Senate Calendar

THURSDAY, APRIL 30, 2026

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UNFINISHED BUSINESS OF TUESDAY, APRIL 28, 2026

Second Reading

Favorable with Proposal of Amendment

H. 933.

An act relating to miscellaneous administrative and policy changes to the tax laws.

Reported favorably with recommendation of proposal of amendment by Senator Cummings for the Committee on Finance.

The Committee recommends that the Senate propose to the House to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

* * * Credit for Taxes Paid in Another State by an S Corporation * * *

Sec. 1. REPEAL

32 V.S.A. § 5916 (denial of tax credits for S corporations) is repealed.

* * * Property Transfer Tax * * *

Sec. 2. 32 V.S.A. § 9602 is amended to read:

§ 9602. TAX ON TRANSFER OF TITLE TO PROPERTY

A tax is hereby imposed upon the transfer by deed of title to property located in this State, or a transfer or acquisition of a controlling interest in any person with title to property in this State. The amount of the tax equals 1.25 percent of the value of the property transferred, or $1.00, whichever is greater, except as follows:

* * *

(4) Tax shall be imposed at the rate of 3.4 percent of the value of the property transferred with respect to transfers of residential property:

(A) ~~residential property~~ that is fit for habitation on a year-round basis;

(B) that will not be used as the principal residence of the transferee; and

(C) for which the transferee will not be required to provide a landlord certificate pursuant to section 6069 of this title.

(5) If a transfer would have been subject to the tax rate under subdivision (4) of this section but for the transferee's filing of a landlord certificate of rent for which there is no bona fide landlord-tenant relationship between the parties, the Commissioner shall assess tax at the rate under subdivision (4) of this section on the transfer. To make this determination, the Commissioner may consider whether the transferee and tenant are related parties, whether the transferee charges the tenant fair market rent, whether the transferee is an entity with a business purpose other than the avoidance of property transfer tax, and any other factor the Commissioner deems relevant.

* * * Current Use; Land Use Change Tax * * *

Sec. 3. 32 V.S.A. § 3757 is amended to read:

§ 3757. LAND USE CHANGE TAX

(a) Land that has been classified as agricultural land or managed forestland pursuant to this chapter shall be subject to a land use change tax upon the development of that land, as defined in section 3752 of this chapter. The tax shall be at the rate of 10 percent of the full fair market value of the changed land determined without regard to the use value appraisal. If changed land is a portion of a parcel, the fair market value of the changed land shall be the fair market value of the changed land as a separate parcel, divided by the common level of appraisal. Such fair market value shall be determined as of the date the land is no longer eligible for use value appraisal. This tax shall be in addition to the annual property tax imposed upon such property. Nothing in this section shall be construed to require payment of an additional land use change tax upon the subsequent development of the same land, nor shall it be construed to require payment of a land use change tax merely because previously eligible land becomes ineligible, provided no development of the land has occurred.

(b) Any owner of eligible land who wishes to withdraw land from use value appraisal shall notify the Director, who shall in turn notify the local assessing official. In the alternative, if the Director determines that development has occurred, the Director shall notify the local assessing official of ~~his or her~~ the Director's determination. Thereafter, land that has been withdrawn or developed shall be appraised and listed at its full fair market value in accordance with the provisions of chapter 121 of this title and subsection 3756(d) of this title, according to the appraisal model and land schedule of the municipality.

(c) For the purposes of the land use change tax, the determination of the fair market value of the land shall be made by the local assessing officials in accordance with ~~the provisions of~~ subsection (b) of this section and divided by the municipality's most recent common level of appraisal as determined by the Director. The determination shall be made within 30 days after the Director notifies the local assessing officials of the date that the owner has petitioned for withdrawal from use value appraisal or that the Director or local assessing official has determined that development has occurred. The local assessing officials shall notify the Director and the owner of their determination~~, and the~~. Failing a determination of the fair market value of the withdrawn portion of the parcel by the local assessing officials within 30 days as required under this subsection, the Director shall establish the fair market value of the changed land and notify the local assessing officials and the owner of the Director's determination within 30 days. The provisions for appeal relating to property tax assessments in chapter 131 of this title shall apply, except that the owner shall have 30 days to appeal the determination to the municipality or to the Director as applicable under this subsection. If an owner erroneously appeals a municipality's determination to the Director, the Director may forward the appeal to the municipality and, provided the appeal to the Director is made within 30 days as permitted under this subsection, the appeal shall be considered timely filed to the municipality.

(d) The land use change tax shall be due and payable by the owner 30 days after the tax notice is mailed to the ~~taxpayer~~ owner. The tax shall be paid to the Commissioner, who, if the municipality's local assessing officials timely determine fair market value of the withdrawn portion of the parcel pursuant to subsection (c) of this section, shall remit to the municipality the lesser of one-half the tax paid or $2,000.00~~. The Director~~ and shall deposit three-quarters of the remainder of the tax paid in the Education Fund, and one-quarter of the remainder of the tax paid in the General Fund. If the municipality's local assessing officials fail to timely determine fair market value of the withdrawn portion of the parcel pursuant to subsection (c) of this section, the municipality shall forfeit any tax paid and the Commissioner shall deposit three-quarters of the tax paid in the Education Fund, and one-quarter of the tax paid in the General Fund. The Commissioner shall issue a form to the assessing officials that shall provide for a description of the land developed, the amount of tax payable, and the fair market value of the land at the time of development or withdrawal from use value appraisal. The owner shall fill out the form and shall sign it under the penalty of perjury. After receipt of the completed and signed form, the Commissioner shall furnish the owner with one copy, shall retain one copy, and shall forward one copy to the local assessing officials, one copy to the register of deeds of the municipality in which the land is located,

and one copy to the Secretary of Agriculture, Food and Markets if the land is agricultural land and in all other cases to the Commissioner of Forests, Parks and Recreation.

* * *

Sec. 4. 32 V.S.A. § 3758(b) is amended to read:

(b) Any owner who is aggrieved by the determination of the fair market value of classified land for the purpose of computing the land use change tax may appeal in the same manner as an appeal of a grand list valuation under this title, except that the owner shall have 30 days to appeal the determination to the municipality or to the Director as applicable under subsection 3757(c) of this chapter.

Sec. 4a. 32 V.S.A. § 3755(b)(2) is amended to read:

(2) A management report of whatever activity has occurred, signed by ~~the~~ an owner or forester working on behalf of an owner, has been filed with the Department of Taxes' Director of Property Valuation and Review on or before February 1 of the year following the year when the management activity occurred.

Sec. 4b. 32 V.S.A. § 4463 is amended to read:

§ 4463. OBJECTIONS TO APPEAL

When a taxpayer, an agent designated by the legislative body of the town, or selectboard claims that an appeal to the Director is in any manner defective or was not lawfully taken, on or before ~~14~~ 30 days after mailing of the notice of ~~appeal by the clerk under Rule 74(b) of the Vermont Rules of Civil Procedure~~ receipt of the appeal by the Director**,** the taxpayer, town agent, or selectboard shall file objections in writing with the Director, and furnish the appellant or appellant's attorney with a copy of the objections. When the taxpayer, agent, or selectboard so requests, the Director shall thereupon fix a time and place for hearing the objections, and shall notify all parties thereof, by mail or otherwise. Upon hearing or otherwise, the Director shall pass upon the objections and make such order in relation thereto as is required by law. The order shall be recorded or attached in the town clerk's office in the book wherein the appeal is recorded.

Sec. 4c. REPEAL; GRAND LIST CONTENTS

2025 Acts and Resolves No. 73, Sec. 60 (grand list contents) is repealed.

* * * Municipal Grand List Stabilization Program * * *

Sec. 5. 32 V.S.A. § 3710(c) is amended to read:

(c) Upon notification by the Commissioner of Public Safety, the Commissioner of Taxes shall certify the payment amounts and make an annual payment to each municipality for each eligible property to compensate for the loss of municipal property tax. The payment shall be calculated using the grand list value of the acquired property for the year during which the property was either damaged by flooding or identified as flood-prone by the Commissioner of Public Safety, multiplied by the municipal tax rate, including any submunicipal tax rates, in effect ~~each~~ in the immediately preceding year. This payment shall be made on or before January 1 of each year for five years.

* * * Communications Property; Inventories * * *

Sec. 6. 32 V.S.A. § 36026 is amended 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. The term does not include property used solely for one-way, broadcast radio or television transmission serving the general public and owned and operated by a licensed broadcaster.

(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. If the communications service provider fails to submit the inventory on or before April 15 and in the form prescribed, the Commissioner may fine the provider not more than $100.00 for each violation, unless the provider's failure is due to factors beyond the provider's control.

(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. If a communications service provider willfully omits to make, swear to, and submit an inventory, or to answer any interrogatory therein, or makes a false answer or statement therein, then the Division shall ascertain the amount and fair market value of the provider's communications property using the best information available to the Division. In addition to the fine under subdivision (2) of this subsection, the provider shall be barred from any statutory appeal under this chapter or chapter 129 or 131 of this title of the value set by the Division under this subdivision.

(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.

* * * Equalization Study * * *

Sec. 7. 32 V.S.A. § 5405(a) is amended to read:

(a) Annually, on or before April 1, the Commissioner shall determine the equalized education property tax grand list and coefficient of dispersion for each municipality in the State; provided, however, that for purposes of equalizing grand lists pursuant to this section, the equalized education property tax grand list of a municipality that establishes a tax increment financing district or a housing development site under 24 V.S.A. chapter 53, subchapter 7 shall include the fair market value of the property in the district or site and not the original taxable value of the property, and further provided that the unified towns and gores of Essex County may be treated as one municipality for the purpose of determining an equalized education property grand list and a coefficient of dispersion, if the Director determines that all such entities have a uniform appraisal schedule and uniform appraisal practices.

Sec. 8. 32 V.S.A. § 5406 is amended to read:

§ 5406. NOTICE OF FAIR MARKET VALUE AND COEFFICIENT OF DISPERSION

* * *

(c) If the Director of Property Valuation and Review certifies that a municipality has completed a townwide reappraisal, the common level of appraisal for that municipality shall be ~~equal to its new grand list value divided by its most recent equalized grand list value~~ 100 percent, for purposes of determining education property tax rates.

* * * Health IT Fund Sunset Extension * * *

Sec. 9. 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, 2021 Acts and Resolves No. 73, Sec. 14, 2023 Acts and Resolves No. 78, Sec. E.306.1, and 2024 Acts and Resolves No. 144, Sec. 11, is further amended to read:

(10) Secs. 48–51 (health care claims tax) shall take effect on July 1, 2013, and Sec. 52 (Health IT-Fund; sunset) shall take effect on July 1, ~~2026~~ 2031.

Sec. 10. 2019 Acts and Resolves No. 6, Sec. 105, as amended by 2019 Acts and Resolves No. 71, Sec. 19, 2022 Acts and Resolves No. 83, Sec. 75, 2023 Acts and Resolves No. 78, Sec. E.306.2, and 2024 Acts and Resolves No. 144, Sec. 12, is further amended to read:

Sec. 105. EFFECTIVE DATES

* * *

(b) Sec. 73 (further amending 32 V.S.A. § 10402) shall take effect on July 1, ~~2026~~ 2031.

* * * Inflation Index Updates * * *

Sec. 11. 16 V.S.A. § 559(e)(7) is amended to read:

(7) Nothing in this section shall require a school board or supervisory union board to invite or advertise for bids if it is renewing a contract entered into pursuant to subsection (a) of this section, provided that:

(A) annual costs will not increase more than the most recent ~~New England Economic Project Cumulative Price Index~~ National Income and Product Accounts (NIPA) implicit price deflator, as of November 15, for ~~State~~ state and local government ~~purchases of goods and services,~~ consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis;

(B) the total amount of the contract does not exceed an increase of 30 percent more than the total amount of the original contract~~,~~; and

(C) the contract for the renewal period allows termination by the board following an annual review of performance.

Sec. 12. 16 V.S.A. § 2959a(d) is amended to read:

(d) If the amount of Medicaid reimbursement funds received for services provided in the prior State fiscal year exceeds $25,000,000.00, in addition to

the 50 percent of the funds paid to supervisory unions submitting Medicaid bills, 25 percent of the amounts in excess of the $25,000,000.00 shall be paid into an incentive fund created in the Agency of Education. These funds shall be used for an incentive payment to supervisory unions with student participation rates of over 80 percent in accordance with a formula to be developed by the Agency, in consultation with the Vermont Superintendents Association. For any incentive payments made subsequent to fiscal year 2007, the $25,000,000.00 threshold of this subsection shall be increased by the percentage increase of the most recent ~~New England Economic Project Cumulative Price Index~~ National Income and Product Accounts (NIPA) implicit price deflator, as of November 15, for state and local government ~~purchases of goods and services~~ consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2005 through the fiscal year for which the payment is being determined, plus an additional one-tenth of one percent.

Sec. 13. 16 V.S.A. § 4011(b) is amended to read:

(b) For each fiscal year, the base education amount shall be $6,800.00, increased by the most recent ~~New England Economic Project Cumulative Price Index~~ National Income and Product Accounts (NIPA) implicit price deflator, as of November 15, for state and local government ~~purchases of goods and services~~ consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2005 through the fiscal year for which the amount is being determined, plus an additional one-tenth of one percent.

Sec. 14. 32 V.S.A. § 5401(12)(B) is amended to read:

(B) In excess of 118 percent of the statewide average district per pupil education spending increased by inflation, as determined by the Secretary of Education on or before November 15 of each year based on the passed budgets to date. As used in this subdivision, "increased by inflation" means increasing the statewide average district per pupil education spending for fiscal year 2025 by the most recent ~~New England Economic Project cumulative price index~~ National Income and Product Accounts (NIPA) implicit price deflator, as of November 15, for state and local government ~~purchases of goods and services~~ consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2025 through the fiscal year for which the amount is being determined.

* * * Homestead Declaration and Property Tax Credit * * *

Sec. 15. 32 V.S.A. § 6062(c) is amended to read:

(c) When a homestead is owned by two or more persons as joint tenants, tenants by the entirety, or tenants in common and one or more of these persons are not members of the claimant's household, the property tax is the same proportion of the property tax levied on that homestead as the proportion of ownership of the homestead by the claimant and members of the claimant's household; provided, however, that:

* * *

(3) the property tax of a claimant who is a joint tenant with a former spouse and who has possession of the homestead pursuant to the joint owners' final divorce decree is the property tax for which the claimant is responsible under the joint owners' final divorce decree or any modifying orders; ~~and~~

(4) if the homestead is a portion of a duplex and all owners of the duplex occupy some portion of the building as their principal residence, the property tax of the claimant shall be that percentage of the total property tax equal to the ratio of the claimant's principal residence value to the total duplex building value; and

(5) the property tax of a claimant who is a joint tenant or tenant by the entirety with a spouse who is not a member of the household, and who is party to a divorce or separation proceeding in a court of law, shall be 100 percent of the property tax.

* * * Estate Tax * * *

Sec. 16. 32 V.S.A. § 7444(a) is amended to read:

(a) An executor shall submit a Vermont estate tax return to the Commissioner, on a form prescribed by the Commissioner, when a decedent has an interest in property with a situs in Vermont and one or both of the following apply:

(1) a federal estate tax return is required to be filed under 26 U.S.C. § 6018; or

(2) the sum of the federal gross estate and federal adjusted taxable gifts, as defined in 26 U.S.C. § 2001(b), made within two years of the date of the decedent's death exceeds ~~$2,750,000.00~~ $5,000,000.00.

Sec. 17. 32 V.S.A. § 5930u(h) is amended to read:

(h) Credit allocation; Down Payment Assistance Program.

(1) In fiscal year 2016 through fiscal year 2019, the allocating agency may award up to $125,000.00 in total first-year credit allocations for loans

through the Down Payment Assistance Program created in subdivision (b)(2) of this section.

(2) In fiscal year 2020 through fiscal year 2026, the allocating agency may award up to $250,000.00 in total first-year credit allocations for loans through the Down Payment Assistance Program created in subdivision (b)(3) of this section.

(3) In fiscal year 2027 through fiscal year 2031, the allocating agency may award up to $350,000.00 in total first-year credit allocations for loans through the Down Payment Assistance Program created in subdivision (b)(3) of this section.

* * * Federal Tax Credit for SGO Contributions * * *

Sec. 18. FINDINGS

The General Assembly finds:

(1) Section 25F of the Internal Revenue Code creates a new federal program to subsidize scholarships for expenses at public and private schools.

(2) Under the terms of the statute, states may voluntarily elect to participate in the program, or they may decline to participate.

(3) The decision concerning whether or not to participate in the program is to be made by "the Governor of the State or by such other individual, agency, or entity as is designated under State law to make such elections on behalf of the State with respect to Federal tax benefits."

Sec. 19. 3 V.S.A. § 24 is added to read:

§ 24. GOVERNOR'S LIST OF SCHOLARSHIP GRANTING ORGANIZATIONS

(a) Annually on December 1, the Governor, or designee, may elect to provide a list of organizations that satisfy the conditions of subsection (b) of this section to the U.S. Secretary of the Treasury for purposes of making the federal qualified elementary and secondary education scholarship tax credit available for Vermont taxpayers under 26 U.S.C. § 25F. It shall be presumed that an organization listed in the previous year will be listed in the subsequent year unless the Governor finds that the organization has failed to meet the requirements of this section.

(b) An organization shall not be listed unless the organization meets the following criteria:

(1) it qualifies as a "scholarship granting organization" as defined under 26 U.S.C. § 25F(c)(5);

(2) it is a nonprofit organization with the core mission of providing educational opportunities to economically underprivileged students through after-school programs, summer programs, tutoring, and similar programs;

(3) all grants and scholarships provided by the organization are to students attending a public school, as defined in 16 V.S.A. § 11(a)(7), or an independent school, as defined in 16 V.S.A. § 11(a)(8), that is also capable of receiving public tuition;

(4) all grants and scholarships provided by the organization are for students to attend a program that is partnered with, or approved by, a public school, as defined in 16 V.S.A. § 11(a)(7), or an independent school, as defined in 16 V.S.A. § 11(a)(8), that is also capable of receiving public tuition; and

(5) when determining whether to award a scholarship, the organization does not discriminate against any student because of race, color, religion, ancestry, national origin, sex, sexual orientation, gender identity, place of birth, crime victim status, or age or against a student with a disability, as that term is defined under 21 V.S.A. § 495d(5).

(c) Annually, on or before January 15, each scholarship granting organization listed pursuant to subsection (a) of this section in the previous calendar year shall provide a report to the House Committee on Education and Senate Committee on Education providing the following information relating to activity in the previous year:

(1) the total amount provided in scholarships under this section;

(2) the total number of scholarships provided under this section;

(3) the total number of scholarship recipients;

(4) a complete list of after-school programs, summer programs, tutoring, and similar programs that scholarship recipients attended using scholarship funds provided by the organization and the amount of scholarship funds received by each program;

(5) the total number of individuals who made donations to the organization, including the zip code of each individual donor;

(6) the total amount of money received as donations;

(7) the total amount spent on administrative costs with a description of those administrative costs and an accounting of any unspent funds currently held; and

(8) a list identifying all employees, officers, and board members of the organization that includes, for every individual, the name of the position held and compensation received.

(d) In the Governor's discretion, the Governor may audit an organization seeking placement on the list, or a program receiving scholarship funds under this section, to ensure the organization meets all the requirements for placement as provided by this section and applicable federal law. The Governor shall not list an organization that the Governor knows is not in compliance with the requirements of this section or 26 U.S.C. § 25F(c)(5).

(e)(1) If the Attorney General finds that any provision of this act is rendered invalid due to a federal act, federal agency rule, or court of competent jurisdiction, the Attorney General shall submit written notice of the invalidation to the Governor, the Speaker of the House, and President Pro Tempore of the Senate that the provision is invalid.

(2) Upon receipt of the notice provided under subdivision (1) of this subsection (e), neither the Governor nor the Governor's designee shall provide a list of organizations to the U.S. Secretary of the Treasury under subsection (a) of this section until the General Assembly has enacted legislation addressing the invalidated provision.

* * * Definition of Parcel * * *

Sec. 20. 32 V.S.A. § 4152(a)(3) is amended to read:

(3) A brief description of each parcel of taxable real estate in the town. "Parcel" means all contiguous land in the same ownership, together with all improvements thereon, except for purposes of mapping and per parcel payments under subsections 4041a(a) and 5405(f) of this title, for which "parcel" means a separate and sellable lot or piece of real estate.

* * *

* * * Department of Fish and Wildlife Fee Setting * * *

Sec. 21. 10 V.S.A. § 4132 is amended to read:

§ 4132. GENERAL DUTIES OF COMMISSIONER

(a) The Commissioner shall have charge of the enforcement of the provisions of this part.

* * *

(e)(1) ~~The Commissioner, subject to the direction and approval of the Secretary, shall adopt and publish rules in the name of the Agency for reasonable fees or charges for the use of the lands, roads, buildings, other~~

~~property, and the use of and tuition for the Green Mountain Conservation Camps, notwithstanding 32 V.S.A. § 603. Fees collected for the use of fish and wildlife lands and properties shall be deposited in the Fish and Wildlife Fund~~ Notwithstanding 32 V.S.A. § 603 and with the approval of the Secretary, the Commissioner may:

(A) issue licenses for the long-term use of Department of Fish and Wildlife lands for research, academic study, commercial use, or use by regulated utilities; and

(B) set the tuition for the Green Mountain Conservation Camps.

(2) The Commissioner shall adopt by rule the fees to be charged for licenses and tuition authorized under this subsection. The Commissioner is prohibited from adopting by rule a requirement that an individual possess a license or permit in order to access lands owned or controlled by the Department of Fish and Wildlife.

(3) Fees collected ~~for the use of fish and wildlife lands and properties~~ under this subsection shall be deposited in the Fish and Wildlife Fund.

(4) As used in this subsection, "license" means a written instrument issued by the Commissioner that authorizes research, academic study, commercial use, or use by regulated utilities on Department lands but does not vest the licensee with any property rights.

* * *

Sec. 22. REPEAL; COMMISSIONER OF FISH AND WILDLIFE RULE ON FEES FOR THE USE OF FISH AND WILDLIFE DEPARTMENT LANDS AND FACILITIES

Commissioner of Fish and Wildlife Rule 2008-01, CVR 12-010-075, Fees for the Use of Fish and Wildlife Department Lands and Facilities, is repealed.

Sec. 23. DEPARTMENT OF FISH AND WILDLIFE REPORT ON FEES

On or before January 15, 2027, the Commissioner of Fish and Wildlife shall submit to the House Committee on Ways and Means and the Senate Committee on Finance recommended fees to be charged for the use of the lands, roads, buildings, or other property owned or controlled by the Department of Fish and Wildlife so that the General Assembly, consistent with the requirements of 32 V.S.A. § 603, shall establish the fees by statute for the service or product provided or regulatory function performed.

* * * Grand List Assessment Date * * *

Sec. 24. 24 V.S.A. § 1892(b) is amended to read:

(b) When adopted by the act of the legislative body of that municipality, the plan shall be recorded with the municipal clerk and lister or assessor, and the creation of the district shall occur at 12:01 a.m. on ~~April~~ January 1 of the calendar year so voted by the municipal legislative body.

Sec. 25. 24 V.S.A. § 1904(b)(2) is amended to read:

(2) When adopted by the act of the legislative body of that municipality, the plan shall be recorded with the municipal clerk and lister or assessor, and the creation of the district shall occur at 12:01 a.m. on ~~April~~ January 1 of the calendar year so voted by the municipal legislative body.

Sec. 26. 32 V.S.A. § 3481(1)(B)(iv) is amended to read:

(iv) a capitalization rate that is typical for the geographic area determined and published annually prior to ~~April~~ January 1 by the Division of Property Valuation and Review after consultation with the Vermont Housing Finance Agency.

Sec. 27. 32 V.S.A. § 3482 is amended to read:

§ 3482. PROPERTY LISTED AT ONE PERCENT

Except as otherwise provided, all real and personal estate shall be set in the list at one percent of its listed value on ~~April~~ January 1, of the year of its appraisal.

Sec. 28. 32 V.S.A. § 3485 is amended to read:

§ 3485. RECORDS TO BE KEPT RELATING TO DEEDS AND MORTGAGES

(a) Annually on ~~April~~ January 1, ~~town~~ municipal clerks shall furnish the listers with copies of the property tax returns filed by the clerk under section 9610 of this title relating to deeds that were filed for record during the year ending on the first day of such month. However, upon request in writing by the listers, on or before the 15th day of each month, ~~town~~ municipal clerks shall furnish the listers with copies of the property transfer tax returns to deeds that were filed for record during the next preceding calendar month.

(b) Failure on the part of the ~~town~~ municipal clerk to furnish the copies required under subsection (a) of this section shall not render the town liable in damages to any person. A ~~town~~ municipal clerk who willfully fails to furnish the copies required under subsection (a) of this section shall be fined $10.00 for each offense.

Sec. 29. 32 V.S.A. § 3603(a) is amended to read:

(a) Construction equipment and other personal estate used in the construction or repair of highways, dams, reservoirs, public utilities, or buildings shall be listed and taxed on the same basis as other personal estate in the town in which it is located on ~~April~~ January 1. Such equipment brought into the State after ~~April~~ January 1 and prior to December 15 of any year shall be taxed as other personal estate for that year in the town in which it is first used for a normal full work shift. The owner or person in charge of any equipment enumerated in this section shall, upon request of the Treasurer or tax collector of any municipality, present evidence that it has been listed for tax purposes in a municipality in this State. The Transportation Board and other State agencies shall insert in all contracts for construction a term by which the contractor agrees to pay taxes assessed under this section and section 4151 of this title.

Sec. 30. 32 V.S.A. § 3610(b) is amended to read:

(b) The listers of each town and the appraisers of each unorganized town and gore shall list every perpetual lease in a separate record in which shall be shown as to each lease a brief description of the leased land, the fair market value of the land as appraised by them, the name of the lessor, the annual rental payable under the lease, and as of ~~April~~ January 1 of each year the name and address of the lessee. If for any reason the lease is exempt under subsection (d) of this section, the reason for the exemption shall be noted.

Sec. 31. 32 V.S.A. § 3618(c)(2) is amended to read:

(2) "Net book value" of property means the cost less depreciation of the property as shown on the federal income tax return required to be filed with the federal authorities on or nearest in advance of ~~April~~ January 1 in any year.

Sec. 32. 32 V.S.A. § 3651 is amended to read:

§ 3651. GENERAL RULE

Taxable real estate shall be set in the list to the last owner or possessor thereof on ~~April~~ January 1 in each year in the town, village, school, and fire district where it is situated.

Sec. 33. 32 V.S.A. § 3691 is amended to read:

§ 3691. GENERAL RULE

Taxable tangible personal estate shall be set in the list to the last owner thereof on ~~April~~ January 1 in each year, in the town, village, school, and fire district where such property is situated, with the exception that such personal estate situated within this State owned by persons residing outside the State or by persons unknown to the listers shall be set in the list to the person having

the same in charge, in the town, village, school, and fire district where the same is situated and shall be holden for all taxes assessed on such list. However, tangible personal estate owned by nonresident persons or corporation, and used in this State by the State or a department or institution thereof, under lease, contract or other agreement, written or oral, may be set in the list in the town where so used, to such nonresident owner.

Sec. 34. 32 V.S.A. § 3692(b) is amended to read:

(b) A trailer coach shall be taxed as real property by the town in which it is located notwithstanding subsection (a) of this section if it is situated in the town on the same trailer site or camp site for more than 180 days during the 365 days prior to ~~April~~ January 1. A trailer coach shall not be taxed as real property if it is stored on property on which the owner resides in another dwelling as a permanent residence.

Sec. 35. 32 V.S.A. § 3708 is amended to read:

§ 3708. PAYMENTS IN LIEU OF TAXES FOR LANDS HELD BY THE AGENCY OF NATURAL RESOURCES

* * *

(b) The State shall annually pay on or before October 31 to each municipality a payment in lieu of taxes (PILOT) that shall be the base payment as set forth under this section, for all ANR land, excluding buildings or other improvements thereon, as of ~~April~~ January 1 of the current year.

(c) The State shall establish the base payment for all ANR land, excluding buildings or other improvements thereon, as follows~~;~~:

(1) ~~On~~ on parcels acquired before April 1, 2016, 0.60 percent of the fair market value as appraised by the Director of Property Valuation and Review as of April 1 of fiscal year 2015;

(2) ~~On~~ on parcels acquired on or after April 1, 2016, the municipal tax rate of the fair market value as assessed on ~~April~~ January 1 in the year of acquisition by the municipality in which it is located.

* * *

Sec. 36. 32 V.S.A. § 3755(b) is amended to read:

(b) Managed forestland shall be eligible for use value appraisal under this chapter only if:

(1) The land is subject to a forest management plan, subject to a conservation management plan in the case of lands certified under 10 V.S.A.

§ 6306(b), that is filed in the manner and form required by the Department of Forests, Parks and Recreation and that:

* * *

(D) Provides for continued conservation management, reserve forestland management, or forest crop production on the parcel for 10 years. An initial forest management plan or conservation management plan must be filed with the Department of Forests, Parks and Recreation on or before October 1 and shall be effective for a 10-year period beginning the following ~~April~~ January 1. Prior to expiration of a 10-year plan and on or before ~~April~~ January 1of the year in which the plan expires, the owner shall file a new conservation or forest management plan for the next succeeding 10 years to remain in the program.

* * *

(2) A management report of whatever activity has occurred, signed by an owner or forester working on behalf of an owner, has been filed with the Department of Taxes' Director of Property Valuation and Review on or before February 1 of the year following the year when the management activity occurred.

(3) There has not been filed with the Director an adverse inspection report by the Department stating that the management of the tract is contrary to the forest management plan, conservation management plan, or contrary to the minimum acceptable standards for forest or conservation management. The management activity report shall be on a form prescribed by the Commissioner of Forests, Parks and Recreation in consultation with the Commissioner of Taxes and shall be signed by all the owners and shall contain the tax identification numbers of all the owners. All information contained within the management activity report shall be forwarded to the Department of Forests, Parks and Recreation, except for any tax identification number included in the report. If any owner satisfies the Department that ~~he or she~~ the owner was prevented by accident, mistake, or misfortune from filing an initial or revised management plan that is required to be filed on or before October 1, or a management plan update that is required to be filed on or before ~~April~~ January 1 of the year in which the plan expires, or a management activity report that is required to be filed on or before February 1 of the year following the year when the management activity occurred, the owner may submit that management plan or management activity report at a later date; provided, however, no initial or revised management plan shall be received later than December 31, and no management plan update shall be received later than one

year after ~~April~~ January 1of the year the plan expires, and no management activity report shall be received later than March 1.

Sec. 37. 32 V.S.A. § 3802a is amended to read:

§ 3802a. REQUIREMENT TO PROVIDE INSURANCE INFORMATION

Before ~~April~~ January 1 of each year, owners of property exempt from taxation under subdivisions 3802(4), (6), (9), (12), and (15) and under subdivisions 5401(10)(D), (F), (G), and (J) of this title shall provide their local assessing officials with information regarding the insurance replacement cost of the exempt property or with a written explanation of why the property is not insured.

Sec. 38. 32 V.S.A. § 3850(d) is amended to read:

(d) If a dwelling unit is certified as blighted under subsection (b) of this section, the exemption shall take effect on the ~~April~~ January 1 following the certification of the dwelling unit.

Sec. 39. 32 V.S.A. § 4001(a) is amended to read:

(a) Annually on ~~April~~ January 1, at the expense of the State, the Director shall furnish to the several ~~town~~ municipal clerks and boards of appraisers for unorganized towns and gores inventory forms sufficient in number to meet the requirements of this chapter. Such forms shall be formulated by the Director and, among other things, shall contain suitable interrogatories requiring each taxpayer to furnish therein a brief statement of all of each taxpayer's taxable property, real and personal, and such other information, including income and expense information with respect to any income-producing properties, as will enable the listers or appraisers to appraise such part thereof as is required by law to be by them appraised, and to make up the abstract of individual lists and grand list in the manner prescribed by law.

Sec. 40. 32 V.S.A. § 4004 is amended to read:

§ 4004. RETURN OF INVENTORIES BY INDIVIDUALS

On or before ~~April~~ January 20, unless otherwise required, every taxable person shall procure such inventory form, make full answers to all interrogatories therein, subscribe the same, make oath thereto, and deliver or forward the same to one of the listers in the town wherein such person owns or possesses property required by law to be set to ~~him or her~~ the person in the grand list. When notice in writing to file, deliver, or forward such inventory on or before a given date is delivered by one of the listers to a person, or mailed postage prepaid to ~~him or her~~ the person at ~~his or her~~ the person's last known post office address, such person, within the time therein specified, shall

properly fill out such inventory and deliver or forward the same to one of the listers, notwithstanding ~~he or she~~ the person may not own or possess property subject to taxation. Persons taxable only for real estate shall not be required to file such inventory unless notified so to do as herein provided.

Sec. 41. 32 V.S.A. § 4041 is amended to read:

§ 4041. EXAMINATION OF PROPERTY; APPRAISAL

On ~~April~~ January 1, the listers and assessors shall proceed to take up such inventories and make such personal examination of the property that they are required to appraise as will enable them to appraise it at its fair market value. When a board of listers is of the opinion that expert advice or assistance is needed in making any appraisal required by law, it may, with approval of ~~selectboard~~ the legislative body of the municipality or by vote of the ~~town~~ municipality, employ such assistance.

Sec. 42. 32 V.S.A. § 4044 is amended to read:

§ 4044. APPRAISAL OF PERSONALTY ON ~~APRIL~~ JANUARY 1

Unless otherwise provided, the taxable personal estate contained in the inventory shall be appraised by the listers at its fair market value on ~~April~~ January 1.

Sec. 43. 32 V.S.A. § 4045 is amended to read:

§ 4045. APPRAISAL ON OTHER THAN ~~APRIL~~ JANUARY 1

If any business is normally operated for a period less than 12 consecutive months and is not in operation on ~~April~~ January 1, an inventory shall be filed with the listers at least 15 days prior to the anticipated annual suspension of such business and the stock in trade shall be appraised for the period of operation so as to represent an average of values of such property during that period in which the business has been carried on.

Sec. 44. 32 V.S.A. § 4605 is amended to read:

§ 4605. ASSESSMENT WHEN APPRAISAL ON OTHER THAN ~~APRIL~~ JANUARY 1

* * *

Sec. 45. 32 V.S.A. § 5401(7) is amended to read:

(7) "Homestead":

(A) "Homestead" means the principal dwelling and parcel of land surrounding the dwelling, owned and occupied by a resident individual as the individual's domicile or owned and fully leased on ~~April~~ January 1, provided

the property is not leased for more than 182 days out of the calendar year or, for purposes of the renter credit under subsection 6066(b) of this title, is rented and occupied by a resident individual as the individual's domicile.

