

**No. 145. An act relating to the modernization of Vermont's communications taxes and fees.**

(H.657)

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

\* \* \* VUSF; Per-Line Contribution Method; Vermont 988 \* \* \*

Sec. 1. 30 V.S.A. § 7501 is amended to read:

§ 7501. PURPOSE; DEFINITIONS

(a) It is the purpose of this chapter to create a financial structure that will allow every Vermont household to obtain basic telecommunications service at an affordable price, and to finance that structure with a ~~proportional~~ charge on all telecommunications transactions that interact with the public switched network.

(b) As used in this chapter:

\* \* \*

(8) "Telecommunications service" means the transmission of any real-time, interactive electromagnetic communications that passes through the public switched network. The term includes transmission of voice, image, data, and any other information, by means of wire, electric conductor cable, optic fiber, microwave, radio wave, or any combinations of such media, and the leasing of any such service.

(A) Telecommunications service includes:

(i) local telephone service, including any facility or service provided in connection with such local telephone service;

(ii) toll telephone service;

(iii) directory assistance;

(iv) ~~two-way cable television service~~ interconnected VoIP service,  
as defined in 47 C.F.R. § 9.3; and

(v) ~~mobile telephone or telecommunication service, both analog  
and digital~~ mobile telecommunications service, as defined in 4 U.S.C.  
§ 124(7).

\* \* \*

Sec. 2. 30 V.S.A. § 7521 is amended to read:

§ 7521. CHARGE IMPOSED; WHOLESAL EXEMPTION

(a) A Universal Service Charge is imposed on all retail telecommunications service provided to a Vermont address. Where the location of a service and the location receiving the bill differ, the location of the service shall be used to determine whether the Charge applies. The Charge is imposed on the person purchasing the service, but shall be collected by the telecommunications service provider. ~~Each~~ As applicable, each telecommunications service provider shall include in its tariffs filed at the Public Utility Commission a description of its billing procedures for the Universal Service Charge.

\* \* \*

(c) In the case of mobile telecommunications service, the Universal Service Charge is imposed when the customer's place of primary use is in Vermont. ~~The~~ As used in this subsection, the terms "customer;" and "place of primary

use,” and “~~mobile telecommunications service~~” have the meanings given in 4 U.S.C. § 124. All provisions of 32 V.S.A. § 9782 shall apply to the imposition of the Universal Service Charge under this section.

(d) ~~{Repealed.}~~ In the case of interconnected VoIP service, the Universal Service Charge is imposed when the customer’s place of primary use is in Vermont. As used in this subsection, the term “place of primary use” means the street address where the customer’s use of interconnected VoIP service primarily occurs or a reasonable proxy as determined by the interconnected VoIP service provider, such as the customer’s registered location for 911 purposes.

\* \* \*

Sec. 3. 30 V.S.A. § 7523 is amended to read:

§ 7523. RATE OF CHARGE

(a)(1) ~~Beginning on July 1, 2014, the~~ Except as provided in subsection 7521(e) of this chapter, which pertains to prepaid wireless telecommunications service, and in subdivision (4) of this subsection, the monthly rate of charge shall be two percent of retail telecommunications service \$0.72 for each retail access line in service.

(2) The number of access lines a telecommunications service provider provides a customer shall be deemed equal to the number of inbound or outbound, whichever is greater, two-way communications by any technology

that the customer can maintain at the same time as provisioned by the provider's service.

(3) As used in this section, "access line" means a wire or wireless connection that provides voice telecommunications service to or from any device used by a customer, regardless of technology, that is associated with a 10-digit NPA-NXX number or other unique identifier and with a service location or place of primary use in Vermont and that is capable of accessing the 911 system.

(4) A customer enrolled in the federal Lifeline program or the Vermont Lifeline program, or both, is exempt from the Charge established by this chapter.

~~(b) Beginning on July 1, 2019, the rate of charge established under subsection (a) of this section shall be increased by four tenths of one percent of retail telecommunications service, and the monies collected from this increase~~  
From the monies collected by the Universal Service Charge under this chapter, 17 percent shall be transferred to the Vermont Community Broadband Fund established under section 8083 of this title, and up to \$120,000.00 shall be used to fund a Rural Broadband Technical Assistance Specialist whose duties shall include providing outreach, technical assistance, and other support services to communications union districts established pursuant to chapter 82 of this title and other units of government, nonprofit organizations, cooperatives, and for-profit businesses for the purpose of expanding broadband service to unserved

and underserved locations. Support services also may include providing business model templates for various approaches, including formation of or partnership with a cooperative, a communications union district, a rural economic development infrastructure district, an electric utility, or a new or existing ~~Internet~~ internet service provider as operator of the network.

(c) Universal Service Charges imposed and collected by the fiscal agent under this subchapter shall not be transferred to any other fund or used to support the cost of any activity other than in the manner authorized by this section and section 7511 of this title.

