

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Ways and Means to which was referred House Bill No.  
3 657 entitled “An act relating to the modernization of Vermont’s  
4 communications taxes and fees” respectfully reports that it has considered the  
5 same and recommends that the bill be amended by striking out all after the  
6 enacting clause and inserting in lieu thereof the following:

7 \* \* \* VUSF; Per-Line Contribution Method; Vermont 988 \* \* \*

8 Sec. 1. 30 V.S.A. § 7501 is amended to read:

9 § 7501. PURPOSE; DEFINITIONS

10 (a) It is the purpose of this chapter to create a financial structure that will  
11 allow every Vermont household to obtain basic telecommunications service at  
12 an affordable price; and to finance that structure with a ~~proportional~~ charge on  
13 all telecommunications transactions that interact with the public switched  
14 network.

15 (b) As used in this chapter:

16 \* \* \*

17 (8) “Telecommunications service” means the transmission of any real-  
18 time, interactive electromagnetic communications that passes through the  
19 public switched network. The term includes transmission of voice, image,  
20 data, and any other information, by means of wire, electric conductor cable,

1 optic fiber, microwave, radio wave, or any combinations of such media, and  
2 the leasing of any such service.

3 (A) Telecommunications service includes:

4 (i) local telephone service, including any facility or service  
5 provided in connection with such local telephone service;

6 (ii) toll telephone service;

7 (iii) directory assistance;

8 (iv) ~~two-way cable television service~~ interconnected VoIP service,  
9 as defined in 47 C.F.R. § 9.3, as may be amended; and

10 (v) ~~mobile telephone or telecommunication service, both analog~~  
11 ~~and digital~~ mobile telecommunications service, as defined in 4 U.S.C.  
12 § 124(7).

13 \* \* \*

14 Sec. 2. 30 V.S.A. § 7521 is amended to read:

15 § 7521. CHARGE IMPOSED; WHOLESAL EXEMPTION

16 (a) A Universal Service Charge is imposed on all retail telecommunications  
17 service provided to a Vermont address. Where the location of a service and the  
18 location receiving the bill differ, the location of the service shall be used to  
19 determine whether the Charge applies. The Charge is imposed on the person  
20 purchasing the service, but shall be collected by the telecommunications  
21 service provider. ~~Each~~ As applicable, each telecommunications service

1 provider shall include in its tariffs filed at the Public Utility Commission a  
2 description of its billing procedures for the Universal Service Charge.

3 \* \* \*

4 (c) In the case of mobile telecommunications service, the Universal Service  
5 Charge is imposed when the customer’s place of primary use is in Vermont.  
6 ~~The~~ As used in this subsection, the terms “customer;” and “place of primary  
7 use;” and “mobile telecommunications service” have the meanings given in  
8 4 U.S.C. § 124. All provisions of 32 V.S.A. § 9782 shall apply to the  
9 imposition of the Universal Service Charge under this section.

10 (d) ~~[Repealed.]~~ In the case of interconnected VoIP service, the Universal  
11 Service Charge is imposed when the customer’s place of primary use is in  
12 Vermont. As used in this subsection, the term “place of primary use” means  
13 the street address where the customer’s use of interconnected VoIP service  
14 primarily occurs or a reasonable proxy as determined by the interconnected  
15 VoIP service provider, such as the customer’s registered location for 911  
16 purposes.

17 \* \* \*

18 Sec. 3. 30 V.S.A. § 7523 is amended to read:

19 § 7523. RATE OF CHARGE

20 (a)(1) ~~Beginning on July 1, 2014, the~~ Except as provided in subsection  
21 7521(e) of this chapter, which pertains to prepaid wireless telecommunications

1 service, and in subdivision (4) of this subsection, the monthly rate of charge  
2 shall be ~~two percent of retail telecommunications service~~ \$0.72 for each retail  
3 access line in service.

4 (2) The number of access lines a telecommunications service provider  
5 provides a customer shall be deemed equal to the number of inbound or  
6 outbound, whichever is greater, two-way communications by any technology  
7 that the customer can maintain at the same time as provisioned by the  
8 provider's service.

9 (3) As used in this section, "access line" means a wire or wireless  
10 connection that provides voice telecommunications service to or from any  
11 device used by a customer, regardless of technology, that is associated with a  
12 10-digit NPA-NXX number or other unique identifier and with a service  
13 location or place of primary use in Vermont and that is capable of accessing  
14 the 911 system.