* * *

(G) For purposes of homestead declaration and application of the homestead property tax rate, "homestead" also means a residence that was the homestead of the decedent at the date of death and, from the date of death through the next ~~April~~ January 1, is held by the estate of the decedent and not rented.

* * *

Sec. 46. 32 V.S.A. § 5404a(a)(6) is amended to read:

(6) An exemption of a portion of the value of a qualified rental unit parcel. An owner of a qualified rental unit parcel shall be entitled to an exemption on the education property tax grand list of 10 percent of the grand list value of the parcel, multiplied by the ratio of square footage of improvements used for or related to residential rental purposes to total square footage of all improvements, multiplied by the ratio of qualified rental units to total residential rental units on the parcel. "Qualified rental units" means residential rental units that are subject to rent restriction under provisions of State or federal law but excluding units subject to rent restrictions under only one of the following programs: Section 8 moderate rehabilitation, Section 8 housing choice vouchers, or Section 236 or Section 515 rural development rental housing. A municipality shall allow the percentage exemption under this subsection upon presentation by the taxpayer to the municipality, by ~~April~~ January 1, of a certificate of education grand list value exemption obtained from the Vermont Housing Finance Agency (VHFA). VHFA shall issue a certificate of exemption upon presentation by the taxpayer of information that VHFA and the Commissioner shall require. A certificate of exemption issued by VHFA under this subsection shall expire upon transfer of the building, upon expiration of the rent restriction, or after 10 years, whichever first occurs; provided, however, that the certificate of exemption may be renewed after 10 years and every 10 years thereafter if VHFA finds that the property continues to meet the requirements of this subsection.

Sec. 47. 32 V.S.A. § 5405 is amended to read:

§ 5405. DETERMINATION OF EQUALIZED EDUCATION PROPERTY TAX GRAND LIST AND COEFFICIENT OF DISPERSION

(a) Annually, on or before April 1, the Commissioner shall determine the equalized education property tax grand list and coefficient of dispersion for

each municipality in the State; provided, however, that for purposes of equalizing grand lists pursuant to this section, the equalized education property tax grand list of a municipality that establishes a tax increment financing district shall include the fair market value of the property in the district and not the original taxable value of the property, and further provided that the unified towns and gores of Essex County may be treated as one municipality for the purpose of determining an equalized education property grand list and a coefficient of dispersion, if the Director determines that all such entities have a uniform appraisal schedule and uniform appraisal practices.

* * *

(c) In determining the fair market value of property that is required to be listed at fair market value, the Commissioner shall take into consideration those factors required by section 3481 of this title. The Commissioner shall value property as of ~~April~~ January 1 preceding the determination and shall take account of all homestead declaration information available before October 1 each year.

* * *

Sec. 48. 32 V.S.A. § 5410 is amended to read:

§ 5410. DECLARATION OF HOMESTEAD

(a) A homestead owner shall declare ownership of a homestead for purposes of education property tax.

(b) Annually, on or before the due date for filing the Vermont income tax return, without extension, each homestead owner shall, on a form prescribed by the Commissioner, which shall be verified under the pains and penalties of perjury, declare the owner's homestead, if any, as of, or expected to be as of, ~~April~~ January 1 of the year in which the declaration is made.

* * *

(d) The Commissioner shall provide a list of homesteads in each town to the ~~town~~ municipal listers and assessors by May 15. The listers and assessors shall notify the Commissioner by June 1 of any residences on the Commissioner's list that do not qualify as homesteads. The listers and assessors shall separately identify homesteads in the grand list.

* * *

* * * Municipal Tax Collection; State Oversight * * *

Sec. 49. 32 V.S.A. chapter 133, subchapter 9 is amended to read:

Subchapter 9. Delinquent Taxes

§ 5131. ~~SUPERVISION BY DIRECTOR~~

~~The Director shall supervise the collection of delinquent taxes by officials of towns and other municipal corporations.~~ [Repealed.]

§ 5132. ~~CONFERENCES; BULLETINS; FORMS~~

~~The Director may examine a tax list in the hands of a collector; shall confer from time to time with collectors, advise them concerning their official duties, and furnish them printed instructions and directions relating thereto; shall issue such bulletins as in the Director's judgment will aid in enforcing the law; and shall formulate and furnish the necessary forms for the use of officials required to make returns to the Director.~~ [Repealed.]

§ 5133. ~~MEETINGS OF TAX COLLECTORS~~

~~The Director shall call meetings of collectors of taxes to be held at such places and at such times as he or she shall designate for the purpose of instruction as to the law governing their official duties and concerning the collection of delinquent taxes.~~ [Repealed.]

§ 5134. ~~FAILURE TO ATTEND MEETINGS; COMPENSATION~~

~~Collectors shall attend all meetings for instruction to which they are summoned in writing by the Director. When a collector is unable to attend, he or she shall notify forthwith the Director stating the cause of such inability and, in his or her discretion, the Director may summon such collector to attend such other meeting as he or she may designate. Collectors attending such meetings shall receive therefor from the treasury of their municipality not less than $10.00 per day and their necessary expenses.~~ [Repealed.]

§ 5135. ~~RETURNS TO DIRECTOR~~

~~Collectors and other officials named in this chapter shall render such assistance, furnish such information, and make such returns to the Director in relation to the subject of delinquent taxes and the administration of the law in reference thereto as he or she may require.~~ [Repealed.]

* * *

Sec. 50. [Deleted.]

Sec. 51. [Deleted.]

Sec. 52. [Deleted.]

Sec. 53. [Deleted.]

* * * 10-Year Tax Study * * *

Sec. 54. VERMONT 10-YEAR TAX STUDY

(a) The Joint Fiscal Office, with assistance from the Office of Legislative Counsel, and under the direction of the Joint Fiscal Committee, shall conduct a decennial study of Vermont State taxes.

(b) In conducting the study, the Joint Fiscal Office shall:

(1) Starting with 2015, analyze historical trends comparing Vermont taxes to the tax systems of other states, including a comparison of the percentage of Vermont revenue from each State-level source to the percentage of revenue from each state-level source in other states.

(2) Analyze Vermont's taxation levels and tax responsibilities per capita, per income level, and by incidence on typical Vermont families of varying incomes, and on typical Vermont business enterprises of varying sizes and types, and analyze trends in the taxpayer revenue bases for various tax types.

(3) Analyze and identify any issues or trends relating to tax flight, tax avoidance, and gaps in enforcement.

(4) Recommend areas for further research and analysis, including ways to further research the topics of wealth and income in Vermont's aging demographic.

(c) Based upon the information resulting from the study in subsection (b) of this section, the Joint Fiscal Office shall, as part of the study or separately, review income eligibility criteria for various tax provisions and benefit programs to assess where potential gaps in eligibility or benefits cliffs may exist under Vermont's existing tax laws.

(d) For purposes of the study conducted under this section, the Department of Taxes shall provide assistance as requested by the Joint Fiscal Office.

(e) In fiscal year 2027, $100,000.00 is appropriated from the General Fund to the Joint Fiscal Office for consultant assistance, data analysis, and other expenses related to the study conducted under this section. The duty to implement this Sec. 54 of this act is contingent upon an appropriation of funds in fiscal year 2027 from the General Fund to the Joint Fiscal Office for the specific purposes described in this section.

(f) The Joint Fiscal Office shall submit the Vermont 10-year tax study to the House Committee on Ways and Means and the Senate Committee on Finance on or before January 15, 2027.

* * * Link-Up and Decoupling from Federal Income Tax Laws * * *

Sec. 55. 32 V.S.A. § 5811 is amended to read:

§ 5811. DEFINITIONS

As used in this chapter ~~unless the context requires otherwise~~:

* * *

(18) "Vermont net income" means, for any taxable year and for any corporate taxpayer:

(A) the taxable income of the taxpayer for that taxable year under the laws of the United States, ~~without regard to 26 U.S.C. § 168(k), and~~ excluding income that under the laws of the United States is exempt from taxation by the states:

(i) increased by:

(I) the amount of any deduction for State and local taxes on or measured by income, franchise taxes measured by net income, franchise taxes for the privilege of doing business and capital stock taxes; ~~and~~

(II) to the extent such income is exempted from taxation under the laws of the United States ~~by~~, the amount received by the taxpayer on and after January 1, 1986, as interest income from state and local obligations, other than obligations of Vermont and its political subdivisions, and any dividends or other distributions from any fund to the extent such dividend or distribution is attributable to such Vermont State or local obligations;

(III) the amount of any deduction for a federal net operating loss; ~~and~~

(IV) an amount equal to the bonus depreciation deduction taken on the taxpayer's federal income tax return for the taxable year under Section 168(k) or (n) of the Internal Revenue Code;

(V) for any taxpayer that does not qualify as an eligible taxpayer, an amount equal to any deduction taken on the taxpayer's federal income tax return for the taxable year under 26 U.S.C. § 174A and Pub. L. No. 119-21, 139 Stat. 72 (2025) § 70302(f)(2). For purposes of this subdivision (V), the term "eligible taxpayer" means any taxpayer (other than a tax shelter prohibited from using the cash receipts and disbursements method of accounting under 26 U.S.C. § 448(a)(3)) that meets the gross receipts test of 26 U.S.C. § 448(c) for the taxable year; and

(VI) an amount equal to the amount of income deducted under Section 250 of the Internal Revenue Code for the taxable year to the extent deducted from net income; and

(ii) decreased by:

(I) the "gross-up of dividends" required by the federal Internal Revenue Code to be taken into taxable income in connection with the taxpayer's election of the foreign tax credit;

(II) the amount of income that results from the required reduction in salaries and wages expense for corporations claiming the Targeted Job or WIN credits; ~~and~~

(III) any federal deduction or credit that the taxpayer would have been allowed for the cultivation, testing, processing, or sale of cannabis or cannabis products as authorized under 7 V.S.A. chapter 33 or 37, but for 26 U.S.C. § 280E;

(IV) for the taxable year in which the bonus depreciation deduction is taken on the taxpayer's federal income tax return under Section 168(k) or (n) of the Internal Revenue Code and for each applicable taxable year thereafter, an amount equal to the depreciation deduction that would be allowed on that property if the taxpayer had made the election under Section 168(k)(7) or (n)(6) of the Internal Revenue Code to not claim depreciation on that property. In the taxable year that property is sold or otherwise disposed of, an additional deduction shall be allowed to the extent the amount of depreciation claimed under Section 168(k) or (n) of the Internal Revenue Code on that property has not been recovered through the additional deductions provided under this subdivision (18). The aggregate amount deducted under this subdivision (18)(A)(ii)(IV) in all taxable years for any one piece of property shall not exceed the amount of the bonus depreciation deduction taken on that property on the taxpayer's federal income tax return under Section 168(k) or (n) of the Internal Revenue Code, or exceed the amount of the additional modifications taken for that property on the taxpayer's Vermont income tax return under subdivision (i)(IV) of this subdivision (18)(A);

(V) for a taxpayer that does not qualify as an eligible taxpayer for the taxable year, as defined under subdivision (i)(V) of this subdivision (18)(A), for the taxable year in which a deduction is taken on the taxpayer's federal income tax return under 26 U.S.C. § 174A, or Pub. L. No. 119-21, 139 Stat. 72 (2025) § 70302(f)(2), or both, and for each applicable taxable year thereafter, an amount equal to the deduction that would be allowed under 26 U.S.C. § 174 applied as those provisions were in effect on December 31, 2024. The aggregate amount deducted under this subdivision (18)(A)(ii)(V) in all taxable years may not exceed the amount of the deduction taken on that expenditure on the taxpayer's federal income tax return under the Internal Revenue Code, or exceed the amount of the addition modifications taken on the taxpayer's Vermont income tax return under subdivision (i)(V) of this subdivision (18)(A);

(VI) for a taxpayer that qualifies as an eligible taxpayer for the taxable year as defined under subdivision (i)(V) of this subdivision (18)(A) and has domestic research or experimental expenditures, as defined in 26 U.S.C. § 174A, as added by subsection 174A(a), which are paid or incurred in taxable years beginning after December 31, 2021, and before January 1, 2025, and which was charged to capital account pursuant to 26 U.S.C. § 174 as those provisions were in effect on December 31, 2024, and further elected under Pub. L. No. 119-21, 139 Stat. 72 (2025) § 70302(f)(1) to substitute "December 31, 2021" for "December 31, 2024" as the applicable effective date for certain provisions in 26 U.S.C. § 174A and accordingly filed an amended federal return for each taxable year affected by such election, for the tax year beginning on or after January 1, 2025, and for each applicable taxable year thereafter, a taxpayer may elect to deduct any remaining unamortized amount with respect to such expenditures in the first taxable year beginning after December 31, 2024, or to deduct such remaining unamortized amount with respect to such expenditures ratably over the two-taxable year period beginning with the first taxable year beginning after December 31, 2024. The aggregate amount deducted under this subdivision (A)(ii)(VI) when combined with any other deduction for the domestic research or experimental expenditure allowed pursuant to Vermont's adoption of the statutes of the United States relating to the federal income tax under section 5824 of this chapter in all taxable years may not exceed the amount of the deduction taken for that expenditure on the taxpayer's federal income tax return under the Internal Revenue Code; and

(VII) for a taxpayer that qualifies as an eligible taxpayer for the taxable year as defined under subdivision (i)(V) of this subdivision (18)(A) and has made an addition modification under subdivision (i)(V) in a prior tax year, an amount equal to the subtraction modification that would have been allowed in this taxable year under subdivision (A)(ii)(V) of this subdivision (18) but for the taxpayer's current status as an eligible taxpayer. The aggregate amount deducted under this subdivision (18)(A)(ii)(VII) in all taxable years for any expenditure may not exceed the amount of the deduction taken for that expenditure on the taxpayer's federal income tax return under the Internal Revenue Code, or exceed the amount of the addition modifications taken for that expenditure on the taxpayer's Vermont income tax return under subdivision (i)(V) of this subdivision (18)(A) for expenditures paid or incurred in taxable years on or after January 1, 2025.

* * *

(21) "Taxable income" means, in the case of an individual, federal adjusted gross income ~~determined without regard to 26 U.S.C. § 168(k)~~ and:

(A) increased by the following items of income (to the extent such income is excluded from federal adjusted gross income):

(i) interest income from non-Vermont state and local obligations; ~~and~~

(ii) dividends or other distributions from any fund to the extent they are attributable to non-Vermont state or local obligations; ~~and~~

(iii) an amount equal to the bonus depreciation deduction taken on the taxpayer's federal income tax return for the taxable year under Section 168(k) or (n) of the Internal Revenue Code, including any amount of bonus depreciation deduction carried over on the taxpayer's federal income tax return as part of a net operating loss from a prior taxable year that is deducted in the current taxable year;

(iv) for any taxpayer that does not qualify as an eligible taxpayer, an amount equal to any deduction taken on the taxpayer's federal income tax return for the taxable year under 26 U.S.C. § 174A, or Pub. L. No. 119-21, 139 Stat. 72 (2025) § 70302(f)(2), or both, and any amount of these deductions carried over on the taxpayer's federal income tax return as part of a net operating loss from a prior tax year that is deducted in the current taxable year. For purposes of this subdivision (iv), the term "eligible taxpayer" means any taxpayer (other than a tax shelter prohibited from using the cash receipts and disbursements method of accounting under 26 U.S.C. § 448(a)(3)) that meets the gross receipts test of 26 U.S.C. § 448(c) for the taxable year; and

(v) an amount equal to any income or gain from the sale or exchange of qualified small business stock excluded from federal gross income for the taxable year under Section 1202(a) of the Internal Revenue Code; and

(B) decreased by the following items of income (to the extent such income is included in federal adjusted gross income):

(i) income from U.S. government obligations;

(ii)(I) with respect to adjusted net capital gain income as defined in 26 U.S.C. § 1(h) reduced by the total amount of any qualified dividend income: either the first $5,000.00 of such adjusted net capital gain income or 40 percent of adjusted net capital gain income from the sale of assets held by the taxpayer for more than three years, except not adjusted net capital gain income from:

~~(I)~~(aa) the sale of any real estate or portion of real estate used by the taxpayer as a primary or nonprimary residence; or

~~(II)~~(bb) the sale of depreciable personal property other than farm property and standing timber; or stocks or bonds publicly traded or traded on an exchange, or any other financial instruments; regardless of whether sold by an individual or business; and provided that the total amount of decrease under this subdivision (21)(B)(ii) shall not exceed 40 percent of federal taxable income or $350,000.00, whichever is less;

(II) notwithstanding the limitation under subdivision (I)(bb) of this subdivision (ii) relating to "stocks or bonds publicly traded or traded on an exchange, or any other financial instruments," gains from the sale or exchange of qualified small business stock added to taxable income under subdivision (A)(v) of this subdivision (21) may be decreased pursuant to this subdivision (ii); accordingly, for the purposes of this subdivision (ii), adjusted net capital gain income, federal adjusted gross income, and federal taxable income shall include any amounts added to a taxpayer's taxable income pursuant to subdivision (A)(v) of this subdivision (21); and

(iii) recapture of State and local income tax deductions not taken against Vermont income tax;

(iv) the portion of certain retirement income and federally taxable benefits received under the federal Social Security Act that is required to be excluded under section 5830e of this chapter;

(v) the amount of any federal deduction or credit that the taxpayer would have been allowed for the cultivation, testing, processing, or sale of cannabis or cannabis products as authorized under 7 V.S.A. chapter 33 or 37, but for 26 U.S.C. § 280E; ~~and~~

(vi) the amount of interest paid by a qualified resident taxpayer during the taxable year on a qualified education loan for the costs of attendance at an eligible educational institution;

(vii) for the taxable year in which the bonus depreciation deduction is taken on the taxpayer's federal income tax return under Section 168(k) or (n) of the Internal Revenue Code and for each applicable taxable year thereafter, an amount equal to the depreciation deduction that would be allowed on that property if the taxpayer had made the election under Section 168(k)(7) or (n)(6) of the Internal Revenue Code to not claim bonus depreciation on that property. In the taxable year that property is sold or otherwise disposed of, an additional deduction shall be allowed to the extent the amount of depreciation claimed under Section 168(k) or (n) of the Internal Revenue Code on that property has not been recovered through the additional deductions provided under this subdivision (21). The aggregate amount deducted under this subdivision (21)(B)(vii) in all taxable years for any one

piece of property shall not exceed the amount of the bonus depreciation deduction taken on that property on the taxpayer's federal income tax return under Section 168(k) or (n) of the Internal Revenue Code, or exceed the amount of the addition modifications taken for that property on the taxpayer's Vermont income tax return under subdivision (A)(iii) of this subdivision (21); and

(viii) for a taxpayer that does not qualify as an eligible taxpayer for the taxable year, as defined under subdivision (A)(iv) of this subdivision (21), for the taxable year in which a deduction is taken on the taxpayer's federal income tax return under 26 U.S.C. § 174A, or Pub. L. No. 119-21, 139 Stat. 72 (2025) § 70302(f)(2), or both, and for each applicable taxable year thereafter, an amount equal to the deduction that would be allowed under 26 U.S.C. § 174 applied as those provisions were in effect on December 31, 2024. The aggregate amount deducted under this subdivision (21)(B)(viii) in all taxable years may not exceed the amount of the deduction taken on that expenditure on the taxpayer's federal income tax return under the Internal Revenue Code, or exceed the amount of the addition modifications taken on the taxpayer's Vermont income tax return under subdivision (A)(iv) of this subdivision (21);

(ix) for a taxpayer that qualifies as an eligible taxpayer for the taxable year as defined under subdivision (A)(iv) of this subdivision (21) and has domestic research or experimental expenditures, as defined in 26 U.S.C. § 174A, as added by subsection 174A(a), which are paid or incurred in taxable years beginning after December 31, 2021, and before January 1, 2025, and which was charged to capital account pursuant to 26 U.S.C. § 174 as those provisions were in effect on December 31, 2024, and elected under Pub. L. No. 119-21, 139 Stat. 72 (2025) § 70302(f)(1) to substitute "December 31, 2021" for "December 31, 2024" as the applicable effective date for certain provisions in 26 U.S.C. § 174A and accordingly filed an amended federal return for each taxable year affected by such election, for the tax year beginning on or after January 1, 2025, and for each applicable taxable year thereafter, a taxpayer may elect to deduct any remaining unamortized amount with respect to such expenditures in the first taxable year beginning after December 31, 2024, or to deduct such remaining unamortized amount with respect to such expenditures ratably over the two-taxable year period beginning with the first taxable year beginning after December 31, 2024. The aggregate amount deducted under this subdivision (21)(B)(ix) when combined with any other deduction for the domestic research or experimental expenditure allowed pursuant to Vermont's adoption of the statutes of the United States relating to the federal income tax under section 5824 of this chapter in all taxable years may not exceed the amount of the deduction taken

for that expenditure on the taxpayer's federal income tax return under the Internal Revenue Code; and

(x) for a taxpayer that qualifies as an eligible taxpayer for the taxable year as defined under subdivision (A)(iv) of this subdivision (21) and has made an addition modification under subdivision (A)(iv) of this subdivision (21) in a prior tax year, an amount equal to the subtraction modification that would have been allowed in this taxable year under subdivision (viii) of this subdivision (21)(B) but for the taxpayer's current status as an eligible taxpayer. The aggregate amount deducted under this subdivision (21)(B)(x) in all taxable years for any expenditure may not exceed the amount of the deduction taken for that expenditure on the taxpayer's federal income tax return under the Internal Revenue Code, or exceed the amount of the addition modifications taken for that expenditure on the taxpayer's Vermont income tax return under subdivision (A)(iv) of this subdivision (21) for expenditures paid or incurred in taxable years on or after January 1, 2025.

* * *

(28) "Taxable income" means, in the case of an estate or a trust, federal taxable income ~~determined without regard to 26 U.S.C. § 168(k)~~ and:

(A) increased by the following items of income:

(i) interest income from non-Vermont state and local obligations;

(ii) dividends or other distributions from any fund to the extent they are attributable to non-Vermont state or local obligations; and

(iii) the amount of State and local income taxes deducted from federal gross income for the taxable year; ~~and~~

(iv) an amount equal to the bonus depreciation deduction taken on the taxpayer's federal income tax return for the taxable year under Section 168(k) or (n) of the Internal Revenue Code, including any amount of bonus depreciation deduction carried over on the taxpayer's federal income tax return as part of a net operating loss from a prior tax year that is deducted in the current taxable year;

(v) for any taxpayer that does not qualify as an eligible taxpayer, an amount equal to any deduction taken on the taxpayer's federal income tax return for the taxable year under 26 U.S.C. § 174A or Pub. L. No. 119-21, 139 Stat. 72 (2025) § 70302(f)(2), or both, and any amount of these deductions carried over on the taxpayer's federal income tax return as part of a net operating loss from a prior tax year that is deducted in the current taxable year. For purposes of this subdivision (v), the term "eligible taxpayer" means any

taxpayer (other than a tax shelter prohibited from using the cash receipts and disbursements method of accounting under 26 U.S.C. § 448(a)(3)) that meets the gross receipts test of 26 U.S.C. § 448(c) for the taxable year; and

(vi) an amount equal to any income or gain from the sale or exchange of qualified small business stock excluded from federal gross income for the taxable year under Section 1202(a) of the Internal Revenue Code; and

(B) decreased by the following items of income:

(i) income from U.S. government obligations;

(ii)(I) with respect to adjusted net capital gain income as defined in 26 U.S.C. § 1(h) reduced by the total amount of any qualified dividend income: either the first $5,000.00 of such adjusted net capital gain income or 40 percent of adjusted net capital gain income from the sale of assets held by the taxpayer for more than three years, except not adjusted net capital gain income from:

~~(I)~~(aa) the sale of any real estate or portion of real estate used by the taxpayer as a primary or nonprimary residence; or

~~(II)~~(bb) the sale of depreciable personal property other than farm property and standing timber; or stocks or bonds publicly traded or traded on an exchange, or any other financial instruments; regardless of whether sold by an individual or business; and provided that the total amount of decrease under this subdivision (28)(B)(ii) shall not exceed 40 percent of federal taxable income or $350,000.00, whichever is less;

(II) notwithstanding the limitation under subdivision (I)(bb) of this subdivision (ii) relating to "stocks or bonds publicly traded or traded on an exchange, or any other financial instruments," gains from the sale or exchange of qualified small business stock added to taxable income under subdivision (A)(vi) of this subdivision (28) may be decreased pursuant to this subdivision (ii); accordingly, for the purposes of this subdivision (ii), adjusted net capital gain income, federal adjusted gross income, and federal taxable income shall include any amounts added to a taxpayer's taxable income pursuant to subdivision (A)(vi) of this subdivision (28); and

(iii) recapture of State and local income tax deductions not taken against Vermont income tax;

(iv) for the taxable year in which the bonus depreciation deduction is taken on the taxpayer's federal income tax return under Section 168(k) or (n) of the Internal Revenue Code and for each applicable taxable year thereafter, an amount equal to the depreciation deduction that would be allowed on that property if the taxpayer had made the election under Section

168(k)(7) or (n)(6) of the Internal Revenue Code to not claim bonus depreciation on that property. In the taxable year that property is sold or otherwise disposed of, an additional deduction shall be allowed to the extent the amount of depreciation claimed under Section 168(k) or (n) of the Internal Revenue Code on that property has not been recovered through the additional deductions provided under this subdivision (28). The aggregate amount deducted under this subdivision (28)(B)(iv) in all taxable years for any one piece of property shall not exceed the amount of the bonus depreciation deduction taken on that property on the taxpayer's federal income tax return under Section 168(k) or (n) of the Internal Revenue Code, or exceed the amount of the addition modifications taken on that property on the taxpayer's Vermont income tax return under subdivision (A)(iv) of this subdivision (28);

(v) for a taxpayer that does not qualify as an eligible taxpayer for the taxable year, as defined under subdivision (A)(v) of this subdivision (28), for the taxable year in which a deduction is taken on the taxpayer's federal income tax return under 26 U.S.C. § 174A, or Pub. L. No. 119-21, 139 Stat. 72 (2025) § 70302(f)(2), or both, and for each applicable taxable year thereafter, an amount equal to the deduction that would be allowed under 26 U.S.C. § 174 applied as those provisions were in effect on December 31, 2024. The aggregate amount deducted under this subdivision in all taxable years may not exceed the amount of the deduction taken on that expenditure on the taxpayer's federal income tax return under the Internal Revenue Code, or exceed the amount of the addition modifications taken on the taxpayer's Vermont income tax return under subdivision (A)(v) of this subdivision (28);

(vi) for a taxpayer that qualifies as an eligible taxpayer for the taxable year as defined under subdivision (A)(v) of this subdivision (28) and has domestic research or experimental expenditures, as defined in 26 U.S.C. § 174A, as added by subsection 174A(a), which are paid or incurred in taxable years beginning after December 31, 2021, and before January 1, 2025, and which was charged to capital account pursuant to 26 U.S.C. § 174 as those provisions were in effect on December 31, 2024, and elected under Pub. L. No. 119-21, 139 Stat. 72 (2025) § 70302(f)(1) to substitute "December 31, 2021" for "December 31, 2024" as the applicable effective date for certain provisions in 26 U.S.C. § 174A and accordingly filed an amended federal return for each taxable year affected by such election, for the tax year beginning on or after January 1, 2025, and for each applicable taxable year thereafter, a taxpayer may elect to deduct any remaining unamortized amount with respect to such expenditures in the first taxable year beginning after December 31, 2024, or to deduct such remaining unamortized amount with respect to such expenditures ratably over the two-taxable year period beginning with the first taxable year beginning after December 31, 2024. The

aggregate amount deducted under this subdivision (28)(B)(vi) when combined with any other deduction for the domestic research or experimental expenditure allowed pursuant to Vermont's adoption of the statutes of the United States relating to the federal income tax under section 5824 of this chapter in all taxable years may not exceed the amount of the deduction taken for that expenditure on the taxpayer's federal income tax return under the Internal Revenue Code; and

(vii) for a taxpayer that qualifies as an eligible taxpayer for the taxable year as defined under subdivision (A)(v) of this subdivision (28) and has made an addition modification under subdivision (A)(v) of this subdivision (28) in a prior tax year, an amount equal to the subtraction modification that would have been allowed in this taxable year under subdivision (v) of this subdivision (28)(B) but for the taxpayer's current status as an eligible taxpayer. The aggregate amount deducted under this subdivision in all taxable years for any expenditure may not exceed the amount of the deduction taken for that expenditure on the taxpayer's federal income tax return under the Internal Revenue Code, or exceed the amount of the addition modifications taken for that expenditure on the taxpayer's Vermont income tax return under subdivision (A)(v) of this subdivision (28) for expenditures paid or incurred in taxable years on or after January 1, 2025.

* * *

Sec. 56. 32 V.S.A. § 5822 is amended to read:

§ 5822. TAX ON INCOME OF INDIVIDUALS, TRUSTS, AND ESTATES

* * *

(e) The tax determined under subsections (a) through (d) of this section shall be reduced by a percentage equal to the portion of adjusted gross income that is not Vermont income; provided, however, that if a taxpayer's Vermont income exceeds the taxpayer's adjusted gross income, no reduction shall be made and provided, further, that if a taxpayer has zero or negative Vermont income and the taxpayer's Vermont income computed without regard to the reductions in subsection 5823(a) of this chapter does not equal or exceed the taxpayer's adjusted gross income, no tax shall be due under this section. For the purposes of this subsection, adjusted gross income means federal adjusted gross income modified by the additions and subtractions provided for in subdivisions 5811(21)(A) and (B) of this chapter for an individual, and federal adjusted gross income modified by the additions and subtractions provided for in subdivisions 5811(28)(A) and (B) of this chapter for an estate or a trust.

Sec. 57. 32 V.S.A. § 5823 is amended to read:

§ 5823. VERMONT INCOME OF INDIVIDUALS, ESTATES, AND TRUSTS

* * *

(b) For any taxable year, the Vermont income of a nonresident individual, estate, or trust is the sum of the following items of income to the extent they are required to be included in the federal adjusted gross income of the individual after the value of those items are modified by the additions and subtractions provided for in subdivisions 5811(21)(A) and (B) of this chapter or the ~~gross~~ federal adjusted gross income of an estate or trust after the value of those items are modified by the additions and subtractions provided for in subdivisions (28)(A) and (B) of this chapter for that taxable year:

* * *

Sec. 58. 32 V.S.A. § 5930ii is amended to read:

§ 5930ii. RESEARCH AND DEVELOPMENT TAX CREDIT

(a) A taxpayer of this State shall be eligible for a credit against the tax imposed under this chapter in an amount equal to ~~27~~ 75 percent of the amount of the federal tax credit allowed in the taxable year for eligible research and development expenditures under 26 U.S.C. § 41(a) that are made within this State.

(b) Any unused credit available under subsection (a) of this section may be carried forward for up to 10 years.

(c) Each year, on or before January 15, the Department of Taxes shall publish a list containing the names of the taxpayers who have claimed a credit under this section during the most recent completed calendar year.

Sec. 59. 32 V.S.A. § 5930ee is amended to read:

§ 5930ee. LIMITATIONS

Beginning in fiscal year 2010 and thereafter, the State Board may award tax credits to all qualified applicants under this subchapter, provided that:

(1) the total amount of tax credits awarded annually, together with sales tax reallocated under section 9819 of this title, does not exceed ~~$3,000,000.00~~ $3,500,000.00;

* * *

Sec. 60. 32 V.S.A. § 5824 is amended to read:

§ 5824. ADOPTION OF FEDERAL INCOME TAX LAWS

The statutes of the United States relating to the federal income tax, as in effect on December 31, ~~2024~~ 2025, but without regard to federal income tax rates under 26 U.S.C. § 1, are hereby adopted for the purpose of computing the tax liability under this chapter and shall continue in effect as adopted until amended, repealed, or replaced by act of the General Assembly.

Sec. 61. 32 V.S.A. § 7402(8) is amended to read:

(8) "Laws of the United States" means the U.S. Internal Revenue Code of 1986, as amended through December 31, ~~2024~~ 2025. As used in this chapter, "Internal Revenue Code" has the same meaning as "laws of the United States" as defined in this subdivision. The date through which amendments to the U.S. Internal Revenue Code of 1986 are adopted under this subdivision shall continue in effect until amended, repealed, or replaced by act of the General Assembly.

* * * Revenue Deposits; Purchase and Use and Meals and Rooms Taxes * * *

Sec. 62. 16 V.S.A. § 4025 is amended to read:

§ 4025. EDUCATION FUND

(a) The Education Fund is established to comprise the following:

* * *

(4) ~~25~~ 29 percent of the revenues from the meals and rooms taxes imposed under 32 V.S.A. chapter 225;

(5) ~~one-third~~ 27 percent of the revenues raised from the purchase and use tax imposed by 32 V.S.A. chapter 219, notwithstanding 19 V.S.A. § 11(1);

* * *

Sec. 63. 32 V.S.A. § 435(b)(7) is amended to read:

(7) ~~69~~ 65 percent of the meals and rooms taxes levied pursuant to chapter 225 of this title;

* * * Burlington Waterfront TIF * * *

Sec. 63a. BURLINGTON WATERFRONT TAX INCREMENT FINANCING DISTRICT; FINDINGS; INTENT

(a) The General Assembly finds that:

(1) 1985 Acts and Resolves No. 87 authorized municipalities to create tax increment financing districts and to retain municipal tax increment pursuant to 24 V.S.A. chapter 53, subchapter 5.

(2) The City of Burlington created the Burlington Waterfront Tax Increment Financing (TIF) District in the Lake Street area of the City on January 22, 1996, prior to the creation of the statewide education property tax in 1997 Acts and Resolves No. 60.

(3) 1997 Acts and Resolves No. 60, Sec. 45, created a statewide education property tax and authorized each municipality with an existing tax increment financing district under 24 V.S.A. chapter 53, subchapter 5, to expand the existing district by June 30, 1997, and "to collect *all* state and local property taxes on properties within the tax increment financing district and apply those revenues to repayment of debt issued to finance improvements within the tax increment financing district" (emphasis added). This provision authorized the City of Burlington to retain 100 percent of the Burlington Waterfront TIF District's municipal and education property tax increment.

(4) The City of Burlington voted to expand the Burlington Waterfront TIF District on June 23, 1997, to include property extending along Cherry Street from Battery Street to Church Street.

(5) 2009 Acts and Resolves No. 54, Sec. 83, extended the City of Burlington's authority to incur indebtedness for the TIF district by five years beginning January 1, 2010, and tasked the City of Burlington with submitting to the Joint Fiscal Committee "a proposal for implementation of a payment to the education fund in lieu of tax increment which would approximate 25 percent of the new incremental education property tax revenue and the mechanism for payment by the City to the education fund, including payment dates."