Sec. 4. 30 V.S.A. § 7521(e)(1) is amended to read:

(e)(1) Notwithstanding any other provision of law to the contrary, ~~beginning on January 1, 2020, the~~ a Universal Service Charge of 2.4 percent shall be imposed on all retail sales of prepaid wireless telecommunications service subject to the sales and use tax imposed under 32 V.S.A. chapter 233. The charges shall be collected by sellers or marketplace facilitators collecting sales tax pursuant to 32 V.S.A. § 9713 and remitted to the Department of Taxes in the manner provided under 32 V.S.A. chapter 233. Upon receipt of the charges, the Department of Taxes shall have 30 days to remit the funds to the fiscal agent selected under section 7503 of this chapter. The Commissioner of Taxes shall establish registration and payment procedures applicable to the Universal Service Charge imposed under this subsection consistent with the registration and payment procedures that apply to the sales tax imposed on

such services and also consistent with the administrative provisions of 32 V.S.A. chapter 151, including any enforcement or collection action available for taxes owed pursuant to that chapter.

Sec. 5. 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)(1)~~ to pay costs payable to the fiscal agent under its contract with the Commissioner;

~~(B)(2)~~ to support the Vermont telecommunications relay service in the manner provided by section 7512 of this title;

~~(C)(3)~~ to support the Vermont Lifeline program in the manner provided by section 7513 of this title;

~~(D)(4)~~ to support Enhanced 911 services in the manner provided by section 7514 of this title; ~~and~~

~~(E)(5)~~ to support the Vermont 988 Suicide and Crisis Lifeline centers in the manner provided in section 7513a of this title; and

(6) to support the Connectivity Fund established in section 7516 of this title; ~~and.~~

~~(2)~~ for fiscal year 2016 only, any personnel or administrative costs associated with the Connectivity Initiative shall come from the Connectivity

~~Fund, as determined by the Commissioner in consultation with the  
Connectivity Board.~~

(b) If insufficient funds exist to support all of the purposes contained in subsection (a) of this section, the Commissioner shall allocate the available funds, giving priority in the order listed in subsection (a).

Sec. 6. 30 V.S.A. § 7513a is added to read:

§ 7513a. VERMONT 988 SUICIDE AND CRISIS LIFELINE

The fiscal agent shall make distributions to the Commissioner of Mental Health to fund the operational and capital costs of the Vermont 988 Suicide and Crisis Lifeline centers, within annual limits approved in advance by the General Assembly.

\* \* \* Communications Property; Real Estate; Fair Market Value \* \* \*

Sec. 7. TELEPHONE TAX; REPEAL; TRANSITION

(a) 32 V.S.A. § 8521 (telephone personal property tax) is repealed on July 1, 2025. The final monthly installment payment of the telephone personal property tax under 32 V.S.A. § 8521 levied on the net book value of the taxpayer's personal property as of December 31, 2024 shall be due on or before July 25, 2025.

(b) 32 V.S.A. § 8522 (alternative telephone gross revenues tax) is repealed on January 1, 2026. The final quarterly payment of the alternative tax under 32 V.S.A. § 8522 shall be due on or before January 25, 2026.

(c) Any taxpayer who paid the alternative tax imposed by 32 V.S.A. § 8522 prior to the repeal of the tax on January 1, 2026 shall become subject to the income tax imposed under 32 V.S.A. chapter 151 beginning with the taxpayer's first income tax year starting on or after January 1, 2025. No alternative tax under 32 V.S.A. § 8522 shall be due for any period included in the taxpayer's income tax filing for tax years starting on or after January 1, 2025.

(d) In fiscal year 2025, the Division of Property Valuation and Review of the Department of Taxes and all communications service providers with taxable communications property in Vermont shall be subject to the inventory and valuation provisions prescribed in 32 V.S.A. § 4452, as applicable.

Sec. 8. 32 V.S.A. § 3803(2) is amended to read:

(2) real and personal estate, except land and buildings, used in ~~carrying on telephone business or in~~ operating a transportation company in this State; and

Sec. 9. 32 V.S.A. § 5401(10) is amended to read:

(10) "Nonhomestead property" means all property except:

\* \* \*

(B) Property that is subject to the tax on railroads imposed by chapter 211, subchapter 2 of this title ~~or the tax on telephone companies imposed by chapter 211, subchapter 6 of this title.~~

\* \* \*



(D) Personal property, machinery, inventory and equipment, ski lifts, and snow-making equipment for a ski area; provided, however, this subdivision (10) shall not exclude from the definition of “nonhomestead property” the following real or personal property:

(i) utility cables and lines, poles, and fixtures (~~except those taxed under chapter 211, subchapter 6 of this title~~), provided that utility cables, lines, poles, and fixtures located on homestead property and owned by the person claiming the homestead shall be taxed as homestead property; and

\* \* \*

Sec. 10. 32 V.S.A. § 3602b is added to read:

§ 3602b. COMMUNICATIONS PROPERTY

(a) All communications property shall be set in the grand list as real estate.

