth Pearce. "The package we are announcing today recognizes that Vermont towns do not stand alone as they work to rebuild. We must continue to exercise flexibility in our financial planning to provide impacted communities with the help needed to fully recover."

The financial package includes:

- As was done in September, the Treasurer's Office will accelerate local highway aid payments that were scheduled to go out to towns on January 15, 2012. The approximately \$6.4 million will be disbursed to towns prior to Thanksgiving.
- The Treasurer's Office also will accelerate education payments this week to local schools of approximately \$125 million. These payments were due to be released on December 10.
- Towns significantly impacted by the spring flooding disasters and Tropical Storm Irene may defer for one-time-only a portion of education payments due to the State on December 1, up to the amount of unreimbursed claims. For impacted towns, payment would not be due until February 28, 2012, without any interest applied. If payments were not paid in full by the February deadline, 8 percent interest would be assessed for all outstanding balances, retroactive to December 1. Currently, State statute requires the Treasurer to assess 8 percent interest on any late payments. Legislative leadership is committed to passing the legislation necessary to allow the deferred payments.

"We've all been impressed with the progress towns have made in rebuilding their local communities and we also recognize the financial strain they are under," said Secretary of Administration Jeb Spaulding. "These measures, proposed by the State Treasurer, underscore the State's commitment to do our very best to provide the assistance needed to enable all Vermont communities to recover from what has been an extraordinary year for storm related damage."

In addition to Tropical Storm Irene, Vermont communities continue to rebuild from severe storms and flooding that hit the state in the spring.

“The legislature is committed to helping communities overcome the enormous challenges these storms have imposed on our state,” explained Speaker Shap Smith. “The goal of this package is to ease the cash flow pressures and take away some of the worries so many municipalities are facing in the aftermath of disaster.”

“This one-time deferment recognizes that we all must do what we can to help impacted communities continue their recovery efforts,” said Senate President Pro Tempore John Campbell. “These are unique circumstances that require action now to ensure we continue our remarkable rebuilding process.”

Municipalities will be required to prepare a cost estimate of storm-related damages and certify that they have, or are in the process of making, the repairs associated with the estimate in order to document the amount of education tax payment that will be deferred. The estimate can only include costs incurred or reasonably expected to be incurred, prior to February 28, 2012. If a town has received any payments from FEMA, the Federal Highway Administration, the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund insurance program, or private insurance, that amount must be deducted from the education tax deferred payment amount that is being requested. Such payments only apply if they are associated with a town’s original cost estimate for storm related damages.

“We appreciate the responsiveness of State and legislative leaders to the needs of our Vermont cities and towns,” said Steven Jeffery, Executive Director of the Vermont League of Cities and Towns. “Vermont’s recovery effort is something we all have a stake in. I am pleased that we can work together on proposals that recognize our shared commitment to a full and complete rebuilding effort on the part of all our communities.”