(6) The City of Burlington submitted the proposal to the Joint Fiscal Committee on August 31, 2009, and explained that the payment in lieu of tax increment was intended to reduce the administrative complexity that would result from having "two TIF rates and two 'original taxable bases' within the same district." The proposal provided for a payment to the Education Fund of 25 percent of "the new incremental *education* property taxes" (emphasis added) on properties within the Burlington Waterfront TIF District other than 35 Cherry Street and 41 Cherry Street. For these two properties, the City proposed to retain 100 percent of the property tax increment.

(7) The Joint Fiscal Committee approved the City of Burlington's proposal on September 10, 2009, and the General Assembly enacted the terms of the proposal in 2011 Acts and Resolves No. 45, Sec.16. This legislation left untouched the municipal property tax increment retention percentage.

(8) 2013 Acts and Resolves No. 80 codified the City of Burlington's authorization to use education tax increment financing for the Burlington

Waterfront TIF District at 24 V.S.A. § 1892(d), extended the City's authority to incur indebtedness for the TIF district for five years beginning January 1, 2015, and clarified that the extension of the City's debt incurrence period did not extend the City's tax increment retention period.

(9) 2016 Acts and Resolves No. 134, Sec. 9a, extended the period to incur indebtedness for an additional one and a half years for three properties located at 49 Church Street and 75 Cherry Street, as designated on the City of Burlington's Tax Parcel Maps as Parcel ID# 044-4-004-000, Parcel ID# 044-4-004-001, and Parcel ID# 044-4-033-000. For these three properties, the General Assembly further authorized the City of Burlington to extend the City's tax increment retention period until June 30, 2035.

(10) 2020 Acts and Resolves No. 175, Sec. 29, further extended the period to incur indebtedness for these same three properties to June 30, 2022, provided that certain contingencies were met, and clarified that the extension of the City's debt incurrence period for these three properties did not extend the City's tax increment retention period.

(11) 2021 Acts and Resolves No. 73, Sec. 26a, further extended the period to incur indebtedness for these same three properties to June 30, 2023.

(b) It is the intent of the General Assembly to clarify that the City of Burlington may retain until June 30, 2035, 75 percent of the State education tax increment and 100 percent of the municipal tax increment for the following three properties located at 49 Church Street and 75 Cherry Street, as designated on the City of Burlington's Tax Parcel Maps:

(1) Parcel ID# 044-4-004-000;

(2) Parcel ID# 044-4-004-001; and

(3) Parcel ID# 044-4-033-000.

(c) This section shall not be construed to modify the tax increment retention percentages for the Burlington Waterfront TIF District.

Sec. 63b. ADJUSTMENT OF RETENTION PERCENTAGES

On or before November 15, 2029, the City of Burlington shall submit an updated tax increment financing plan for the Burlington Waterfront Tax Increment Financing (TIF) District to the Vermont Economic Progress Council. The plan shall include adjustments and updates of appropriate data and information sufficient for the Council to determine, based on tax increment financing debt actually incurred and the history of increment generated, whether the municipal tax increment and State education tax increment percentages should be continued or adjusted to a lower percentage

to be retained for the remaining duration of the retention period and still provide sufficient municipal and State education tax increment to service the remaining debt.

* * * Effective Dates * * *

Sec. 64. EFFECTIVE DATES

This act shall take effect on passage except:

(1) Notwithstanding 1 V.S.A. § 214, Sec. 1 (credit for taxes paid in another state by an S corporation) shall take effect retroactively on January 1, 2025, and shall apply to taxable years beginning on and after January 1, 2025.

(2) Secs. 3 and 4 (current use; land use change tax) shall take effect on October 1, 2026.

(3) Sec. 6 (communications property) shall take effect on January 1, 2027, and apply to grand lists lodged beginning on April 1, 2027.

(4) Sec. 20 (grand list definition of parcel) shall take effect on April 1, 2028, and shall apply to grand lists lodged on and after that date.

(5) Sec. 22 (Department of Fish and Wildlife rule on fees) shall take effect on July 1, 2027.

(6) Secs. 24–48 (grand list assessment date) shall take effect on July 1, 2031, and shall apply to grand lists lodged after that date.

(7) Sec. 58 (Vermont research and development tax credit) shall take effect on January 1, 2027, and shall apply to taxable years beginning on and after January 1, 2027.

(8) Notwithstanding 1 V.S.A. § 214, Secs. 55–57 (decoupling from select provisions of IRC) and Secs. 60 and 61 (annual link-up) shall take effect retroactively on January 1, 2026, and shall apply to taxable years beginning on and after January 1, 2025.

(Committee vote: 7-0-0)

(For House amendments, see House Journal of March 26, 2026, pages 3601-3607 and March 27, 2026, page 3673)

Reported favorably by Senator Perchlik for the Committee on Appropriations.

The Committee recommends that the bill ought to pass in concurrence with proposal of amendment as recommended by the Committee on Finance.

(Committee vote: 4-3-0)

Amendments to proposal of amendment of the Committee on Finance to H. 933 to be offered by Senator White

Senator White moves to amend the proposal of amendment of the Committee on Finance as follows:

First: By striking out Sec. 50 in its entirety and inserting in lieu thereof a new Sec. 50 to read as follows:

Sec. 50. 24 V.S.A. § 138 is amended to read:

§ 138. LOCAL OPTION TAXES

* * *

(c)(1) Any tax imposed under the authority of this section shall be collected and administered by the Department of Taxes, in accordance with State law governing such State tax or taxes and subdivision (2) of this subsection; provided, however, that a sales tax imposed under this section shall be collected on each sale that is subject to the Vermont sales tax using a destination basis for taxation. Except with respect to taxes collected on the sale of aviation jet fuel, a per-return fee of $5.96 shall be assessed, ~~75~~ 80 percent of which shall be borne by the municipality, and ~~25~~ 20 percent of which shall be borne by the State to be paid from the PILOT Special Fund. Notwithstanding 32 V.S.A. § 603 or any other provision of law or municipal charter to the contrary, revenue from the fee shall be used to compensate the Department for the costs of administering and collecting the local option tax and of administering the State appraisal and litigation program established in 32 V.S.A. § 5413. The fee shall be subject to the provisions of 32 V.S.A. § 605.

(2) Notwithstanding any other law or municipal charter to the contrary, if the Commissioner determines that local option tax was collected on a transaction in a municipality not authorized to impose local option tax under this section, the Commissioner shall either refund the erroneously collected tax pursuant to 32 V.S.A. chapter 233 or 225 or, if the purchaser cannot reasonably be determined, deposit the erroneously collected tax as required for State sales and use tax pursuant to 16 V.S.A. § 4025(a)(6) or State meals and rooms tax pursuant to 10 V.S.A. § 1388(a)(4), 16 V.S.A. § 4025(a)(4), and 32 V.S.A. § 435(b)(7).

(d)(1) Except as provided in subsection (c) of this section and subdivision (2) of this subsection with respect to taxes collected on the sale of aviation jet fuel, of the taxes collected under this section, ~~75~~ 80 percent of the taxes shall be paid on a quarterly basis to the municipality in which they were collected, after reduction for the costs of administration and collection under subsection

(c) of this section. Revenues received by a municipality may be expended for municipal services only, and not for education expenditures. Any remaining revenue shall be deposited into the PILOT Special Fund established by 32 V.S.A. § 3709.

(2)(A) Of the taxes collected under this section on the sale of aviation jet fuel, on a quarterly basis, 70 percent of the taxes shall be paid to the municipality in which they were collected, and 30 percent shall be deposited in the Transportation Fund.

(B) All revenues referenced in subdivision (A) of this subdivision (2) shall be used exclusively for aviation purposes consistent with 49 U.S.C. § 47133 and Federal Aviation Administration regulations and policies.

* * *

Second: In Sec. 64, effective dates, by adding a new subdivision to be subdivision (9) to read as follows:

(9) Sec. 50 (local option tax revenue) shall take effect on October 1, 2026.

Amendment to proposal of amendment of the Committee on Finance to H. 933 to be offered by Senators Beck and Chittenden

Senators Beck and Chittenden move to amend the proposal of amendment of the Committee on Finance as follows:

First: By adding three new sections to be Secs. 61a, 61b, and 61c to read as follows:

Sec. 61a. 32 V.S.A. § 5930ll is amended to read:

§ 5930ll. MACHINERY AND EQUIPMENT TAX CREDIT

(a) Definitions. As used in this subchapter:

(1) ~~"Full-time job" means a permanent position filled by an employee who works at least 35 hours per week~~ [Repealed.].

(2) "Investment period" means the period commencing January 1, 2010 and ending December 31, 2014. "Investment period" also means the period commencing January 1, 2027, and ending December 31, 2032.

(3) "Qualified capital expenditures" means expenditures properly chargeable to a capital account by a qualified taxpayer during the investment period, totaling at least $20 million for machinery and equipment to be located and used in Vermont for creating, producing, or processing tangible personal property for sale.

(4) "Qualified taxpayer" means a taxpayer that:

(A) is an existing business on January 1, 2010, and approved for the credit under this section prior to January 1, 2015, or is an existing business on January 1, 2027 ~~with an aggregate average annual employment, including all employees of its related business units with which it files a combined or consolidated return for Vermont income tax purposes, during the investment period of no fewer than 200 full-time jobs in Vermont~~;

(B) is a taxable corporation under Subchapter C of the Internal Revenue Code;

(C) is a business whose operations at the time of application to the ~~Vermont Economic Progress Council~~ Commissioner of Taxes are located in ~~a Rural Economic Area Partnership (REAP) zone designated by the U.S. Department of Agriculture Rural Development Authority~~ Vermont, engaged primarily in the creation, production, or processing of tangible personal property for sale; and

(D) proposes to make qualified capital expenditures in ~~a Vermont REAP zone~~ this State and such expenditures will contribute substantially to ~~the REAP zone's~~ Vermont's economy.

(5) "Qualified taxpayer's Vermont income tax liability" means the corporate income tax otherwise due on the qualified taxpayer's Vermont net income after reduction for any Vermont net operating loss as provided for under section 5832 of this title. For a qualified taxpayer that is a member of an affiliated group and that is engaged in a unitary business with one or more other members of that affiliated group, its Vermont net income includes the allocable share of the combined net income of the group.

(b) Certification.

(1) A qualified taxpayer may apply to the ~~Vermont Economic Progress Council~~ Commissioner of Taxes for a machinery and equipment investment tax credit certification for all qualified capital expenditures in the investment period on a form prescribed by the ~~council~~ Commissioner for this purpose. The application shall include documentation and verification that the machinery and equipment are placed in service in Vermont.

(2) The ~~Council~~ Commissioner shall issue a certification upon determining that the applicant meets the requirements set forth in subsection (a) of this section.

(c)(1) Amount of credit. For investment periods commencing on or after January 1, 2010, ~~Except~~ except as limited by subsections (e) and (f) of this section, a qualified taxpayer shall be entitled to claim against its Vermont

income tax a credit in an amount equal to ten percent of the total qualified capital expenditures.

(2) For investment periods commencing on or after January 1, 2027, except as limited by subsections (e) and (f) of this section, a qualified taxpayer shall be entitled to claim against its Vermont income tax a credit in an amount equal to five percent of the total qualified capital expenditures.

(d) Availability of credit.

(1) The credit earned under this section with respect to qualified capital expenditures shall be available to reduce the qualified taxpayer's Vermont income tax liability for its tax year beginning on or after January 1, 2012, or, if later, the first tax year within which the qualified taxpayer's aggregate qualified capital expenditures exceed $20,000,000.00. ~~A taxpayer claiming a credit under this subchapter shall submit with the first return on which a credit is claimed a copy of the qualified taxpayer's certification from the Vermont Economic Progress Council.~~

(2)(A) The credit may be used in the year earned or carried forward to reduce the qualified taxpayer's Vermont income tax liability in succeeding tax years ending on or before December 31, ~~2030~~ 2037.

(B) If the credit earned under this section reduces the qualified taxpayer's Vermont income tax liability in a tax year by more than 100 percent, the taxpayer may elect to have up to $500,000.00 of the excess credit amount refunded. If a refund election is made under this subdivision (B), any remaining credit amount after the refund shall be carried forward to reduce the qualified taxpayer's Vermont income tax liability in succeeding tax years ending on or before December 31, 2037.

(e) Limitations.

(1) ~~The credit earned under this section, either alone or in combination with any other credit allowed by this chapter, may not be applied to reduce the qualified taxpayer's Vermont income tax liability in any one year by more than 80 percent, and in no event shall the credit reduce the taxpayer's income tax liability below any minimum tax imposed by this chapter.~~ [Repealed.]

(2) The total amount of credit authorized under this section shall be $8,000,000.00 total, per year, for all taxpayers, and in no event shall the credit in any one tax year exceed $1,000,000.00 for a single taxpayer. The credit shall be available on a first-come, first-served basis by certification of the ~~Vermont Economic Progress Council~~ Commissioner pursuant to subsection (b) of this section.

(f) Recapture.

~~(1) A qualified taxpayer who has earned credit under this section with respect to its qualified capital expenditures shall notify the Vermont Economic Progress Council in writing within 60 days if the taxpayer's trade or business is substantially curtailed in any calendar year prior to December 31, 2023.~~

~~(2) A qualified taxpayer's business shall be considered to be substantially curtailed when the average number of the taxpayer's full-time jobs in Vermont for any calendar year prior to December 31, 2023 is less than 60 percent of the highest average number of its full-time jobs in Vermont for any calendar year in the investment period. For purposes of the preceding calculation, the qualified taxpayer's full-time jobs in Vermont shall include all full-time jobs in Vermont of its related business units with which it files a combined or consolidated return for Vermont income tax purposes. A business shall not be considered to be substantially curtailed when the assets of the business have been sold but the business continues to be located in Vermont, provided that the employment test of this subdivision is met.~~

~~(3) In the event that a qualified taxpayer has substantially curtailed its trade or business, then:~~

~~(A) the credit certification for such tax year and all succeeding tax years of the taxpayer shall be terminated;~~

~~(B) any credit previously earned and carried forward shall be disallowed; and~~

~~(C) any credit that has been previously used by the taxpayer to reduce its Vermont income tax liability shall be subject to recapture in accordance with the following table:~~

~~Years between the close of the tax year credit was earned and year business was substantially curtailed: Percent of credits to be when repaid (%):~~

~~2 or less 100~~

~~More than 2, up to 4 80~~

~~More than 4, up to 6 60~~

~~More than 6, up to 8 40~~

~~More than 8, up to 10 20~~

~~More than 10 0~~

~~(4) The recapture shall be reported on the income tax return of the taxpayer who claimed the credit for the tax year in which the taxpayer's trade or~~

~~business was substantially curtailed, or the Commissioner may assess the recapture in accordance with the assessment and appeal provisions provided for in subchapter 8 of this chapter.~~

~~(5) Within 60 days of the close of the qualified taxpayer's tax year in which the taxpayer's trade or business was substantially curtailed, the taxpayer may petition the Commissioner for a reduction in the amount of the credit subject to recapture and the disallowance of credit previously earned and carried forward. The Commissioner shall hold a hearing within 45 days of the receipt of the taxpayer's petition. The Commissioner shall have the discretion to reduce the amount of the credit subject to recapture and disallowance upon a showing of circumstances that contributed to the substantial curtailment of the taxpayer's trade or business. The decision of the Commissioner shall be final and shall not be subject to judicial review~~ If during the 10-year period following the taxable year in which a credit was provided under this section a qualified taxpayer removes from this State machinery and equipment claimed as part of a qualified expenditure, the qualified taxpayer shall notify the Commissioner in writing within 60 days after the removal. In the event of such removal, the credit certification for such tax year and all succeeding tax years of the taxpayer shall be terminated, any credit previously earned and carried forward shall be disallowed, and any credit that has been previously used by the taxpayer to reduce its Vermont income tax liability shall be subject to recapture and reported on the income tax return of the taxpayer for the tax year in which the removal occurred.

(g) Reporting.

(1) Any qualified taxpayer who has been certified under subsection (b) of this section shall file a report with the ~~Vermont Economic Progress Council on a form prescribed by the Council for this purpose and provide a copy of the report to the~~ Commissioner of Taxes.

(2) The report shall be filed for each year following the certification until the year following the last year the taxpayer claims the credit to reduce its Vermont income tax liability, or ~~2031~~ 2038, whichever occurs first.

(3) The report shall be filed by the due date of the taxpayer's tax return, including extensions, in each year for activity the previous calendar year and include, at a minimum:

(A) ~~the number of full-time jobs in each quarter and the average number of hours worked per week;~~ [Repealed.]

(B) the level of qualifying capital investments made if reporting on a year within an investment period; and

(C) the amount of tax credit earned and applied during the previous calendar year.

Sec. 61b. 2010 Acts and Resolves No. 156, Sec. H.2, as amended by 2024 Acts and Resolves, No. 144, Sec. 17, is further amended to read:

Sec. H.2 REPEAL

(a) Subchapter 11M of chapter 151 of Title 32 is repealed July 1, ~~2030~~ 2038, and no credit under that section shall be available for any taxable year beginning after June 30, ~~2030~~ 2038.

Sec. 61c. 32 V.S.A. § 5813(t) is amended to read:

(t) The statutory purpose of the Vermont machinery and equipment tax credit in section 5930ll of this title is to ~~provide an incentive to make a major, long-term capital investment in Vermont-based plants and property to ensure the continuation of in-state employment~~ attract and accelerate large-scale manufacturing investment in Vermont by providing a predictable, performance-based, and refundable tax credit tied directly to capital expenditures in machinery and equipment.

Second: In Sec. 64, effective dates, by adding a new subdivision to be subdivision (9) to read as follows:

(9) Secs. 61a, 61b, and 61c (machinery and equipment tax credit) shall take effect on January 1, 2027, and apply to taxable years beginning on and after January 1, 2027.

Amendment to proposal of amendment of the Committee on Finance to H. 933 to be offered by Senators Cummings, Beck, Brock, Chittenden, Gulick, Hardy and Mattos

Senators Cummings, Beck, Brock, Chittenden, Gulick, Hardy and Mattos move to amend the proposal of amendment of the Committee on Finance as follows:

First: By striking out Sec. 55, income tax decoupling, in its entirety and inserting in lieu thereof a new Sec. 55 to read as follows:

Sec. 55. 32 V.S.A. § 5811 is amended to read:

§ 5811. DEFINITIONS

As used in this chapter ~~unless the context requires otherwise~~:

* * *

(18) "Vermont net income" means, for any taxable year and for any corporate taxpayer:

(A) the taxable income of the taxpayer for that taxable year under the laws of the United States, ~~without regard to 26 U.S.C. § 168(k), and~~ excluding income that under the laws of the United States is exempt from taxation by the states:

(i) increased by:

(I) the amount of any deduction for State and local taxes on or measured by income, franchise taxes measured by net income, franchise taxes for the privilege of doing business and capital stock taxes; ~~and~~

(II) to the extent such income is exempted from taxation under the laws of the United States ~~by,~~ the amount received by the taxpayer on and after January 1, 1986, as interest income from state and local obligations, other than obligations of Vermont and its political subdivisions, and any dividends or other distributions from any fund to the extent such dividend or distribution is attributable to such Vermont State or local obligations;

(III) the amount of any deduction for a federal net operating loss; ~~and~~

(IV) an amount equal to the bonus depreciation deduction taken on the taxpayer's federal income tax return for the taxable year under Section 168(k) or (n) of the Internal Revenue Code;

(V) for any taxpayer that does not qualify as an eligible taxpayer, an amount equal to any deduction taken on the taxpayer's federal income tax return for the taxable year under 26 U.S.C. § 174A and Pub. L. No. 119-21, 139 Stat. 72 (2025) § 70302(f)(2). For purposes of this subdivision (V), the term "eligible taxpayer" means any taxpayer (other than a tax shelter prohibited from using the cash receipts and disbursements method of accounting under 26 U.S.C. § 448(a)(3)) that meets the gross receipts test of 26 U.S.C. § 448(c) for the taxable year; and

(VI) an amount equal to the amount of income deducted under Section 250 of the Internal Revenue Code for the taxable year to the extent deducted from net income; and

(ii) decreased by:

(I) the "gross-up of dividends" required by the federal Internal Revenue Code to be taken into taxable income in connection with the taxpayer's election of the foreign tax credit;

(II) the amount of income that results from the required reduction in salaries and wages expense for corporations claiming the Targeted Job or WIN credits; ~~and~~

(III) any federal deduction or credit that the taxpayer would have been allowed for the cultivation, testing, processing, or sale of cannabis or cannabis products as authorized under 7 V.S.A. chapter 33 or 37, but for 26 U.S.C. § 280E;

(IV) for the taxable year in which the bonus depreciation deduction is taken on the taxpayer's federal income tax return under Section 168(k) or (n) of the Internal Revenue Code and for each applicable taxable year thereafter, an amount equal to the depreciation deduction that would be allowed on that property if the taxpayer had made the election under Section 168(k)(7) or (n)(6) of the Internal Revenue Code to not claim depreciation on that property. In the taxable year that property is sold or otherwise disposed of, an additional deduction shall be allowed to the extent the amount of depreciation claimed under Section 168(k) or (n) of the Internal Revenue Code on that property has not been recovered through the additional deductions provided under this subdivision (18). The aggregate amount deducted under this subdivision (18)(A)(ii)(IV) in all taxable years for any one piece of property shall not exceed the amount of the bonus depreciation deduction taken on that property on the taxpayer's federal income tax return under Section 168(k) or (n) of the Internal Revenue Code, or exceed the amount of the additional modifications taken for that property on the taxpayer's Vermont income tax return under subdivision (i)(IV) of this subdivision (18)(A);

(V) for a taxpayer that does not qualify as an eligible taxpayer for the taxable year, as defined under subdivision (i)(V) of this subdivision (18)(A), for the taxable year in which a deduction is taken on the taxpayer's federal income tax return under 26 U.S.C. § 174A, or Pub. L. No. 119-21, 139 Stat. 72 (2025) § 70302(f)(2), or both, and for each applicable taxable year thereafter, an amount equal to the deduction that would be allowed under 26 U.S.C. § 174 applied as those provisions were in effect on December 31, 2024. The aggregate amount deducted under this subdivision (18)(A)(ii)(V) in all taxable years may not exceed the amount of the deduction taken on that expenditure on the taxpayer's federal income tax return under the Internal Revenue Code, or exceed the amount of the addition modifications taken on the taxpayer's Vermont income tax return under subdivision (i)(V) of this subdivision (18)(A);

(VI) for a taxpayer that qualifies as an eligible taxpayer for the taxable year as defined under subdivision (i)(V) of this subdivision (18)(A) and has domestic research or experimental expenditures, as defined in 26 U.S.C. § 174A, as added by subsection 174A(a), which are paid or incurred in taxable years beginning after December 31, 2021, and before January 1, 2025, and which was charged to capital account pursuant to 26 U.S.C. § 174 as those

provisions were in effect on December 31, 2024, and further elected under Pub. L. No. 119-21, 139 Stat. 72 (2025) § 70302(f)(1) to substitute "December 31, 2021" for "December 31, 2024" as the applicable effective date for certain provisions in 26 U.S.C. § 174A and accordingly filed an amended federal return for each taxable year affected by such election, for the tax year beginning on or after January 1, 2025, and for each applicable taxable year thereafter, a taxpayer may elect to deduct any remaining unamortized amount with respect to such expenditures in the first taxable year beginning after December 31, 2024, or to deduct such remaining unamortized amount with respect to such expenditures ratably over the two-taxable year period beginning with the first taxable year beginning after December 31, 2024. The aggregate amount deducted under this subdivision (A)(ii)(VI) when combined with any other deduction for the domestic research or experimental expenditure allowed pursuant to Vermont's adoption of the statutes of the United States relating to the federal income tax under section 5824 of this chapter in all taxable years may not exceed the amount of the deduction taken for that expenditure on the taxpayer's federal income tax return under the Internal Revenue Code; and

(VII) for a taxpayer that qualifies as an eligible taxpayer for the taxable year as defined under subdivision (i)(V) of this subdivision (18)(A) and has made an addition modification under subdivision (i)(V) in a prior tax year, an amount equal to the subtraction modification that would have been allowed in this taxable year under subdivision (A)(ii)(V) of this subdivision (18) but for the taxpayer's current status as an eligible taxpayer. The aggregate amount deducted under this subdivision (18)(A)(ii)(VII) in all taxable years for any expenditure may not exceed the amount of the deduction taken for that expenditure on the taxpayer's federal income tax return under the Internal Revenue Code, or exceed the amount of the addition modifications taken for that expenditure on the taxpayer's Vermont income tax return under subdivision (i)(V) of this subdivision (18)(A) for expenditures paid or incurred in taxable years on or after January 1, 2025.

* * *

(21) "Taxable income" means, in the case of an individual, federal adjusted gross income ~~determined without regard to 26 U.S.C. § 168(k)~~ and:

(A) increased by the following items of income (to the extent such income is excluded from federal adjusted gross income):

(i) interest income from non-Vermont state and local obligations; ~~and~~

(ii) dividends or other distributions from any fund to the extent they are attributable to non-Vermont state or local obligations; ~~and~~

(iii) an amount equal to the bonus depreciation deduction taken on the taxpayer's federal income tax return for the taxable year under Section 168(k) or (n) of the Internal Revenue Code, including any amount of bonus depreciation deduction carried over on the taxpayer's federal income tax return as part of a net operating loss from a prior taxable year that is deducted in the current taxable year; and

(iv) for any taxpayer that does not qualify as an eligible taxpayer, an amount equal to any deduction taken on the taxpayer's federal income tax return for the taxable year under 26 U.S.C. § 174A, or Pub. L. No. 119-21, 139 Stat. 72 (2025) § 70302(f)(2), or both, and any amount of these deductions carried over on the taxpayer's federal income tax return as part of a net operating loss from a prior tax year that is deducted in the current taxable year. For purposes of this subdivision (iv), the term "eligible taxpayer" means any taxpayer (other than a tax shelter prohibited from using the cash receipts and disbursements method of accounting under 26 U.S.C. § 448(a)(3)) that meets the gross receipts test of 26 U.S.C. § 448(c) for the taxable year; and

(B) decreased by the following items of income (to the extent such income is included in federal adjusted gross income):

(i) income from U.S. government obligations;

(ii) with respect to adjusted net capital gain income as defined in 26 U.S.C. § 1(h) reduced by the total amount of any qualified dividend income: either the first $5,000.00 of such adjusted net capital gain income or 40 percent of adjusted net capital gain income from the sale of assets held by the taxpayer for more than three years, except not adjusted net capital gain income from:

(I) the sale of any real estate or portion of real estate used by the taxpayer as a primary or nonprimary residence; or

(II) the sale of depreciable personal property other than farm property and standing timber; or stocks or bonds publicly traded or traded on an exchange, or any other financial instruments; regardless of whether sold by an individual or business; and provided that the total amount of decrease under this subdivision (21)(B)(ii) shall not exceed 40 percent of federal taxable income or $350,000.00, whichever is less;

(iii) recapture of State and local income tax deductions not taken against Vermont income tax;

(iv) the portion of certain retirement income and federally taxable benefits received under the federal Social Security Act that is required to be excluded under section 5830e of this chapter;

(v) the amount of any federal deduction or credit that the taxpayer would have been allowed for the cultivation, testing, processing, or sale of cannabis or cannabis products as authorized under 7 V.S.A. chapter 33 or 37, but for 26 U.S.C. § 280E; ~~and~~

(vi) the amount of interest paid by a qualified resident taxpayer during the taxable year on a qualified education loan for the costs of attendance at an eligible educational institution;

(vii) for the taxable year in which the bonus depreciation deduction is taken on the taxpayer's federal income tax return under Section 168(k) or (n) of the Internal Revenue Code and for each applicable taxable year thereafter, an amount equal to the depreciation deduction that would be allowed on that property if the taxpayer had made the election under Section 168(k)(7) or (n)(6) of the Internal Revenue Code to not claim bonus depreciation on that property. In the taxable year that property is sold or otherwise disposed of, an additional deduction shall be allowed to the extent the amount of depreciation claimed under Section 168(k) or (n) of the Internal Revenue Code on that property has not been recovered through the additional deductions provided under this subdivision (21). The aggregate amount deducted under this subdivision (21)(B)(vii) in all taxable years for any one piece of property shall not exceed the amount of the bonus depreciation deduction taken on that property on the taxpayer's federal income tax return under Section 168(k) or (n) of the Internal Revenue Code, or exceed the amount of the addition modifications taken for that property on the taxpayer's Vermont income tax return under subdivision (A)(iii) of this subdivision (21); and

(viii) for a taxpayer that does not qualify as an eligible taxpayer for the taxable year, as defined under subdivision (A)(iv) of this subdivision (21), for the taxable year in which a deduction is taken on the taxpayer's federal income tax return under 26 U.S.C. § 174A, or Pub. L. No. 119-21, 139 Stat. 72 (2025) § 70302(f)(2), or both, and for each applicable taxable year thereafter, an amount equal to the deduction that would be allowed under 26 U.S.C. § 174 applied as those provisions were in effect on December 31, 2024. The aggregate amount deducted under this subdivision (21)(B)(viii) in all taxable years may not exceed the amount of the deduction taken on that expenditure on the taxpayer's federal income tax return under the Internal Revenue Code, or exceed the amount of the addition modifications taken on

the taxpayer's Vermont income tax return under subdivision (A)(iv) of this subdivision (21);

(ix) for a taxpayer that qualifies as an eligible taxpayer for the taxable year as defined under subdivision (A)(iv) of this subdivision (21) and has domestic research or experimental expenditures, as defined in 26 U.S.C. § 174A, as added by subsection 174A(a), which are paid or incurred in taxable years beginning after December 31, 2021, and before January 1, 2025, and which was charged to capital account pursuant to 26 U.S.C. § 174 as those provisions were in effect on December 31, 2024, and elected under Pub. L. No. 119-21, 139 Stat. 72 (2025) § 70302(f)(1) to substitute "December 31, 2021" for "December 31, 2024" as the applicable effective date for certain provisions in 26 U.S.C. § 174A and accordingly filed an amended federal return for each taxable year affected by such election, for the tax year beginning on or after January 1, 2025, and for each applicable taxable year thereafter, a taxpayer may elect to deduct any remaining unamortized amount with respect to such expenditures in the first taxable year beginning after December 31, 2024, or to deduct such remaining unamortized amount with respect to such expenditures ratably over the two-taxable year period beginning with the first taxable year beginning after December 31, 2024. The aggregate amount deducted under this subdivision (21)(B)(ix) when combined with any other deduction for the domestic research or experimental expenditure allowed pursuant to Vermont's adoption of the statutes of the United States relating to the federal income tax under section 5824 of this chapter in all taxable years may not exceed the amount of the deduction taken for that expenditure on the taxpayer's federal income tax return under the Internal Revenue Code; and

(x) for a taxpayer that qualifies as an eligible taxpayer for the taxable year as defined under subdivision (A)(iv) of this subdivision (21) and has made an addition modification under subdivision (A)(iv) of this subdivision (21) in a prior tax year, an amount equal to the subtraction modification that would have been allowed in this taxable year under subdivision (viii) of this subdivision (21)(B) but for the taxpayer's current status as an eligible taxpayer. The aggregate amount deducted under this subdivision (21)(B)(x) in all taxable years for any expenditure may not exceed the amount of the deduction taken for that expenditure on the taxpayer's federal income tax return under the Internal Revenue Code, or exceed the amount of the addition modifications taken for that expenditure on the taxpayer's Vermont income tax return under subdivision (A)(iv) of this subdivision (21) for expenditures paid or incurred in taxable years on or after January 1, 2025.

* * *

(28) "Taxable income" means, in the case of an estate or a trust, federal taxable income ~~determined without regard to 26 U.S.C. § 168(k)~~ and:

(A) increased by the following items of income:

(i) interest income from non-Vermont state and local obligations;

(ii) dividends or other distributions from any fund to the extent they are attributable to non-Vermont state or local obligations; and

(iii) the amount of State and local income taxes deducted from federal gross income for the taxable year; ~~and~~

(iv) an amount equal to the bonus depreciation deduction taken on the taxpayer's federal income tax return for the taxable year under Section 168(k) or (n) of the Internal Revenue Code, including any amount of bonus depreciation deduction carried over on the taxpayer's federal income tax return as part of a net operating loss from a prior tax year that is deducted in the current taxable year; and

(v) for any taxpayer that does not qualify as an eligible taxpayer, an amount equal to any deduction taken on the taxpayer's federal income tax return for the taxable year under 26 U.S.C. § 174A or Pub. L. No. 119-21, 139 Stat. 72 (2025) § 70302(f)(2), or both, and any amount of these deductions carried over on the taxpayer's federal income tax return as part of a net operating loss from a prior tax year that is deducted in the current taxable year. For purposes of this subdivision (v), the term "eligible taxpayer" means any taxpayer (other than a tax shelter prohibited from using the cash receipts and disbursements method of accounting under 26 U.S.C. § 448(a)(3)) that meets the gross receipts test of 26 U.S.C. § 448(c) for the taxable year; and

(B) decreased by the following items of income:

(i) income from U.S. government obligations;

(ii) with respect to adjusted net capital gain income as defined in 26 U.S.C. § 1(h) reduced by the total amount of any qualified dividend income: either the first $5,000.00 of such adjusted net capital gain income or 40 percent of adjusted net capital gain income from the sale of assets held by the taxpayer for more than three years, except not adjusted net capital gain income from:

(I) the sale of any real estate or portion of real estate used by the taxpayer as a primary or nonprimary residence; or

(II) the sale of depreciable personal property other than farm property and standing timber; or stocks or bonds publicly traded or traded on an exchange, or any other financial instruments; regardless of whether sold by an individual or business; and provided that the total amount of decrease under this subdivision (28)(B)(ii) shall not exceed 40 percent of federal taxable income or $350,000.00, whichever is less; and

(iii) recapture of State and local income tax deductions not taken against Vermont income tax;

(iv) for the taxable year in which the bonus depreciation deduction is taken on the taxpayer's federal income tax return under Section 168(k) or (n) of the Internal Revenue Code and for each applicable taxable year thereafter, an amount equal to the depreciation deduction that would be allowed on that property if the taxpayer had made the election under Section 168(k)(7) or (n)(6) of the Internal Revenue Code to not claim bonus depreciation on that property. In the taxable year that property is sold or otherwise disposed of, an additional deduction shall be allowed to the extent the amount of depreciation claimed under Section 168(k) or (n) of the Internal Revenue Code on that property has not been recovered through the additional deductions provided under this subdivision (28). The aggregate amount deducted under this subdivision (28)(B)(iv) in all taxable years for any one piece of property shall not exceed the amount of the bonus depreciation deduction taken on that property on the taxpayer's federal income tax return under Section 168(k) or (n) of the Internal Revenue Code, or exceed the amount of the addition modifications taken on that property on the taxpayer's Vermont income tax return under subdivision (A)(iv) of this subdivision (28);

(v) for a taxpayer that does not qualify as an eligible taxpayer for the taxable year, as defined under subdivision (A)(v) of this subdivision (28), for the taxable year in which a deduction is taken on the taxpayer's federal income tax return under 26 U.S.C. § 174A, or Pub. L. No. 119-21, 139 Stat. 72 (2025) § 70302(f)(2), or both, and for each applicable taxable year thereafter, an amount equal to the deduction that would be allowed under 26 U.S.C. § 174 applied as those provisions were in effect on December 31, 2024. The aggregate amount deducted under this subdivision (v) in all taxable years may not exceed the amount of the deduction taken on that expenditure on the taxpayer's federal income tax return under the Internal Revenue Code, or exceed the amount of the addition modifications taken on the taxpayer's Vermont income tax return under subdivision (A)(v) of this subdivision (28);

(vi) for a taxpayer that qualifies as an eligible taxpayer for the taxable year as defined under subdivision (A)(v) of this subdivision (28) and has domestic research or experimental expenditures, as defined in 26 U.S.C.

