

House Committee on Ways and Means
List of items to consider from the Governor's Recommended Budget
February 3, 2022

(1) The sum of \$533,540 is appropriated from the **Current Use Administration Special Fund** to the Department of Taxes for administration of the **Use Tax Reimbursement Program**. Notwithstanding 32 V.S.A. § 9610(c), amounts above \$533,540 from the property transfer tax that are deposited into the Current Use Administration Special Fund shall be transferred into the General Fund. (2) The sum of \$11,128,985 is appropriated from the **Vermont Housing and Conservation Trust Fund** to the Vermont Housing and Conservation Board. Notwithstanding 10 V.S.A. § 312, amounts above \$11,128,985 from the property transfer tax and surcharge established by 32 V.S.A. § 9602a that are deposited into the Vermont Housing and Conservation Trust Fund shall be transferred into the General Fund. (A) The dedication of \$2,500,000 in revenue from the property transfer tax pursuant to 32 V.S.A. § 9610(d) for the debt payments on the affordable housing bond (10 V.S.A. § 314) is to be offset by the reduction of \$1,500,000 in the appropriation to the Vermont Housing and Conservation Board and \$1,000,000 from the surcharge established by 32 V.S.A. § 9602a. The fiscal year 2023 appropriation of \$11,128,985 to VHCB reflects the \$1,500,000 reduction. The affordable housing bond and related property transfer tax and surcharge provisions are repealed after the life of the bond on July 1, 2039. Once the bond is retired, the \$1,500,000 reduction in the appropriation to VHCB is intended to be restored.

Sec. E.139 GRAND LIST LITIGATION ASSISTANCE (a) Of the appropriation in Sec. B.139 of this act, \$9,000 shall be transferred to the Attorney General and \$70,000 shall 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 shall be considered qualified expenditures under 16 V.S.A. § 4025(c). EXPLANATION: Annual language that appropriates funding to support towns' litigation cost for the "Great River Hydro, LLC" (formerly "TransCanada Northeast") project.

PAYMENTS IN LIEU OF TAXES (a) This appropriation is for State payments in lieu of property taxes under 32 V.S.A. chapter 123, subchapter 4, and the payments shall 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 shall be paid from the PILOT Special Fund under 32 V.S.A. § 3709. EXPLANATION: Annual language clarifying that these payments are in addition to, and separate from, those appropriated elsewhere in the Act for the city of Montpelier and correctional facilities. **Sec. E.143 PAYMENTS IN LIEU OF TAXES – MONTPELIER** (a) Payments in lieu of taxes under this section shall be paid from the PILOT Special Fund under 32 V.S.A. § 3709. EXPLANATION: Standard language. **Sec. E.144 PAYMENTS IN LIEU OF TAXES – CORRECTIONAL FACILITIES** (a) Payments in lieu of taxes under this section shall be paid from the pilot Special Fund under 32 V.S.A. § 3709. EXPLANATION: Standard language.

Sec. E.233 **PUBLIC SERVICE; UNIVERSAL TELECOMMUNICATIONS SERVICE** 30 V.S.A. § 7511 is amended to read: § 7511. Distribution generally (a)(1) As directed by the Commissioner of Public Service, funds collected by the fiscal agent, and interest accruing thereon, shall be distributed as follows: (A) to pay costs payable to the fiscal agent under its contract with the Commissioner; (B) to support the Vermont telecommunications relay service in the manner provided by section 7512 of this title; (C) to support the Vermont Lifeline program in the manner provided by section 7513 of this title; (D) to support Enhanced 911 services the Critical Communications Infrastructure Program in the manner provided by section 7514 7517 of this title; and (E) to support the Connectivity Fund established in section 7516 of this title; and *** EXPLANATION: Identify that Universal Service Fee (USF) funds will no longer be allocated to the Enhanced 911 special fund and will instead be allocated to the new Critical Communications Infrastructure Program created in Sec. E.233.2 of this act. Sec. E.233.1 **REPEAL § 7514. Enhanced 911** The fiscal agent shall make distributions to the State Treasurer, for deposit into the Enhanced 911 special fund, as annually directed by the General Assembly. (Added 1993, No. 197 (Adj. Sess.), § 5.) EXPLANATION: Sec. B.235 of the Governor's Recommended Budget funds the Enhanced 911 Board with General Fund rather than from the Enhanced 911 special fund, so distributions to this fund are no longer warranted.