15 (4) A customer enrolled in the federal Lifeline program or the Vermont  
16 Lifeline program, or both, is exempt from the Charge established by this  
17 chapter.

18 (b) ~~Beginning on July 1, 2019, the rate of charge established under~~  
19 ~~subsection (a) of this section shall be increased by four tenths of one percent of~~  
20 ~~retail telecommunications service, and the monies collected from this increase~~  
21 ~~From the monies collected by the Universal Service Charge under this chapter,~~

1 17 percent shall be transferred to the Vermont Community Broadband Fund  
2 established under section 8083 of this title, and up to \$120,000.00 shall be used  
3 to fund a Rural Broadband Technical Assistance Specialist whose duties shall  
4 include providing outreach, technical assistance, and other support services to  
5 communications union districts established pursuant to chapter 82 of this title  
6 and other units of government, nonprofit organizations, cooperatives, and for-  
7 profit businesses for the purpose of expanding broadband service to unserved  
8 and underserved locations. Support services also may include providing  
9 business model templates for various approaches, including formation of or  
10 partnership with a cooperative, a communications union district, a rural  
11 economic development infrastructure district, an electric utility, or a new or  
12 existing ~~Internet~~ internet service provider as operator of the network.

13 (c) Universal Service Charges imposed and collected by the fiscal agent  
14 under this subchapter shall not be transferred to any other fund or used to  
15 support the cost of any activity other than in the manner authorized by this  
16 section and section 7511 of this title.

17 Sec. 4. 30 V.S.A. § 7521(e)(1) is amended to read:

18 (e)(1) Notwithstanding any other provision of law to the contrary,  
19 ~~beginning on January 1, 2020, the~~ a Universal Service Charge of 2.4 percent  
20 shall be imposed on all retail sales of prepaid wireless telecommunications  
21 service subject to the sales and use tax imposed under 32 V.S.A. chapter 233.

1 The charges shall be collected by sellers or marketplace facilitators collecting  
2 sales tax pursuant to 32 V.S.A. § 9713 and remitted to the Department of  
3 Taxes in the manner provided under 32 V.S.A. chapter 233. Upon receipt of  
4 the charges, the Department of Taxes shall have 30 days to remit the funds to  
5 the fiscal agent selected under section 7503 of this chapter. The Commissioner  
6 of Taxes shall establish registration and payment procedures applicable to the  
7 Universal Service Charge imposed under this subsection consistent with the  
8 registration and payment procedures that apply to the sales tax imposed on  
9 such services and also consistent with the administrative provisions of  
10 32 V.S.A. chapter 151, including any enforcement or collection action  
11 available for taxes owed pursuant to that chapter.

12 Sec. 5. 30 V.S.A. § 7511 is amended to read:

13 § 7511. DISTRIBUTION GENERALLY

14 (a)~~(1)~~ As directed by the Commissioner of Public Service, funds collected  
15 by the fiscal agent, and interest accruing thereon, shall be distributed as  
16 follows:

17 ~~(A)~~(1) to pay costs payable to the fiscal agent under its contract with  
18 the Commissioner;

19 ~~(B)~~(2) to support the Vermont telecommunications relay service in  
20 the manner provided by section 7512 of this title;

1           ~~(C)~~(3) to support the Vermont Lifeline program in the manner  
2 provided by section 7513 of this title;

3           ~~(D)~~(4) to support Enhanced 911 services in the manner provided by  
4 section 7514 of this title; ~~and~~

5           ~~(E)~~(5) to support the Vermont 988 Suicide and Crisis Lifeline centers  
6 in the manner provided in section 7513a of this title; and

7           (6) to support the Connectivity Fund established in section 7516 of this  
8 title; ~~and,~~

9           ~~(2) for fiscal year 2016 only, any personnel or administrative costs~~  
10 ~~associated with the Connectivity Initiative shall come from the Connectivity~~  
11 ~~Fund, as determined by the Commissioner in consultation with the~~  
12 ~~Connectivity Board.~~

13           (b) If insufficient funds exist to support all of the purposes contained in  
14 subsection (a) of this section, the Commissioner shall allocate the available  
15 funds, giving priority in the order listed in subsection (a).

