

1 TO THE HONORABLE SENATE:

2 The Committee on Finance to which was referred House Bill No. 657
3 entitled “An act relating to the modernization of Vermont’s communications
4 taxes and fees” respectfully reports that it has considered the same and
5 recommends that the Senate propose to the House that the bill be amended as
6 follows:

7 First: By striking out Secs. 7–13, communications property tax, and the
8 accompanying reader assistance in their entirety and inserting in lieu thereof
9 new Secs. 7–8 and an accompanying reader assistance to read as follows:

10 * * * Communications Property Tax; Study and Report * * *

11 Sec. 7. COMMUNICATIONS PROPERTY TAX; STUDY AND REPORT

12 (a) The Commissioner of Taxes shall conduct a study concerning the
13 taxation of communications property. The purpose of the study is to develop a
14 recommendation for an updated tax structure that applies to communications
15 property in a fair, reasonable, and nondiscriminatory manner and that reflects
16 modern developments in communications technology and its uses.

17 (b) As used in this section, generally, “communications property” means
18 tangible personal property used to enable the real-time, two-way,
19 electromagnetic transmission of information, such as audio, video, and data,
20 that is so fitted and attached as to be part of a local, state, national, or
21 international communications network, as well as facilities that are part of a

1 cable television system as defined in 30 V.S.A. § 501(2). The term includes
2 wires, cables, conduit, pipes, antennas, poles, wireless towers, machinery,
3 distribution hubs, cabinets, splitters, switching equipment, routers, servers,
4 power equipment, and any other network equipment.

5 (c) In conducting the study required by this section, the Commissioner shall
6 seek input from the Secretary of Transportation, the Secretary of Digital
7 Services, the Commissioner of Public Service, communications property
8 owners, the Vermont League of Cities and Towns, and any other persons
9 deemed appropriate by the Commissioner. In addition, the Commissioner shall
10 review the tax treatment of communications property in other jurisdictions to
11 determine an appropriate model for Vermont.

12 (d) The Commissioner shall make the following recommendations:

13 (1) for each category of communications property, whether it should be
14 taxed as real property or as business personal property, taking into
15 consideration such factors as the use, life-cycle, or location of each category of
16 network equipment;

17 (2) whether any exemptions should apply to communications property
18 based on ownership, use, location, public benefit, or any other factor deemed
19 appropriate by the Commissioner;

20 (3) a method for determining and fixing the valuations of
21 communications property;

1 (4) the rate or rates at which communications property should be taxed;

2 (5) a process for handling property valuations and appeals that

3 minimizes the burden on listers and local governments;

4 (6) a process for obtaining the data necessary to properly value and tax

5 communications property from the property owners or from other State

6 databases, or both, and the time and manner of data submissions, taking into

7 consideration other regulatory uses and State databases;

8 (7) a process for routinely auditing and enforcing the recommended tax

9 structure;

10 (8) resources needed to implement the recommended tax structure; and

11 (9) any other recommendations deemed appropriate by the

12 Commissioner and consistent with the purpose of the section.

13 (e) On or before January 15, 2025, the Commissioner shall submit the

14 findings and recommendations required by this section in a written report to

15 the Senate Committee on Finance and the House Committees on Ways and

16 Means and on Environment and Energy.

17 Sec. 8. ONE-TIME APPROPRIATION FROM THE PILOT SPECIAL

18 FUND; VALUATION MODEL

19 Notwithstanding 32 V.S.A. § 3709(a), the sum of \$150,000.00 is

20 appropriated from the PILOT Special Fund to the Division of Property

1 Valuation and Review of the Department of Taxes in fiscal year 2025 for the
2 purpose of creating a property valuation model for communications property.

3 Second: By striking out Sec.13a, 19 V.S.A. § 26a, and its accompanying
4 reader assistance in their entirety and inserting in lieu thereof a new section to
5 be Sec. 9 and an accompanying reader assistance to read as follows:

6 * * * Public ROW Rent; Study and Report * * *

7 Sec. 9. COMMUNICATIONS PROPERTY; RIGHT OF WAY RENT;
8 STUDY AND REPORT

9 (a) The Secretary of Transportation shall conduct a study concerning access
10 to and use of the public right-of-way (ROW) by communications service
11 providers. As part of the study, the Secretary shall develop a fair, reasonable,
12 and nondiscriminatory fee structure applicable to communications property in
13 the ROW that is commensurate with the public benefit conferred, and shall
14 conduct a cost-benefit analysis with respect to implementation of that fee
15 structure in Vermont.

16 (b) In order to perform a comprehensive cost-benefit analysis as required
17 by subsection (a) of this section, the Secretary shall develop a ROW database
18 indicating the location of communications property currently in the ROW.

19 (c) In conducting the study required by this section, the Secretary shall seek
20 input from the Secretary of Digital Services, the Commissioner of Taxes, the
21 Commissioner of Public Service, the Public Safety Communications Task

1 Force, communications property owners, the Vermont League of Cities and
2 Towns, and any other persons deemed appropriate by the Secretary. In
3 addition, the Secretary shall review the ROW fee structures used in other
4 jurisdictions to determine an appropriate model for Vermont.

5 (d) As used in this section:

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

15 (2) “Public right-of-way” or “ROW” means the area on, below, along,
16 across, or above a public roadway that is part of the State highway or
17 municipal roadway system.

18 (e) Among other things, the Secretary’s findings and recommendations
19 shall reflect the following:

20 (1) the specific types of communications property in the ROW;

1 (2) a fee structure that is proportionate to the public benefit conferred
2 from access to or use of the ROW, which may include a tiered system that
3 factors in population density and deployment costs;

4 (3) whether any fee exemptions or waivers, temporary or permanent,
5 should apply to communications property in the ROW based on ownership,
6 use, location, public benefit, or any other factor deemed appropriate by the
7 Secretary;

8 (4) standards and procedures applicable to data collection pursuant to
9 this section that are consistent with existing databases maintained by the State,
10 including the State Geographic Information System (GIS) and that are
11 consistent with prior inventories or studies, such as the GIS report submitted to
12 the General Assembly pursuant to 1988 Acts and Resolves No. 200, and any
13 system design recommendations contained therein;

14 (5) standards and procedures for accessing data collected pursuant to
15 this section by State or municipal entities or by the general public, subject to
16 any confidentiality parameters deemed appropriate by the Secretary;

17 (6) resources needed to implement the fee structure developed pursuant
18 to this section;

19 (7) potential uses of the State or municipal share of any revenue
20 collected pursuant to the fee structure; and

21 (8) any other matters deemed necessary or appropriate by the Secretary.

1 (e) On or before January 15, 2026, the Secretary shall submit the findings
2 and recommendations required by this section in a written report to the Senate
3 Committees on Finance and on Transportation and the House Committees on
4 Ways and Means, on Environment and Energy, and on Transportation.

5 Third: By striking out Sec. 14, effective dates, in its entirety and inserting
6 in lieu thereof a new section to be Sec. 10 to read as follows:

7 Sec. 10. EFFECTIVE DATES

8 This act shall take effect on passage, except that:

9 (1) Sec. 8 (PILOT Fund appropriation) shall take effect on July 1, 2024.

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

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16 (Committee vote: _____)

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Senator _____

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FOR THE COMMITTEE