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H.657

An act relating to the modernization of Vermont’s communications taxes
and fees

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:

- 1 (i) local telephone service, including any facility or service
2 provided in connection with such local telephone service;
- 3 (ii) toll telephone service;
- 4 (iii) directory assistance;
- 5 (iv) ~~two-way cable television service~~ interconnected VoIP service,
6 as defined in 47 C.F.R. § 9.3, as may be amended; and
- 7 (v) ~~mobile telephone or telecommunication service, both analog~~
8 ~~and digital~~ mobile telecommunications service, as defined in 4 U.S.C.
9 § 124(7).

10 * * *

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

12 § 7521. CHARGE IMPOSED; WHOLESAL EXEMPTION

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

21 * * *

1 (c) In the case of mobile telecommunications service, the Universal Service
2 Charge is imposed when the customer's place of primary use is in Vermont.
3 ~~The~~ As used in this subsection, the terms "customer;" and "place of primary
4 use;" and "mobile telecommunications service" have the meanings given in
5 4 U.S.C. § 124. All provisions of 32 V.S.A. § 9782 shall apply to the
6 imposition of the Universal Service Charge under this section.

7 (d) ~~[Repealed.]~~ In the case of interconnected VoIP service, the Universal
8 Service Charge is imposed when the customer's place of primary use is in
9 Vermont. As used in this subsection, the term "place of primary use" means
10 the street address where the customer's use of interconnected VoIP service
11 primarily occurs or a reasonable proxy as determined by the interconnected
12 VoIP service provider, such as the customer's registered location for 911
13 purposes.

14 * * *

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

16 § 7523. RATE OF CHARGE

17 (a)(1) ~~Beginning on July 1, 2014, the~~ Except as provided in subsection
18 7521(e) of this chapter, which pertains to prepaid wireless telecommunications
19 service, and in subdivision (4) of this subsection, the monthly rate of charge
20 shall be two percent of retail telecommunications service \$0.72 for each retail
21 access line in service.

1 (2) The number of access lines a telecommunications service provider
2 provides a customer shall be deemed equal to the number of inbound or
3 outbound, whichever is greater, two-way communications by any technology
4 that the customer can maintain at the same time as provisioned by the
5 provider's service.

6 (3) As used in this section, "access line" means a wire or wireless
7 connection that provides voice telecommunications service to or from any
8 device used by a customer, regardless of technology, that is associated with a
9 10-digit NPA-NXX number or other unique identifier and with a service
10 location or place of primary use in Vermont and that is capable of accessing
11 the 911 system.

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

15 ~~(b) Beginning on July 1, 2019, the rate of charge established under~~
16 ~~subsection (a) of this section shall be increased by four tenths of one percent of~~
17 ~~retail telecommunications service, and the monies collected from this increase~~
18 From the monies collected by the Universal Service Charge under this chapter,
19 17 percent shall be transferred to the Vermont Community Broadband Fund
20 established under section 8083 of this title, and up to \$120,000.00 shall be used
21 to fund a Rural Broadband Technical Assistance Specialist whose duties shall

1 include providing outreach, technical assistance, and other support services to
2 communications union districts established pursuant to chapter 82 of this title
3 and other units of government, nonprofit organizations, cooperatives, and for-
4 profit businesses for the purpose of expanding broadband service to unserved
5 and underserved locations. Support services also may include providing
6 business model templates for various approaches, including formation of or
7 partnership with a cooperative, a communications union district, a rural
8 economic development infrastructure district, an electric utility, or a new or
9 existing ~~Internet~~ internet service provider as operator of the network.