§ 7517. **Critical Communications Infrastructure Program** (a) Purpose. The purpose of the Critical Communications Infrastructure Program (CCIP) is to improve availability of commercial mobile wireless voice services (CMRS) in areas where those services are currently unavailable. (b) The Public Service Department, in cooperation with the Agency of Transportation, shall: (1) evaluate CMRS services through a driving test of all federal aid highways; (2) Prioritize road segments identified from the drive test as having no or low- quality voice service using traffic counts and the quantity of E-911 business and residential locations in proximity. In identifying priority road segments, the Department shall seek input on a draft set of Priority Road Segments, including from state agencies and regional planning commissions, and any other stakeholders that the Commissioner deems necessary and; (3) retain an expert to identify Search Rings, defined as geographic areas in which towers could be deployed to provide mobile wireless service to the Priority Road Segments. In developing the Search Rings, the expert shall consider the locations of existing tower sites and the optimal extension of existing coverage. (c) The Department shall develop a program to competitively award grants to facilities-based carriers and tower operators that results in the deployment of new wireless facilities in areas identified for priority in accordance with subsection (b). In creating the program, the Department shall ensure that the funding is awarded in a manner that: (1) Ensures wireless voice coverage national facilities based CMRS carriers (2) Provides coverage in unserved areas of all Vermont counties (3) Provides low-cost or free access to some facilities by Vermont public safety organizations (d) In developing the program, the Commissioner may retain outside consultants to assist with all steps of the program. The Commissioner may also consider Neutral Host Networks in areas that cannot otherwise be supported by the program. (e) The Fiscal Agent shall make distributions to the Department of Public Service for the purpose of funding the program as annually directed by the General Assembly.

EXPLANATION: Definition of the program to be funded by Sec. E.233 of this act. Sec. E.233.3 **UNIVERSAL SERVICE FUND; FY 2023 TRANSFER TO ENHANCED 911**

BOARD Notwithstanding any other provision of this chapter, for fiscal year 2023 only, the amount of \$700,000 shall be transferred to the State Treasurer from the Vermont Universal Service Fund for the purpose of funding the Enhanced 911 Board. EXPLANATION: Amount estimated to offset the deficit remaining in the E-911 Special Fund at the end of FY 2022.

Sec. E.236.1 **POWERS AND DUTIES OF BOARD OF LIQUOR AND LOTTERY** 31 V.S.A. Sec. 651 is amended to read: *** The Board of Liquor and Lottery shall adopt rules pursuant to 3 V.S.A. chapter 25, governing the establishment and operation of the State Lottery. The rules may include the following: (1) Types of lotteries to be conducted, to include on-line lottery games known as iLottery, e-instants, and **sport betting**, provided that no lottery shall be conducted that depends upon the outcome of an athletic contest except that the lottery may be affiliated with a sporting event, or sweepstakes, where the outcome is determined solely by lot or random drawing and not by choice of the lottery participant. *** (7) Lottery product sales locations, which may include State agency liquor stores; private business establishments, including first- and third- class licensed establishments except establishments holding first- or first- and third-class 16 licenses pursuant to Title 7; fraternal, religious, and volunteer organizations; and town clerks' offices; and State fairs, race tracks, and other sporting arenas. (8) Method for sale of tickets, provided that they may be sold only for cash, debit card or electronic transfer. EXPLANATION: **This statutory change would explicitly allow the lottery to offer additional lottery games including online lottery (which could draw all games, draw game subscriptions, e-instant games, and on-line winning ticket redemption). This statutory change would also remove the language the currently prohibits sports betting. This change would enable the lottery to offer Keno.**

Sec. E.306 **VERMONT HEALTH BENEFIT EXCHANGE RULES** (a) The Agency of Human Services may adopt rules pursuant to 3 V.S.A. chapter 25 to conform Vermont's rules regarding health care eligibility and enrollment and the operation of the Vermont Health Benefit Exchange to state and federal law and guidance. The Agency may use the emergency rules process pursuant to 3 V.S.A. § 844 prior to June 30, 2023, but only in the event that new state or federal law or guidance require Vermont to amend or adopt its rules in a time frame that cannot be accomplished under the traditional rulemaking process. An emergency rule adopted under these exigent circumstances shall be deemed to meet the standard for the adoption of emergency rules required pursuant to 3 V.S.A. § 844(a). EXPLANATION: Annual language requirement to appropriately position DVHA to adapt its rules relative to changes in federal and/or state laws governing the Vermont Health Benefits Exchange. Sec. E.306

HEALTH IT-FUND REVENUE SUNSET 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, 2024. EXPLANATION: Language is required to extend the sunset of the Health IT fund and is customarily extended by one year as compared to

current law until a policy change is initiated. This item could be carried in the miscellaneous tax bill. Sec. E.306.1 HEALTH CARE CLAIMS TAX 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, 2024.

EXPLANATION: This language is required to extend the .199% Health Care Claims tax to fund the HIT Fund through 2024 to align with Sec. E.306 above.

Sec. E.337 COMMUNITY HIGH SCHOOL OF VERMONT; FUNDING 16 V.S.A. Sec. 4025(b)(1) is amended to read: Section E.324 – H. Energy & Technology H. General, Housing & M.A. H. Human Services Section E.325 – H. General, Housing & M.A. H. Human Services Section E.326 – H. General, Housing & M.A. H. Human Services Section E.335 – H. Corrections & Institutions 22 (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. EXPLANATION: Reestablishes the use of the Education Fund for the Community High School of Vermont.

