

H.657 - Modernization of Vermont's Communications Taxes and Fees
As Passed the House – Section by Section Summary
Maria Royle, Legislative Counsel – April 10, 2024

Sec.	Subject
Secs. 1-6	<p>Vermont Universal Service Fund</p> <ul style="list-style-type: none"> • Changes the monthly contribution method from a 2.4% proportional charge to a flat, per-line fee of \$0.72 • Applies to each retail access line in service (wired or wireless voice service that passes through the public-switched network and is capable of accessing the 911 system) • Creates a carve-out for “prepaid” wireless communications service, which would continue to be subject to the 2.4% charge at point of sale • Updates terms and definitions throughout the chapter • Provides funding for the VT 988 Suicide and Crisis Lifeline Centers, within annual limits approved in advance by the General Assembly • Fund distribution: <ul style="list-style-type: none"> ○ 17% to the VT Community Broadband Board (<i>currently</i>, 16.6% of Fund revenue) ○ Remaining funds (in order of priority if insufficient funds): <ul style="list-style-type: none"> ▪ (1) fiscal agent; (2) relay service; (3) Lifeline; (4) E-911; (5) <u>VT 988</u>; (6) Connectivity Fund • Takes effect July 1, 2025 • Results in annual revenue of about \$7.96M (approximately \$3M additional revenue for the Fund)
Secs. 7-13	<p>Communications Property Taxed as Real Estate</p> <ul style="list-style-type: none"> • <u>Repeals</u> the: <ul style="list-style-type: none"> ○ Telephone Personal Property Tax (2.37% of net book value) ○ Alternative gross receipts tax (capped at 5¼%) for telephone companies earning less than \$50 million in annual gross operating revenue, which is also in lieu of income tax • Requires all communications property (tangible personal property) to be set in grand list as real estate and taxed at appraisal value (FMV) <ul style="list-style-type: none"> ○ Applies to telecommunications, broadband, and cable television facilities

	<ul style="list-style-type: none"> ○ Communications service providers required to annually provide to PVR a sworn inventory of all taxable communications property in a form that identifies the valuation of their property in each municipality ○ PVR required to annually provide listers with the valuation of all taxable communications property in their respective municipalities ● Specifies communications property is not “business personal property,” and therefore is not subject to a local option exemption ● Clarifies that communications property owned by a municipality is taxed only if it is located outside the municipality’s territorial limits ● Provides transitional tax provisions applicable only in FY’25 ● Appropriates \$150,000 in FY’25 from the PILOT Special Fund to PVR to create a property valuation model for communications property ● Takes effect July 1, 2025 ● Results in an estimated \$2M annual revenue loss for GF and an estimated \$2.5-\$5M annual revenue gain for Ed Fund
<p>Sec. 13a</p>	<p>VTrans – Rent Charged for Use of or Access to State-Owned Rights of Way</p> <ul style="list-style-type: none"> ● Applies to leases or licenses for access to or use of State-owned rights of way under Agency’s jurisdiction ● Removes the waiver provision applicable to providers of broadband or wireless communications facilities ● Beginning July 1, 2025, VTrans collects annual ROW charge ● Applies to communications service providers with respect to “communications property” ● Specifies fees are deposited into the Transportation Fund (required for federal-aid highways; must be used for highway purposes such as maintenance and upkeep of the ROW) ● Defines “reasonable charge” as: <ul style="list-style-type: none"> ○ \$270.00 for each small wireless facility, as defined under CFR ○ A per-linear-foot fee for wired service (twisted-pair cable, coaxial cable, fiber optic) as follows: <ul style="list-style-type: none"> ▪ \$0.02 in a county that has a population of fewer than 25,000; ▪ \$0.07 in a county that has a population of at least 25,000 but fewer than 100,000; and ▪ \$0.13 in a county that has a population of at least 100,000 ○ All other communications property subject to fair, reasonable, nondiscriminatory fee schedule established by Secretary of Transportation ● Provides exemption for communications property owned by: <ul style="list-style-type: none"> ○ a communications union district ○ a small communications carrier

	<ul style="list-style-type: none"> ○ an ISP working with a CUD, provided the lease or license is part of a “universal service plan,” certified by VCBB ○ a cable television service provider operating under a CPG issued by the Public Utility Commission ○ an electric transmission or distribution utility ● Authorizes Secretary to adjust fees to account for inflationary changes as measured by the CPI ● Authorizes Secretary to propose standards and procedures for waiving fees, subject to legislative approval ● Beginning January 1, 2025, and annually thereafter, each communications provider subject to fee provides VTrans a detailed inventory of all property in the State-owned ROW. Secretary shall conduct routine audits. ● Inventories are exempt from disclosure under Public Records Act, but may be shared with other State agencies, boards, or departments, pursuant to Secretary of Administration protocols; privileged status not waived ● Beginning January 1, 2026, VTrans submits annual report to General Assembly itemizing charges and payments and an aggregated statewide inventory of communications property ● Indeterminate positive revenue for Transportation Fund
<p>Sec. 14</p>	<p>Effective Dates</p> <ul style="list-style-type: none"> ● <u>On passage:</u> <ul style="list-style-type: none"> ○ Property tax transitional provisions ○ Appropriation to PVR for property valuation model for communications property ○ Creation and funding for two new positions at VTrans ● <u>July 1, 2024</u> <ul style="list-style-type: none"> ○ VTrans ROW section (initial provider inventories due January 1, 2025; rent collected beginning July 1, 2025; initial VTrans report to General Assembly due January 1, 2026) ● <u>July 1, 2025</u> <ul style="list-style-type: none"> ○ VUSF Contribution Method and 988 Funding ○ Communications property taxed as real estate