TO THE HOUSE OF REPRESENTATIVES:

The Committee on Ways and Means to which was referred House Bill No. 657 entitled “An act relating to the modernization of Vermont’s communications taxes and fees” respectfully reports that it has considered the same and recommends that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

* * * 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, as may be amended; 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; WHOLESALE 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.

As used in this subsection, the terms “customer,” “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 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 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) 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)(3) to support the Vermont Lifeline program in the manner
provided by section 7513 of this title;

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

(Ω)(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.
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, wireless towers, machinery, distribution hubs, splitters, switching equipment, routers, servers, power equipment, and any other network equipment.

(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. FISCAL YEAR 2025; ONE-TIME APPROPRIATION;

VALUATION MODEL

In fiscal year 2025, $150,000.00 shall be appropriated from the General Fund to the Division of Property Valuation and Review of the Department of Taxes to fund the creation of a property valuation model for communications property.

* * * State Highway ROW; Leases; Licenses; Communications Providers and Property * * *

Sec. 14. 19 V.S.A. § 26a is amended to read:

§ 26a. DETERMINATION OF RENT TO BE CHARGED FOR LEASING OR LICENSING STATE-OWNED PROPERTY UNDER THE AGENCY’S JURISDICTION

(a) Except as otherwise provided by subsection (b) of this section, or as otherwise provided by law, leases or licenses negotiated by the Agency under 5 V.S.A. §§ 204 and 3405 and section 26 and subsection 1703(d) of this title ordinarily shall require the payment of fair market value rent, as determined by the prevailing area market prices for comparable space or property. However, the Agency may lease or license State-owned property under its jurisdiction for less than fair market value when the Agency determines that the proposed
occupancy or use serves a public purpose or that there exist other relevant factors, such as a prior course of dealing between the parties, that justify setting rent at less than fair market value.

(b)(1) Unless Notwithstanding any other provision of law to the contrary and unless otherwise required by federal law, beginning on or before October 1, 2024, the Agency shall annually assess, collect, and deposit in the Transportation Fund a reasonable charge or payment with respect to leases or licenses for access to or use of State-owned rights-of-way by providers of broadband or wireless communications facilities or services for communications service providers for communications property as defined in 32 V.S.A. § 3602b. The Agency may waive such charge or payment in whole or in part if the provider offers to provide comparable value to the State so as to meet the public good as determined by the Agency and the Department of Public Service. For the purposes of this section, the term “comparable value to the State” shall be construed broadly to further the State’s interest in ubiquitous broadband and wireless service availability at reasonable cost. Any waiver of charges or payments for comparable value to the State granted by the Agency may not exceed five years. Thereafter, the Agency may extend any waiver granted for an additional period not to exceed five years if the Agency makes affirmative written findings demonstrating that the State has received and will
continue to receive value that is comparable to the value to the provider of the waiver, or it may revise the terms of the waiver in order to do so.

(2) As used in this subsection, “reasonable charge” means:

(A) $270.00 for each wireless communications facility.

(B) A per-linear-foot fee for digital subscriber line, coaxial cable, and fiber optic line, as follows:

(i) $0.02 in a county that has a population of fewer than 25,000;

(ii) $0.07 in a county that has a population of at least 25,000 but fewer than 100,000; and

(iii) $0.13 in a county that has a population of at least 100,000.

(3) The charge required by this subsection shall not apply to communications property owned by:

(A) a communications union district;

(B) a small communications carrier as defined in 30 V.S.A. § 8082(10);

(C) an internet service provider that qualifies as an “eligible provider” under 30 V.S.A. § 8082(4), provided the lease or license for access to or use of State-owned rights-of-way is part of a “universal service plan” as defined in 30 V.S.A. § 8082(12), as certified by the Vermont Community Broadband Board; or
(D) a cable television service provider, provided the property is part
of a cable television system subject to a certificate of public good issued by the

(4) The Secretary may adjust the fees prescribed in this section to account
for inflationary changes as measured by the Consumer Price Index.

(5) The Secretary may propose for approval by the General Assembly
standards and procedures for waiving the fees required by this subsection.

(c) Nothing in this section shall authorize the Agency to impose a charge or
payment for the use of a highway right-of-way that is not otherwise authorized
or required by State or federal law.

(d) Nothing in this section shall be construed to impair any contractual
rights existing on June 9, 2007. The State shall have no authority under this
section to waive any sums due to a railroad. The State shall also not offer any
grants or waivers of charges for any new broadband installations in segments
of rail corridor where an operating railroad has installed or allowed installation
of fiber optic facilities prior to June 9, 2007 unless the State offers equivalent
terms and conditions to the owner or owners of existing fiber optic facilities.

(e) Beginning on or before January 1, 2025, and annually thereafter, the
holder of a lease or license pursuant to subsection (b) of this section shall
provide a detailed inventory of all property in the State right-of-way pursuant
to such lease or license. The inventory shall include the regulatory status of
the lease or license holder, categorization of all communications property by type and by its location in the right-of-way, and a description of the service or services enabled by such property, as applicable.

(f) Notwithstanding 2 V.S.A. § 20(d), beginning on January 1, 2026 and annually thereafter, the Agency shall submit a written report to the General Assembly itemizing all charges and payments collected under this section, as well as an aggregated statewide inventory of the communications property described in subsection (e) of this section. The statewide inventory shall be shared with the Commissioner of Taxes, the Commissioner of Public Service, and the Secretary of Administration.

Sec. 16. AGENCY OF TRANSPORTATION; POSITIONS; APPROPRIATION

(a) The following new, classified positions are authorized in the Agency of Transportation:

(1) one temporary full-time position; and

(2) one permanent full-time position.

(b) There is appropriated to the Agency of Transportation from the General fund in fiscal year 2025 the sum of $250,000.00

*** Effective Dates ***

Sec. 17. EFFECTIVE DATES

This act shall take effect on July 1, 2024, except that:
(1) Secs. 1–6 (VUSF contribution method; 988 funding) shall take effect on July 1, 2025;

(2) this section, Sec. 7 (property tax transition) Sec. 13 (PVR appropriation), Sec. 16 (new transportation positions) shall take effect on passage; and

(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.

(Committee vote: __________)

________________________
Representative __________

FOR THE COMMITTEE