16           Sec. 6. 30 V.S.A. § 7513a is added to read:

17           § 7513a. VERMONT 988 SUICIDE AND CRISIS LIFELINE

18           The fiscal agent shall make distributions to the Commissioner of Mental  
19 Health to fund the operational and capital costs of the Vermont 988 Suicide  
20 and Crisis Lifeline centers, within annual limits approved in advance by the  
21 General Assembly.

1           \* \* \* Communications Property; Real Estate; Fair Market Value \* \* \*

2           Sec. 7. TELEPHONE TAX; REPEAL; TRANSITION

3           (a) 32 V.S.A. § 8521 (telephone personal property tax) is repealed on July  
4           1, 2025. The final monthly installment payment of the telephone personal  
5           property tax under 32 V.S.A. § 8521 levied on the net book value of the  
6           taxpayer’s personal property as of December 31, 2024 shall be due on or  
7           before July 25, 2025.

8           (b) 32 V.S.A. § 8522 (alternative telephone gross revenues tax) is repealed  
9           on January 1, 2026. The final quarterly payment of the alternative tax under  
10           32 V.S.A. § 8522 shall be due on or before January 25, 2026.

11           (c) Any taxpayer who paid the alternative tax imposed by 32 V.S.A. § 8522  
12           prior to the repeal of the tax on January 1, 2026 shall become subject to the  
13           income tax imposed under 32 V.S.A. chapter 151 beginning with the  
14           taxpayer’s first income tax year starting on or after January 1, 2025. No  
15           alternative tax under 32 V.S.A. § 8522 shall be due for any period included in  
16           the taxpayer’s income tax filing for tax years starting on or after January 1,  
17           2025.

18           (d) In fiscal year 2025, the Division of Property Valuation and Review of  
19           the Department of Taxes and all communications service providers with  
20           taxable communications property in Vermont shall be subject to the inventory  
21           and valuation provisions prescribed in 32 V.S.A. § 4452, as applicable.





1 Sec. 10. 32 V.S.A. § 3602b is added to read:

2 § 3602b. COMMUNICATIONS PROPERTY

3 (a) All communications property shall be set in the grand list as real estate.

4 (b) Communications property owned by a nonmunicipal communications  
5 service provider shall be taxed at appraisal value as defined in section 3481 of  
6 this title.

7 (c) As used in this section, “communications property” means tangible  
8 personal property used to enable the real-time, two-way, electromagnetic  
9 transmission of information, such as audio, video, and data, that is so fitted and  
10 attached as to be part of a local, state, national, or international  
11 communications network, as well as facilities that are part of a cable television  
12 system as defined in 30 V.S.A. § 501(2). The term includes wires, cables,  
13 conduit, pipes, antennas, poles, wireless towers, machinery, distribution hubs,  
14 splitters, switching equipment, routers, servers, power equipment, and any  
15 other network equipment.

16 (d)(1) On or before May 1 of each year, the Division of Property Valuation  
17 and Review of the Department of Taxes shall provide the listers in each  
18 municipality with the valuation of all taxable communications property of any

1 communications service provider situated therein as reported by such provider  
2 to the Division.

3 (2) On or before March 31 of each year, each communications service  
4 provider shall submit to the Division a sworn inventory of all its taxable  
5 communications property in a form that identifies the valuation of its property  
6 in each municipality.

7 (3) The Division shall prescribe the form of the inventory required under  
8 subdivision (2) of this subsection and the officer or officers who shall submit  
9 the sworn inventory.

10 (4) The valuations provided to the listers pursuant to this section shall be  
11 used by the listers in determining and fixing the valuations of communications  
12 property for the purposes of property taxation.

13 Sec. 11. 32 V.S.A. § 3618(c)(1) is amended to read:

14 (1) “Business personal property” means tangible personal property of a  
15 depreciable nature used or held for use in any trade, business, professional  
16 practice, transaction, activity, or occupation conducted for profit, including all  
17 furniture and fixtures, apparatus, tools, implements, books, machines, boats,  
18 construction devices, and all personal property used or intended to be used for  
19 the production, processing, fabrication, assembling, handling, or transportation  
20 of anything of value, or for the production, transmission, control, or disposition  
21 of power, energy, heat, light, water, or waste. “Business personal property”

1 does not include inventory, or goods and chattels so affixed to real property as  
2 to have become part thereof, and that are therefore not severable or removable  
3 without material injury to the real property, nor does it include poles, lines, and  
4 fixtures that are taxable under sections 3620 and 3659 of this title, nor does it  
5 include communications property taxable under section 3602b of this title.