§ 174A, as added by subsection 174A(a), which are paid or incurred in taxable years beginning after December 31, 2021, and before January 1, 2025, and which was charged to capital account pursuant to 26 U.S.C. § 174 as those provisions were in effect on December 31, 2024, and elected under Pub. L. No. 119-21, 139 Stat. 72 (2025) § 70302(f)(1) to substitute "December 31, 2021" for "December 31, 2024" as the applicable effective date for certain provisions in 26 U.S.C. § 174A and accordingly filed an amended federal return for each taxable year affected by such election, for the tax year beginning on or after January 1, 2025, and for each applicable taxable year thereafter, a taxpayer may elect to deduct any remaining unamortized amount with respect to such expenditures in the first taxable year beginning after December 31, 2024, or to deduct such remaining unamortized amount with respect to such expenditures ratably over the two-taxable year period beginning with the first taxable year beginning after December 31, 2024. The aggregate amount deducted under this subdivision (28)(B)(vi) when combined with any other deduction for the domestic research or experimental expenditure allowed pursuant to Vermont's adoption of the statutes of the United States relating to the federal income tax under section 5824 of this chapter in all taxable years may not exceed the amount of the deduction taken for that expenditure on the taxpayer's federal income tax return under the Internal Revenue Code; and

(vii) for a taxpayer that qualifies as an eligible taxpayer for the taxable year as defined under subdivision (A)(v) of this subdivision (28) and has made an addition modification under subdivision (A)(v) of this subdivision (28) in a prior tax year, an amount equal to the subtraction modification that would have been allowed in this taxable year under subdivision (v) of this subdivision (28)(B) but for the taxpayer's current status as an eligible taxpayer. The aggregate amount deducted under this subdivision in all taxable years for any expenditure may not exceed the amount of the deduction taken for that expenditure on the taxpayer's federal income tax return under the Internal Revenue Code, or exceed the amount of the addition modifications taken for that expenditure on the taxpayer's Vermont income tax return under subdivision (A)(v) of this subdivision (28) for expenditures paid or incurred in taxable years on or after January 1, 2025.

* * *

Second: By adding a new Sec. 55a to read as follows:

Sec. 55a. 32 V.S.A. § 5811 is amended to read:

§ 5811. DEFINITIONS

As used in this chapter:

* * *

(21) "Taxable income" means, in the case of an individual, federal adjusted gross income and:

(A) increased by the following items of income (to the extent such income is excluded from federal adjusted gross income):

* * *

(v) an amount equal to any income or gain from the sale or exchange of qualified small business stock excluded from federal gross income for the taxable year under Section 1202(a) of the Internal Revenue Code; and

(B) decreased by the following items of income (to the extent such income is included in federal adjusted gross income):

(i) income from U.S. government obligations;

(ii)(I) with respect to adjusted net capital gain income as defined in 26 U.S.C. § 1(h) reduced by the total amount of any qualified dividend income: either the first $5,000.00 of such adjusted net capital gain income or 40 percent of adjusted net capital gain income from the sale of assets held by the taxpayer for more than three years, except not adjusted net capital gain income from:

~~(I)~~(aa) the sale of any real estate or portion of real estate used by the taxpayer as a primary or nonprimary residence; or

~~(II)~~(bb) the sale of depreciable personal property other than farm property and standing timber; or stocks or bonds publicly traded or traded on an exchange, or any other financial instruments; regardless of whether sold by an individual or business; and provided that the total amount of decrease under this subdivision (21)(B)(ii) shall not exceed 40 percent of federal taxable income or $350,000.00, whichever is less;

(II) notwithstanding the limitation under subdivision (I)(bb) of this subdivision (ii) relating to "stocks or bonds publicly traded or traded on an exchange, or any other financial instruments," gains from the sale or exchange of qualified small business stock added to taxable income under subdivision (A)(v) of this subdivision (21) may be decreased pursuant to this subdivision (ii); accordingly, for the purposes of this subdivision (ii), adjusted net capital gain income, federal adjusted gross income, and federal taxable income shall include any amounts added to a taxpayer's taxable income pursuant to subdivision (A)(v) of this subdivision (21); and

* * *

(28) "Taxable income" means, in the case of an estate or a trust, federal taxable income and:

(A) increased by the following items of income:

* * *

(vi) an amount equal to any income or gain from the sale or exchange of qualified small business stock excluded from federal gross income for the taxable year under Section 1202(a) of the Internal Revenue Code; and

(B) decreased by the following items of income:

(i) income from U.S. government obligations;

(ii)(I) with respect to adjusted net capital gain income as defined in 26 U.S.C. § 1(h) reduced by the total amount of any qualified dividend income: either the first $5,000.00 of such adjusted net capital gain income or 40 percent of adjusted net capital gain income from the sale of assets held by the taxpayer for more than three years, except not adjusted net capital gain income from:

~~(I)~~(aa) the sale of any real estate or portion of real estate used by the taxpayer as a primary or nonprimary residence; or

~~(II)~~(bb) the sale of depreciable personal property other than farm property and standing timber; or stocks or bonds publicly traded or traded on an exchange, or any other financial instruments; regardless of whether sold by an individual or business; and provided that the total amount of decrease under this subdivision (28)(B)(ii) shall not exceed 40 percent of federal taxable income or $350,000.00, whichever is less;

(II) notwithstanding the limitation under subdivision (I)(bb) of this subdivision (ii) relating to "stocks or bonds publicly traded or traded on an exchange, or any other financial instruments," gains from the sale or exchange of qualified small business stock added to taxable income under subdivision (A)(vi) of this subdivision (28) may be decreased pursuant to this subdivision (ii); accordingly, for the purposes of this subdivision (ii), adjusted net capital gain income, federal adjusted gross income, and federal taxable income shall include any amounts added to a taxpayer's taxable income pursuant to subdivision (A)(vi) of this subdivision (28); and

* * *

Third: In Sec. 64, effective dates, by adding a new subdivision (9) to read as follows:

(9) Notwithstanding 1 V.S.A. § 214, Sec. 55a (decoupling from IRC section 1202(a)) shall take effect retroactively on January 1, 2026, and shall apply to taxable years beginning on and after January 1, 2026.

House Proposal of Amendment

S. 89.

An act relating to expanding survivor benefits.

The House proposes to the Senate to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 20 V.S.A. § 3171 is amended to read:

§ 3171. DEFINITIONS

As used in this chapter:

* * *

(3) "Emergency personnel" means:

(A) firefighters as defined in subdivision 3151(3) of this title; ~~and~~

(B) emergency medical personnel and volunteer personnel as defined in 24 V.S.A. § 2651;

(C) law enforcement officers who have been certified by the Vermont Criminal Justice Council pursuant to section 2358 of this title;

(D) facility employees of the Department of Corrections and Department of Corrections employees who provide direct security and treatment services to offenders under supervision in the community;

(E) classified family services employees in the Family Services Division of the Department for Children and Families; and

(F) classified medical employees of State-operated therapeutic community residences or inpatient psychiatric hospital units.

(4) "Line of duty" means:

(A) ~~answering or returning from~~ with respect to firefighters, emergency medical personnel, and volunteer personnel:

(i) service in answer to a call of the department or service for a fire or emergency ~~or~~, including going to and returning from a fire or emergency or participating in a fire or emergency training drill; or

~~(B)~~(ii) similar service in another town or district to which the department or service has been called for firefighting or emergency purposes;

(B) with respect to law enforcement officers:

(i) service as a law enforcement officer in answer to a complaint lodged with the department or in response to a disorder, including going to, returning from, and investigating or responding to the complaint or disorder; or

(ii) service under orders from the department or in any emergency for which the law enforcement officer serves as a law enforcement officer;

(C) with respect to covered employees of the Department of Corrections, discharging their duties as employees;

(D) with respect to classified family services employees in the Family Services Division of the Department for Children and Families, discharging their duties as employees; and

(E) with respect to classified medical employees of State-operated therapeutic community residences or inpatient psychiatric hospital units, discharging their duties as employees.

* * *

Sec. 2. 20 V.S.A. § 3172 is amended to read:

§ 3172. EMERGENCY PERSONNEL SURVIVORS BENEFIT REVIEW BOARD

(a)(1) There is created the Emergency Personnel Survivors Benefit Review Board, which shall consist of the State Treasurer or designee, the Attorney General or designee, the Chief Fire Service Training Officer of the Vermont Fire Service Training Council or designee, and one member of the public to represent the interests of emergency personnel appointed by the Governor for a term of two years.

(2) Survivors of emergency personnel, employed by or who volunteer for the State of Vermont, a county or municipality of the State, or a nonprofit entity that provides services in the State, who die in the line of duty or of an occupation-related illness may request the Board award a monetary benefit under section 3173 of this ~~title~~ chapter, except survivors of emergency personnel as defined in subdivisions 3171(3)(C)–(F) of this chapter may request the monetary benefit only for deaths that occur on or after July 1, 2026.

(3) The Board shall be responsible for determining whether to award monetary benefits under section 3173 of this chapter. To assist the Board with applications involving deaths from occupation-related illness, the Board may pay reasonable fees from the Emergency Personnel Survivors Benefit Special

Fund for a medical expert and other services as necessary to review applications and make recommendations to the Board.

(4) A decision to award monetary benefits shall be made by unanimous vote of the Board and shall be made within 60 days after the receipt of all information necessary to enable the Board to determine eligibility.

(5) The Board may request any information necessary for the exercise of its duties under this section. Nothing in this section shall prevent the Board from initiating the investigation or determination of a claim before being requested by a survivor or employer of emergency personnel.

* * *

Sec. 3. 20 V.S.A. § 3175 is amended to read:

§ 3175. EMERGENCY PERSONNEL SURVIVORS BENEFIT SPECIAL FUND

(a) The Emergency Personnel Survivors Benefit Special Fund is established in the Office of the State Treasurer for the purpose of the payment of claims distributed pursuant to this chapter. The Fund shall comprise ~~appropriations~~ transfers made by the General Assembly, amounts transferred by the Emergency Board when the General Assembly is not in session, and contributions or donations from any other source. Expenses incurred pursuant to subdivision 3172(a)(3) of this chapter shall be paid from the Fund. All balances in the Fund at the end of the fiscal year shall be carried forward. Interest earned shall remain in the Fund.

(b) In the event that the balance of the Fund is insufficient to pay monetary benefits awarded by the Board when the General Assembly is not in session, the Emergency Board may, pursuant to its authority under 32 V.S.A. § 133, transfer into the Fund additional amounts necessary to pay the monetary benefits.

Sec. 4. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

UNFINISHED BUSINESS OF WEDNESDAY, APRIL 29, 2026

Second Reading

Favorable

H. 534.

An act relating to community action agencies.

Reported favorably by Senator Cummings for the Committee on Health and Welfare.

(Committee vote: 4-0-1)

(For House amendments, see House Journal of January 16, 2026, pages 2810-2813)

Favorable with Proposal of Amendment

H. 648.

An act relating to banking, insurance, and securities.

Reported favorably with recommendation of proposal of amendment by Senator Hardy for the Committee on Finance.

The Committee recommends that the Senate propose to the House to amend the bill as follows:

First: In Sec. 1, 8 V.S.A. § 2102, in subdivision (b)(9), by striking the first instance of "registration" and inserting in lieu thereof "~~registration~~ license"

Second: By striking out Sec. 22, 8 V.S.A. § 10301, community reinvestment reports, in its entirety and inserting in lieu thereof the following: Sec. 22. [Deleted]

Third: By adding a Sec. 14a to read as follows:

Sec. 14a. 8 V.S.A. § 2577(f) is amended to read:

(f) Moratorium. To protect the public safety and welfare and safeguard the rights of consumers, virtual-currency kiosks shall not be permitted to operate in Vermont prior to July 1, ~~2026~~ 2027. This moratorium shall not apply to a virtual-currency kiosk that was duly licensed and operational in Vermont on or before June 30, 2024.

Fourth: In Sec. 48, 9 V.S.A. § 5202, in subdivision (14)(B), by striking section "5302" and inserting in lieu thereof subsection "5302(c)"

(Committee vote: 7-0-0)

(For House amendments, see House Journal of January 29, 2026, pages 2899-2949, and January 30, 2026 page 2958)

Reported favorably by Senator Norris for the Committee on Appropriations.

The Committee recommends that the bill ought to pass in concurrence with proposal of amendment as recommended by the Committee on Finance.

(Committee vote: 6-0-1)

House Proposal of Amendment

S. 157

An act relating to recovery residence certification

The House proposes to the Senate to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 18 V.S.A. § 4802 is amended to read:

§ 4802. DEFINITIONS

As used in this chapter:

* * *

(5) "Designated substance abuse counselor" means a person approved by the Secretary to evaluate and treat ~~substance abusers~~ individuals with substance use disorder, pursuant to the provisions of this chapter.

* * *

(12) "Recovery residence" means a shared living residence supporting residents recovering from a substance use disorder that provides residents with peer support, assistance accessing support services, and other community resources related to substance use disorder.

(13) "Secretary" means the Secretary of Human Services or designee.

~~(13)~~(14) "Substance abuse crisis team" means an organization approved by the Secretary to provide emergency treatment and transportation services to ~~substance abusers~~ individuals with substance use disorder pursuant to the provisions of this chapter.

~~(14)~~(15) ~~"Substance abuser"~~ "Individual with substance use disorder" means anyone who drinks alcohol or consumes other drugs to an extent or with a frequency that impairs or endangers ~~his or her~~ the individual's health or the health and welfare of others.

~~(15)~~(16) "Treatment" means the broad range of medical, detoxification, residential, outpatient, aftercare, and follow-up services ~~which~~ that are needed by ~~substance abusers~~ individuals with substance use disorder and may include a variety of other medical, social, vocational, and educational services relevant to the rehabilitation of these persons.

Sec. 2. 18 V.S.A. § 4806 is amended to read:

§ 4806. DIVISION OF SUBSTANCE USE PROGRAMS

(a) The Division of Substance Use Programs shall plan, operate, and evaluate a consistent, effective program of substance use programs. All duties, responsibilities, and authority of the Division shall be carried out and exercised by and within the Department of Health.

(b) The Division shall be responsible for the following services:

(1) prevention and intervention;

(2) [Repealed.]

(3) project CRASH schools; ~~and~~

(4) alcohol and drug treatment; and

(5) recovery residences.

* * *

Sec. 3. 9 V.S.A. § 4452 is amended to read:

§ 4452. EXCLUSIONS

(a) Unless created to avoid the application of this chapter, this chapter does not apply to any of the following:

* * *

(b)(1) Notwithstanding subsections 4463(b) and 4467(b) and section 4468 of this chapter only, a recovery residence may immediately exit or transfer a resident if all of the following conditions are met:

(A) the recovery residence has developed and adopted a residential agreement:

(i) containing a written exit and transfer policy approved by the Vermont Alliance for Recovery Residences or another certifying organization approved by the Department of Health that:

(I) addresses the length of time that a bed will be held in the event of a temporary removal;

(II) establishes the criteria by which a resident can return to the recovery residence in the event of a temporary removal; and

(III) ensures a resident's possessions will be held not less than 60 days in the event of permanent removal;

(ii) explaining the recovery residence's program rules and social standards;

(iii) designating alternative housing arrangements for the resident in the event of an exit or transfer, including contingency plans when alternative housing arrangements are not available;

~~(iii)~~(iv) describing the recovery residence's substance use policy, which shall exempt the use of a resident's valid prescription medication when used as prescribed; and

~~(iv)~~(v) indicating that by signing a residential agreement, a resident acknowledges that the recovery residence may cause the resident to be immediately exited or transferred to alternative housing ~~if~~ for behaving in a manner that impacts the health or safety of other individuals residing, working, or volunteering at the recovery residence, such as the resident ~~violates~~ violating the recovery residence's substance use policy, repeatedly refusing to engage in services or programming, being charged with a criminal offense, engaging in theft, materially interfering with the recovery of other residents, or ~~engages~~ engaging in acts of violence that threaten the health or safety of other residents, recovery residence staff, or volunteers;

(B) the recovery residence has obtained the resident's written consent to its residential agreement, reaffirmed after seven days;

(C) the resident ~~violated~~ behaved in a manner that impacted the health or safety of other individuals residing, working, or volunteering at the recovery residence, such as violating the recovery residence's substance use policy in the residential agreement, repeatedly refusing to engage in services or programming, being charged with a criminal offense, engaging in theft, materially interfering with the recovery of other residents, or ~~engaged~~ engaging in acts of violence that ~~threatened~~ threaten the health or safety of other residents, recovery residence staff, or volunteers; ~~and~~

(D) the recovery residence has provided or arranged for a ~~stabilization~~ re-engagement bed or other alternative temporary housing;

(E) the recovery residence has provided written or electronic notice to the resident containing the date and rationale for the temporary removal or transfer and options for returning to the recovery residence; and

(F) the recovery residence has established a grievance process approved by the Vermont Alliance for Recovery Residences or another certifying organization approved by the Department of Health.

(2) Relapse of a substance use disorder resulting in exiting a recovery residence shall not be deemed a cause of the resident's own homelessness for purposes of obtaining emergency housing.

(3) Notwithstanding section 4460 of this chapter, a recovery residence employee may enter the recovery residence at reasonable times as necessary to carry out functions related to the operation of the recovery residence.

(4) ~~As used in this subsection, "recovery residence" means a shared living residence supporting persons recovering from a substance use disorder~~ This subsection shall only apply to a recovery residence that:

(A) ~~provides tenants with peer support and assistance accessing support services and community resources available to persons recovering from substance use disorders~~ meets the definition of "recovery residence" in 18 V.S.A. § 4802; and

(B) is certified by an organization approved by the Department of Health and that is either a Vermont affiliate of the National Alliance for Recovery Residences or another approved organization.

Sec. 4. 2024 Acts and Resolves No. 163, Sec. 5 is amended to read:

Sec. 5. SUNSET; RECOVERY RESIDENCES; RESIDENTIAL AGREEMENT; REPORTING

(a) ~~9 V.S.A. § 4452(b) is repealed on July 1, 2026.~~ [Repealed.]

(b) Sec. 4 (report; recovery residences' exit and transfer data) is repealed on July 1, 2026.

Sec. 5. RULEMAKING; RECOVERY RESIDENCE CERTIFICATION

(a) On or before September 1, 2027, the Department of Health shall file an initial proposed rule with the Secretary of State pursuant to 3 V.S.A. § 836(a)(2) for the purposes of establishing a voluntary recovery residence certification program. At a minimum, the rule shall:

(1) require that a recovery residence seeking certification from the State comply with the certification standards of the Vermont Alliance for Recovery Residences or another organization approved by the Department; and

(2) set forth data collection standards and reporting requirements for certified recovery residences, including data elements and frequency, exit and transfer data, and requirements for annual reporting from the Department to the General Assembly that measure the program's effectiveness.

(b) The Department shall complete the rulemaking process and adopt a permanent rule pursuant to 3 V.S.A. chapter 25 on or before December 1, 2028.

(c) If the Department identifies the need for a fee to support the voluntary recovery residence certification program described in this section, the

Department shall first propose the fee to the General Assembly and, if the General Assembly chooses to enact it into law, may incorporate the fee into the required rule.

Sec. 6. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

S. 239

An act relating to the Child Abuse and Neglect Reporting Working Group

The House proposes to the Senate to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. CHILD ABUSE AND NEGLECT REPORTING WORKING GROUP; REPORT

(a) The General Assembly finds:

(1) According to Child Trends, a research organization focused on improving the lives of children, youth, and families, data shows that from 2022 through 2024 Vermont had a rate of referrals to child welfare services that was over three times higher than the national level, with a rate of referral of 166 per 1,000 children in Vermont compared to 50 per 1,000 children nationally. Additionally, only 17 percent of such referrals in Vermont met the criteria for further action via an assessment or investigation compared to 54 percent nationally.

(2) While the General Assembly recently reviewed and revised child abuse and neglect substantiation procedures that occur after a referral has been accepted by the Department for Children and Families, there has not been a similar review of the training and requirements for mandatory reporting of suspected child abuse or neglect to ensure they employ best practices and provide sufficient guidance and resources for mandatory reporters.

(3) Data from Child Trends further shows that post-response services such as mental health services, substance misuse treatment, family therapy, child care, parenting education, and resources to assist families living in poverty were provided to only 28 percent of victims in Vermont compared with the national average of 57 percent.

(4) The provision of services to children and families prior to, during, and after a report of suspected child abuse or neglect is an essential element in a comprehensive child protection system.

(b) There is created the Child Abuse and Neglect Reporting Working Group for the purpose of examining the existing statutes and the Department

for Children and Families' rules and policies regarding mandatory reporting of abuse and neglect of a child and recommending changes to modernize them and reflect current best practices. During its examination of mandatory reporting, the Working Group shall consider what services and strategies may be employed prior to any report of suspected abuse or neglect for the purpose of providing assistance to families before a situation rises to the level of requiring a report.

(c) The Working Group shall be composed of the following members:

(1) a member with lived experience as an abused or neglected child, appointed by the Vermont Child, Youth, and Family Advisory Council;

(2) a member with lived experience as an individual who was reported for suspected child abuse or neglect and an investigation found the report to be unsubstantiated, appointed by the Vermont Parent Representation Center;

(3) the Vermont Child, Youth, and Family Advocate or Deputy Advocate;

(4) the Executive Director of the Vermont Center for Crime Victim Services or designee;

(5) a co-executive director of the Vermont Network Against Domestic and Sexual Violence or designee;

(6) a member from the Department for Children and Families' Family Services Division, appointed by the Deputy Commissioner of the Division;

(7) the Executive Director of Prevent Child Abuse Vermont or designee;

(8) the Director of the Vermont Parent Child Center Network or designee;

(9) a certified law enforcement officer who has served on a special investigative unit, appointed by the Vermont Law Enforcement Advisory Board;

(10) a physician co-chair of the Vermont Citizen's Advisory Board;

(11) a principal, appointed by the Vermont Principals' Association;

(12) a representative of a designated agency that works in children's mental health, appointed by Vermont Care Partners; and

(13) the Vermont Office of Racial Equity.

(d) In conducting its work, the Working Group shall consult with stakeholders, including:

(1) the Vermont Children's Alliance and representation from Child Advocacy Centers;

(2) the Department of State's Attorneys and Sheriffs;

(3) the Juvenile Division of the Office of the Defender General;

(4) KidSafe Collaborative;

(5) Voices for Vermont's Children;

(6) the Vermont Parent Representation Center;

(7) Disability Rights Vermont;

(8) medical partners, such as the University of Vermont's Child Safe Program;

(9) the Office of the Attorney General; and

(10) a school counselor, appointed by the Vermont School Counselor Association.

(e) On or before April 1, 2027, the Working Group shall provide an interim presentation to the House Committee on Human Services, the Senate Committee on Health and Welfare, and the House and Senate Committees on Judiciary on its work to date. On or before October 1, 2027, the Working Group shall provide a final report detailing its findings and any recommended legislative proposals to the House Committee on Human Services, the Senate Committee on Health and Welfare, and the House and Senate Committees on Judiciary.

(f)(1) In developing its recommendations, the Working Group shall prioritize issues related to:

(A) providing clarity regarding statutory definitions applicable to mandatory reporters;

(B) establishing consistency between statutory requirements and Department for Children and Families rules, guidance, and training materials;

(C) identifying practical implementation challenges faced by mandatory reporters in complying with existing law;

(D) assessing the appropriateness and efficacy of provisions in 33 V.S.A. §§ 4912 and 4913 regarding the definitions applicable to mandatory reporters, who should be a mandatory reporter, the process for mandatory reporting, the penalties for failure to report, and any exemptions from the reporting requirement; and

(E) identifying alternatives to reporting suspected child abuse or neglect when such alternatives are in the best interests of the child.

(2) The Working Group shall avoid expanding its review into matters unrelated to mandatory reporting obligations, thresholds, or processes unless necessary to resolve an identified reporting issue.

(3) Any recommendations shall remain consistent with federal requirements under the Child Abuse Prevention and Treatment Act (CAPTA), which establishes minimum standards related to state definitions of abuse and neglect, including physical abuse, neglect, sexual abuse or exploitation, and emotional maltreatment.

(4) To promote efficiency and avoid duplicative work, the Working Group shall leverage the work of the Children's Justice Act Task Force and the Vermont Citizen's Advisory Board (VCAB), which serves as Vermont's CAPTA citizen review panel.

(5) The Working Group shall consider best practices from other states in the development of its recommendations.

(g) The Working Group shall have the administrative, technical, and legal assistance of the Department for Children and Families.

(1) The Working Group shall convene its first meeting on or before August 15, 2026.

(2) The Working Group shall elect a chair at its first meeting.

(3) Members of the Working Group who are not otherwise compensated for their attendance at meetings shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not more than 12 meetings. These payments shall be made from monies appropriated to the Department for Children and Families.

(4) The Department for Children and Families shall post information about the Working Group's efforts on its website, including meeting notices, agendas, procedures for public comment, and minutes of meetings.

Sec. 2. EFFECTIVE DATE

This act shall take effect on passage.

NEW BUSINESS

Third Reading

H. 46.

An act relating to the Rare Disease Advisory Council.

H. 582.

An act relating to adult protective services.

H. 778.

An act relating to dam safety.

H. 949.

An act relating to homestead property tax yields, the nonhomestead property tax rate, and technical changes to education finance.

Proposal of amendment to H. 949 to be offered by Senator Vyhovsky before Third Reading

Senator Vyhovsky moves to amend the Senate proposal of amendment as follows:

First: By striking out Sec. 1, property dollar equivalent yield, income dollar equivalent yield, and nonhomestead property tax rate for fiscal year 2027, in its entirety and inserting in lieu thereof a new Sec. 1 to read as follows:

Sec. 1. PROPERTY DOLLAR EQUIVALENT YIELD, INCOME DOLLAR EQUIVALENT YIELD, AND NONHOMESTEAD PROPERTY TAX RATE FOR FISCAL YEAR 2027

For fiscal year 2027 only:

(1) Pursuant to 32 V.S.A. § 5402b(b), the property dollar equivalent yield shall be $8,888.00.

(2) Pursuant to 32 V.S.A. § 5402b(b), the income dollar equivalent yield shall be $13,620.00.

(3) Notwithstanding 32 V.S.A. § 5402(a)(1) and any other provision of law to the contrary, the nonhomestead property tax rate shall be $1.744 per $100.00 of equalized education property value.

(4)(A) For bills issued for fiscal year 2027, the Commissioner of Taxes shall increase the property tax credit determined pursuant to 32 V.S.A. § 6066(a)(1) and (4) by 9.9 percent for each claimant. Notwithstanding 32 V.S.A. § 6067, and for purposes of this increase only, the cumulative credit under 32 V.S.A. § 6066(a)(1) and (4) shall also be increased by 9.9 percent.

(B) The increase in property tax credit provided under this subdivision (4) shall not be included in the calculation required under 32 V.S.A. § 5402b(a)(4).

Second: By striking out Sec. 2, 16 V.S.A. § 4001, in its entirety and inserting in lieu thereof a new Sec. 2 to read as follows:

Sec. 2. EDUCATION FUND RESERVE; MAKE WHOLE

In fiscal year 2027, $87,600,000.00 shall be reserved in the Education Fund to pay each property taxpayer who has less than $115,000.00 in household income but who does not receive a property tax credit the amount necessary to eliminate any increase in the property taxpayer's homestead property tax bill from fiscal year 2026 to fiscal year 2027 and, using any funds remaining after distribution, to offset education property tax rate increases in fiscal year 2028. The Commissioner of Taxes shall assume that any amounts reserved under this section remaining after distribution are unreserved and unallocated and apply to the calculation of the fiscal year 2028 yields and nonhomestead rate when making the recommendation required pursuant to 32 V.S.A. § 5402b on or before December 1, 2026. The reserve created under this section shall be considered an authorized use of Education Fund monies pursuant to 16 V.S.A. § 4025.

Third: By striking out Sec. 2a, 32 V.S.A. § 5401, in its entirety and inserting in lieu thereof a new Sec. 2a to read as follows:

Sec. 2a. DEPARTMENT OF TAXES; REPORT; MAKE WHOLE

On or before December 1, 2026, the Department of Taxes shall provide to the General Assembly an implementation plan to distribute the funds reserved pursuant to Sec. 2 of this act. The report shall:

(1) describe a plan to pay each property taxpayer who has less than $115,000.00 in household income but who does not receive a property tax credit the amount necessary to eliminate any increase in the property taxpayer's homestead property tax bill from fiscal year 2026 to fiscal year 2027; and

(2) identify the amount of funds remaining to offset education property tax rate increases in fiscal year 2028.

Fourth: By adding a new section to be Sec. 9a to read as follows:

Sec. 9a. 32 V.S.A. § 5410 is amended to read:

§ 5410. DECLARATION OF HOMESTEAD

(a) A homestead owner shall declare ownership of a homestead for purposes of education property tax and provide the homestead owner's household income as defined in section 6061 of this title.

(b) Annually, on or before the due date for filing the Vermont income tax return, without extension, each homestead owner shall, on a form prescribed by the Commissioner, which shall be verified under the pains and penalties of perjury, declare the owner's homestead, if any, as of, or expected to be as of, April 1 of the year in which the declaration is made, and provide the homestead owner's household income as defined in section 6061 of this title.

* * *

Fifth: By striking out Sec. 10, effective dates, in its entirety and inserting in lieu thereof a new Sec. 10 to read as follows:

Sec. 10. EFFECTIVE DATES

(a) This section and Secs. 1 (yields), 2 (reserve; make whole), 2a (report; make whole), 3 (statewide adjustment correction), 4 (Barre TIF overpayment refund), 5 (census grant inflator), and 9a (homestead declaration update) shall take effect on July 1, 2026.

(b) Secs. 6 (renter credit expansion) and 7 (renter credit cap increase) shall take effect on July 1, 2026, and apply to claim year 2027.

(c) Secs. 8 (renter credit narrowing) and 9 (renter credit cap reduction) shall take effect on July 1, 2027, and apply to claim years 2028 and after.

Second Reading

Favorable with Proposal of Amendment

H. 559.

An act relating to the Parole Board.

Reported favorably with recommendation of proposal of amendment by Senator Major for the Committee on Institutions.

The Committee recommends that the Senate propose to the House to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 28 V.S.A. § 403 is amended to read:

§ 403. POWERS AND RESPONSIBILITIES OF THE COMMISSIONER REGARDING PAROLE

The Commissioner is charged with the following powers and responsibilities regarding the administration of parole:

* * *

(6) To provide regular training for the Parole Board, at least annually, in collaboration with the Parole Board Director and the Chair of the Parole Board, on topics related to criminogenic behavior, mental health disorders, substance use treatment, trauma-informed work with victims of crime, and serious crime rehabilitation.

Sec. 2. 28 V.S.A. § 451 is amended to read:

§ 451. CREATION OF BOARD

(a)(1) A Parole Board of ~~five~~ seven members is created. The Governor, with the advice and consent of the Senate, shall appoint ~~five regular~~ members ~~and two alternates~~ for terms of three years in such a manner that not more than three terms shall expire annually. Initial terms may be less than three years. Each member ~~and alternate~~ shall hold office until a successor is appointed and qualified. The Governor shall designate the Board's chair.

(2) Upon notification of a vacancy, the Governor shall consult with the Parole Board Director and the Chair of the Parole Board. As far as practicable, the Governor shall appoint as members persons who have knowledge of and experience in ~~correctional treatment, crime prevention, or human relations~~ criminogenic behavior, mental health treatment, substance use disorder, or serious crime rehabilitation, and shall give consideration, as far as practicable, to geographic representation of the State and a balance of different knowledge and experience.

(3) The Board shall select one of its members to serve as Vice Chair of the Board. If the Chair resigns or is otherwise permanently unable to serve on the Board, the Vice Chair shall serve as interim chair until the Governor designates a new chair pursuant to this section. ~~The Chair or the executive director may assign alternates to serve on the Board in the absence of a regular member and such alternates shall have all the powers and authority of a regular member when so assigned.~~

(b) Three members of the Board shall constitute a quorum for the conduct of a meeting. Notwithstanding 1 V.S.A. § 172, the concurrence of a majority of members present at a Parole Board meeting shall be necessary and sufficient for Board action.

(c) The Chair of the Parole Board shall be entitled to compensation in the amount of $20,500.00 annually, effective on the first pay period in fiscal year 2006, which shall be in lieu of any per diem otherwise authorized by law. If the Vice Chair assumes the duties of the Chair for a period in excess of 30 consecutive days, the compensation otherwise payable to the Chair during ~~his or her~~ the Chair's absence shall be paid to the Vice Chair.

(d) At least annually, each member of the Parole Board shall attend trainings designated by the Parole Board Director in collaboration with the Chair of the Parole Board.

Sec. 3. 28 V.S.A. § 455 is amended to read:

§ 455. DIRECTOR

(a) The position of Parole Board Director is created. The Director shall be appointed by the Governor after consultation with the Board.

(b) The Director shall serve for a term of four years commencing on March 1 and continuing until ~~his or her~~ a successor is appointed.

(c) The Director shall be exempt from classified State service.

(d) The Secretary of Human Services, in consultation with the Parole Board and the Department of Human Resources, shall establish the minimum and preferred qualifications, duties, and compensation of the Director.

(e) The Director shall be responsible for the overall function of the Parole Board, ensuring legal compliance, developing and implementing all policies and procedures of the Board, and ensuring training is developed and provided to the Board, in collaboration with the Commissioner and the Chair of the Parole Board.

Sec. 4. PAROLE BOARD LEGAL COUNSEL PILOT PROJECT

(a) There is created the Parole Board Legal Counsel Pilot Project to provide external legal support for:

(1) annual training to the Board, including on topics related to due process and parole violations; and

(2) legal advice to the Board as needed related to Board hearings.

(b) The Board and the Agency of Human Services shall identify and contract with external legal support in coordination with the Office of the Attorney General.

(c) As part of the fiscal year 2028 budget development process, the Agency of Human Services and the Department of Corrections shall coordinate with the Parole Board Director to evaluate the pilot project and determine resources needed for Board external legal support for fiscal year 2028.