(b) Communications property owned by a nonmunicipal communications service provider shall be taxed at appraisal value as defined in section 3481 of this title.

(c) As used in this section, “communications property” means tangible personal property used to enable the real-time, two-way, electromagnetic transmission of information, such as audio, video, and data, that is so fitted and attached as to be part of a local, state, national, or international communications network, as well as facilities that are part of a cable television system as defined in 30 V.S.A. § 501(2). The term includes wires, cables, conduit, pipes, antennas, poles, and wireless towers.

(d)(1) On or before May 1 of each year, the Division of Property Valuation and Review of the Department of Taxes shall provide the listers in each municipality with the valuation of all taxable communications property of any communications service provider situated therein as reported by such provider to the Division.

(2) On or before March 31 of each year, each communications service provider shall submit to the Division a sworn inventory of all its taxable communications property in a form that identifies the valuation of its property in each municipality.

(3) The Division shall prescribe the form of the inventory required under subdivision (2) of this subsection and the officer or officers who shall submit the sworn inventory.

(4) The valuations provided to the listers pursuant to this section shall be used by the listers in determining and fixing the valuations of communications property for the purposes of property taxation.

Sec. 11. 32 V.S.A. § 3618(c)(1) is amended to read:

(1) “Business personal property” means tangible personal property of a depreciable nature used or held for use in any trade, business, professional practice, transaction, activity, or occupation conducted for profit, including all furniture and fixtures, apparatus, tools, implements, books, machines, boats, construction devices, and all personal property used or intended to be used for the production, processing, fabrication, assembling, handling, or transportation

of anything of value, or for the production, transmission, control, or disposition of power, energy, heat, light, water, or waste. “Business personal property” does not include inventory, or goods and chattels so affixed to real property as to have become part thereof, and that are therefore not severable or removable without material injury to the real property, nor does it include poles, lines, and fixtures that are taxable under sections 3620 and 3659 of this title, nor does it include communications property taxable under section 3602b of this title.

Sec. 12. 32 V.S.A. § 3659 is amended to read:

§ 3659. MUNICIPAL LANDS

Land and buildings of a municipal corporation, whether acquired by purchase or condemnation and situated outside its territorial limits shall be taxed by the municipality in which such land is situated. Said land shall be set to such municipal corporation in the grand list of the town or city in which such real estate is located at the value fixed in the appraisal next preceding the date of acquisition of such property and taxed on such valuation. The value fixed on such property at each appraisal thereafter shall be the same per acre as the value fixed on similar property in the town or city. Improvements made subsequent to the acquisition of the land shall not be taxed; except that an additional tax not to exceed 75 percent of the appraisal of the land may be levied in lieu of a personal property tax. Electric utility poles, lines, and pole fixtures owned by a municipal utility lying beyond its boundaries shall be taxed at appraisal value as defined in section 3481 of this title.

Communications property, as defined in section 3602b of this title, owned by a municipality lying beyond its boundaries shall be taxed at appraisal value as defined in section 3481 of this title.

Sec. 13. ONE-TIME APPROPRIATION FROM THE PILOT SPECIAL  
FUND; VALUATION MODEL

Notwithstanding 32 V.S.A. § 3709(a), the sum of \$150,000.00 is appropriated from the PILOT Special Fund to the Division of Property Valuation and Review of the Department of Taxes in fiscal year 2025 for the purpose of creating a property valuation model for communications property.

\* \* \* Study; Public ROW \* \* \*

Sec. 14. STUDY; COMMUNICATIONS INFRASTRUCTURE;  
RIGHT-OF-WAY

(a) The Secretary of Transportation, in consultation with the Commissioner of Public Service and the Secretary of Digital Services, shall conduct a study concerning access to and use of the public right-of-way (ROW) in Vermont by telephone (wired and wireless) and broadband companies. In particular, the Secretary shall determine how the ROW is currently being accessed and used by such companies in Vermont and, in addition, shall review and assess how other jurisdictions outside Vermont manage and charge for such access and use.

(b) As used in this section, “public right-of-way” means the area on, below, along, across, or above a public roadway that is part of the State highway system.

(c) On or before October 15, 2025, the Secretary shall submit a written report of the Secretary’s findings and recommendations to the Senate Committees on Finance and on Transportation and the House Committees on Ways and Means, on Transportation, and on Environment and Energy.

\* \* \* Effective Dates \* \* \*

#### Sec. 15. EFFECTIVE DATES

This act shall take effect on passage, except that:

(1) Sec. 13 (PILOT Fund appropriation) shall take effect on July 1, 2024.

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

(3) Secs. 8–12 (communications property tax) shall take effect on July 1, 2025 and shall apply to grand lists lodged on or after April 1, 2025.

Date Governor signed bill: June 3, 2024