E.400 DEPARTMENT OF LABOR ; TRADE APPRENTICESHIP EXPENSE REIMBURSEMENT; PROGRAM EXPANSION (a) Up to \$1,000,000 of the funds appropriated in Act 74 of 2021 Sec. G.300(a)(6) may be carried forward by the Vermont Department of Labor and used to reimburse Vermont employers for costs incurred for work tools and personal protective equipment for new apprentices, and for expansion of registered apprenticeship programs and participants. Employers may be reimbursed up to \$300.00 for tools per apprentice. EXPLANATION: ARPA funds appropriated for apprenticeship programs in FY2022 and remaining at the end of the fiscal year are allocated for the purpose described in FY2023.

Sec. E.501 AGENCY OF EDUCATION; ESSER III FUND PLAN (a) The following sums are appropriated from the ESSER III funds to the Agency of Education in fiscal year 2023: (A) \$2,852,234 for Evidence-Based Summer Programming: Grant program for schools to offer district-wide tutoring or the implementation of a statewide contract to set up tutoring by a vendor (potentially virtual or hybrid to ensure that we can reach all students). A statewide vendor is used to address staffing shortages. The requirement that this be evidence-based tutoring is necessary to meet ARPA ESSER eligibility criteria. (B) \$2,852,234 for Evidence-Based Afterschool Programming: Seed grants to districts for adoption of 21C quality approaches without necessarily having to meet the usual 21C stringent grant criteria, with targeting to districts that have been challenged to stand up 21C programs due to geographic challenges. The requirement that this be evidence based (21C programming) is necessary to meet ARPA ESSER eligibility criteria. (C) \$1,352,170 for the implementation of evidence-based interventions aimed specifically at addressing learning loss, such as summer learning or summer enrichment, extended day, comprehensive afterschool programs, or extended school year programs. (D) \$1,130,586 for meeting other needs as determined by the state educational agency (AOE) to address issues in responding to COVID-19. EXPLANATION: Allocation of the remaining ESSER III funds not yet appropriated. **Sec. E.501.1 LICENSE FEE REVENUE** (a) The Occupational Licensing

Reform initiative established by Act XX of 2022 waives occupational licensing fees for all Vermont residents aged 25 or younger. (b) The Agency of Education has estimated the FY2023 budget impact of this initiative to the Teacher Licensing Fund (21240) to be a decline in revenue of \$75,000. (c) The General Fund appropriation in B.1100(a)(8)(C) of this act is intended to offset the revenue impact of Occupational Licensing Reform. EXPLANATION: Acknowledgement of Occupational Licensing Reform initiative with respect to Teacher Licensing Fund revenue. Sec. E.502 EDUCATION – SPECIAL EDUCATION: FORMULA GRANTS (a) Of the appropriation authorized in section B.502 of this act, and notwithstanding any other provision of law, an amount not to exceed \$4,073,400 shall be used by the Agency of Education in fiscal year 2023 as funding for 16 V.S.A. § 2967(b)(2)–(6). In distributing such funds, the Secretary shall not be limited by the restrictions contained within 16 V.S.A. § 2969(c) and (d). EXPLANATION: The language establishes how much of the special education funding formula shall be used for 16 V.S.A Sec 2967(b)(2)-(6).

Sec. E.503 EDUCATION – STATE-PLACED STUDENTS (a) The Independence Place Program of the Lund Family Center shall be considered a 24-hour residential program for the purposes of reimbursement of education costs. EXPLANATION: Annual language.

Sec. E.504.1 EDUCATION – **FLEXIBLE PATHWAYS** (a) Of the appropriation in Sec. B.504 of this act, \$2,100,000 from the Education Fund shall be distributed to school districts for reimbursement of high school completion services pursuant to 16 V.S.A. § 943(c). (b) Notwithstanding 16 V.S.A. § 4025(b), of this Education Fund appropriation, the amount of: (1) \$921,500 is available for dual enrollment programs notwithstanding 16 V.S.A. § 944(f)(2); (2) \$1,800,000 is available to support the Vermont Virtual High School; (3) \$400,000 is available for secondary school reform grants; and (4) \$3,200,000 is available for Early College pursuant to 16 V.S.A. § 4011(e). (c) Of the appropriation in Sec. B.504 of this act, \$921,500 from the General Fund is available for dual enrollment programs.

Sec. XX INVESTMENTS IN VERMONT'S ECONOMY, WORKFORCE, AND COMMUNITIES (a) \$101,050,000 in fiscal year 2023 is appropriated from the American Rescue Plan Act (ARPA) - Coronavirus State Fiscal Recovery Funds as follows: (1) **\$30,000,000 to the Department of Economic Development to be used for the Grand List Enhancement Program to facilitate development and redevelopment of commercial, or multi-unit residential sites in Section E.900** – H. Government Operations H. Transportation Section E.900.1 – H. Government Operations H. Transportation Section On Initiatives - Multi-year Funding Priorities H. Commerce & Econ. Dev. 26 disadvantaged communities and promote business, housing, and job growth in these areas which are necessary to prevent further declining or stagnant grand list values.