

FY 2024 Budget Items

House Ways & Means

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FY 2024 Governor's Recommended Budget

Overview of Memo from House Appropriations



Sec. B. 111 - Tax Department Base Budget

- General Fund Increase
 - \$ 996,649 or 4.65% from FY 2023
 - Comprised primarily of salary and benefit increases and internal service fund changes.
- Special Fund Increase
 - Adding the Tax Computer Modernization Fund spending authority to the base budget
 - Historically this was done through multi-year one-time appropriations
 - Adding to the Tax Department base budget will increase transparency in the use of the fund
 - \$800,000 increase for the State Appraisal and Litigation Assistance Program
 - Two new positions – a staff attorney and a program manager
 - Will focus on commercial appraisal services
 - Paid for with Local Option Tax Special Fund (language in E.111.3)



Sec. B. 131 – State Treasurer Base Budget

- General Fund Decrease -\$268,090 or - 14.8%
 - Increase for salary, benefits and other operations
 - VITA program removed from base budget – happy to operate the program again if funded by the legislature - \$400,000
- Special Fund Increase – \$709,127 or 25.3%
 - from retirement funds to support the staff and operations that manage the retirement programs
 - Includes two new positions in the retirement division
- Asking for 4 additional positions, 3 in treasurer operations and 1 in retirement division
 - \$436,214 total



Sec. B. 132 – Unclaimed Property

- Special fund increase - \$35,595 or 3.1%
- Funds from unclaimed property fund that are used to administer the program



Property Tax Appropriations

Section	Appropriation	FY 2023 Act 185	FY 2024 Gov. Rec.	Change
B.137	Homeowner Rebate	16.50	16.25	(0.25)
B.138	Renter Rebate	9.50	9.50	-
B. 139	Tax - Reappraisal & Listing Payments	3.39	3.39	0.01
B.140	Municipal Current Use	17.80	18.60	0.80



PILOT Appropriations

Section	Appropriation	FY 2023 Act 185	FY 2024 Gov. Rec.	Change
B.142	PILOT	10.58	10.68	0.11
B.143	PILOT – Montpelier	0.18	0.18	-
B.144	PILOT - Correctional Facilities	0.04	0.04	-

Note: Accompanying language in Sec. E.142, E.143, and E.144



Sec. B. 337 – corrections – correctional education

- Shifts funding for the Community High School of Vermont from the General Fund to the Education Fund

B.337 - Corrections - Correctional Education	FY 2023 Act 185	FY 2024 Gov. Rec.	Change
General Fund	3,600,789	-	(3,600,789)
Education Fund	-	3,744,668	3,744,668
Interdepartmental Transfer	148,784	148,784	-
Total	3,749,573	3,893,452	143,879

Note: Accompanying language in Sec. E.337



Sec. B. 1101(a)(3) – Digitization of Current Use

- The Tax Department is proposing to use \$1.75 million of the Current Use Administration Fund balance to modernize the Administration of the Current Use Program
 - One-time appropriation
 - Digitization of records
 - Move to an electronic application process in VTax
 - There is approximately a \$2 million surplus in the fund



Fund Transfers

- D.101(a)(1)(C) – Transfer \$1.3 million from the General Fund to the E-911 Special Fund
 - To eliminate the current fund deficit
- D.101(a)(1)(D) – Transfer \$1.5 million from the General Fund to the Fire Prevention/Building Inspection Special Fund
 - To eliminate the current fund deficit



New General Fund Reserve to Match Federal IIJA Funds for Transportation Projects

- D.101(d)(2) Proposed language:
 - \$68,221,667.46 will be reserved in the General Fund for transfer to the Transportation Fund, as necessary in fiscal years 2025 and 2026, to meet state matching requirements for federal IIJA funds.
 - It is anticipated that Transportation Fund dollars will not be available to match the IIJA funds for transportation projects. The Administration is proposing to set aside General Fund in FY 2024 to be used as match in FY 2025 and FY 2026