(d) On or before November 15, 2026, the Parole Board Director shall submit a written report to the House Committee on Corrections and Institutions and the Senate Committee on Institutions detailing the operation of

the pilot project. The report shall include a recommendation regarding legal support for the Board going forward and the resources needed.

Sec. 5. DEPARTMENT OF CORRECTIONS FISCAL YEAR 2026 CARRYFORWARD

The $25,000.00 General Fund appropriated to the Department of Corrections for third-party legal services in 2025 Acts and Resolves No. 27, Sec. B.336 shall carry forward into fiscal year 2027 for the purpose of hiring external legal counsel pursuant to Sec. 4 of this act.

Sec. 6. APPROPRIATION

The sum of $50,000.00 is appropriated from the General Fund to the Department of Corrections in fiscal year 2027 for the purpose of hiring external legal counsel pursuant to Sec. 4 of this act.

Sec. 7. PAROLE BOARD BUDGET SUBMISSION IN FISCAL YEAR 2028 AND FISCAL YEAR 2029

(a) As part of the fiscal year 2028 and fiscal year 2029 budget development processes, the Parole Board Director shall submit a proposed budget to the Commissioner of Corrections and Secretary of Human Services.

(b) On or before December 1, 2027, the Parole Board Director shall submit a written report to the House Committee on Corrections and Institutions and the Senate Committee on Institutions detailing the budget development process. The report shall include a recommendation regarding the Parole Board submitting an annual budget to the Commissioner of Corrections.

Sec. 8. 13 V.S.A. § 5305 is amended to read:

§ 5305. INFORMATION CONCERNING RELEASE FROM CUSTODY

* * *

(c) ~~If requested by a victim of a listed crime, the~~ The Department of Corrections shall~~:~~

~~(1) at least 30 days before a parole board hearing concerning the defendant, inform the victim of the hearing and of the victim's right to testify before the parole board or to submit a written statement for the parole board to consider; and~~

~~(2) promptly inform the victim of the decision of the parole board, including providing to the victim any conditions attached to the defendant's release on parole~~ notify victims of a listed crime as to parole board hearings concerning defendants and parole board decisions as provided in 28 V.S.A. §§ 502a and 507.

Sec. 9. 28 V.S.A. § 502a is amended to read:

§ 502a. RELEASE ON PAROLE

* * *

(e)(1) The Department shall identify each inmate meeting the presumptive parole eligibility criteria in section 501a of this title and refer each eligible inmate who does not meet the risk criteria set forth in subdivision (2) of this subsection to the Parole Board for an administrative review at least 60 days prior to the inmate's eligibility date.

(2) The Department shall screen each inmate it identifies as eligible for presumptive parole for the risk criteria set forth in this subdivision. If the Department determines that, based on clear and convincing evidence, there is a reasonable probability that the inmate's release would result in a detriment to the community, or that the inmate is not willing and capable of fulfilling the obligations of parole, the Department shall, at least 60 days prior to the inmate's eligibility date, refer the inmate to the Parole Board for a parole hearing.

(3)(A) Within 30 days in advance of the inmate's eligibility date, the Parole Board shall conduct an administrative review of each inmate the Department identifies as eligible for presumptive release who does not meet the risk criteria set forth in subdivision (2) of this subsection. The Board may deny presumptive release and set a hearing if it determines, through its administrative review, that a victim or victims should have the opportunity to participate in a parole hearing. If the Board determines there is a victim or victims who should be notified, the Department shall notify the victim or victims, and the Board shall provide them with the opportunity to participate in a parole hearing. A victim may waive any notification.

(B) The Parole Board shall conduct a parole hearing pursuant to section 502 of this title for each eligible inmate that the Department determines meets the risk criteria in subdivision (2) of this subsection.

Sec. 10. 28 V.S.A. § 507 is amended to read:

§ 507. NOTIFICATION TO VICTIM AND OPPORTUNITY TO TESTIFY

(a) The Department of Corrections shall, unless waived by the victim:

(1) ~~At~~ at least 30 days prior to a parole ~~eligibility~~ hearing concerning the defendant, notify the victim of a listed crime as defined in 13 V.S.A. § 5301(7)~~, shall be notified~~ as to the time and location of the hearing and as to the victim's right to testify before the Parole Board or to submit a written statement for the Parole Board to consider; and

(2) promptly inform the victim of the decision of the Parole Board, including providing to the victim any conditions attached to the defendant's release on parole. ~~Such notification may be waived by the victim in writing.~~

* * *

Sec. 11. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

(Committee vote: 5-0-0)

(For House amendments, see House Journal of March 17, 2026, pages 3310-3313)

Reported favorably with recommendation of proposal of amendment by Senator Westman for the Committee on Appropriations.

The Committee recommends that the bill ought to pass in concurrence with proposal of amendment as recommended by the Committee on Institutions, with further recommendation of proposal of amendment thereto:

By striking Sec. 5, Department of Corrections fiscal year 2026 carryforward, in its entirety and inserting in lieu thereof the following:

Sec. 5. DEPARTMENT OF CORRECTIONS FISCAL YEAR 2026 CARRYFORWARD

Notwithstanding 2026 Acts and Resolves No. 74, Sec. 89 or any other provision of law to the contrary, the $25,000.00 General Fund appropriated to the Department of Corrections for third-party legal services in 2025 Acts and Resolves No. 27, Sec. B.336 shall carry forward into fiscal year 2027 for the purpose of hiring external legal counsel pursuant to Sec. 4 of this act and shall not be subject to the approval of the Secretary of Administration or designated for any other purpose.

(Committee vote: 7-0-0)

NOTICE CALENDAR

Second Reading

Favorable

H. 674.

An act relating to the creation of the Vermont Sister State Program.

Reported favorably by Senator Brock for the Committee on Economic Development, Housing and General Affairs.

(Committee vote: 5-0-0)

(For House amendments, see House Journal of March 13, 2026, pages 3234-3243)

Reported favorably by Senator Perchlik for the Committee on Appropriations.

(Committee vote: 6-0-1)

Favorable with Proposal of Amendment

H. 512.

An act relating to the regulation of the event ticketing market.

Reported favorably with recommendation of proposal of amendment by Senator Clarkson for the Committee on Economic Development, Housing and General Affairs.

The Committee recommends that the Senate propose to the House to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 9 V.S.A. chapter 63, subchapter 2B is added to read:

Subchapter 2B. Event Tickets

§ 2479f. RESALE OF EVENT TICKETS

(a) Definitions. As used in this section:

(1) "Independent venue" means an event space that derives a majority of its revenue from ticket events, is not majority owned by a publicly traded company, and does not operate venues in more than 10 states.

(2) "Price" means the total amount paid or to be paid for a ticket, including all taxes, fees, and charges. Price does not include actual shipping costs.

(3) "Resale" means the second or subsequent sale of a ticket by any method, including in-person transactions, telephone, mail, email, facsimile, or electronic means through websites or mobile phone applications.

(4) "Reseller" means a business entity engaged in the sale or resale of tickets. A "reseller" does not include an individual reselling a ticket purchased for personal use.

(5) "Secondary ticket exchange" means an electronic marketplace enabling the sale, purchase, and resale of tickets.

(6) "Speculative ticket" means a ticket not in the actual or constructive possession at the time a person lists, advertises, or offers the ticket for sale or

resale. This includes tickets not owned or under contract to be transferred at the time of sale.

(7) "Ticket" means any form of physical, electronic, or other evidence that grants the possessor of the evidence license to enter a place of entertainment within the State for one or more events at a specified date and time.

(8) "Ticket issuer" means a person or entity that issues tickets for initial sale, including musicians, venues, promoters, theater companies, marketplaces for initial purchases, or their agents.

(b) Ticket disclosure requirements.

(1) A ticket issuer shall include on the face of a ticket in a clear and conspicuous manner the total price of the original ticket.

(2) A person operating a secondary ticket exchange shall provide a statement in a clear and conspicuous manner informing any customer:

(A) whether the customer is purchasing the ticket from a ticket issuer or a reseller as the case may be; and

(B) that the resale price of the ticket is limited by subsection (c) of this section.

(3) If a secondary ticket exchange provides information about the number or percentage of available tickets for a given event, the information shall not mislead customers about the availability of tickets on that platform or on other platforms.

(c) Price cap on the resale of event tickets.

(1) A ticket reseller shall not sell or offer for sale a ticket at a price greater than 110 percent of the price of an original ticket.

(2) A secondary ticket exchange shall not authorize for resale on the exchange a ticket for a price at greater than 110 percent of the price of an original ticket.

(3) This subsection shall apply to the resale of tickets where the event is held at an independent venue and where:

(A) the seating capacity of the venue is 3,000 individuals or fewer; or

(B) the event is to be held at a nonprofit venue that hosts agricultural fairs, exhibitions, or multiday community events in addition to live performances.

(4) This subsection shall not apply to the resale of a ticket under a written contract with the ticket issuer for the resale of tickets at a price greater than 110 percent of the price of the original ticket.

(d) Ban on deceptive URLs and improper use of intellectual property. It shall be unlawful for a secondary ticket exchange, reseller, or the operator of any website purporting to sell or offer for sale event tickets that links or redirects to a secondary ticket exchange or reseller to:

(1) use deceptive website addresses or imply endorsement or ownership of any intellectual property of the venue or artist without explicit written authorization of the venue or artist; or

(2) state or imply that the secondary ticket exchange, reseller, or website is affiliated with or endorsed by a venue, team, or artist, including by using words such as "official" in promotional materials, social media promotions, search engine optimization, paid advertising, URLs, or search engine monetization, unless the secondary ticket exchange, reseller, or website has the express written consent of the venue, team, or artist.

(e) Prohibition on speculative ticket sales. A person shall not sell or offer for sale speculative tickets.

(f) Violations. A person that violates a provision of this section commits an unfair and deceptive act in commerce in violation of section 2453 of this title.

Sec. 2. REPEAL

9 V.S.A. chapter 63, subchapter 2B is repealed on July 1, 2028.

Sec. 3. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

(Committee vote: 5-0-0)

(For House amendments, see House Journal of February 27, 2026, pages 3143-3145)

H. 578.

An act relating to penalties and procedures for animal cruelty offenses.

Reported favorably with recommendation of proposal of amendment by Senator Vyhovsky for the Committee on Judiciary.

The Committee recommends that the Senate propose to the House to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 13 V.S.A. § 351 is amended to read:

§ 351. DEFINITIONS

As used in this chapter:

* * *

(21) "Sexual conduct" means:

(A) any act between a person and animal that involves contact between the mouth, sex organ, or anus of a person and the mouth, sex organ, or anus of an animal; ~~or~~

(B) without a bona fide veterinary or animal husbandry purpose, the insertion, however slight, of any part of a person's body or of any instrument, apparatus, or other object into the vaginal or anal opening of an animal;

(C) without a bona fide veterinary or animal husbandry purpose, a person touching or fondling a sex organ or anus of an animal, either directly or through clothing; or

(D) without a bona fide veterinary or animal husbandry purpose, any intentional transfer or transmission of semen by a person upon any part of an animal.

* * *

(25) "Working with" means working or volunteering in any capacity, including as an independent contractor, that requires the person to be in contact with an animal, including at a commercial boarding or training establishment, shelter, animal control facility, pet shop, grooming facility, commercial breeding service, veterinary hospital or clinic, animal welfare society, or any nonprofit organization incorporated for the purpose of providing for or promoting the welfare, protection, and humane treatment of animals.

Sec. 2. 13 V.S.A. § 352 is amended to read:

§ 352. CRUELTY TO ANIMALS

A person commits the crime of cruelty to animals if the person:

(1) Intentionally kills or attempts to kill any animal belonging to another person without first obtaining legal authority or consent of the owner.

(2) Overworks, overloads, tortures, torments, abandons, administers poison to, cruelly harms or mutilates an animal, or exposes a poison with intent that it be taken by an animal.

(3) Ties, tethers, or restrains an animal, either a pet or livestock, in a manner that is inhumane or is detrimental to its welfare. Livestock and poultry husbandry practices are exempted.

(4) Deprives an animal that a person owns, possesses, or acts as an agent for of adequate food, water, shelter, rest, sanitation, or necessary medical attention or transports an animal in overcrowded vehicles.

(5)(A) Owns, possesses, keeps, or trains an animal engaged in an exhibition of fighting; possesses, keeps, or trains any animal with intent that it be engaged in an exhibition of fighting; or permits any such act to be done on premises under ~~his or her~~ the person's charge or control.

(B) Owns, possesses, ships, transports, delivers, or keeps a device, equipment, or implement for the purpose of training or conditioning an animal for participation in animal fighting or enhancing an animal's fighting capability.

(6) Acts as judge or spectator at events of animal fighting or bets or wagers on the outcome of such fight.

(7) As poundkeeper, officer, or agent of a humane society or as an owner or employee of an establishment for treatment, board, or care of an animal, knowingly receives, sells, transfers, or otherwise conveys an animal in ~~his or her~~ the person's care for the purpose of research or vivisection.

(8) Intentionally torments or harasses an animal owned or engaged by a police department or public agency of the State or its political subdivisions or interferes with the lawful performance of a police animal.

(9) Knowingly sells, offers for sale, barters, or displays living baby chicks, ducklings, or other fowl that have been dyed, colored, or otherwise treated so as to impart to them an artificial color or fails to provide poultry with proper brooder facilities.

(10) Uses a live animal as bait or lure in a race, game, or contest or in training animals in a manner inconsistent with 10 V.S.A. Part 4 or the rules adopted thereunder.

(11)(A) Engages in sexual conduct with an animal.

(B) Possesses, sells, transfers, purchases, or otherwise obtains an animal with the intent that it be used for sexual conduct.

(C) Organizes, promotes, conducts, aids, abets, or participates in as an observer an act involving any sexual conduct with an animal.

(D) Causes, aids, or abets another person to engage in sexual conduct with an animal.

(E) Permits sexual conduct with an animal to be conducted on premises under ~~his or her~~ the person's charge or control.

(F) Advertises, offers, or accepts the offer of an animal with the intent that it be subject to sexual conduct in this State.

(G) Knowingly possesses, films, or distributes obscene visual images of sexual conduct with an animal.

(12) Possesses, owns, cares for, resides with, has custody of, or works with an animal while the person is prohibited from possessing owning, caring for, having custody of, or working with an animal by a court order.

(13) Knowingly refuses to comply with a court order issued pursuant to subdivision 353(b)(1)(E) of this title to permit periodic unannounced visits by a humane officer or the Director of Animal Welfare.

Sec. 3. 13 V.S.A. § 352a is amended to read:

§ 352a. AGGRAVATED CRUELTY TO ANIMALS

A person commits the crime of aggravated cruelty to animals if the person:

(1) kills an animal by intentionally causing the animal undue pain or suffering;

(2) intentionally, maliciously, and without just cause tortures, mutilates, or cruelly beats an animal; ~~or~~

(3) intentionally injures or kills an animal that is in the performance of official duties while under the supervision of a law enforcement officer; or

(4)(A) engages in sexual conduct with an animal in the presence of a minor or in which a minor is a participant;

(B) possesses, sells, transfers, purchases, or otherwise obtains an animal with the intent that it be used for sexual conduct in the presence of a minor or in which a minor is a participant;

(C) organizes, promotes, conducts, aids, abets, or participates in an act involving any sexual conduct with an animal in the presence of a minor or in which a minor is a participant as an observer;

(D) causes, aids, or abets another person to engage in sexual conduct with an animal in the presence of a minor or in which the minor is a participant;

(E) permits sexual conduct with an animal in the presence of a minor or in which a minor is a participant that is conducted on premises under the person's charge or control;

(F) advertises, offers, or accepts the offer of an animal with the intent that it be subject to sexual conduct in this State in the presence of a minor or in which the minor participates; or

(G) knowingly possesses, films, or distributes obscene visual images of sexual conduct with an animal in the presence of a minor or in which the minor participates.

Sec. 4. 13 V.S.A. § 353 is amended to read:

§ 353. DEGREE OF OFFENSE; SENTENCING UPON CONVICTION

(a) Penalties.

(1) Except as provided in subdivision (3), (4), or (5) of this subsection, cruelty to animals under section 352 of this title shall be punishable by a sentence of imprisonment of not more than one year or a fine of not more than $2,000.00, or both. Second and subsequent convictions shall be punishable by a sentence of imprisonment of not more than two years or a fine of not more than $5,000.00, or both.

(2) Aggravated cruelty under section 352a of this title shall be punishable by a sentence of imprisonment of not more than five years or a fine of not more than $5,000.00, or both. Second and subsequent offenses shall be punishable by a sentence of imprisonment of not more than ~~ten~~ 10 years or a fine of not more than $7,500.00, or both.

(3) An offense committed under subdivision 352(5) or (6) of this title shall be punishable by a sentence of imprisonment of not more than five years or a fine of not more than $5,000.00, or both.

(4)(A) Except as provided in subdivision (B) of this subdivision (4), a person found in violation of subdivision 352(3), (4), or (9) of this title pursuant to this subdivision (A) shall be imprisoned not more than one year or fined not more than $2,000.00, or both. Second and subsequent convictions shall be punishable by a sentence of imprisonment of not more than two years or a fine of not more than $5,000.00, or both.

(B) In lieu of a criminal citation or arrest, a law enforcement officer may issue a civil citation to a person who violates subdivision 352(3), (4), or (9) of this title if the person has not been previously adjudicated in violation of this chapter. A person adjudicated in violation of subdivision 352(3), (4), or (9) of this title pursuant to this subdivision (B) shall be assessed a civil penalty

of not more than $500.00. At any time prior to the person admitting the violation and paying the assessed penalty, the State's Attorney may withdraw the complaint filed with the Judicial Bureau and file an information charging a violation of subdivision 352(3), (4), or (9) of this title in the Criminal Division of the Superior Court.

(C) Nothing in this subdivision (4) shall be construed to require that a civil citation be issued prior to a criminal charge of violating subdivision 352(3), (4), or (9) of this title.

(5) A person who violates subdivision 352(1) of this title by intentionally killing or attempting to kill an animal belonging to another or subdivision 352(2) of this title by torturing, administering poison to, or cruelly harming or mutilating an animal shall be imprisoned not more than two years or fined not more than $5,000.00, or both.

(b)(1) In addition to any other sentence the court may impose, the court may require a defendant convicted of a violation under section 352 or 352a of this title to:

~~(1)~~(A) ~~Forfeit~~ For a first violation, forfeit any rights to the animal subjected to cruelty, and to any other animal~~, except livestock or poultry~~ owned, possessed, residing or domiciled with, or in the custody of the defendant. Livestock or poultry shall not be subject to forfeiture under this subdivision (A) unless the person was convicted of abusing livestock or poultry.

~~(2)~~(B) Repay the reasonable costs incurred by any person, municipality, or agency for providing care for the animal prior to judgment. ~~If the court does not order a defendant to pay all the applicable costs incurred or orders only partial payment, it shall state on the record the reasons for that action.~~

~~(3)~~(C)(i) ~~Forfeit~~ For a first violation of section 352 of this title, forfeit any future right to own, possess, ~~or~~ care for, reside with, have custody of, or work with any animal for a period ~~that the court deems appropriate~~ of up to five years.

(ii) For a first violation of section 352a of this title, forfeit any future right to own, possess, care for, reside with, have custody of, or work with any animal for a period of up to 10 years.

(iii) A person shall not be required to forfeit any future right to own, possess, care for, have custody of, or work with livestock or poultry under this subdivision (C) unless the person was convicted of abusing livestock or poultry.

~~(4)~~(D)(i)(I) ~~Participate in~~ complete an available animal cruelty prevention ~~programs~~ program that is approved by the Director of Animal Welfare;

(II) ~~or educational programs, or both, or~~ complete an animal abuse education accountability program, if any are approved by the Director of Animal Welfare; and

(III) ~~obtain~~ undergo a psychiatric or psychological ~~counseling,~~ evaluation, and, if the screening indicates that therapy is needed, obtain psychiatric, psychological, or mental health treatment with a licensed clinician, remotely or within a reasonable distance from the defendant's residence. ~~If a juvenile is adjudicated delinquent under section 352 or 352a of this title, the court may order the juvenile to undergo a psychiatric or psychological evaluation and to participate in treatment that the court determines to be appropriate after due consideration of the evaluation. The court may impose the costs of such programs or counseling upon the defendant when appropriate.~~

(ii) The court may impose the costs of programs or counseling ordered pursuant to this subdivision (D) upon the defendant when appropriate.

~~(5)~~(E) Permit periodic unannounced visits ~~for a period up to one year~~ by a humane officer or the Director of Animal Welfare to inspect the care and condition of any animal ~~permitted by the court to remain~~ in the care, custody, or possession of the defendant during the period, and for up to one year after expiration of the period, that the defendant is prohibited from owning, possessing, caring for, residing with, having custody of, or working with an animal by an order issued pursuant to subdivision (C) of this subdivision (b)(1) or subdivision (2) of this subsection (b). Such period may be ~~extended~~ modified by the court upon motion made by the State.

(2) In addition to any other sentence the court may impose, the court shall require a defendant convicted of a violation under section 352 or 352a of this title to:

(A) For a second or subsequent violation, forfeit any rights to the animal subjected to cruelty, and to any other animal possessed, residing or domiciled with, or in the custody of the defendant. Livestock or poultry shall not be subject to forfeiture under this subdivision (A) unless the person was convicted of abusing livestock or poultry.

(B)(i) For a second or subsequent violation of section 352 of this title, forfeit any future right to own, possess, care for, reside with, have custody of, or work with any animal for a period of not less than five years.

(ii) For a second or subsequent violation of section 352a of this title, forfeit any future right to own, possess, care for, reside with, have custody of, or work with any animal for a period of not less than 10 years.

(iii) A person shall not be required to forfeit any future right to own, possess, care for, have custody of, or work with livestock or poultry under this subdivision (B) unless the person was convicted of abusing livestock or poultry.

(c) Upon an order of forfeiture of an animal under this section or section 354 of this title, the court shall order custody of the animal remanded to a humane society or other individual deemed appropriate by the court, for further disposition in accordance with accepted practices for humane treatment of animals. A transfer of rights under this section constitutes a transfer of ownership and shall not constitute or authorize any limitation upon the right of the humane society, individual, or other entity, to whom rights are granted to dispose of the animal.

(d)(1) A person who is prohibited from owning, possessing, caring for, residing with, having custody of, or working with an animal by an order issued pursuant to subdivision (b)(1)(C) or (b)(2) of this section may petition the court for an order that the person be relieved from the prohibition imposed by that section. When the petition is filed, the petitioner shall provide notice and a copy of the petition to the office that prosecuted the case, who shall be the respondent in the matter. The petition shall be filed in the Criminal Division of the unit where the offense or the adjudication occurred.

(2) The court may grant a petition filed under this section without hearing if neither the State's Attorney nor the Attorney General files an objection within 30 days after receiving notice of the petition or if the petitioner and the respondent stipulate to the granting of the petition.

(3) In determining a petition filed under this section, unless the petition is granted pursuant to subdivision (2) of this subsection, the court may consider any relevant factors, including:

(A) whether the person committed any subsequent animal cruelty offenses or other criminal offenses;

(B) whether the person successfully completed any required conditions of probation;

(C) whether the person completed animal cruelty prevention programs or educational programs, and whether the programs were approved by the Director of Animal Welfare; and

(D) whether the person obtained psychiatric, psychological, or mental health counseling from a licensed clinician.

(4) The court shall grant a petition filed under this section if it finds that the petitioner has demonstrated by a preponderance of the evidence that the interests of justice are no longer served by prohibiting the petitioner from owning, possessing, caring for, residing with, having custody of, or working with an animal.

(5) If a petition filed under this section is granted, the court shall vacate the order prohibiting the person from owning, possessing, caring for, residing with, having custody of, or working with an animal.

(6) If the court denies the petition, the petitioner may appeal the denial to the Vermont Supreme Court. The appeal shall be on the record.

(7) If the court denies a petition filed under this section, no further petition shall be brought for at least two years, unless a shorter duration is authorized by the court.

Sec. 5. 13 V.S.A. § 354 is amended to read:

§ 354. ENFORCEMENT; POSSESSION OF ABUSED ANIMAL; SEARCHES AND SEIZURES; FORFEITURE

(a) The Secretary of Agriculture, Food and Markets shall, if practicable, be consulted prior to any enforcement action brought pursuant to this chapter that involves livestock and poultry. Law enforcement may consult with the Secretary in person or by electronic means, and the Secretary shall assist law enforcement in determining whether the practice or animal condition, or both, represent acceptable livestock or poultry husbandry practices. Failure to conduct the consultation shall not be grounds for dismissal of the enforcement action or exclusion of evidence.

(b) Any humane officer as defined in section 351 of this title may enforce this chapter. As part of an enforcement action, a humane officer may seize an animal ~~being cruelly treated in violation of this chapter~~ pursuant to this subsection.

(1) Voluntary surrender. A humane officer may accept animals voluntarily surrendered by the owner anytime during the cruelty investigation. The humane officer shall have a surrendered animal examined and assessed within 72 hours, or as soon as reasonably practicable, by a veterinarian licensed to practice in the State of Vermont. Failure to have the animal examined and assessed within 72 hours, or as soon as reasonably practicable, shall not be grounds for dismissal of the enforcement action or exclusion of evidence.

(2) Search and seizure using a search warrant. A humane officer having probable cause to believe an animal is being subjected to cruel treatment in violation of this subchapter may apply for a search warrant pursuant to the Vermont Rules of Criminal Procedure to authorize the officer to enter the premises where the animal is kept and seize the animal. The application and affidavit for the search warrant shall be reviewed and authorized by an attorney for the State when sought by an officer other than an enforcement officer defined in 23 V.S.A. § 4(11). A veterinarian licensed to practice in Vermont ~~must~~ shall, if practicable, accompany the humane officer during the execution of the search warrant. Failure to be accompanied by a veterinarian during the execution of the search warrant shall not be grounds for dismissal of the enforcement action or exclusion of evidence.

(3) Seizure without a search warrant. If the humane officer witnesses a situation in which the humane officer determines that an animal's life is in jeopardy and immediate action is required to protect the animal's health or safety, the officer may seize the animal without a warrant. The humane officer shall immediately take an animal seized under this subdivision to a licensed veterinarian for medical attention to stabilize the animal's condition and to assess the health of the animal.

(c) A humane officer shall provide suitable care at a reasonable cost for an animal seized under this section, and have a lien on the animal for all expenses incurred. A humane officer may arrange for the euthanasia of a severely injured, diseased, or suffering animal upon the recommendation of a licensed veterinarian. A humane officer may arrange for euthanasia of an animal seized under this section when the owner is unwilling or unable to provide necessary medical attention required while the animal is in custodial care or when the animal cannot be safely confined under standard housing conditions. An animal not destroyed by euthanasia shall be kept in custodial care and provided with necessary medical care until final disposition of the criminal charges except as provided in subsections ~~(d) through (h)~~ (d)–(l) of this section. The custodial caretaker shall be responsible for maintaining the records applicable to all animals seized, including identification, residence, location, medical treatment, and disposition of the animals.

(d) ~~If an animal is seized under this section, the State may institute a civil proceeding for forfeiture of the animal in the territorial unit of the Criminal Division of the Superior Court where the offense is alleged to have occurred. The proceeding shall be instituted by a motion for forfeiture if a criminal charge has been filed or a petition for forfeiture if no criminal charge has been filed, which shall be filed with the court and served upon the animal's owner. The civil forfeiture proceeding is intended to run independently from any~~

~~criminal prosecution and shall not be delayed pending disposition of any criminal proceeding.~~

~~(e)(1) A preliminary hearing shall be held within 21 days of institution of the civil forfeiture proceeding. If the defendant requests a hearing on the merits, the court shall schedule a final hearing on the merits to be held within 21 days of the date of the preliminary hearing. Time limits under this subsection shall not be construed as jurisdictional.~~

~~(2) If the defendant fails to respond to the notice for preliminary hearing, the court shall enter a default judgment ordering the immediate forfeiture of the animal in accordance with the provisions of subsection 353(c) of this title. A motion to reopen a default judgment shall be filed in writing with the court no later than 30 days after entry of a default judgment. A default judgment shall not be reopened unless good cause is shown.~~

~~(f)(1) At the hearing on the motion for forfeiture, the State shall have the burden of establishing by clear and convincing evidence that the animal was subjected to cruelty, neglect, or abandonment in violation of section 352 or 352a of this title. The court shall make findings of fact and conclusions of law and shall issue a final order. If the State meets its burden of proof, the court shall order the immediate forfeiture of the animal in accordance with the provisions of subsection 353(c) of this title.~~

(1) Unless a person claiming an ownership interest in the animal requests a forfeiture hearing pursuant to subdivision (3)(A) of this subsection and posts security pursuant to subdivision (3)(B) of this subsection or requests that the security be reduced or waived on the basis of financial hardship, title to an animal seized pursuant to subsection (b) of this section shall be forfeited pursuant to subsection 353(c) of this title 14 days after seizure if the procedures of this subsection are followed.

(2) The humane officer who seizes an animal pursuant to this section shall give notice of this section at the time of the seizure by delivering a copy of it to a person who is present and claims an ownership interest in the animal. The officer shall also give notice of this section by conspicuously posting a copy of it at the time of the seizure in a prominent and accessible place at the location where the animal is seized. For any person who is known to claim an ownership interest in the animal and who is not present at the time of the seizure, the humane officer shall make reasonable efforts, within 96 hours following the seizure, to give notice of this section by personal service or by registered mail addressed to the last known address of the person. The notice shall include:

(A) a description of the animal seized; the authority and purpose for the seizure; the time, place, and circumstances under which the animal was seized; and the contact information for the authority with legal custody of the animal;

(B) a statement that any person claiming an ownership interest in the animal at the time of seizure may post security and request a forfeiture hearing concerning the seizure and that failure to do so within 14 days following the date of the seizure will result in forfeiture of title and disposition of the animal;

(C) a statement of the amount due as security and how to pay it;

(D) a statement that the security required by this section may be reduced or waived by the court on the basis of financial hardship to the defendant; and

(E) a form that may be used to request a forfeiture hearing under subdivision (3)(A) of this subsection (d) and a financial hardship exemption under subsection (j) of this section.

(3)(A) The court shall hold a forfeiture hearing if a request is made within 14 days after the seizure by a person claiming an ownership interest in the animal at the time of the seizure. If the defendant has requested that the security be reduced or waived on the basis of financial hardship, the court shall grant or deny the request at or before the hearing. The hearing shall be held within 30 days after the request, unless the 30-day period is extended by the court for good cause shown, in the territorial unit of the Criminal Division of the Superior Court where the offense is alleged to have occurred.

(B) A person who requests a forfeiture hearing pursuant to this subdivision (3) shall post security in an amount needed to cover food and necessary veterinary care for the animal for an initial 40-day period, with an additional amount equal to the estimated cost of care and keeping of the animal for a subsequent 30-day period due every 30 days thereafter until the owner relinquishes the animal or until the court issues an order of forfeiture. The amount of the security and the payment schedule shall be set in rules adopted by the Director of Animal Welfare pursuant to 20 V.S.A. § 3202(e). The initial security shall be posted within 14 days following the seizure unless the person requests that the security be reduced or waived by the court on the basis of financial hardship. The court shall collect and transfer the security to the Animal Welfare Fund established pursuant to 20 V.S.A. § 3203. The Director of Animal Welfare shall make payment, not to exceed the security received, to the custodial caretaker upon receipt of proof of expenditure of funds by the caretaker for food and necessary veterinary care for the animal.

(C) The State shall have the burden of establishing by a preponderance of the evidence that the animal was subjected to cruelty, neglect, or abandonment in violation of section 352 or 352a of this title. The court shall make findings of fact and conclusions of law and shall issue a final order promptly. The findings shall include the total amount of all costs incurred by the custodial caretaker and the amount the person claiming an interest in the animal is able to pay. If the State meets its burden of proof, the court shall order the immediate forfeiture of the animal, and any offspring of the animal that were born while the animal was in custody, in accordance with the provisions of subsection 353(c) of this title.

(D) Notwithstanding subdivision (B) of this subdivision (d)(3), the court may order the animal returned to the petitioner if the court finds by a preponderance of the evidence that the petitioner:

(i) is not the defendant in a cruelty case involving the animal;

(ii) did not participate in or expressly or impliedly consent to the alleged cruel treatment of the animal;

(iii) did not have any express or implied knowledge that the defendant was likely to treat the animal cruelly; and

(iv) will provide adequate care to the animal if it is returned, including any immediately necessary veterinary care or follow-up care needed in connection with the reason for seizure.

~~(2)~~(E) Affidavits of law enforcement officers, humane officers, animal control officers, veterinarians, or expert witnesses of either party shall be admissible evidence that may be rebutted by witnesses called by either party. The affidavits shall be delivered to the other party at least five business days prior to the hearing. Upon request of the other party or the court made at least two business days prior to the hearing, the party offering an affidavit shall make the affiant available by telephone at the hearing. The court may allow any witness to testify ~~by telephone~~ remotely in lieu of a personal appearance and shall adopt rules with respect to such testimony.

~~(3)~~(F) No testimony or other information presented by the defendant in connection with a forfeiture proceeding under this section or any information directly or indirectly derived from such testimony or other information may be used for any purpose, including impeachment and cross-examination, against the defendant in any criminal case, except a prosecution for perjury or giving a false statement.

(G) The rules of evidence shall apply in the forfeiture hearing unless otherwise provided by this section.

(e) If an order of forfeiture is not entered after the hearing, the animal shall be returned to the person claiming an interest in the animal upon payment to the custodial caretaker of all actual costs of care and keeping during the period of impound, including veterinary care, less any security paid, provided that the payment of costs shall not be required if the court finds that there was no reasonable basis for the seizure. If payment of the costs required by this subsection is not made within 14 days after the final order, the custodial caretaker's costs, not to exceed the amount of remaining security posted pursuant to subdivision (d)(3)(B) of this section, shall be reimbursed from the Animal Welfare Fund established pursuant to 20 V.S.A. § 3203, and title to the animal shall be forfeited unless a financial hardship reduction or waiver request is pending or has been granted.