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

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

15 (e)(1) Notwithstanding any other provision of law to the contrary,
16 ~~beginning on January 1, 2020, the~~ a Universal Service Charge of 2.4 percent
17 shall be imposed on all retail sales of prepaid wireless telecommunications
18 service subject to the sales and use tax imposed under 32 V.S.A. chapter 233.
19 The charges shall be collected by sellers or marketplace facilitators collecting
20 sales tax pursuant to 32 V.S.A. § 9713 and remitted to the Department of
21 Taxes in the manner provided under 32 V.S.A. chapter 233. Upon receipt of

1 the charges, the Department of Taxes shall have 30 days to remit the funds to
2 the fiscal agent selected under section 7503 of this chapter. The Commissioner
3 of Taxes shall establish registration and payment procedures applicable to the
4 Universal Service Charge imposed under this subsection consistent with the
5 registration and payment procedures that apply to the sales tax imposed on
6 such services and also consistent with the administrative provisions of
7 32 V.S.A. chapter 151, including any enforcement or collection action
8 available for taxes owed pursuant to that chapter.

9 Sec. 5. 30 V.S.A. § 7511 is amended to read:

10 § 7511. DISTRIBUTION GENERALLY

11 (a)~~(1)~~ As directed by the Commissioner of Public Service, funds collected
12 by the fiscal agent, and interest accruing thereon, shall be distributed as
13 follows:

14 ~~(A)~~(1) to pay costs payable to the fiscal agent under its contract with
15 the Commissioner;

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

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

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

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

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

5 ~~(2) for fiscal year 2016 only, any personnel or administrative costs~~
6 ~~associated with the Connectivity Initiative shall come from the Connectivity~~
7 ~~Fund, as determined by the Commissioner in consultation with the~~
8 ~~Connectivity Board.~~

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

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

13 § 7513a. VERMONT 988 SUICIDE AND CRISIS LIFELINE

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

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

19 Sec. 7. TELEPHONE TAX; REPEAL; TRANSITION

20 (a) 32 V.S.A. § 8521 (telephone personal property tax) is repealed on July
21 1, 2025. The final monthly installment payment of the telephone personal

1 property tax under 32 V.S.A. § 8521 levied on the net book value of the
2 taxpayer's personal property as of December 31, 2024 shall be due on or
3 before July 25, 2025.

4 (b) 32 V.S.A. § 8522 (alternative telephone gross revenues tax) is repealed
5 on January 1, 2026. The final quarterly payment of the alternative tax under
6 32 V.S.A. § 8522 shall be due on or before January 25, 2026.

7 (c) Any taxpayer who paid the alternative tax imposed by 32 V.S.A. § 8522
8 prior to the repeal of the tax on January 1, 2026 shall become subject to the
9 income tax imposed under 32 V.S.A. chapter 151 beginning with the
10 taxpayer's first income tax year starting on or after January 1, 2025. No
11 alternative tax under 32 V.S.A. § 8522 shall be due for any period included in
12 the taxpayer's income tax filing for tax years starting on or after January 1,
13 2025.

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

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

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

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

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

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

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

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

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

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

8 (1) “Business personal property” means tangible personal property of a
9 depreciable nature used or held for use in any trade, business, professional
10 practice, transaction, activity, or occupation conducted for profit, including all
11 furniture and fixtures, apparatus, tools, implements, books, machines, boats,
12 construction devices, and all personal property used or intended to be used for
13 the production, processing, fabrication, assembling, handling, or transportation
14 of anything of value, or for the production, transmission, control, or disposition
15 of power, energy, heat, light, water, or waste. “Business personal property”
16 does not include inventory, or goods and chattels so affixed to real property as
17 to have become part thereof, and that are therefore not severable or removable
18 without material injury to the real property, nor does it include poles, lines, and
19 fixtures that are taxable under sections 3620 and 3659 of this title, nor does it
20 include communications property taxable under section 3602b of this title.

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

2 § 3659. MUNICIPAL LANDS

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

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

1 factors, such as a prior course of dealing between the parties, that justify
2 setting rent at less than fair market value.