Authorization of two new positions at the Tax Department

- Two new positions to support the State Appraisal and Litigation Assistance Program (outlined in the Tax Dept. budget presentation)
 - E.100(a)(1)(I)(i) – Authorization of the Property Valuation and Review Program Manager
 - E.100(a)(2)(A) – Authorization of a Staff Attorney



Sec. E.111.1 - Codification of the Tax Computer System Modernization Fund

- Governor's Language:
 - The Tax Computer System Modernization Fund established by 2007 Acts and Resolves No. 65, Section 282, as may have been amended by subsequent Acts of the Vermont State Legislature, is codified as 32 V.S.A. § 3209.
- Codifies the Fund (governing statute is in the following section)



Sec. E.111.2 - Tax Computer System Modernization Fund

- Governor's Language:
32 V.S.A. § 3209 is added as follows:

§ 3209. Tax Computer System Modernization Fund

- The Tax Computer System Modernization Fund is established in the State Treasury as a special fund to support information technology improvements and initiatives of the Department of Taxes. Balances in the Fund will be administered by the Department of Taxes and used exclusively for the purposes prescribed in subsection (c). Balances in the Fund at the end of each fiscal year will be carried forward and remain part of the Fund. Interest earned by the Fund will be deposited into the Fund.
- The Fund will consist of (i) any contributions as appropriated by the General Assembly; and (ii) an amount not to exceed 0.21 percent of total revenue collected by the Department of Taxes.
- The Fund will be used for the development, implementation, enhancement, and maintenance of information technology systems and services for the administration of taxes and programs administered by the Department. This will include, but is not limited to, requests for proposal, business requirements, analysis, implementation of new tax types, enhancements to existing systems, and payments due to vendors of information technology systems and services.
- The Commissioner of Taxes will submit an annual report on the receipts, expenditures, and balances in the Tax Computer System Modernization Fund to the Joint Fiscal Committee at or prior to the November Joint Fiscal Committee meeting each year.



Sec. E.111.2 - Tax Computer System Modernization Fund

- Codifies the new fund and establishes an on-going funding mechanism
- Proposal to fund by 0.21% of total revenue collected to the Department of Taxes
 - \$2.7 million from the General Fund
 - \$1.1 million from the Education Fund
- Requires a report to JFC every November on the status of the fund.



Sec. E.111.2 - Tax Computer System Modernization Fund

- This funding mechanism would transfer funds off the top of the revenue that is collected.
- Propose to make this transaction more transparent with language that requires an annual General Fund transfer to the Fund equal to 0.21% of tax department collection.
 - Leaves the Education Fund out of the calculation
 - Increases transparency of the transaction.



Sec. E.111.2 - Tax Computer System Modernization Fund

- Propose to modify Section B accordingly:
 - Current language
 - The Fund will consist of (i) any contributions as appropriated by the General Assembly; and (ii) an amount not to exceed 0.21 percent of total revenue collected by the Department of Taxes.
 - Proposed Language
 - The Fund shall receive an annual transfer from the General Fund in an amount not to exceed 0.21 percent of total revenue collected in the prior fiscal year by the Department of Taxes. The fund may receive other receipts as directed or authorized by the General Assembly.



Sec. E.111.3 – Dept. of Taxes – State Appraisal and Litigation Assistance Program – Local Option Tax Fee Revenue

- 24 VSA § 138(c) is amended to read:

(c) Any tax imposed under the authority of this section shall be collected and administered by the Department of Taxes, in accordance with State law governing such State tax or taxes; provided, however, that a sales tax imposed under this section shall be collected on each sale that is subject to the Vermont sales tax using a destination basis for taxation. Except with respect to taxes collected on the sale of aviation jet fuel, a per-return fee of \$5.96 shall be assessed. 7

Notwithstanding any other law or municipal charter, this fee shall ~~to~~ compensate the Department for the costs of administration and collection of the local option tax and the State appraisal and litigation assistance program in 32 V.S.A. § 5413, 70 percent of which shall be borne by the municipality, and 30 percent of which shall be borne by the State to be paid from the PILOT Special Fund. The fee shall be subject to the provisions of 32 V.S.A. § 605.