~~(g)(1)~~(f) If ~~the defendant is convicted of criminal charges under this chapter or if~~ an order of forfeiture is entered against an owner under this section, the security posted pursuant to this section shall be applied to the actual costs incurred by the custodial caretaker in caring and keeping the animal through the date of forfeiture, including food, boarding, and the cost of any veterinary services. Any excess shall be returned to the person who posted the security. The defendant or owner shall be required to repay all reasonable costs incurred by the custodial caretaker for caring for the animal, including veterinary expenses. The Restitution Unit within the Center for Crime Victim Services is authorized to collect the funds owed by the defendant or owner on behalf of the custodial caretaker or a governmental agency that has contracted or paid for custodial care in the same manner as restitution is collected pursuant to section 7043 of this title. The restitution order shall include the information required under subdivision 7043(e)(2)(A) of this title. ~~The court shall make findings with respect to the total amount of all costs incurred by the custodial caregiver.~~

~~(2)(A) If the defendant is acquitted of criminal charges under this chapter and a civil forfeiture proceeding under this section is not pending, an animal that has been taken into custodial care shall be returned to the defendant unless the State institutes a civil forfeiture proceeding under this section within seven business days of the acquittal.~~

~~(B) If the court rules in favor of the owner in a civil forfeiture proceeding under this section and criminal charges against the owner under this chapter are not pending, an animal that has been taken into custodial care shall be returned to the owner unless the State files criminal charges under this section within seven business days after the entry of final judgment.~~

~~(C) If an animal is returned to a defendant or owner under this subdivision, the defendant or owner shall not be responsible for the costs of caring for the animal.~~

~~(h)~~(g)(1) A forfeiture order issued under this section may be appealed as a matter of right to the Supreme Court if a notice of appeal is filed within seven days after the order is issued and the appellant posts security pursuant to subdivision (2) of this subsection. The order shall not be stayed pending appeal.

(2) The appellant shall post security in an amount needed to cover food and necessary veterinary care for the animal for an initial 40-day period from the date that the forfeiture order was issued, with an additional amount equal to the estimated cost of care and keeping of the animal for a subsequent 30-day period due every 30 days thereafter until the owner relinquishes the animal or until final disposition of the case. Failure to timely pay the full amount shall result in forfeiture to title to the animal unless a financial hardship reduction or waiver request is pending or has been granted. The calculation of the security shall be set in rules adopted by the Director of Animal Welfare pursuant to 20 V.S.A. § 3202(e). The court shall collect and transfer the security to the Animal Welfare Fund established pursuant to 20 V.S.A. § 3203. The Director of Animal Welfare shall make payment, not to exceed the security received, to the custodial caretaker upon receipt of proof of expenditure of funds by the caretaker for food and necessary veterinary care for the animal.

~~(i)~~(h) The provisions of this section are in addition to and not in lieu of the provisions of section 353 of this title.

~~(j)~~(i) It is unlawful for a person to interfere with a humane officer, the Director of Animal Welfare, or the Secretary of Agriculture, Food and Markets engaged in official duties under this chapter. A person who violates this subsection shall be prosecuted under section 3001 of this title.

(j) The security required by this section may be reduced or waived by the court on the basis of financial hardship to the defendant.

(k) A humane officer or animal shelter or rescue organization shall be immune from civil or criminal liability for seizing or providing care or treatment to an animal in good faith reliance on the provisions of this section. This subsection shall not apply to gross negligence or intentional misconduct by the humane officer or animal shelter or rescue organization.

(l) This section shall not be construed to limit or infringe upon any other rights or remedies available under common law or any other provision of law or rule.

Sec. 6. 20 V.S.A. § 3202 is amended to read:

§ 3202. ESTABLISHMENT OF DIVISION OF ANIMAL WELFARE; POWERS AND DUTIES

* * *

(e) The Division of Animal Welfare shall adopt rules pursuant to 3 V.S.A. chapter 25 to:

(1) provide for the receipt and management of security posted in animal forfeiture proceedings and transferred to the Fund by the court pursuant to 13 V.S.A. § 354(d)(3)(B) and 13 V.S.A. § 354(g)(2), including the amount of security required; and

(2) make distributions and reimbursements from the Fund for the purposes authorized by 13 V.S.A. § 354, including payment schedules.

Sec. 7. 20 V.S.A. § 3203 is amended to read:

§ 3203. ANIMAL WELFARE FUND

(a) The Animal Welfare Fund is established within the Department of Public Safety to fund the expenses incurred by the Division of Animal Welfare in implementing the requirements of this chapter. The Director of Animal Welfare shall administer the Fund.

(b) The Fund shall consist of:

(1) 67 percent of the revenue collected from the surcharge assessed under subsection 3581(f) of this title; ~~and~~

(2) appropriations made by the General Assembly; and

(3) security posted in animal forfeiture proceedings and transferred to the Fund by the court pursuant to 13 V.S.A. § 354(d)(3)(B) and 13 V.S.A. § 354(g)(2).

(c) All balances in the Fund at the end of the fiscal year shall be carried forward. Interest earned by the Fund shall remain in the Fund.

(d) The Director of Animal Welfare shall have the authority to make distributions and reimbursements from the Fund for the purposes authorized by 13 V.S.A. § 354.

Sec. 8. TRANSITION; SECURITY AMOUNT

(a) Until the Director of Animal Welfare adopts rules pursuant to 13 V.S.A. § 354(d)(3)(B), the amount of security under 13 V.S.A. § 354(d) and (g) shall be required pursuant to this section.

(b) For all animals other than livestock, including domestic pets and poultry, security shall be required in the amount of:

(1) $1.00 per animal per day for food; and

(2) if the seizing officer determines that immediate veterinary care is required to protect the animal's health or safety, $250 per animal for veterinary services.

(c) For livestock, security shall be required in the amount of:

(1) $2.50 per animal per day for food; and

(2) if the seizing officer determines that immediate veterinary care is required to protect the animal's health or safety, $500 per animal for veterinary services.

Sec. 9. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

(Committee vote: 4-0-1)

(For House amendments, see House Journal of March 11, 2026, pages 3177-3192)

H. 739.

An act relating to prohibiting the use and sale of the herbicide paraquat.

Reported favorably with recommendation of proposal of amendment by Senator Major for the Committee on Agriculture.

The Committee recommends that the Senate propose to the House to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 6 V.S.A. § 1105d is added to read:

§ 1105d. USE AND SALE OF PARAQUAT; REPORT

(a) Definition. As used in this section, "paraquat" means an herbicide:

(1) known as paraquat, with the chemical name 1,1′-Dimethyl-4,4′-bipyridinium ion and the Chemical Abstracts Service (CAS) registry number 4685-14-7;

(2) known as paraquat dichloride, with the chemical name 1,1′-Dimethyl-4,4′-bipyridinium dichloride and the CAS registry number 1910-42-5;

(3) known as paraquat dimethyl sulfate, with the chemical name 1,1′-Dimethyl-4,4′-bipyridinium dimethyl sulfate and the CAS registry number 2074-50-2; or

(4) known as paraquat, with the chemical name 1,1′-Dimethyl-4,4′-bipyridinium ion and all salts thereof.

(b) Prohibition. No person shall sell, use, or apply paraquat except when authorized by the Secretary of Agriculture, Food and Markets under subsection (c) of this section.

(c) Authorized use. The Secretary may issue a written permit for the sale, use, or application of paraquat within fruit-producing tree orchards or for growing any crop listed in the U.S. Department of Agriculture Crop Group 13-07: Berry and Small Fruit Crop Group on or before December 31, 2030. The Secretary shall ensure that any authorized certified applicator of paraquat has received all training required by the Environmental Protection Agency and the Agency of Agriculture, Food and Markets not more than one year prior to receiving a permit for authorized use of paraquat. A written exemption order under this subsection shall:

(1) be valid for not more than three years or until December 31, 2030, whichever comes first;

(2) specify the name on the label of the paraquat, uses, and crops or plants to which the permit applies; the date the permit takes effect; the permit's duration; and the permit's geographic scope, which may include specific farms, fields, or properties; and

(3) include permit conditions that minimize drift based on drift mitigation measures identified by the Environmental Protection Agency, require adherence to label directions to minimize applicator exposure, and exclusively limit applications to tree rows or vine rows for necessary weed control.

(d) Reporting. The Secretary shall report annually on all data regarding any use of paraquat in the State. The report shall include the amount of paraquat used and the date and location where the paraquat was used. The Secretary shall submit the report to the House Committee on Agriculture, Food Resiliency, and Forestry and the Senate Committee on Agriculture on or before December 15 of each year.

Sec. 2. EFFECTIVE DATE

This act shall take effect on November 1, 2026.

(Committee vote: 5-0-0)

(For House amendments, see House Journal of March 19, 2026, pages 3418-3421)

H. 941.

An act relating to municipal regulation of agriculture.

Reported favorably with recommendation of proposal of amendment by Senator Ingalls for the Committee on Agriculture.

The Committee recommends that the Senate propose to the House to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. FINDINGS AND INTENT; MUNICIPAL REGULATION OF AGRICULTURE

(a) For purposes of Sec. 2 of this act, the General Assembly finds that:

(1) Since at least the enactment of 2004 Acts and Resolves No. 115, it has been both the intent of the General Assembly and the controlling law that a municipality shall not regulate farming, including the construction of farm structures.

(2) The Vermont Supreme Court's decision in *In re 8 Taft Street DRB & NOV Appeals*, 2025 VT 27, reversed application of at least the past 20 years of law to hold that municipalities may regulate farming by municipal bylaw.

(3) To avoid the unintended consequences of the decision in *In re 8 Taft Street DRB & NOV Appeals*, 2025 VT 27, it is necessary for the General Assembly to clarify and restate that municipalities under ordinance or bylaw shall not regulate farming or the construction of farm structures as set forth in 24 V.S.A. § 4413(d).

(4) In addition, municipalities shall not regulate by bylaw the growing of plants and the raising of a small backyard poultry flock, excluding roosters, and may reasonably regulate swine waste in designated downtowns or village centers.

(5) Farming livestock requires an adequate land base and that raising livestock on small parcels in densely populated areas may create unique concerns. As a result, municipalities may regulate livestock on farms that do not have at least 1.0 contiguous acre of land. Other farming activities subject

to regulation by the Required Agricultural Practices Rule on farms with less than 1.0 contiguous acre remain exempt from municipal zoning.

(b) For purposes of Sec. 2 of this act, it is the intent of the General Assembly to overturn the holding in *In re 8 Taft Street DRB & NOV Appeals*, 2025 VT 27, and to clarify that municipalities lack authority to regulate farming or the construction of farm structures as set forth in 24 V.S.A. § 4413(d).

Sec. 2. 24 V.S.A. § 4413(d) is amended to read:

(d)(1) A bylaw under this chapter shall not regulate:

(A) ~~required agricultural practices, including the construction of farm structures, as those practices are defined by the Secretary of Agriculture, Food and Markets;~~ Farming that meets the minimum threshold criteria in the Required Agricultural Practices Rule (RAPs Rule) and is therefore required to comply with the RAPs Rule, except:

(i) notwithstanding subdivision (C) of this subdivision (1), that the raising, feeding, or managing of livestock on a farm with less than 1.0 contiguous acre is subject to applicable municipal zoning bylaws, including when a person is engaged in other farming activities that are subject to the RAPs Rule;

(ii) notwithstanding subdivision (C) of this subdivision (1), that the raising, feeding, or managing of livestock on a farm with at least 1.0 contiguous acre and less than 4.0 contiguous acres shall have a sufficient land base for appropriate nutrient and waste management as determined by the Secretary of Agriculture, Food, and Markets to be exempt from regulation by municipal zoning bylaws; and

(iii) for swine waste in downtowns or village centers as follows:

(I) Municipalities shall not prohibit swine or swine waste, or regulate swine waste–related farm structures on a farm subject to the RAPs Rule.

(II) Municipalities may set a performance standard related to swine waste pursuant to section 4414 of this title to reasonably regulate swine waste in downtowns or village centers if the waste is causing a significant adverse impact to the community, and the municipality has determined that the Secretary of Agriculture, Food and Markets is unable to provide redress through application of the RAPs Rule. A performance standard shall not have the effect of prohibiting swine or swine waste in a municipality.

(III) Municipalities shall provide at least 30 days' notice with opportunity to cure to the Secretary and the farm prior to enforcing a performance standard related to swine waste.

(IV) Notwithstanding any other provisions of law to the contrary, for purposes of this section, swine waste includes animal manure and absorbent bedding of the animal.

(B) The cultivation or other use of land for growing plants, including for food, fiber, Christmas trees, maple sap, or horticultural, viticultural, and orchard crops. Cannabis is separately regulated and is excluded from this exception.

(C) The raising, feeding, or managing of a small backyard poultry flock, excluding roosters.

(D) The construction of farm structures, including as defined in the RAPs Rule.

~~(B)~~(E) ~~accepted~~ Accepted silvicultural practices, as defined by the Commissioner of Forests, Parks and Recreation, including practices that are in compliance with the Acceptable Management Practices for Maintaining Water Quality on Logging Jobs in Vermont, as adopted by the Commissioner of Forests, Parks and Recreation~~; or~~.

~~(C)~~(F) ~~forestry~~ Forestry operations.

(2) As used in this section:

(A) "Downtown" means an area designated pursuant to chapter 76A or chapter 139 of this title.

(B) "Farm structure" means a building, enclosure, or fence for housing livestock, raising horticultural or agronomic plants, or carrying out other practices associated with ~~accepted~~ agricultural or farming practices, including a silo, ~~as "farming" is defined in 10 V.S.A. § 6001(22),~~ but excludes a dwelling for human habitation.

(C) "Farming" has the same meaning as in 10 V.S.A. § 6001(22) or the Required Agricultural Practices Rule.

~~(B)~~(D) "Forestry operations" has the same meaning as in 10 V.S.A. § 2602.

(E) "Poultry" has the same meaning as in 6 V.S.A. § 1459(4).

(F) "Village center" means an area designated pursuant to chapter 76A or chapter 139 of this title.

* * *

Sec. 3. Section 3 of the Agency of Agriculture, Food and Markets, Vermont Required Agricultural Practices Rule for the Agricultural Nonpoint Source Pollution Control Program is amended to read:

Section 3. Required Agricultural Practices Activities and Applicability

3.1

(a) Persons engaged in farming and the agricultural practices as defined in Section 3.2 of this rule and who meet the minimum threshold criteria for applicability of this rule as found in Section 3.1~~(a) (g)~~(c)(1) ~~(8)~~ must meet all applicable Required Agricultural Practices conditions, restrictions, and operating standards.

(b) Persons engaged in farming and agricultural practices subject to this rule are not subject to municipal zoning bylaws except that the raising, feeding, or managing livestock on a farm with:

(1) at least 1.0 acre and less than 4.0 contiguous acres shall meet the requirements of subdivision (c)(5) of this section to be exempt from regulation by municipal zoning bylaws; or

(2) less than 1.0 contiguous acre is subject to applicable municipal zoning bylaws even when a person is engaged in other farming activities that are subject to this rule.

(c) Persons engaged in farming who are in compliance with these conditions, restrictions, and operating standards, as applicable, shall be presumed to not have a discharge of agricultural wastes to waters of the State. ~~Compliance~~ Unless otherwise stated, compliance with the Required Agricultural Practices Rule is required if a person meets one of the following requirements:

~~(a)~~(1) ~~is~~ Is required to be permitted or certified by the Secretary, consistent with the requirements of 6 V.S.A. Chapter 215 and this rule~~; or~~.

~~(b)~~(2) ~~has~~ Has produced an annual gross income from the sale of agricultural products of $2,000.00 or more in an average year~~; or~~.

~~(c)~~(3) ~~is~~ Is preparing, tilling, fertilizing, planting, protecting, irrigating, and harvesting crops for sale or for charitable contributions of farm crops that are allowable under 26 U.S.C. § 170(c) and that are made to an organization that is unrelated to the owner of the land on a farm that is no less than 4.0 contiguous acres in size~~; or~~.

~~(d)~~(4) ~~is~~ Is raising, feeding, or managing at least the following number of adult livestock on a farm that is no less than 4.0 contiguous acres in size:

~~(1)~~(A) four equines;

~~(2)~~(B) five cattle, cows, or American bison;

~~(3)~~(C) 15 swine;

~~(4)~~(D) 15 goats;

~~(5)~~(E) 15 sheep;

~~(6)~~(F) 15 cervids;

~~(7)~~(G) 50 turkeys;

~~(8)~~(H) 50 geese;

~~(9)~~(I) 100 laying hens;

~~(10)~~(J) 250 broilers, pheasant, Chukar partridge, or Coturnix quail;

~~(11)~~(K) three camelids;

~~(12)~~(L) four ratites;

~~(13)~~(M) 30 rabbits;

~~(14)~~(N) 100 ducks;

~~(15)~~(O) 1,000 pounds of cultured trout; or

~~(16)~~(P) other livestock types, combinations, or numbers as designated by the Secretary based upon or resulting from the impacts upon water quality consistent with this rule~~; or~~.

~~(e)~~(5) ~~is~~ Is raising, feeding, or managing ~~other~~ livestock ~~types, combinations, and numbers, or managing crops or engaging in other agricultural practices~~ on a farm that is at least 1.0 contiguous acre and less than 4.0 contiguous acres ~~in size that the Secretary has determined, after the opportunity for a hearing, to be causing adverse water quality impacts and in a municipality where no ordinances are in place to manage the activities causing the water quality impacts; or~~ and has sufficient land base for appropriate nutrient and waste management. The Secretary has the discretion to determine, after consultation with the appropriate municipal authority, if the land base is adequate to properly manage the number and type of livestock while evaluating whether compliance with the Required Agricultural Practices is reasonable or impractical.

~~(f)~~(6) Is raising, feeding, or managing livestock on less than 1.0 contiguous acre or on between 1.0 and 4.0 contiguous acres in a municipality that lacks ordinances or bylaws to regulate livestock, and the Secretary determines, after an opportunity for a hearing, that the livestock are causing significant adverse

water quality impacts and the Required Agricultural Practices should apply to protect water quality.

~~(g)~~(7) ~~is~~ Is managed by a farmer filing with the Internal Revenue Service a 1040(F) income tax statement in at least one of the past two years~~; or~~.

~~(g)~~(8) ~~has~~ Has a prospective business or farm management plan, approved by the Secretary, describing how the farm will meet the threshold requirements of this section.

3.2 The agricultural practices on farms ~~meeting~~ that meet the minimum threshold criteria set forth in Section 3.1 that are governed by this rule and are not subject to municipal zoning bylaws include:

(a) the confinement, feeding, fencing, and watering of livestock;

(b) the storage and handling of agricultural wastes principally produced on the farm;

(c) the collection of maple sap principally produced from trees on the farm and/or production of maple syrup from sap principally produced on the farm;

(d) the preparation, tilling, fertilization, planting, protection, irrigation, and harvesting of crops;

(e) the ditching and subsurface drainage of farm fields and the construction of farm ponds;

(f) the stabilization of farm fields adjacent to banks of surface water, and the establishment and maintenance of vegetated buffer zones and riparian buffer zones;

(g) the construction and maintenance of farm structures, farm roads, and associated infrastructure;

(h) the on-site storage, preparation, production, and sale of fuel or power from agricultural products or wastes principally produced on the farm;

(i) the on-site storage, preparation, and sale of agricultural products principally produced on the farm from raw agricultural commodities principally produced on the farm;

(j) the on-site storage of agricultural inputs for use on the farm including, but not limited to, lime, fertilizer, pesticides, compost and other soil amendments, and the equipment necessary for operation of the farm; and

(k) the management of livestock mortalities produced on the farm.

Sec. 4. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

(Committee vote: 5-0-0)

(For House amendments, see House Journal of March 31, 2026, pages 3715-3718)

H. 944.

An act relating to the fiscal year 2027 Transportation Program and miscellaneous changes to laws related to transportation.

Reported favorably with recommendation of proposal of amendment by Senator Westman for the Committee on Transportation.

The Committee recommends that the Senate propose to the House to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

* * * Legislative Findings * * *

Sec. 1. LEGISLATIVE FINDINGS

The General Assembly finds that:

(1) State fiscal year 2025 Transportation Fund revenues came in nearly $7,400,000.00 below the revenue forecast.

(2) In July 2025, the revenue forecast for the Transportation Fund was downgraded for State fiscal years 2026–2030 because of reductions in the projected revenues from the purchase and use tax and Department of Motor Vehicles fees.

(3) Revenues from the taxes on gasoline and diesel fuel are projected to gradually decrease in State fiscal years 2026–2030. That trend is expected to continue because of improving vehicle fuel efficiency among all vehicles and increasing adoption of electric vehicles.

(4) The July 2025 consensus revenue forecast estimates a 1.33 percent compound annual growth rate in Transportation Fund revenues between 2026 and 2030, which is far below recent inflation levels.

(5) In contrast with the slow growth in Transportation Fund revenues, the National Highway Construction Cost Index increased by approximately 62 percent between 2020 and 2025.

(6) In addition to rising construction costs, salaries and benefits have also increased significantly in recent years, creating significant ongoing cost pressure on the Transportation Fund.

(7) To address budget shortfalls in the past year, the Agency has been forced to eliminate 62 permanent positions.

(8) Continuing deficits in the Transportation Fund threaten the State's ability to provide the required match for federal funds, which make up more than half of the State's annual transportation budget.

(9) Municipalities face the same cost pressures as the State. However, State aid for town highways has only increased by 2.7 percent, which places increasing pressure on chronically underfunded town highway programs and puts pressure on the property tax.

(10) If Vermont is unable to keep up with the maintenance and capital needs of its transportation system, the infrastructure will continue to deteriorate, and restoring the system to a state of good repair will cost significantly more.

(11) Prompt legislative action is necessary to ensure the future health and stability of the Transportation Fund and to enable the Agency of Transportation to keep Vermont's transportation system in a state of good repair.

* * * Transportation Program Adopted as Amended; Definitions * * *

Sec. 2. TRANSPORTATION PROGRAM ADOPTED; DEFINITIONS

(a) Adoption. The Agency of Transportation's Proposed Fiscal Year 2027 Transportation Program appended to the Agency of Transportation's proposed fiscal year 2027 budget, as amended by this act, is adopted to the extent federal, State, and local funds are available.

(b) Definitions. As used in this act, unless otherwise indicated:

(1) "Agency" means the Agency of Transportation.

(2) "Candidate project" means a project approved by the General Assembly that is not anticipated to have significant preliminary engineering expenditures or right-of-way expenditures, or both, during the budget year and for which construction funding is not anticipated within a predictable time frame.

(3) "Development and evaluation (D&E) project" means a project approved by the General Assembly that is anticipated to have preliminary engineering expenditures or right-of-way expenditures, or both, during the budget year and that the Agency is committed to delivering to construction on a timeline driven by priority and available funding.

(4) "Electric vehicle supply equipment (EVSE)" and "electric vehicle supply equipment available to the public" have the same meanings as in 30 V.S.A. § 201.

(5) "Front-of-book project" means a project approved by the General Assembly that is anticipated to have construction expenditures during the budget year or the following three years, or both, with expected expenditures shown over four years.

(6) "Plug-in electric vehicle (PEV)," "plug-in hybrid electric vehicle (PHEV)," and "battery electric vehicle (BEV)" have the same meanings as in 23 V.S.A. § 4(85).

(7) "Secretary" means the Secretary of Transportation.

(8) "TIB funds" means monies deposited in the Transportation Infrastructure Bond Fund in accordance with 19 V.S.A. § 11f.

(9) The table heading "As Proposed" means the Proposed Transportation Program referenced in subsection (a) of this section; the table heading "As Amended" means the amendments as made by this act; the table heading "Change" means the difference obtained by subtracting the "As Proposed" figure from the "As Amended" figure; the term "change" or "changes" in the text refer to the project- and program-specific amendments, the aggregate sum of which equals the net "Change" in the applicable table heading; and "State" in any tables amending authorizations indicates that the source of funds is State monies in the Transportation Fund, unless otherwise specified.

* * * Summary of Transportation Investments * * *

Sec. 3. FISCAL YEAR 2027 TRANSPORTATION INVESTMENTS INTENDED TO REDUCE TRANSPORTATION-RELATED GREENHOUSE GAS EMISSIONS, REDUCE FOSSIL FUEL USE, AND SAVE VERMONT HOUSEHOLDS MONEY

This act includes the State's fiscal year 2027 transportation investments intended to reduce transportation-related greenhouse gas emissions, reduce fossil fuel use, and save Vermont households money in furtherance of the policies articulated in 19 V.S.A. § 10b and the goals of the Comprehensive Energy Plan and the Vermont Climate Action Plan and to satisfy the Executive and Legislative Branches' commitments to the Paris Agreement climate goals. In fiscal year 2027, these efforts will include the following:

(1) Park and Ride Program. This act provides for a fiscal year expenditure of $1,976,211.00, which will fund three park and ride projects.

(2) Bike and Pedestrian Facilities Program. This act provides for a fiscal year expenditure, including local match, of $24,576,873.00, which will fund 34 bike and pedestrian construction projects; 18 bike and pedestrian design, right-of-way, or design and right-of way projects for construction in future fiscal years; and eight scoping studies. The construction projects include the creation, improvement, and rehabilitation of walkways, sidewalks, shared-use paths, bike paths, and cycling lanes. Projects are funded in Arlington, Bennington, Bethel, Brattleboro, Burke, Burlington, Castleton, Chester, Danville, Essex Town, Fairfax, Greensboro, Guilford, Hartford, Huntington, Hyde Park, Irasburg, Jamaica, Johnson, Lunenburg, Middlebury, Montpelier, Moretown, Morristown, Newfane, Newport City, Northfield, Pownal, Royalton, Rutland City, Rutland Town, Sheldon, South Burlington, Springfield, St. Albans City, Swanton, Wallingford, Warren, Waterbury, West Rutland, Williston, Wilmington, and Wolcott. This act also provides funding for:

(A) some of Local Motion's operation costs to run the bike ferry on the Colchester Causeway, which is part of the Island Line Trail;

(B) grant awards for State-aid construction projects;

(C) projects funded through the Safe Routes to School Program; and

(D) community grants along the Lamoille Valley Rail Trail (LVRT).

(3) Transportation Alternatives Program. This act provides for a fiscal year expenditure of $4,514,362.00, including local funds, which will fund 22 transportation alternatives construction projects; 28 transportation alternatives design, right-of-way, or design and right-of-way projects; and one scoping study. Of these 51 projects, 18 involve environmental mitigation related to clean water or stormwater concerns, or both clean water and stormwater concerns, and 30 involve bicycle and pedestrian facilities. Projects are funded in Athens, Bennington, Bethel, Brandon, Brattleboro, Bristol, Burke, Burlington, Derby, Enosburg Falls, Fairlee, Ferrisburgh, Glover, Guilford, Hinesburg, Hyde Park, Jericho, Londonderry, Ludlow, Lyndon, Montgomery, Newark, Putney, Rockingham, Rutland City, Shoreham, South Burlington, Springfield, Swanton, Warren, Weathersfield, Williston, Wilmington, and Windham.

(4) Public Transit Program. This act provides for a fiscal year expenditure of $57,855,144.00 for public transit uses throughout the State. Included in the authorization are:

(A) Go! Vermont, with an authorization of $380,000.00. This authorization supports transportation demand management (TDM) strategies,

including the State's Trip Planner and commuter services, to promote the use of carpools and vanpools.

(B) Mobility and Transportation Innovations (MTI) Grant Program, with an authorization of $315,000.00 in federal funds. This authorization continues to support projects that improve both mobility and access to services for transit-dependent Vermonters, reduce the use of single-occupancy vehicles, and reduce greenhouse gas emissions.

(5) Rail Program. This act provides for a fiscal year expenditure of $60,289,410.00, including local funds and $34,688,907.00 in federal funds, for intercity passenger rail service, including funding for the Ethan Allen Express and Vermonter Amtrak services, and rail infrastructure that supports freight rail as well. Moving freight by rail instead of trucks lowers greenhouse gas emissions by up to 75 percent, on average.

* * * Paving * * *

Sec. 4. PAVING; STATEWIDE DISTRICT LEVELING

(a) Within the Agency of Transportation's Proposed Fiscal Year 2027 Transportation Program for Paving, authorized spending is amended as follows:

FY27	As Proposed	As Amended	Change
Other	1,150,000	1,150,000	0
PE	2,183,194	2,183,194	0
Const.	144,812,226	146,512,226	1,700,000
Total	148,145,420	149,845,420	1,700,000
Sources of funds			
State	24,400,007	25,100,007	1,700,000
Federal	123,732,179	123,732,179	0
Local	13,235	13,235	0
Total	148,145,420	149,845,420	1,700,000

(b) Within the Agency of Transportation's Proposed Fiscal Year 2027 Transportation Program for Paving, authorized spending for STATEWIDE District Leveling TBD is amended as follows:

FY27	As Proposed	As Amended	Change
Const.	7,000,000	8,700,000	1,700,000

Total	7,000,000	8,700,000	1,700,000
Sources of funds			
State	7,000,000	8,700,000	1,700,000
Total	7,000,000	8,700,000	1,700,000

(c) It is the intent of the General Assembly to direct the maximum amount of funding to the State highway system. Consistent with this intent, within the Agency of Transportation's Proposed Fiscal Year 2027 Transportation Program for Paving, any unobligated amounts or carryforward resulting from project delays or cost overruns or underruns shall be directed to State highway paving projects.

* * * State Highway Bridges * * *

Sec. 5. STATE HIGHWAY BRIDGES

(a) Within the Agency of Transportation's Proposed Fiscal Year 2027 Transportation Program for State Highway Bridges, authorized spending is amended as follows:

FY27	As Proposed	As Amended	Change
PE	4,143,897	4,143,897	0
ROW	414,000	414,000	0
Const.	78,935,408	78,935,408	0
Other	1,400,000	1,400,000	0
Total	84,893,305	84,893,305	0
Sources of funds			
State	2,873,295	1,123,295	-1,750,000
TIB	6,180,851	7,930,851	1,750,000
Federal	67,312,444	67,312,444	0
Local/Other	1,247,049	1,247,049	0
Inter Unit	7,279,666	7,279,666	0
Total	84,893,305	84,893,305	0

(b) Within the Agency of Transportation's Proposed Fiscal Year 2027 Transportation Program for State Highway Bridges, authorized spending for SHAFTSBURY STP 014-1(6) is amended as follows:

FY27	As Proposed	As Amended	Change

PE	14,678	14,678	0
Const.	2,600,000	2,600,000	0
Total	2,614,678	2,614,678	0
Sources of funds			
State	521,000	0	-521,000
TIB	1,936	522,936	521,000
Federal	2,091,742	2,091,742	0
Total	2,614,678	2,614,678	0

(c) Within the Agency of Transportation's Proposed Fiscal Year 2027 Transportation Program for State Highway Bridges, authorized spending for SUNDERLAND BM20102 is amended as follows:

FY27	As Proposed	As Amended	Change
PE	85,287	85,287	0
Const.	2,000,000	2,000,000	0
Total	2,085,287	2,085,287	0
Sources of funds			
State	415,057	0	-415,057
TIB	2,000	417,057	415,057
Federal	1,668,230	1,668,230	0
Total	2,085,287	2,085,287	0

(d) Within the Agency of Transportation's Proposed Fiscal Year 2027 Transportation Program for State Highway Bridges, authorized spending for SUNDERLAND NH CULV 122 is amended as follows:

FY27	As Proposed	As Amended	Change
PE	53,182	53,182	0
Const.	2,000,000	2,000,000	0
Total	2,053,182	2,053,182	0
Sources of funds			
State	408,636	141,686	-266,950
TIB	2,000	268,950	266,950

Federal	1,642,546	1,642,546	0
Total	2,053,182	2,053,182	0

(e) Within the Agency of Transportation's Proposed Fiscal Year 2027 Transportation Program for State Highway Bridges, authorized spending for TOPSHAM BF 031-1(13) is amended as follows:

FY27	As Proposed	As Amended	Change
PE	10,000	10,000	0
ROW	1,000	1,000	0
Const.	2,733,967	2,733,967	0
Total	2,744,967	2,744,967	0
Sources of funds			
State	546,993	0	-546,993
TIB	2,000	548,993	546,993
Federal	2,195,974	2,195,974	0
Total	2,744,967	2,744,967	0

* * * Funding for Municipal Grant Programs * * *

Sec. 6. 32 V.S.A. § 3709 is amended to read:

§ 3709. PILOT SPECIAL FUND

(a) There is hereby established a PILOT Special Fund consisting of local option tax revenues paid to the State Treasurer pursuant to 24 V.S.A. § 138. This Fund shall be managed by the Commissioner of Taxes pursuant to chapter 7, subchapter 5 of this title. Notwithstanding subdivision 588(3) of this title, all interest earned on the Fund shall be retained in the Fund for use in meeting future obligations. The Fund shall be exclusively for payments required under ~~chapter 123,~~ subchapters 4 and 4C of this ~~title~~ chapter, ~~and~~ for any additional State payments in lieu of taxes for correctional facilities, and as provided in subsection (c) of this section. The Commissioner of Finance and Management may draw warrants for disbursements from this Fund in anticipation of receipts.

* * *

(c) If the local option tax revenues deposited in the PILOT Special Fund pursuant to 24 V.S.A. § 138 in any State fiscal year exceed the full amount of all payments made under subchapters 4 and 4C of this chapter plus any additional State payments in lieu of taxes for correctional facilities and any

amounts appropriated from the PILOT Special Fund to the Department of Taxes for expenses related to grand list and appraisal assistance, three-fourths of the excess amount shall be transferred to the Local Option Municipal Transportation Special Fund established pursuant to 19 V.S.A. § 306b.

Sec. 7. 19 V.S.A. § 306b is added to read:

§ 306b. LOCAL OPTION MUNICIPAL TRANSPORTATION SPECIAL FUND

(a) The Local Option Municipal Transportation Special Fund is established in the Agency of Transportation and shall be managed in accordance with 32 V.S.A. chapter 7, subchapter 5. The purpose of the Fund is to provide additional State aid for town highways pursuant to the provisions of section 306 of this chapter.

(b) The Fund shall consist of:

(1) transfers from the PILOT Special Fund pursuant to 32 V.S.A. § 3709(c);

(2) any gifts, grants, or contributions made to the Fund; and

(3) any amounts transferred to the Fund by the General Assembly.

(c)(1) All interest earned on Fund balances shall be credited to the Fund.

(2) The Secretary may seek and accept gifts, donations, and grants from any source, public or private, to be dedicated for deposit into the Fund.

(3) The Commissioner of Finance and Management shall anticipate receipts to the Fund and shall issue warrants based on the anticipated amounts.

(4)(A) Monies in the Fund shall be used solely to provide State aid to municipalities pursuant to subsections 306(a), (e), and (h) of this chapter and for any administrative costs incurred in administering the Fund.

(B) Notwithstanding any provision of subsections 306(a), (e), and (h) of this chapter to the contrary, the aggregate amount of monies appropriated from the Fund pursuant to those subsections in any given State fiscal year shall not exceed 95 percent of the anticipated receipts to the Fund for that fiscal year.

Sec. 8. 19 V.S.A. § 306 is amended to read:

§ 306. APPROPRIATION; STATE AID FOR TOWN HIGHWAYS

(a) General State aid to town highways.

(1) An annual appropriation to class 1, 2, and 3 town highways shall be made. This appropriation shall increase over the previous fiscal year's

appropriation by the same percentage change as the following, whichever is less, or shall remain at the previous fiscal year's appropriation if either of the following are negative or zero:

* * *

(3) The funds appropriated shall be distributed to towns as follows:

(A) Six percent of the State's annual town highway appropriation shall be apportioned to class 1 town highways. The apportionment for each town shall be that town's percentage of class 1 town highways of the total class 1 town highway mileage in the State.