3 (b)(1) ~~Unless Notwithstanding any other provision of law to the contrary~~
4 ~~and unless~~ otherwise required by federal law, beginning on or before July 1,
5 2025, the Agency shall annually assess, collect, and deposit in the
6 Transportation Fund a reasonable charge ~~or payment~~ with respect to leases or
7 licenses for access to or use of State-owned rights-of-way by ~~providers of~~
8 ~~broadband or wireless communications facilities or services~~ communications
9 service providers for communications property as defined in 32 V.S.A.
10 ~~§ 3602b. The Agency may waive such charge or payment in whole or in part if~~
11 ~~the provider offers to provide comparable value to the State so as to meet the~~
12 ~~public good as determined by the Agency and the Department of Public~~
13 ~~Service. For the purposes of this section, the term “comparable value to the~~
14 ~~State” shall be construed broadly to further the State’s interest in ubiquitous~~
15 ~~broadband and wireless service availability at reasonable cost. Any waiver of~~
16 ~~charges or payments for comparable value to the State granted by the Agency~~
17 ~~may not exceed five years. Thereafter, the Agency may extend any waiver~~
18 ~~granted for an additional period not to exceed five years if the Agency makes~~
19 ~~affirmative written findings demonstrating that the State has received and will~~
20 ~~continue to receive value that is comparable to the value to the provider of the~~
21 ~~waiver, or it may revise the terms of the waiver in order to do so.~~

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

2 (A) \$270.00 for each small wireless facility, as defined in 47 C.F.R.

3 § 1.6002(1), as may be amended.

4 (B) A per-linear-foot fee for twisted-pair cable, coaxial cable, and

5 fiber optic cable, as follows:

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

7 (ii) \$0.07 in a county that has a population of at least 25,000 but

8 fewer than 100,000; and

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

10 (C) All other communications property shall be subject to a fair,

11 reasonable, and nondiscriminatory fee schedule established by the Secretary of

12 Transportation.

13 (3) The charge required by this subsection shall not apply to

14 communications property owned by:

15 (A) a communications union district;

16 (B) a small communications carrier as defined in 30 V.S.A.

17 § 8082(10);

18 (C) an internet service provider that qualifies as an eligible provider

19 under 30 V.S.A. § 8082(4), provided the lease or license for access to or use of

20 State-owned rights-of-way is part of a universal service plan as defined in 30

21 V.S.A. § 8082(12), as certified by the Vermont Community Broadband Board;

1 (D) a cable television service provider, provided the property is part
2 of a cable television system subject to a certificate of public good issued by the
3 Public Utility Commission under 30 V.S.A. chapter 13; or

4 (E) an electric transmission or distribution utility.

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

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

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

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

19 (e) Beginning on or before January 1, 2025 and annually thereafter, each
20 communications provider subject to subsection (b) of this section shall provide
21 to the Secretary of Transportation a detailed inventory of all property in the

1 State-owned rights-of-way. The inventory shall be submitted in a form and
2 manner prescribed by the Secretary of Transportation consistent with the
3 purpose of this section. The Secretary shall conduct routine audits to
4 determine the accuracy of the information submitted pursuant to this
5 subsection.

6 (f) The inventories required by subsection (e) of this section are exempt
7 from public inspection and copying under the Public Records Act and shall be
8 kept confidential. However, they may be shared with other State agencies,
9 boards, or departments, such as the Department of Taxes, the Agency of
10 Digital Services, the Department of Public Service, the Public Utility
11 Commission, the Department of Public Safety, and the Vermont State Auditor
12 for regulatory purposes. Likewise, such other agencies, boards, and
13 departments of State government shall assist and cooperate with the Secretary
14 of Transportation and shall make available information and data as needed to
15 assist the Secretary in carrying out the Secretary's duties. The Secretary of
16 Administration shall establish protocols and agreements for interagency
17 cooperation and assistance pursuant to this subsection. Nothing in this
18 subsection shall be construed to waive any privilege or protection otherwise
19 afforded data and information under an exemption to the Public Records Act or
20 under any other State or federal law due solely to the fact that the information
21 or data is shared pursuant to this subsection.