Sec. E.139 – Grand List Litigation Assistance

- (a) Of the appropriation in Sec. B.139 of this act, \$9,000 will be transferred to the Attorney General and \$70,000 will be transferred to the Department of Taxes, Division of Property Valuation and Review, and reserved and used with any remaining funds from the amount previously transferred for final payment of expenses incurred by the Department or towns in defense of grand list appeals regarding the reappraisals of the hydroelectric plants and other property owned by TransCanada Hydro Northeast, Inc. and its successor Great River Hydro, LLC in the State of Vermont. Expenditures for this purpose will be considered qualified expenditures under 16 V.S.A. § 4025(c).



Sec. E.139 – Grand List Litigation Assistance

- Annual language that provides funding support to towns for litigations costs associated with the “Great River Hydro” project.



Sec. E.142 – Payment in Lieu of Taxes

- Annual Language
- (a) This appropriation is for State payments in lieu of property taxes under 32 V.S.A. chapter 123, subchapter 4. The payments will be calculated in addition to and without regard to the appropriations for PILOT for Montpelier and for correctional facilities elsewhere in this act. Payments in lieu of taxes under this section will be paid from the PILOT Special Fund under 32 V.S.A. § 3709.



Sec. E.143 – Payment in Lieu of Taxes – Montpelier

Sec. E.144 – Payment in Lieu of Taxes – Correctional Facilities

- Annual Language

- E.143 - (a) Payments in lieu of taxes under this section will be paid from the PILOT Special Fund under 32 V.S.A. § 3709.
- E. 144 - (a) Payments in lieu of taxes under this section will be paid from the pilot Special Fund under 32 V.S.A. § 3709.



Sec. E.306.1 Health IT-Fund Revenue Sunset

- Language extends the sunset of the Health IT fund (typically one year at a time – related to language in the following section)
 - 2013 Acts and Resolves No. 73, Sec. 60(10), as amended by 2017 Acts and Resolves No. 73, Sec. 14, 2018 Acts and Resolves No. 187, Sec. 5, 2019 Acts and Resolves No. 71, Sec. 21, and as amended by 2021 Acts and Resolves No. 73, Sec. 14, is further amended to read:

(10) Secs. 48–51 (health claims tax) shall take effect on July 1, 2013 and Sec. 52 (Health IT-Fund; sunset) shall take effect on July 1, ~~2023~~2025.



Sec. E.306.2 Health Care Claims Tax

- Language extends the 0.199% Health Care Claims Tax to Fund the HIT fund through 2025.
 - 2019 Acts and Resolves No. 6, Sec. 105 as amended by 2019 Acts and Resolves No. 71, Sec. 19, is further amended to read:

(b) Sec. 73 (further amending 32 V.S.A. Sec. 10402) shall take effect on July 1, ~~2021~~, 2025.



Sec. E.337-Corrections-Correctional Education

- Language adds the community high school to the allowable uses of the Education Fund in 16 V.S.A. § 4025

16 V.S.A. § 4025 (Education Fund) is amended to read:

(c) Monies in the Education Fund shall be used for the following:

(1) To make payments to school districts and supervisory unions for the support of education in accordance with the provisions of section 4028 of this title, other provisions of this chapter, the provisions of 32 V.S.A. chapter 135, and to provide funding for the Community High School of Vermont and the Flexible Pathways Initiative established by section 941 of this title, but excluding adult education and literacy programs under section 945 of this title.



Sec. E.338-Corrections-Correctional Services

- Language provides DOC with specific funding from the PILOT fund for payments to municipalities

(a) Notwithstanding 32 V.S.A. § 3709(a), the special funds appropriation of \$152,000 for the supplemental facility payments to Newport and Springfield will be paid from the PILOT Special Fund under 32 V.S.A. § 3709.