(B) Forty-four percent of the State's annual town highway appropriation shall be apportioned to class 2 town highways. The apportionment for each town shall be that town's percentage of class 2 town highways of the total class 2 town highway mileage in the State.

(C) Fifty percent of the State's annual town highway appropriation shall be apportioned to class 3 town highways. The apportionment for each town shall be that town's percentage of class 3 town highways of the total class 3 town highway mileage in the State.

(D) Monies apportioned under subdivisions (1), (2), and (3) of this subsection (a) shall be distributed to each town in quarterly payments beginning July 15 in each year.

(E) Each town shall use the monies apportioned to it solely for town highway construction, improvement, and maintenance purposes or as the nonfederal share for public transit assistance. These funds may also be used for the establishment and maintenance of bicycle routes and sidewalks. The members of the selectboard shall be personally liable to the State, in a civil action brought by the Attorney General, for making any unauthorized expenditures from money apportioned to the town under this section.

(4)(A) In addition to the amounts appropriated pursuant to subdivision (1) of this subsection (a), a portion of the anticipated annual revenue of the Local Option Municipal Transportation Special Fund may be appropriated for class 1, 2, and 3 town highways in each State fiscal year in an amount that is consistent with the provisions of subdivision 306b(c)(4) of this chapter. Amounts appropriated from the Fund shall be apportioned, distributed, and used in the same manner as provided pursuant to subdivision (3) of this subsection (a).

(B) Amounts appropriated pursuant to this subdivision (4) shall be supplemental to and shall not supplant or decrease the amount appropriated pursuant to subdivision (1) of this subsection (a) or be subject to the annual

inflationary adjustment provided for in subdivisions (1) and (2) of this subsection (a).

* * *

(e) State aid for town highway structures.

(1) There shall be an annual appropriation for grants to municipalities for maintenance (, including actions to extend life expectancy), and for construction of bridges and culverts; for maintenance and construction of other structures, including causeways and retaining walls, intended to preserve the integrity of the traveled portion of class 1, 2, and 3 town highways; and for alternatives that eliminate the need for a bridge, culvert, or other structure, such as the construction or reconstruction of a highway, the purchase of parcels of land that would be landlocked by closure of a bridge, the payment of damages for loss of highway access, and the substitution of other means of access. This appropriation shall increase over the previous fiscal year's appropriation by the same percentage change as the following, whichever is less, or shall remain at the previous fiscal year's appropriation if either of the following are negative or zero:

* * *

(5) Funds received as grants for State aid for town highway structures may be used by a municipality to satisfy a portion of the matching requirements for federal earmarks, subject to subsection 309b(c) of this title.

(6)(A) In addition to the amounts appropriated pursuant to subdivision (1) of this subsection (e), a portion of the anticipated annual revenue of the Local Option Municipal Transportation Special Fund may be appropriated for town highway structures in each State fiscal year in an amount that is consistent with the provisions of subdivision 306b(c)(4) of this chapter. Amounts appropriated from the Fund shall be used in the same manner and for the same purposes as provided pursuant to subdivisions (1) and (5) of this subsection (e).

(B) Amounts appropriated pursuant to this subdivision (6) shall be supplemental to and shall not supplant or decrease the amount appropriated pursuant to subdivision (1) of this subsection (e) or be subject to the annual inflationary adjustment provided for in subdivisions (1)–(3) of this subsection (e).

* * *

(h) Class 2 Town Highway Roadway Program.

(1) There shall be an annual appropriation for grants to municipalities for resurfacing, rehabilitation, or reconstruction of paved or unpaved class 2 town highways. Municipalities that have no State highways or class 1 town highways within their borders may use the grants for such activities with respect to both class 2 and class 3 town highways. This appropriation shall increase over the previous fiscal year's appropriation by the same percentage change as the following, whichever is less, or shall remain at the previous fiscal year's appropriation if either of the following are negative or zero:

* * *

(4) In a given fiscal year, should expenditures in the Class 2 Town Highway Roadway Program exceed the amount appropriated, the Agency shall advise the Governor of the need to request a supplemental appropriation from the General Assembly to fund the additional project cost, provided that the Agency has previously committed to completing those projects.

(5) Funds received as grants for State aid under the Class 2 Town Highway Roadway Program may be used by a municipality to satisfy a portion of the matching requirements for federal earmarks, subject to subsection 309b(c) of this title.

(6)(A) In addition to the amounts appropriated pursuant to subdivision (1) of this subsection (h), a portion of the anticipated annual revenue of the Local Option Municipal Transportation Special Fund may be appropriated for town highway structures in each State fiscal year in an amount that is consistent with the provisions of subdivision 306b(c)(4) of this chapter. Amounts appropriated from the Fund shall be used in the same manner and for the same purposes as provided pursuant to subdivisions (1) and (5) of this subsection (h).

(B) Amounts appropriated pursuant to this subdivision (6) shall be supplemental to and shall not supplant or decrease the amount appropriated pursuant to subdivision (1) of this subsection (h) or be subject to the annual inflationary adjustment provided for in subdivisions (1)–(3) of this subsection (h).

* * *

Sec. 9. GENERAL STATE AID FOR TOWN HIGHWAYS; ADDITIONAL APPROPRIATION

Notwithstanding any provision of 32 V.S.A. § 3709(a) to the contrary, the sum of $3,000,000.00 is appropriated in State fiscal year 2027 from the PILOT Special Fund to the Agency of Transportation to provide additional grants

through the general State aid to town highways program pursuant to 19 V.S.A. § 306(a). The amounts appropriated pursuant to this section shall be supplemental to and shall not supplant or decrease any amounts appropriated pursuant to the provisions of 19 V.S.A. § 306(a) in State fiscal year 2027.

* * * Transfer from General Fund * * *

Sec. 10. TRANSFER

In State fiscal year 2027, the amount of $10,400,000.00 is transferred from the General Fund to the Transportation Fund.

* * * Allocation of Purchase and Use Tax Revenues * * *

Sec. 11. 16 V.S.A. § 4025 is amended to read:

§ 4025. EDUCATION FUND

(a) The Education Fund is established to comprise the following:

* * *

(5) ~~one-third of the revenues raised from the purchase and use tax imposed by 32 V.S.A. chapter 219,~~ notwithstanding 19 V.S.A. § 11(1), the amount received from the purchase and use tax imposed pursuant to 32 V.S.A. chapter 219 as follows: $43,500,000.00 for the fiscal year beginning on July 1, 2027; $33,500,000.00 for the fiscal year beginning on July 1, 2028; $23,500,000.00 for the fiscal year beginning on July 1, 2029; and $13,500,000.00 for the fiscal year beginning on July 1, 2030;

* * *

Sec. 12. 16 V.S.A. § 4025 is amended to read:

§ 4025. EDUCATION FUND

(a) The Education Fund is established to comprise the following:

* * *

(5) ~~notwithstanding 19 V.S.A. § 11(1), the amount received from the purchase and use tax imposed pursuant to 32 V.S.A. chapter 219 as follows: $43,500,000.00 for the fiscal year beginning on July 1, 2027; $33,500,000.00 for the fiscal year beginning on July 1, 2028; $23,500,000.00 for the fiscal year beginning on July 1, 2029; and $13,500,000.00 for the fiscal year beginning on July 1, 2030;~~ [Repealed.]

* * *

* * * Authority to Issue Transportation Infrastructure Bonds * * *

Sec. 13. AUTHORITY TO ISSUE TRANSPORTATION INFRASTRUCTURE BONDS; FISCAL YEARS 2028–2032

(a) The State Treasurer is authorized to issue transportation infrastructure bonds pursuant to 32 V.S.A. § 972 for State fiscal years 2028–2032 in an amount approved by the General Assembly.

(b) For State fiscal years 2028–2032, the Capital Debt Affordability Advisory Committee (CDAAC) shall annually report to the House and Senate Committees on Transportation on or before September 30 of the preceding fiscal year an estimate of the maximum amount of transportation infrastructure bonds that prudently may be authorized for the next fiscal year.

(c) The Treasurer, in consultation with the CDAAC, shall review annually any requested issuance of transportation infrastructure bonds pursuant to 32 V.S.A. § 1001 as part of its net State tax-supported debt analysis provided to the Governor and the General Assembly.

Sec. 14. 2028 PROPOSED TRANSPORTATION PROGRAM; TRANSPORTATION INFRASTRUCTURE BOND PROPOSAL; REPORT

(a) The Agency of Transportation shall, when preparing the 2028 Transportation Program, prepare both:

(1) a Transportation Program proposal that includes the use of transportation infrastructure bond proceeds to fund eligible projects pursuant to 32 V.S.A. § 972(d); and

(2) a Transportation Program proposal that does not include the use of transportation infrastructure bond proceeds.

(b)(1) The Agency of Transportation shall, in consultation with the State Treasurer and at the same time as the Agency submits the proposed State fiscal year 2028 Transportation Program to the General Assembly, submit a written report to the House and Senate Committees on Transportation that identifies projects proposed for the State fiscal year 2028 Transportation Program that are eligible to be funded with the proceeds from the issuance of transportation infrastructure bonds pursuant to the provisions of 32 V.S.A. § 972(d).

(2) The report shall include:

(A) an analysis comparing the present value of the estimated cost to pay for the identified projects using transportation infrastructure bond proceeds to the cost to pay for the projects on a pay-as-you-go basis; and

(B) a comparison of the projects' schedules if funded with transportation infrastructure bonds to the projects' schedules if funded on a pay-as-you-go basis.

* * * Mileage-Based User Fee * * *

Sec. 15. FINDINGS AND INTENT

(a) Findings. The General Assembly finds that:

(1) Vermont adopted its first tax on gasoline in 1923.

(2) In 1923, the most common motor vehicle in the Unites States was the Ford Model T, whose annual production peaked at more than 2,000,000 new vehicles that year.

(3) Because of the limited variety of mass-produced vehicles available when it was adopted, the gasoline tax, and the later-adopted diesel fuel tax, served as use fees that required drivers of light-duty motor vehicles to contribute to the State's Transportation Fund in an amount that reflected the amount of miles that each vehicle was driven on Vermont's surface transportation system.

(4) Since 1923, the variety of mass-produced light-duty motor vehicles available to consumers has expanded greatly, resulting in a wide variety of internal combustion engine and vehicle types and designs with significant differences in vehicle fuel efficiency.

(5) Improvements in fuel efficiency among light-duty motor vehicles and the increasing adoption of hybrid, plug-in hybrid, and battery electric vehicles (BEVs) is leading to reduced fuel consumption among newer vehicles.

(6) BEVs do not require gasoline and diesel fuel, and the $89.00 annual infrastructure fee paid by owners and lessees of BEVs registered in Vermont is less than the average amount of fuel taxes collected in relation to a light-duty motor vehicle with an internal combustion engine.

(7) As a result of differences in fuel consumption between different types and ages of light-duty motor vehicles, the current system for funding Vermont's surface transportation system through fuel taxes has become inequitable when the impacts of each vehicle on the transportation system are considered.

(8) In contrast to the current system, a mileage-based user fee imposes a per-mile fee for usage of the State's highways and ensures that owners and lessees of motor vehicles contribute to the Transportation Fund in an equitable manner.

(9) Vermont's taxes on gasoline and on diesel fuel were last increased in 2014, and the federal taxes on gasoline and on diesel fuel were last increased in 1993.

(10) Reduced fuel consumption and unchanged gasoline and diesel tax rates have resulted in stagnant fuel tax revenues that have not kept pace with inflation or the needs of Vermont's transportation system.

(11) In addition to Vermont's stagnant fuel tax revenues, Vermont's demographic constraints and changes in vehicle ownership and usage have limited the growth of fee revenues to the Transportation Fund.

(12) The July 2025 consensus revenue forecast estimates a 1.33 percent compound annual growth rate in Transportation Fund revenues between 2026 and 2030.

(13) In comparison, highway construction costs, as measured by the National Highway Construction Cost Index, have increased by 62 percent, nationally, since 2020.

(b) Intent. It is the intent of the General Assembly to:

(1) implement a mileage-based user fee for BEVs, which will replace the existing infrastructure fee beginning on January 1, 2027, to ensure that owners and lessees of BEVs contribute to the Transportation Fund in an amount that reflects the annual miles traveled by each vehicle;

(2) ensure that owners and lessees of all light-duty motor vehicles contribute to the Transportation Fund in an amount that reflects the annual miles traveled by each vehicle by expanding the mileage-based user fee to fuel-efficient light-duty motor vehicles, such as plug-in hybrids, hybrids, and vehicles with efficient internal combustion engines on or before January 1, 2029, and to all light-duty motor vehicles on or before January 1, 2031; and

(3) develop and implement the mileage-based user fee in a manner that does not discourage ownership and use of BEVs and fuel-efficient vehicles, consistent with the intent of the Global Warming Solutions Act and the State's Climate Action Plan.

Sec. 16. 23 V.S.A. chapter 43 is added to read:

CHAPTER 43. MILEAGE-BASED USER FEE

§ 4301. DEFINITIONS

As used in this chapter:

(1) "Account manager" means a person that the Agency of Transportation or Department of Motor Vehicles contracts with to administer and manage the mileage-based user fee.

(2) "Annual vehicle miles traveled" means the total number of miles that a covered vehicle is driven during a mileage reporting period.

(3) "Covered vehicle" means a battery electric vehicle pleasure car.

(4) "Mileage-based user fee" or "MBUF" means the fee charged for the annual vehicle miles traveled by a covered vehicle pursuant to section 4302 of this chapter.

(5) "Mileage-based user fee rate" means the per-mile usage fee charged to the owner or lessee of a covered vehicle pursuant to section 4302 of this chapter.

(6) "Mileage reporting period" means:

(A) the time period between required annual inspections;

(B) the time period between an initial odometer reading related to the purchase of a covered vehicle or beginning of a lease of a covered vehicle and an annual inspection; or

(C) the time period between the most recent annual inspection and a terminating event.

(7) "Terminating event" means any of the following:

(A) the registration of a covered vehicle that had been registered in Vermont in a different state;

(B) a change in ownership or lesseeship of a covered vehicle; or

(C) the termination of a covered vehicle's registration in Vermont.

§ 4302. MILEAGE-BASED USER FEE; ASSESSMENT; CALCULATION; PAYMENT; EXEMPTIONS

(a) Assessment and payment of mileage-based user fee (MBUF).

(1) Options for payment of MBUF. The owner or lessee of a covered vehicle may elect to pay the MBUF according to one of the following options:

(A) annual payment of the MBUF as a lump sum following the conclusion of each mileage reporting period as set forth in subdivision (2) of this subsection (a);

(B) pay-as-you-go installment payments of the MBUF during a mileage reporting period as set forth in subdivision (3) of this subsection (a),

provided that the Commissioner, in the Commissioner's sole discretion, elects to make a pay-as-you-go option available;

(C) estimated payments of the MBUF in annual, quarterly, or monthly installments as set forth in subdivision (4) of this subsection (a); or

(D) a flat rate of $178.00.

(2) Annual mileage-based user fee payment option.

(A) For an owner or lessee who opts to pay the MBUF as a lump sum at the end of each mileage reporting period, the Commissioner shall, within 14 days after the conclusion of the covered vehicle's mileage reporting period, calculate the amount of the MBUF pursuant to subsection (d) of this section and mail an assessment of the amount to the owner or lessee.

(B) The owner or lessee shall remit the amount due to the Commissioner on or before the sooner of:

(i) the next required registration renewal for the covered vehicle;

(ii) the termination of the covered vehicle's Vermont registration; or

(iii) the sale of the covered vehicle or termination of the lease of the covered vehicle, as appropriate.

(3) Pay-as-you-go option.

(A) Owners and lessees who opt into the pay-as-you-go mileage-based user fee option shall report the mileage shown on the odometer of the owner's or lessee's covered vehicle at times and in a manner required by the Commissioner.

(B) As soon as practicable after receiving each report, the Commissioner shall calculate pursuant to subsection (d) of this section the applicable MBUF due for the covered vehicle and mail to the owner or lessee a statement of the amount of the mileage-based user fee assessed.

(C) The owner or lessee of the covered vehicle shall remit the full amount due to the Commissioner within not more than 30 days after the assessment is mailed.

(D) At the end of each mileage reporting period, the amount paid by the owner or lessee shall be reconciled against the actual mileage driven as set forth in subdivision (5) of this subsection.

(4) Estimated payment option.

(A) An owner or lessee who elects to make estimated payments shall be assessed upon registration of the covered vehicle, or registration renewal, an estimated mileage-based user fee equal to the rate established pursuant to subsection (e) of this section multiplied by the average annual vehicle miles traveled by pleasure cars registered in Vermont.

(B) The owner or lessee shall either:

(i) pay the estimated MBUF as a lump sum not more than 45 days after the date of registration or registration renewal; or

(ii) enter into an agreement with the Commissioner to pay the estimated amount in monthly or quarterly installments.

(C) At the end of each mileage reporting period, the amount paid by the owner or lessee shall be reconciled against the actual mileage driven as set forth in subdivision (5) of this subsection.

(5) Reconciliation of mileage for pay-as-you-go and estimated payment options.

(A) At the conclusion of each mileage reporting period for a covered vehicle whose owner or lessee has elected either the pay-as-you-go or the estimated payment option, the Commissioner shall determine if the amount of the MBUF for the actual miles traveled by the covered vehicle during the mileage reporting period is greater than or less than the amount of the payments made by the owner or lessee during that period.

(B) If the actual MBUF is less than the amount paid, the owner or lessee of the covered vehicle shall receive a credit equal to the difference between the amount paid and the actual amount, which shall be applied to reduce the amount of future fees due from the owner or lessee for the covered vehicle pursuant to this subsection (a).

(C) If the actual MBUF is more than the amount paid, the owner or lessee of the covered vehicle shall be assessed an amount equal to the difference between the actual MBUF and the amount paid, which shall be added to the next amount due from the owner or lessee pursuant to this subsection (a).

(6) Flat-rate option.

(A) The Commissioner shall send an owner or lessee who elects the flat-rate option an assessment for the flat fee due at the conclusion of each mileage reporting period. The owner or lessee shall remit the amount due to the Commissioner on or before the sooner of:

(i) the next required registration renewal for the covered vehicle;

(ii) the termination of the covered vehicle's Vermont registration; or

(iii) the sale of the covered vehicle or termination of the lease of the covered vehicle, as appropriate.

(B) An owner or lessee enrolled in the flat-rate option shall not be required to report vehicle mileage to the Commissioner pursuant to the provisions of this chapter. Nothing in this subdivision (6)(B) shall be construed to exempt an owner or lessee enrolled in the flat-rate option from any other requirements in State law related to vehicle inspections or odometer disclosures.

(b) Newly registered vehicles. The owner or lessee of a newly registered covered vehicle shall pay the MBUF during the initial year of registration pursuant to:

(1) the pay-as-you-go option set forth in subdivision (a)(3) of this section;

(2) the estimated payment option set forth in subdivision (a)(4) of this section; or

(3) the flat-rate option set forth in subdivision (a)(6) of this section.

(c) Election of different payment option. An owner or lessee of a covered vehicle may select a different option for payment of the MBUF pursuant to subsection (a) of this section by providing notice to the Commissioner in the time and manner prescribed by the Commissioner.

(d) Calculation of the mileage-based user fee.

(1) The Commissioner shall calculate the mileage-based user fee of each covered vehicle by multiplying the miles traveled by the covered vehicle during the applicable period by the rate established pursuant to subsection (e) of this section. The number of miles traveled shall be equal to:

(A) for a mileage reporting period, the difference between the mileage shown on the covered vehicle's odometer at the end of the mileage reporting period and the mileage shown on the covered vehicle's odometer at the beginning of the mileage reporting period; and

(B) for a report filed by an owner or lessee as part of the pay-as-you-go mileage-based user fee program pursuant to subdivision (a)(3) of this section, the difference between the mileage reported by the owner or lessee and the most recent prior mileage reported for the covered vehicle.

(2) Notwithstanding any provision of subdivision (1) of this subsection to the contrary, the mileage-based user fee assessed for a mileage reporting period shall not exceed $178.00.

(e) Mileage-based user fee rate. The mileage-based user fee rate shall be $0.014 per mile traveled by a covered vehicle during its mileage reporting period.

(f) Exemptions. The mileage-based user fee assessed pursuant to this section shall not apply to:

(1) covered vehicles owned or operated by the government of the United States;

(2) covered vehicles owned or operated by the State of Vermont; or

(3) covered vehicles that are used for short-term rentals.

(g) Fee in addition to other fees and taxes. A mileage-based user fee assessed pursuant to this section shall be in addition to any other fees and taxes imposed by this title.

(h) Review of amount assessed. A person may, within 45 days after an assessment is mailed pursuant to subsection (a) of this section, appeal the amount of the assessment to the Commissioner. The Commissioner shall establish procedures for filing and hearing appeals pursuant to this subsection that are consistent with the provisions of sections 105–107 of this title. The procedures shall include a process by which an appellant can resolve the dispute prior to the issuance of a final administrative decision on the appeal.

(i) Refunds. Notwithstanding subdivision (a)(5)(B) of this section, upon occurrence of a terminating event, the Commissioner shall issue a refund to the owner or lessee of a covered vehicle for any amounts paid by the owner or lessee that are in excess of the amount due pursuant to this chapter.

§ 4303. REPORTS

(a) Upon completion of an inspection of a covered vehicle pursuant to section 1222 of this title, an inspection mechanic shall report the mileage shown on the covered vehicle's odometer to the Department in the manner required by the Commissioner.

(b) Upon the occurrence of a terminating event, the owner or lessee of a covered vehicle shall report the mileage shown on the covered vehicle's odometer at the time of the terminating event to the Department in the time and manner required by the Commissioner.

§ 4304. FAILURE TO FILE REPORT OR OBTAIN INSPECTION; DEFAULT RATE

(a) The Commissioner shall charge the owner or lessee of a covered vehicle a default rate of $178.00 if the Commissioner is unable to determine the annual vehicle miles traveled for the owner's or lessee's covered vehicle because the owner or lessee:

(1) failed to file a report required by section 4303 of this chapter within a reasonable period of time after the report is due;

(2) failed to have the covered vehicle inspected as required pursuant to section 1222 of this title within a reasonable period of time after the inspection is due at either the commencement or conclusion of a mileage reporting period; or

(3) failed to have the covered vehicle inspected at any time during or within a reasonable time after the conclusion of a mileage reporting period.

(b)(1) The default amount required pursuant to subsection (a) of this section shall be assessed when the owner or lessee of the covered vehicle next renews the vehicle's registration following the mileage reporting period.

(2) After being assessed the default amount pursuant to this subsection, the owner or lessee of the covered vehicle may obtain an inspection within 90 days after the date on which the vehicle's registration is renewed. If the covered vehicle's mileage is such that the mileage-based user fee would have been less than the default amount, the owner or lessee shall receive a credit for the difference that is applied to reduce the amount of the next mileage-based user fee due for the covered vehicle.

§ 4305. REGISTRATION; SUSPENSION OR REFUSAL

(a) Suspension of registration. The Commissioner may suspend or refuse to renew the registration of a covered vehicle if the Commissioner determines, following notice and an opportunity for a hearing as provided pursuant to subsection (b) of this section, that the owner or lessee of the covered vehicle:

(1) failed to file a report required pursuant to section 4303 of this chapter;

(2) filed a report containing an intentional misrepresentation, misstatement, or omission of material information required by this chapter; or

(3) is delinquent at the time of renewal in the payment of any amount due pursuant to the provisions of this chapter.

(b) Notice and opportunity for hearing. The Commissioner shall provide the owner or lessee of a covered vehicle with not less than 15 days' notice of the intent to suspend or not to renew the registration of the covered vehicle pursuant to the provisions of this section. The owner or lessee shall be provided with the opportunity for a hearing and shall be permitted to be represented by counsel at the hearing.

§ 4306. POWERS OF THE COMMISSIONER

(a) General authority. The Commissioner shall have the authority to administer and enforce the provisions of this chapter.

(b) Additional powers. In addition to any powers or authority specifically granted to the Commissioner pursuant to the provisions of this chapter, the Commissioner may do the following:

(1) adopt rules pursuant to 3 V.S.A. chapter 25 as the Commissioner determines necessary to administer and enforce the provisions of this chapter;

(2) prescribe forms appropriate to the purposes of this chapter; and

(3) contract with an account manager to administer and manage the mileage-based user fee.

§ 4307. APPEALS; JUDICIAL REVIEW

(a) Administrative appeal. An aggrieved person may appeal any final decision, order, or finding of the Commissioner under this chapter within not more than 45 days after the decision is issued or the order or finding is made. The Commissioner shall establish procedures for filing and hearing appeals pursuant to this subsection that are consistent with the provisions of sections 105–107 of this title.

(b) Appeal to Superior Court. Following a final decision on an appeal pursuant to subsection (a) of this section or subsection 4302(h) of this chapter, the appellant may appeal the decision pursuant to Rule 74 of the Vermont Rules of Civil Procedure. The appeal shall be to the Washington Superior Court or, in the discretion of the appellant, to the Superior Court in the county where the appellant resides or has a principal place of business.

(c) Exclusivity of remedies. The appeals provided by this section and subsection 4302(h) of this chapter shall be the exclusive remedies available to any person for review of an assessment, decision, or order or finding of the Commissioner under this chapter.

Sec. 17. 23 V.S.A. § 361 is amended to read:

§ 361. PLEASURE CARS

* * *

(c) In addition to the registration fee set forth in subsection (a) of this section, there shall be an annual ~~EV~~ infrastructure fee for a pleasure car that is a plug-in hybrid electric vehicle, as defined in subdivision ~~4(85)(B)~~ (4)(85)(B) of this title, equal to one-half the amount of the annual fee collected in subsection (a) of this section, or a biennial ~~EV~~ infrastructure fee equal to the annual fee collected in subsection (a) of this section.

(d) The annual and biennial ~~EV~~ infrastructure fees collected in subsection (c) of this section shall be ~~allocated to~~ deposited in the Transportation Fund ~~for programs administered by the Agency of Commerce and Community Development to increase Vermonters' access to level 1 and 2 electric vehicle supply equipment (EVSE) charging ports at workplaces or multiunit dwellings, or both~~.

Sec. 18. MILEAGE-BASED USER FEE; INITIAL TRANSITION

(a) Notwithstanding any provision of 23 V.S.A. § 4302 to the contrary, during calendar years 2027 and 2028, the owner or lessee of a covered vehicle shall pay the mileage-based user fee for the covered vehicle's first mileage reporting period as provided pursuant to the provisions of either subsection (b) or (c) of this section.

(b)(1)(A) For a covered vehicle that has a valid Vermont registration on December 31, 2026, the vehicle's initial mileage reporting period shall commence with its first annual inspection occurring on or after January 1, 2027.

(B) For a covered vehicle that is newly registered in Vermont on or after January 1, 2027, the vehicle's initial mileage reporting period shall commence on the date of registration.

(2) For an initial registration or a registration renewal of a covered vehicle that occurs on or after January 1, 2027, and prior to the completion of the initial mileage reporting period, the owner or lessee of the covered vehicle shall pay a one-time road usage charge of $89.00 for a one-year registration or $178.00 for a two-year registration.

(3) At the conclusion of a covered vehicle's initial mileage reporting period, the mileage-based user fee for the vehicle shall be calculated as provided pursuant to the annual mileage-based user fee payment option set forth in 23 V.S.A. § 4302(a)(2).

(4)(A) The amount of the covered vehicle's mileage-based user fee calculated pursuant to subdivision (3) of this subsection shall be reduced by:

(i) the amount of any road usage charge paid pursuant to subdivision (2) of this subsection (b); or

(ii) for a covered vehicle whose owner or lessee did not pay the road usage charge pursuant to subdivision (2) of this subsection (b) but paid the EV infrastructure fee required pursuant to 23 V.S.A. § 361 at the most recent registration or registration renewal of the vehicle prior to January 1, 2027, an amount equal to the amount of the EV infrastructure fee paid at the most recent registration.

(B) Any amounts remaining after the initial mileage-based user fee has been paid shall be carried forward and applied as a credit to reduce the amount of future mileage-based user fees due in relation to the covered vehicle.

(c) As an alternative to paying the mileage-based user fee as set forth in subsection (b) of this section, the owner or lessee of a covered vehicle may elect to pay a flat fee of $178.00 for the initial mileage reporting period. The provisions of 23 V.S.A. § 4302(a)(6) shall apply to an owner or lessee who elects to pay a flat fee pursuant to this subsection.

(d) As used in this section, "covered vehicle" has the same meaning as in 23 V.S.A. § 4301.

Sec. 19. OUTREACH AND EDUCATION; USER EXPERIENCE; REPORT

(a) The Agency of Transportation and the Department of Motor Vehicles shall develop and implement a public outreach, education, and communications strategy regarding the mileage-based user fee program established pursuant to 23 V.S.A. chapter 43 to build public awareness and understanding of the program and to solicit public feedback regarding the program. The strategy shall include the following:

(1) printed materials, web-based materials, mailings, and local media outreach that describes the purpose of the mileage-based user fee, the transportation funding challenges that the mileage-based user fee is intended to help address, and how the mileage-based user fee will be implemented with respect to battery electric vehicles and, later, other light-duty vehicles;

(2) prior to implementation, direct mailing of informational materials to owners and lessees of battery electric vehicles that are currently registered in Vermont that:

(A) outline the goals and design of the mileage-based user fee;

(B) set forth the timeline for implementation of the mileage-based user fee;

(C) provide information regarding compliance with the mileage-based user fee, including the options that will be available to each owner and lessee; and

(D) provide information on how to obtain additional information regarding the mileage-based user fee, including how to obtain informational resources provided by the Agency, the availability of user support resources, and how to determine how the mileage-based user fee may apply to a user's specific circumstances;

(3) prior to initial implementation of the mileage-based user fee in January 2027, Agency engagement with owners and lessees of various types of light-duty motor vehicles registered in Vermont to obtain feedback on the design of the user experience for the mileage-based user fee, with particular attention to universal accessibility and specific needs for translated materials and services;

(4) survey and focus group work prior to and following implementation of the mileage-based user fee with owners and lessees whose vehicles are subject to the mileage-based user fee to aid in evaluating the implementation of the initial phase of the mileage-based user fee and in developing recommended programmatic and statutory changes; and

(5) ongoing engagement and collaboration with relevant stakeholders, including the Vermont Vehicle and Automotive Distributors Association and Drive Electric Vermont, to obtain feedback on the mileage-based user fee program and to educate members of the public about the mileage-based user fee and program design.

(b) The Agency and Department shall, on or before September 15, 2026, submit to the Joint Transportation Oversight Committee a report summarizing the public outreach, education, and communications strategy required pursuant to subsection (a) of this section.

Sec. 20. MILEAGE-BASED USER FEE TRANSITION PLAN; REPORT

(a)(1) The Agency of Transportation and the Department of Motor Vehicles, in consultation with the Agency of Digital Services, shall develop a plan to expand the mileage-based user fee (MBUF) program to all light-duty motor vehicles to ensure that each vehicle contributes an amount that bears a direct relation to the estimated demands and impacts that the vehicle places upon public infrastructure, as determined on the basis of vehicle miles traveled.

(2) The plan shall provide that:

(A) plug-in hybrid electric, hybrid electric, and fuel-efficient light-duty motor vehicles shall begin participating in the MBUF program on or before January 1, 2029; and

(B) all light-duty motor vehicles shall begin participating in the MBUF program on or before January 1, 2031.

(3) The plan shall provide methods for ensuring that contributions to the Transportation Fund are proportionate to the number of miles traveled in Vermont by each vehicle, including:

(A) additional payment and mileage tracking options for vehicle owners or lessees to select from, including methods for differentiating between miles traveled in Vermont and miles traveled outside Vermont; and

(B) a system of fuel tax credits for vehicles that use gasoline or diesel fuel based on the vehicle's fuel economy as estimated by the U.S. Environmental Protection Agency to ensure that all covered vehicles contribute to Vermont's transportation system in an equitable manner.

(b) In developing the plan, the Agency and the Department shall:

(1) analyze the amounts paid by vehicles of different engine-fuel types and classifications with respect to the diesel fuel tax pursuant to 23 V.S.A. chapter 27, the gasoline tax pursuant to 23 V.S.A. chapter 28, and the infrastructure fee imposed pursuant to 23 V.S.A. § 361(c), as applicable;

(2) develop a proposed schedule for the inclusion of plug-in hybrid electric, hybrid electric, and fuel-efficient light-duty vehicles in the MBUF program on or before January 1, 2029;

(3) identify any other light-duty vehicles that currently contribute less to the Transportation Fund than they would under the mileage-based user fee for inclusion in the MBUF program on or before January 1, 2029;

(4) consider possible methods to account for and differentiate between in-state and out-of-state vehicle miles traveled by vehicles registered in Vermont and vehicles registered in another state;

(5) examine the potential for integrating alternative mileage reporting methods into the mileage-based user fee program and related costs;

(6) evaluate the potential to include medium- and heavy-duty electric vehicles in the mileage-based user fee program and potential rate designs based on vehicle weights; and

(7) examine the relationship between expansion of the mileage-based user fee program and fuel tax rates, Transportation Fund revenue sustainability, and Vermont's carbon reduction targets.

(c) The Agency and Department shall also track the implementation costs and operating expenses of and revenues generated by the mileage-based user fee for State fiscal years 2027–2031. The Agency and Department shall submit an annual report of these amounts to the House Committees on Transportation and on Ways and Means and the Senate Committees on Transportation and on Finance on or before each December 31 beginning on December 31, 2027, and continuing until December 31, 2031.

(d)(1) On or before January 31, 2027, the Agency of Transportation and the Department of Motor Vehicles shall submit to the House Committees on Transportation and on Ways and Means and the Senate Committees on Transportation and on Finance an initial plan and recommendation for legislative action to:

(A) incorporate plug-in hybrid electric, hybrid electric, and fuel-efficient light-duty vehicles into the MBUF program;

(B)(i) provide at least two additional options for determining the number of vehicle miles traveled by a covered vehicle, including:

(I) an option that would utilize vehicle systems or an aftermarket device to track vehicle miles traveled; and

(II) an option that would enable vehicle owners and lessees to track and differentiate between miles traveled in Vermont and miles traveled outside Vermont, with the MBUF only applying to miles traveled in Vermont; and

(ii) identify data privacy protections and best practices that should be implemented to protect data obtained from owners and lessees who elect to utilize the options identified pursuant to this subdivision (B);

(C)(i) recommend whether to retain a flat-rate option for the MBUF and, if so, recommend the appropriate amount of the flat fee; and

(ii) recommend how to apply the flat fee to plug-in hybrid, hybrid, and internal combustion engine vehicles, including whether to provide different flat fees based on vehicle type or to provide credits against the amount of the flat fee based on vehicle fuel efficiency;

(D) provide at least one option to enable vehicle owners and lessees to track and differentiate between miles traveled in Vermont and miles traveled

outside Vermont, with the MBUF only applying to miles traveled in Vermont; and

(E) recommend a maximum amount by which the mileage-based user fee rate can increase from year to year after all light-duty vehicles are subject to the mileage-based user fee.