6 Sec. 12. 32 V.S.A. § 3659 is amended to read:

7 § 3659. MUNICIPAL LANDS

8 Land and buildings of a municipal corporation, whether acquired by  
9 purchase or condemnation and situated outside its territorial limits shall be  
10 taxed by the municipality in which such land is situated. Said land shall be set  
11 to such municipal corporation in the grand list of the town or city in which  
12 such real estate is located at the value fixed in the appraisal next preceding the  
13 date of acquisition of such property and taxed on such valuation. The value  
14 fixed on such property at each appraisal thereafter shall be the same per acre as  
15 the value fixed on similar property in the town or city. Improvements made  
16 subsequent to the acquisition of the land shall not be taxed; except that an  
17 additional tax not to exceed 75 percent of the appraisal of the land may be  
18 levied in lieu of a personal property tax. Electric utility poles, lines, and pole  
19 fixtures owned by a municipal utility lying beyond its boundaries shall be  
20 taxed at appraisal value as defined in section 3481 of this title.

21 Communications property, as defined in section 3602b of this title, owned by a

1 municipality lying beyond its boundaries shall be taxed at appraisal value as  
2 defined in section 3481 of this title.

3 Sec. 13. FISCAL YEAR 2025; ONE-TIME APPROPRIATION;

4 VALUATION MODEL

5 In fiscal year 2025, \$150,000.00 shall be appropriated from the General  
6 Fund to the Division of Property Valuation and Review of the Department of  
7 Taxes to fund the creation of a property valuation model for communications  
8 property.

9 \* \* \* State Highway ROW; Leases; Licenses; Communications Providers and

10 Property \* \* \*

11 Sec. 14. 19 V.S.A. § 26a is amended to read:

12 § 26a. DETERMINATION OF RENT TO BE CHARGED FOR LEASING  
13 OR LICENSING STATE-OWNED PROPERTY UNDER THE  
14 AGENCY'S JURISDICTION

15 (a) Except as otherwise provided by subsection (b) of this section, or as  
16 otherwise provided by law, leases or licenses negotiated by the Agency under  
17 5 V.S.A. §§ 204 and 3405 and section 26 and subsection 1703(d) of this title  
18 ordinarily shall require the payment of fair market value rent, as determined by  
19 the prevailing area market prices for comparable space or property. However,  
20 the Agency may lease or license State-owned property under its jurisdiction for  
21 less than fair market value when the Agency determines that the proposed

1 occupancy or use serves a public purpose or that there exist other relevant  
2 factors, such as a prior course of dealing between the parties, that justify  
3 setting rent at less than fair market value.

4 (b)(1) ~~Unless Notwithstanding any other provision of law to the contrary~~  
5 ~~and unless~~ otherwise required by federal law, beginning on or before October  
6 1, 2024, the Agency shall annually assess, collect, and deposit in the  
7 Transportation Fund a reasonable charge ~~or payment~~ with respect to leases or  
8 licenses for access to or use of State-owned rights-of-way by ~~providers of~~  
9 ~~broadband or wireless communications facilities or services~~ communications  
10 service providers for communications property as defined in 32 V.S.A.

11 § 3602b. ~~The Agency may waive such charge or payment in whole or in part if~~  
12 ~~the provider offers to provide comparable value to the State so as to meet the~~  
13 ~~public good as determined by the Agency and the Department of Public~~  
14 ~~Service. For the purposes of this section, the term “comparable value to the~~  
15 ~~State” shall be construed broadly to further the State’s interest in ubiquitous~~  
16 ~~broadband and wireless service availability at reasonable cost. Any waiver of~~  
17 ~~charges or payments for comparable value to the State granted by the Agency~~  
18 ~~may not exceed five years. Thereafter, the Agency may extend any waiver~~  
19 ~~granted for an additional period not to exceed five years if the Agency makes~~  
20 ~~affirmative written findings demonstrating that the State has received and will~~

1 ~~continue to receive value that is comparable to the value to the provider of the~~  
2 ~~waiver, or it may revise the terms of the waiver in order to do so.~~

3 (2) As used in this subsection, “reasonable charge” means:

4 (A) \$270.00 for each wireless communications facility.

