

1 H.362

2 Introduced by Representative Hooper of Montpelier

3 Referred to Committee on

4 Date:

5 Subject: Taxation; property taxation; payments to municipalities

6 Statement of purpose: This bill proposes to repeal the PILOT special fund

7 limitation, direct municipal listers to value state buildings and land at fair

8 market value, and require full funding of the state's obligation under PILOT.

9 An act relating to full state buildings and land valuation PILOT funding

10 It is hereby enacted by the General Assembly of the State of Vermont:

11 Sec. 1. REPEAL OF LIMITATION ON PILOT PAYMENTS

12 Sec. 89 of No. 60 of the Acts of 1997 (PILOT special fund and proration of
13 PILOT payments in case of underfunding) is repealed, effective July 1, 2009.

14 Sec. 2. 32 V.S.A. § 3701(1) and (2) are amended to read:

15 (1) "State-owned property" means:

16 (A) state-owned buildings, including buildings of the Vermont state
17 colleges which are tax-exempt under section 2178 of Title 16; buildings of the
18 University of Vermont and State Agricultural College used for educational and
19 not commercial purposes; and buildings of the agency of transportation and the
20 department of the military; but excluding ~~the value of land on which the~~

1 ~~buildings are located, and excluding~~ all highways and bridges and any land
2 pertaining thereto; and

3 * * *

4 (2) “Assessed value of ~~state buildings~~ state-owned property” means
5 ~~estimation of the current cost of replacing a building, maintained for insurance~~
6 ~~purposes by the state agency or other entity responsible for insuring the~~
7 ~~building, depreciated by the age and condition of the building~~ the appraisal
8 value, as defined in section 3481 of this title, of state-owned buildings, which
9 value shall be appraised in accordance with the provisions of chapter 129 of
10 this title.

11 Sec. 3. REPEAL

12 (a) 32 V.S.A. § 3701(3) (relating to assessed value of state lands) is
13 repealed effective for grand lists created on or after April 1, 2010.

14 (b) 32 V.S.A. § 3704 (requiring the secretary of administration to provide
15 assessed values of state buildings and lands to every municipality to which a
16 PILOT grant is payable) is repealed effective for grand lists created on or after
17 April 1, 2010.

18 Sec. 4. 32 V.S.A. § 3706 is amended to read:

19 § 3706. PAYMENT TO MUNICIPALITIES

20 ~~Grants under this subchapter~~ Annually, the state shall pay to each town the
21 amount required under this subchapter. Payments shall be made annually by

1 the secretary of administration ~~to each eligible municipality on or before~~
2 ~~December 1, 1997, and~~ on or before October 31 ~~in years thereafter~~ each year
3 from the PILOT special fund. Nothing in this subchapter shall be construed or
4 permitted to affect the tax exempt status of the University of Vermont and
5 State Agricultural College, as provided by statute and guaranteed by that
6 institution's charter.

7 Sec. 5. 32 V.S.A. § 3709 is amended to read:

8 § 3709. PILOT SPECIAL FUND

9 (a) There is hereby established a PILOT special fund consisting of
10 appropriations to the fund by the general assembly and local option tax
11 revenues paid to the treasurer pursuant to 24 V.S.A. § 138. This fund shall be
12 managed by the commissioner of taxes pursuant to subchapter 5 of chapter 7 of
13 this title. Notwithstanding subdivision 588(3) of this title, all interest earned
14 on the fund shall be retained in the fund for use in meeting future obligations.
15 The fund shall be exclusively for payments required under subchapter 4 of
16 chapter 123 of this title, and for any additional state payments in lieu of taxes
17 for correctional facilities and to the City of Montpelier. The commissioner of
18 finance and management may draw warrants for disbursements from this fund
19 in anticipation of receipts.

20 (b) If the PILOT special fund is insufficient to pay the full amount of all
21 payments in lieu of taxes under subchapter 4 of this chapter, then, after

1 application of the cap in subsection 3703(c) of this title, payments determined
2 under sections 3703 of this subchapter shall be reduced proportionately.

3 Annually, the general assembly shall appropriate to the PILOT special fund the
4 amount necessary to meet the state's obligation under this subchapter for the
5 following fiscal year, after taking into account the revenue from local option
6 taxes for that fiscal year as estimated by the joint fiscal office. Annually, by
7 January 15, the director of property valuation and review shall report to the
8 general assembly the state's full PILOT obligation to each town for the current
9 fiscal year and the estimated obligation to each town for the following fiscal
10 year. Annually, should the general assembly fail to appropriate the amount
11 necessary to meet the state's obligation, the director of property valuation and
12 review shall report to each municipality the amount of the state's obligation to
13 that municipality that was not paid.

14 Sec. 6. EFFECTIVE DATE

15 This act shall take effect February 1, 2010, and the report required by
16 32 V.S.A. § 3709(b) for 2010 from the director of property valuation and
17 review to the general assembly shall be due March 1, 2010.