5 (B) A per-linear-foot fee for digital subscriber line, coaxial cable, and  
6 fiber optic line, as follows:

7 (i) \$0.02 in a county that has a population of fewer than 25,000;

8 (ii) \$0.07 in a county that has a population of at least 25,000 but  
9 fewer than 100,000; and

10 (iii) \$0.13 in a county that has a population of at least 100,000.

11 (3) The charge required by this subsection shall not apply to  
12 communications property owned by:

13 (A) a communications union district;

14 (B) a small communications carrier as defined in 30 V.S.A.  
15 § 8082(10);

16 (C) an internet service provider that qualifies as an “eligible  
17 provider” under 30 V.S.A. § 8082(4), provided the lease or license for access  
18 to or use of State-owned rights-of-way is part of a “universal service plan” as  
19 defined in 30 V.S.A. § 8082(12), as certified by the Vermont Community  
20 Broadband Board; or

1           (D) a cable television service provider, provided the property is part  
2           of a cable television system subject to a certificate of public good issued by the  
3           Public Utility Commission under 30 V.S.A. chapter 13.

4           (4) The Secretary may adjust the fees prescribed in this section to  
5           account for inflationary changes as measured by the Consumer Price Index.

6           (5) The Secretary may propose for approval by the General Assembly  
7           standards and procedures for waiving the fees required by this subsection.

8           (c) Nothing in this section shall authorize the Agency to impose a charge or  
9           payment for the use of a highway right-of-way that is not otherwise authorized  
10          or required by State or federal law.

11          (d) ~~Nothing in this section shall be construed to impair any contractual~~  
12          ~~rights existing on June 9, 2007.~~ The State shall have no authority under this  
13          section to waive any sums due to a railroad. The State shall also not offer any  
14          grants or waivers of charges for any new broadband installations in segments  
15          of rail corridor where an operating railroad has installed or allowed installation  
16          of fiber optic facilities prior to June 9, 2007 unless the State offers equivalent  
17          terms and conditions to the owner or owners of existing fiber optic facilities.

18          (e) Beginning on or before January 1, 2025, and annually thereafter, the  
19          holder of a lease or license pursuant to subsection (b) of this section shall  
20          provide a detailed inventory of all property in the State right-of-way pursuant  
21          to such lease or license. The inventory shall include the regulatory status of



1 the lease or license holder, categorization of all communications property by  
2 type and by its location in the right-of-way, and a description of the service or  
3 services enabled by such property, as applicable.

4 (f) Notwithstanding 2 V.S.A. § 20(d), beginning on January 1, 2026 and  
5 annually thereafter, the Agency shall submit a written report to the General  
6 Assembly itemizing all charges and payments collected under this section, as  
7 well as an aggregated statewide inventory of the communications property  
8 described in subsection (e) of this section. The statewide inventory shall be  
9 shared with the Commissioner of Taxes, the Commissioner of Public Service,  
10 and the Secretary of Administration.

11 Sec. 16. AGENCY OF TRANSPORTATION; POSITIONS;

12 APPROPRIATION

13 (a) The following new, classified positions are authorized in the Agency of  
14 Transportation:

15 (1) one temporary full-time position; and

16 (2) one permanent full-time position.

17 (b) There is appropriated to the Agency of Transportation from the General  
18 fund in fiscal year 2025 the sum of \$250,000.00

19 \* \* \* Effective Dates \* \* \*

20 Sec. 17. EFFECTIVE DATES

21 This act shall take effect on July 1, 2024, except that:

1           (1) Secs. 1–6 (VUSF contribution method; 988 funding) shall take effect  
2           on July 1, 2025;

3           (2) this section, Sec. 7 (property tax transition) Sec. 13 (PVR  
4           appropriation), Sec. 16 (new transportation positions) shall take effect on  
5           passage; and

6           (3) Secs. 8–12 (communications property tax) shall take effect on July 1,  
7           2025 and shall apply to grand lists lodged on or after April 1, 2025.

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13           (Committee vote: \_\_\_\_\_)

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\_\_\_\_\_

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Representative \_\_\_\_\_

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FOR THE COMMITTEE