(2) On or before July 30, 2028, the Agency shall submit to the Joint Transportation Oversight Committee and the House and Senate Committees on Transportation a draft copy of the final report required to be submitted to the Federal Highway Administration pursuant to the terms of the Agency's federal Strategic Innovation for Revenue Collection grant.

(3) On or before September 15, 2028, the Agency of Transportation and the Department of Motor Vehicles shall submit to the House Committees on Transportation and on Ways and Means and the Senate Committees on Transportation and on Finance:

(A) a final plan and proposal for legislative action necessary to expand the MBUF program to all light-duty motor vehicles on or before January 1, 2031;

(B) a report of all findings made pursuant to subsection (b) of this section; and

(C) any additional recommendations for legislative action.

(e) As used in this section:

(1) "Fuel-efficient vehicle" means a motor vehicle with an estimated fuel economy of at least 25 miles per gallon according to the U.S. Environmental Protection Agency, a plug-in electric vehicle as defined pursuant to 23 V.S.A. § 4, or a hybrid electric vehicle.

(2) "Light-duty motor vehicle" means any motor vehicle with a gross vehicle weight rating of not more than 10,000 pounds.

* * * Expansion of MBUF to Fuel-Efficient Vehicles * * *

Sec. 21. 23 V.S.A. § 4301 is amended to read:

§ 4301. DEFINITIONS

As used in this chapter:

* * *

(3) "Covered vehicle" means a ~~battery electric vehicle~~ pleasure car with an estimated fuel economy of at least 25 miles per gallon according to the U.S. Environmental Protection Agency, a PEV, or a hybrid electric vehicle.

(4) "Hybrid electric vehicle" means a pleasure car that can be powered by an electric motor drawing current from a rechargeable energy storage system but also has an onboard combustion engine.

(5) "Mileage-based user fee" or "MBUF" means the fee charged for the annual vehicle miles traveled by a covered vehicle pursuant to section 4302 of this chapter.

~~(5)~~(6) "Mileage-based user fee rate" means the per-mile usage fee charged to the owner or lessee of a covered vehicle pursuant to section 4302 of this chapter.

~~(6)~~(7) "Mileage reporting period" means:

* * *

(8) "PEV" means a plug-in electric vehicle pleasure car.

~~(7)~~(9) "Terminating event" means any of the following:

* * *

* * * Expansion of MBUF to All Light-Duty Motor Vehicles * * *

Sec. 22. 23 V.S.A. § 4301 is amended to read:

§ 4301. DEFINITIONS

As used in this chapter:

* * *

(3) "Covered vehicle" means a ~~pleasure car with an estimated fuel economy of at least 25 miles per gallon according to the U.S. Environmental Protection Agency, a PEV, or a hybrid electric vehicle~~ motor vehicle with a gross vehicle weight rating of not more than 10,000 pounds.

(4) ~~"Hybrid electric vehicle" means a pleasure car that can be powered by an electric motor drawing current from a rechargeable energy storage system but also has an onboard combustion engine.~~ [Repealed.]

* * *

(8) ~~"PEV" means a plug-in electric vehicle pleasure car.~~ [Repealed.]

* * *

Sec. 23. 23 V.S.A. § 4302(e) is amended to read:

(e) Mileage-based user fee rate.

(1) The mileage-based user fee rate shall be $0.014 per mile traveled by a covered vehicle during its mileage reporting period.

(2) Beginning on January 1, 2032, and on each succeeding January 1, the mileage-based user fee rate shall be increased by the percentage change in

the National Highway Construction Cost Index, or successor index, for the year ending on September 30 of the preceding calendar year. If the percentage change in the National Highway Construction Cost Index, or successor index, is zero or negative, the rate per mile shall remain the same as in the preceding year.

* * * Repeal of Municipal Equipment and Vehicle Loan Fund Rules * * *

Sec. 24. RULES REGARDING MUNICIPAL HEAVY EQUIPMENT LOAN FUND; REPEAL

The Rules Regarding Municipal Heavy Equipment Loan Fund (CVR 14-053-002) are repealed. The Municipal Equipment and Vehicle Loan Fund, as the successor to the Municipal Heavy Equipment Loan Fund, shall be administered as provided pursuant to 29 V.S.A. § 1601.

* * * Statement of Policy; Highways and Bridges * * *

Sec. 25. 19 V.S.A. § 10c is amended to read:

§ 10c. STATEMENT OF POLICY; HIGHWAYS AND BRIDGES

* * *

(b) For projects that are not on the National Highway System, the Agency shall ~~develop and implement~~ maintain State standards and guidance for geometric design. ~~Design speeds may be lower than legal speeds.~~ Design speeds lower than legal speeds may be used without the requirement of a formal design exception~~, provided appropriate warnings are posted~~ if appropriate warning signs, signals, and markings are used as provided pursuant to 23 V.S.A. § 1025.

* * *

* * * Agency of Transportation Duties * * *

Sec. 26. 19 V.S.A. § 10 is amended to read:

§ 10. DUTIES

The Agency shall, except where otherwise specifically provided by law:

* * *

(8)(A) Require any contractor or contractors employed in any project of the Agency for construction of a transportation improvement to file in the office of the Secretary a good and sufficient surety bond to the State of Vermont, executed by a surety company authorized to transact business in this State in ~~such~~ the sum ~~as~~ required by the Agency ~~shall direct~~, conditioned for the compliance by the contractor or contractors and their agents and servants,

with all matters and things set forth and specified to be by the principal kept, done, and performed at the time and in the manner in the contract between the Agency and the contractor or contractors specified and to pay over, make good, and reimburse the State of Vermont for all loss or losses and damage or damages that the State of Vermont may sustain by reason of failure or default on the part of the contractor or contractors. The Agency is authorized to require any other condition in the bond that may ~~from time to time~~ be necessary. The Secretary ~~at his or her discretion as to~~ may, if the Secretary determines that it is in the best ~~interest~~ interests of the State, accept other good and sufficient surety in lieu of a bond and, in cases involving contracts for ~~$100,000.00~~ $250,000.00 or less, may waive the requirement of a performance bond.

(B) During an emergency event, the Secretary may, in the Secretary's discretion, waive the bonding requirements of this subdivision (8) for immediate, temporary stabilization work related to public safety or State infrastructure. Permanent work shall be subject to the requirements of subdivision (A) of this subdivision (8).

(9)(A) Require any contractor or contractors employed in any project of the Agency for construction of a transportation improvement to file an additional surety bond to the Secretary and the Secretary's successor in office, for the benefit of labor, materialmen, and others, executed by a surety company authorized to transact business in this State. The surety bond shall be in ~~such~~ the sum ~~as~~ required by the Agency ~~shall direct~~, conditioned for the payment, settlement, liquidation, and discharge of the claims of all creditors for material~~,~~; merchandise~~,~~; labor~~,~~; rent~~,~~; hire of vehicles, power shovels, rollers, concrete mixers, tools, and other appliances~~,~~; professional services~~,~~; premiums~~,~~; and other services used or employed in carrying out the terms of the contract between the contractor and the State ~~and~~. The surety bond shall be further conditioned for the following accruing during the term of performance of the contract: the payment of taxes, both State and municipal, and the payment of unemployment insurance contributions to the Vermont Commissioner of Labor~~; provided, however, in~~.

(B) In order to obtain the benefit of the security, the claimant shall file with the Secretary a sworn statement of the claimant's claim, within 90 days after the final acceptance of the project by the State or within 90 days from the time the taxes or unemployment contributions ~~to the Vermont Commissioner of Labor~~ are due and payable, and, within one year after the filing of the claim, shall bring a petition in the Superior Court in the name of the Secretary, with notice and summons to the principal, surety, and the Secretary, to enforce the claim or intervene in a petition already filed. The

Secretary may, if the Secretary determines that it is in the best interests of the State, accept other good and sufficient surety in lieu of a bond and, in cases involving contracts for ~~$100,000.00~~ $250,000.00 or less, may waive the requirement of a surety bond.

(C) During an emergency event, the Secretary may, in the Secretary's discretion, waive the requirements of this subdivision (9) for immediate emergency stabilization work related to public safety or State infrastructure. Permanent work shall be subject to the requirements of subdivision (A) of this subdivision (9).

* * *

* * * Bridge Inspections; Posting; Closure * * *

Sec. 27. 19 V.S.A. § 1514 is added to read:

§ 1514. BRIDGE INSPECTION; POSTING; CLOSURE

(a) Definition. As used in this section, "bridge" means a structure to which the National Bridge Inspection Standards apply pursuant to 23 C.F.R. § 650.303.

(b) Bridge inspections. The Agency shall inspect bridges on State highways and town highways in accordance with the requirements of the National Bridge Inspection Standards.

(c) Municipally maintained bridges.

(1) For a bridge for which a municipality has maintenance responsibility, the Agency shall advise the municipality of its inspection findings and any noted deficiencies.

(2) The Agency shall notify a municipality if a bridge for which the municipality has maintenance responsibility requires posting or closure and, upon receiving notification, the municipality shall post or close the bridge, as appropriate.

(3) If necessary to protect the public from an imminent hazard, the Agency may post or close a bridge for which a municipality has maintenance responsibility.

(4) A municipality shall be responsible for all costs and expenses related to the posting or closure of a bridge for which it has maintenance responsibility, including the costs of any required notifications, procedures, signage or traffic control devices, and barricades.

(d) Agency-maintained bridges.

(1) For any bridge for which the Agency has maintenance responsibility, the Agency shall have the sole responsibility and authority to determine whether the bridge shall be posted or closed, except that a municipality may close an Agency-maintained bridge during an emergency.

(2) If a municipality becomes aware of any deficiencies or structural conditions that could impact the Agency's determination of whether to post or close a bridge, the municipality shall promptly notify the Agency.

(3) The Agency shall be responsible for all costs and expenses associated with posting or closing an Agency-maintained bridge, including any required notifications, procedures, signage or traffic control devices, and barricades.

(e) Enforcement and penalties. In addition to any other penalties provided by law, a person that violates a bridge posting or closure by a municipality or the Agency shall be subject to a civil penalty of not more than $1,000.00.

Sec. 28. 23 V.S.A. § 2302 is amended to read:

§ 2302. TRAFFIC VIOLATION DEFINED

(a) As used in this chapter, "traffic violation" means:

* * *

(11) a violation of subsection 1006b(b) of this title, relating to operation of a prohibited vehicle in Smugglers' Notch; section 1006c of this title, relating to requirements for use of tire chains; or subsections 4120(a) and (b) of this title, relating to violations of an out-of-service order; ~~or~~

(12) a violation of section 4123 of this title, relating to authorizing railroad crossing violations; or

(13) a violation of 19 V.S.A. § 1514, relating to use of a bridge in violation of a posting or closure.

* * *

* * * Public Transit Advisory Council * * *

Sec. 29. 24 V.S.A. § 5084 is amended to read:

§ 5084. PUBLIC TRANSIT ADVISORY COUNCIL

(a) The Public Transit Advisory Council shall be created by the Secretary of Transportation under 19 V.S.A. § 7(f)(5)~~, to~~ and shall consist of the following members:

* * *

(8) a representative of ~~the Community of Vermont Elders~~ AARP Vermont;

(9) ~~a representative of private bus operators and taxi services;~~ [Repealed.]

(10) a representative of Vermont ~~intercity~~ private bus operators;

* * *

* * * Green Mountain Transit Authority * * *

Sec. 30. 24 App. V.S.A. ch. 801, § 7 is amended to read:

§ 7. Annual budget and assessments

(a) On or before February 15 in each year, the Board of Commissioners shall prepare a budget for the Authority for the next fiscal year, which shall include an estimate of the revenue of the Authority from fares and other sources, except membership assessments, and the expenses for the next fiscal year, including debt service, and at such time the Board of Commissioners shall call a meeting of the residents of its members for the purpose of presenting the proposed budget and inviting discussion thereon. The meeting shall be held at a place within the County and shall be warned by a notice published in a newspaper of general circulation in the County at least 15 days prior to the meeting. The notice shall contain a copy of the proposed budget, and members of the legislative body of each member municipality shall be notified of the meeting by certified mail. The proposed budget may include, in addition to revenues from fares and other sources, anticipated voluntary local match contributions, grants, donations, and other nonassessment revenues that may be offered by a member municipality or another public or private source.

* * *

(f)(1) The Authority shall be permitted to seek and accept voluntary local match contributions.

(2) Notwithstanding the formula for apportionment, the Authority may accept voluntary local match contributions from a member municipality or another public or private source for the purposes of:

(A) meeting federal, State, or other grant matching requirements; and

(B) supporting Authority programs, capital projects, and operations.

(3) A voluntary local match contribution accepted pursuant to this subsection shall be in addition to any assessment required pursuant to this section and shall not reduce, offset, or otherwise modify the assessment apportioned to any member municipality pursuant to the formula for

apportionment unless the formula is amended in accordance with the provisions of this section.

* * * Public-Private Partnership Sunset Extension * * *

Sec. 31. 2018 Acts and Resolves No. 158, Sec. 21 as amended by 2023 Acts and Resolves No. 62, Sec. 41 is further amended to read:

Sec. 21. REPEAL OF TRANSPORTATION P3 AUTHORITY

19 V.S.A. chapter 26, subchapter 2 shall be repealed on July 1, ~~2026~~ 2029.

* * * Transportation Board * * *

Sec. 32. 19 V.S.A. § 5 is amended to read:

§ 5. TRANSPORTATION BOARD; POWERS AND DUTIES

* * *

(d) Specific duties and responsibilities. The Board shall:

* * *

(7) provide appellate review, when requested in writing by an applicant or permittee, of Agency decisions and rulings regarding private and commercial access to State highway rights-of-way pursuant to the permit process established in section 1111 of this title;

* * *

* * * Transportation Alternatives Grant Program * * *

Sec. 33. 19 V.S.A. § 38 is amended to read:

§ 38. TRANSPORTATION ALTERNATIVES GRANT PROGRAM

(a), (b) [Repealed.]

(c) The Transportation Alternatives Grant Program is created. The Grant Program shall be administered by the Agency and shall be funded in the amount provided for in 23 U.S.C. § 133(h), less the funds set aside for the Recreational Trails Program. Awards shall be made to eligible entities as defined under 23 U.S.C. § 133(h), and awards under the Grant Program shall be limited to the activities authorized under federal law and shall not exceed ~~$300,000.00~~ $600,000.00 per grant allocation.

* * *

(f)(1) In fiscal year ~~2024~~ 2027 and thereafter, ~~50 percent of Grant Program funds, or such lesser sum if all eligible applications amount to less than 50 percent of Grant Program funds, shall be reserved for municipalities for~~

~~environmental mitigation projects relating to stormwater and highways, including eligible salt and sand shed projects, and the balance of~~ Grant Program funds shall be awarded for any eligible activity, including environmental mitigation projects relating to stormwater and highways, such as eligible salt and sand shed projects, and infrastructure-related projects and systems that will provide safe routes for nondrivers, and in accordance with the priorities established in subdivision (2) of this subsection.

(2) In evaluating applications for Transportation Alternatives grants, the Agency shall give preferential weighting to sand and salt shed projects and projects involving as a primary feature a bicycle or pedestrian facility. The degree of preferential weighting and the circumstantial factors sufficient to overcome the weighting shall be in the complete discretion of the Agency.

* * *

Sec. 34. 2023 Acts and Resolves No. 62, Sec. 11 is amended to read:

Sec. 11. TRANSPORTATION ALTERNATIVES GRANT PROGRAM AWARDS IN STATE FISCAL YEARS 2024 TO 2027

Notwithstanding 19 V.S.A. § 38(c), Transportation Alternatives Grant Program awards in State fiscal years 2024 to ~~2027~~ 2026 shall not exceed $600,000.00 per grant allocation. Notwithstanding 19 V.S.A. § 38(c), Transportation Alternatives Grant Program awards in State fiscal year 2027 shall not exceed $1,200,000.00 per grant allocation.

* * * Consultation Regarding Municipal Programs * * *

Sec. 35. MUNICIPAL TRANSPORTATION PROGRAMS; ONGOING EVALUATION; IDENTIFICATION OF IMPROVEMENTS

(a) In addition to ongoing work pursuant to 2025 Acts and Resolves No. 43, Sec. 15, the Agency of Transportation, in consultation with the Vermont League of Cities and Towns and the Vermont Association of Planning and Development Agencies, shall:

(1) continue examining the requirements of 19 V.S.A. § 309c, cancellation of locally managed projects, as set forth in 2025 Acts and Resolves No. 43, Sec. 14, to evaluate the obligations, risks, and benefits imposed by the provisions of that section on the State and the local sponsor of a locally managed project and to identify potential changes to the provisions of that section to ensure that State and federal transportation funding resources are appropriately administered;

(2) continue evaluating the State's Town Highway Aid and municipal grant programs administered by the Agency, as set forth in 2025 Acts and

Resolves No. 43, Sec. 16, to identify potential efficiencies and improvements related to the administration of Town Highway Aid and municipal grant programs; and

(3)(A) examine the provisions in the Vermont statutes related to the procedures for establishing speed limits; and

(B) identify potential opportunities to simplify and clarify those provisions to assist municipalities in meeting local needs, including safety and context sensitivity.

(b) The Agency shall, on or before January 15, 2027, submit to the House and Senate Committees on Transportation any recommendations for legislative action.

* * * Drive Electric Vermont * * *

Sec. 36. DRIVE ELECTRIC VERMONT; APPROPRIATION

In State fiscal year 2027, the sum of $242,000.00 is appropriated from the Transportation Fund to the Agency of Transportation to support the continuation of the Agency's partnership with Drive Electric Vermont. The monies shall be used for programs and activities that support increased ownership and use of plug-in electric vehicles in the State through:

(1) stakeholder coordination;

(2) consumer education and outreach;

(3) infrastructure development; and

(4) the provision of technical assistance and support to Vermont municipalities and Vermont businesses desiring to electrify their vehicle fleets.

* * * Caledonia County State Airport * * *

Sec. 37. 2023 Acts and Resolves No. 62, Sec. 8 is amended to read:

Sec. 8. SALE OR LEASE OF CALEDONIA COUNTY STATE AIRPORT

(a)(1) The Agency of Transportation is authorized to issue a request for proposals for the purchase or lease of the Caledonia County State Airport, located in the Town of Lyndon, and the Agency shall consult with the Town of Lyndon on any requests for proposals related to the purchase or lease of the Airport prior to the issuance of any requests for proposals related to the purchase or lease of the Airport.

(2) The request for proposal shall include a request for a business plan, which shall, at a minimum, include the prospective purchaser's or lessor's

plans for investments in the Airport and the surrounding communities and may include plans for partnerships with secondary and post-secondary institutions in the surrounding communities.

(b) Subject to obtaining any necessary approvals from the U.S. Federal Aviation Administration, the Vermont Secretary of Transportation, as agent for the State, is authorized to convey the Airport property by warranty deed according to the terms of a purchase and sale agreement or through a long-term lease.

(c) Any such conveyance shall:

(1) include assignment of the State's interest in easements, leases, licenses, and other agreements pertaining to the Airport and the acceptance of the State's obligations under such easements, leases, licenses, and other agreements that requires, at a minimum, that any leases and terms of leases that are in effect at the time of the conveyance of the Airport are fully honored for the balance of the lease term;

(2) ensure that there are investments in the Airport to address current deficiencies and necessary repairs;

(3) ensure that the Airport continues to be a public-use airport and that the public continues to have access to the Airport for general aviation uses in perpetuity;

(4) ~~ensure that the Airport continues to be identified as a public-use airport within the National Plan of Integrated Airport Systems until at least 2050, subject to federal determination;~~

~~(5)~~ include, if the Airport is conveyed through a purchase and sale agreement, a six-month right of first refusal, running from the date that the owner of the Airport provides notice to the State of an intent to sell the Airport, for the State to repurchase the Airport at fair market value before the Airport is resold or transferred to a new owner; and

~~(6)~~(5) include, if the Airport is leased, that the lease cannot be either assigned or the lessor cannot sub-lease all or substantially all of the Airport without the written approval of the Vermont Secretary of Transportation.

(d) The Agency shall not proceed with a sale or lease of the Airport unless:

(1) there is a fair market value offer, as required under 19 V.S.A. § 10k(b) or 26a(a), that meets the requirements of subsection (c) of this section; and

(2) the Town of Lyndon is given the opportunity to review and comment on the final purchase and sale agreement or lease as applicable.

(e) This section shall constitute specific prior approval, including of any sale or lease terms, by the General Assembly for purposes of 5 V.S.A. § 204.

Sec. 38. 2023 Acts and Resolves No. 62, Sec. 9 is amended to read:

Sec. 9. REPEAL OF AUTHORITY FOR SALE OR LEASE OF CALEDONIA COUNTY STATE AIRPORT

Sec. 8 of this act shall be repealed on ~~May 1, 2026~~ November 1, 2027.

* * * Medical Transports * * *

Sec. 39. PUBLIC TRANSIT DEMAND RESPONSE MEDICAL TRANSPORTS; VOLUNTEER DRIVERS; MOBILITY MANAGEMENT; GRANTS; APPROPRIATION

The Agency of Transportation is authorized to utilize up to $400,000.00 in one-time funds appropriated from the Transportation Fund to the Agency of Transportation in fiscal year 2027 for the purpose of providing grants to public transit agencies to support the recruitment and retention of volunteer drivers and mobility management activities related to medical transports.

* * * Real-Time Status of Public EVSE * * *

Sec. 40. 19 V.S.A. § 2901 is amended to read:

§ 2901. DEFINITIONS

As used in this chapter:

* * *

(2) "Charging network provider" means a person that operates the digital communication network that remotely manages the EVSE at a charging station.

(3) "Charging station" means the area in the immediate vicinity of one or more EVSE and includes the EVSE, supporting equipment, parking areas adjacent to the EVSE, and lanes for vehicle ingress and egress. A charging station may comprise only a portion of the property on which it is located.

(4) "Charging station operator" means a person that owns or provides the EVSE and the supporting equipment and facilities at one or more charging stations and is responsible for operating and maintaining the EVSE, supporting equipment, and facilities. A charging station operator may delegate to another person or contract with another person for charging station operation and maintenance.

(5) "Connector" means a device that attaches EVSE to a PEV to transfer electricity from the EVSE to the PEV.

(6) "Direct current fast charger" or "DCFC" means EVSE that enables charging through the delivery of direct current electricity to a PEV's battery.

(7) "Electric bicycle" has the same meaning as in 23 V.S.A. § 4(46)(A).

~~(3)~~(8) "Electric cargo bicycle" means a motor-assisted bicycle, as defined in 23 V.S.A. § 4(45)(B)(i), with an electric motor, as defined under 23 V.S.A. § 4(45)(B)(i)(II), that is specifically designed and constructed for transporting loads, including at least one or more of the following: goods, one or more individuals in addition to the operator, or one or more animals. A motor-assisted bicycle that is not specifically designed and constructed for transporting loads, including a motor-assisted bicycle that is only capable of transporting loads because an accessory rear or front bicycle rack has been installed, is not an electric cargo bicycle.

~~(4)~~(9) "Electric vehicle supply equipment (EVSE)" and "electric vehicle supply equipment available to the public" have the same meanings as in 30 V.S.A. § 201.

(10) "Level 2 EVSE" means EVSE with a single-phase input voltage range from 208 to 277 volts of alternating current (AC) and maximum output current of not more than 80 amperes AC.

(11) "NEVI standards" means the minimum standards and requirements for projects funded under the National Electric Vehicle Infrastructure (NEVI) Formula Program that were published in the Federal Register on February 28, 2023 (88 FR 12752).

~~(5)~~(12) "Plug-in electric vehicle (PEV)," "battery electric vehicle (BEV)," and "plug-in hybrid electric vehicle (PHEV)" have the same meanings as in 23 V.S.A. § 4(85).

(13) "Port" means a system or connecting outlet on EVSE that provides power to charge a PEV, provided that a port may be equipped with more than one connector but shall only use one connector at a time to provide power to a PEV.

(14) "Publicly funded and available charging station" means a charging station that has received, or expects to receive, a grant, loan, or other incentive from a federal or State government source or from funds provided by Vermont retail electricity providers and that is publicly available.

Sec. 41. 19 V.S.A. § 2908 is added to read:

§ 2908. PUBLIC EVSE; REAL-TIME STATUS; AVAILABILITY

(a) Except as provided in subsection (b) of this section, a charging network provider shall, for any networked publicly funded and available charging

station in Vermont that is installed or reconditioned on or after September 30, 2026, ensure that the following data fields are made available, free of charge, to third-party software developers via an application programming interface:

(1) a unique charging station name or identifier;

(2) the address of the property where the charging station is located, including street address, city, and ZIP code;

(3) the geographic coordinates in decimal degrees of the exact charging station location;

(4) the charging station operator name;

(5) the charging network provider name;

(6) the charging station status, including whether the station is operational, under construction, planned, or decommissioned;

(7) charging station access information, including:

(A) the charging station access type, such as whether it may be used by the public or is limited to use by commercial vehicles; and

(B) the charging station access days and times, including the hours of operation for the charging station;

(8) charging port information, including:

(A) the number of charging ports;

(B) the unique port identifier for each port;

(C) the connector types available by port;

(D) the charging level by port, such as DCFC or AC Level 2;

(E) the maximum power delivery rating in kilowatts by charging port;

(F) the maximum output voltage by charging port;

(G) accessibility by a vehicle with a trailer by port (yes/no); and

(H) the real-time status by port in terms defined by Open Charge Point Interface 2.2.1; and

(9) pricing and payment information, including:

(A) the pricing structure;

(B) the real-time price to charge at each charging port, in terms defined by Open Charge Point Interface 2.2.1; and

(C) the payment methods accepted at the charging station, including whether credit, debit, or contactless forms of payment are accepted.

(b) The provisions of this section shall apply to a publicly funded and available charging station at all times that a member of the public may use the associated EVSE to charge a PEV.

(c) The provisions of this section may be enforced by:

(1) any State agency or department that provides or administers grants, loans, or other incentives to support the construction or operation of publicly funded and available charging stations; and

(2) the Department of Public Service for publicly funded and available charging stations that have received a grant, loan, or other incentive provided by one or more Vermont retail electricity providers.

(d) A charging network provider may attach reasonable conditions to data use that are designed to protect confidential business information, provided that the conditions do not prevent third-party software developers from accessing the real-time information required pursuant to subsection (a) of this section.

(e)(1) A State agency or department that provides a grant, loan, or other incentive for the construction or operation of a charging station that is installed or reconditioned on or after September 30, 2026, shall require the recipient to notify the relevant charging network provider that the provisions of this section apply to a charging station.

(2) A retail electricity provider, if it provides a grant, loan, or other incentive for the construction or operation of a charging station that is installed or reconditioned on or after September 30, 2026, shall require the recipient to notify the relevant charging network provider that the provisions of this section apply to the charging station.

(f) As used in this section:

(1) "Real-time" means that the applicable data field must be updated within one minute following a change in the charging port's status.

(2) "Retail electricity provider" has the same meaning as in 30 V.S.A. § 8002.

* * * EVSE Installation in Common Interest Communities * * *

Sec. 42. 27A V.S.A. § 1-204 is amended to read:

§ 1-204. PREEXISTING COMMON INTEREST COMMUNITIES

(a)(1) Unless excepted under section 1-203 of this title, the following sections and subdivisions of this title apply to a common interest community created in this State before January 1, 1999: sections 1-103, 1-105, 1-106, 1-107, 2-103, 2-104, and 2-121, subdivisions ~~3-102(a)(1) through (6)~~ 3-102(a)(1)–(6) and ~~(11) through (16)~~ (11)–(16), and sections 3-111, 3-116, 3-118, 4-109, and 4-117 to the extent necessary to construe the applicable sections. The sections and subdivisions described in this subdivision apply only to events and circumstances occurring after December 31, 1998, and do not invalidate existing provisions of the declarations, bylaws, plats, or plans of those common interest communities.

* * *

(3) Unless excepted under section 1-203 of this title, section 3-125 of this title shall apply to all common interest communities that contain 12 or more units that may be used for residential purposes created in this State on or before January 1, 2011. Section 3-125 applies only to events and circumstances occurring after June 30, 2026, and does not invalidate existing provisions of the declarations, bylaws, plats, or plans of those common interest communities.

* * *

Sec. 43. 27A V.S.A. § 3-125 is added to read:

§ 3-125. ELECTRIC VEHICLE SUPPLY EQUIPMENT

(a) As used in this section:

(1) "Electric vehicle supply equipment (EVSE)" means a device or system designed and used specifically to transfer electrical energy to a plug-in electric vehicle.

(2) "EVSE owner" means the unit owner who applies to install an EVSE and each successive unit owner associated with the initial application to install the EVSE unless there is a specific change in ownership of the EVSE, in which case the EVSE owner shall be the owner specified in a conveying document memorializing the change in ownership of the EVSE.

(3) "Plug-in electric vehicle" has the same meaning as in 23 V.S.A. § 4(85).

(4) "Reasonable restriction" is a restriction that does not significantly increase the cost of the EVSE or significantly decrease the efficiency or specified performance of the EVSE.

(b)(1) Any covenant, restriction, or condition contained in any deed, contract, security instrument, or other instrument affecting the transfer or sale

of any interest in a common interest community, and any provision of a governing document associated with a common interest community, such as a declaration, bylaw, or rule, that either effectively prohibits or unreasonably restricts the installation of EVSE within the boundaries of a unit owner's unit or limited common element or the unit owner's exclusively designated parking space or the use of such EVSE for noncommercial purposes by a unit owner or the occupants of the unit owner's unit or is in conflict with this section is void and unenforceable.

(2) This subsection shall not apply to provisions that impose reasonable restrictions on EVSE. However, it is the policy of the State to promote, encourage, and remove obstacles to the use of plug-in electric vehicles, including access to EVSE at home.

(3) Installation of EVSE shall not be deemed a division or reallocation of a common element and shall not alter the allocated interests of any unit owner.

(c) The association may require the unit owner to:

(1) comply with federal, State, and local health and safety laws, including any applicable building codes or safety standards;

(2) comply with reasonable architectural standards adopted by the association that govern the dimensions, placement, or external appearance of the EVSE, provided that such standards shall not prohibit the installation of such EVSE or substantially increase the costs thereof;

(3) engage the services of a licensed electrician to install the EVSE;

(4) if the EVSE is installed in a common element or limited common element, reimburse the association for the actual costs of any increased insurance premium amount attributable to the EVSE with 14 days after receiving the association's insurance premium invoice; and

(5) comply with any other reasonable restrictions the association may impose.

(d) Notwithstanding any provision to the contrary in the association's governing documents, if the executive board of the association determines that the cumulative or additional use of electricity due to the installation and use of EVSE requires infrastructure improvements to provide a sufficient supply of electricity for the EVSE, the association may assess the cost of the required improvements against the unit of each unit owner that has installed, or will install, EVSE.

(e) If approval is required for the installation or use of EVSE, the application for approval shall be processed and approved by the association in the same manner as an application for approval of an architectural modification to the common interest community and shall not be intentionally avoided or delayed. The approval or denial of an application shall be in writing. If an application is not denied in writing within 60 days from the date of receipt of the application, the application shall be deemed approved, unless that delay is the result of a reasonable request for additional information.

(f) The unit owner and each successive owner of the EVSE shall be responsible for all of the following:

(1) costs for damage to the EVSE, common element, or limited common element resulting from the installation, maintenance, repair, removal, or replacement of the EVSE;

(2) costs for the installation, maintenance, repair, and replacement of the EVSE until the EVSE has been removed and for the restoration of the common element or limited common element after removal;

(3) cost of electricity associated with the EVSE; and

(4) unless the successor owner of the unit agrees in writing to undertake and comply with the unit owner's responsibilities with respect to the EVSE, removing the EVSE prior to the sale and restoring any affected common element or limited common element.

* * * Surcharge on Jet Fuel * * *

Sec. 44. 32 V.S.A. § 9784 is added to read:

§ 9784. JET FUEL TRANSPORTATION INFRASTRUCTURE SURCHARGE

(a) A vendor shall collect a transportation infrastructure surcharge of two percent on the sale of aviation jet fuel.

(b) The surcharge shall be in addition to the tax imposed under section 9771 of this subchapter. The surcharge assessed under this section shall be paid, collected, remitted, and enforced under this chapter in the same manner as the sales tax assessed under section 9771 of this subchapter.

(c) The surcharge imposed under this section shall be deposited in the Transportation Fund pursuant to 19 V.S.A. § 11 and shall be used exclusively for the construction of aviation-related infrastructure consistent with 49 U.S.C. § 47133 and applicable Federal Aviation Administration regulations and policies.

Sec. 45. 19 V.S.A. § 11 is amended to read:

§ 11. TRANSPORTATION FUND

The Transportation Fund shall comprise the following:

* * *

(4) monies received from the sales and use tax on aviation jet fuel and on natural gas used to propel a motor vehicle under 32 V.S.A. chapter 233, ~~and~~ from the portion of a local option tax on the sale of aviation jet fuel specified in 24 V.S.A. § 138, and from the transportation infrastructure surcharge on aviation jet fuel pursuant to 32 V.S.A. § 9784;

* * *

* * * Intelligent Speed Assistance * * *

Sec. 46. INTELLIGENT SPEED ASSISTANCE; IMPLEMENTATION AND COST EVALUATION; REPORT

(a) The Department of Motor Vehicles shall examine the potential to implement and administer an intelligent speed assistance program, including the following issues:

(1) intelligent speed assistance programs that have been or will be implemented in other states and the District of Columbia;

(2) costs for the State to implement an intelligent speed assistance program; and

(3) potential costs to drivers who choose to participate in an intelligent speed assistance program.

(b) On or before January 15, 2027, the Department shall submit a written report to the House and Senate Committees on Transportation regarding its findings and any recommendations for legislative action.

* * * Miscellaneous Transportation Jurisdiction Corrections * * *

Sec. 47. 20 V.S.A. § 3065 is amended to read:

§ 3065. PENALTIES

(a) A person who knowingly violates, or causes to be violated, a provision of sections 3062–3064 of this ~~title, or a regulation made by the Public Utility Commission in pursuance thereof,~~ chapter shall be imprisoned not more than 18 months or fined not more than $2,000.00, or both.

(b) When the death or bodily injury of a person is caused by the explosion of any explosive named in sections 3062–3064 and ~~3091-3092~~ 3091 and 3092

of this ~~title~~ chapter, while the ~~same~~ explosive is being placed upon a vessel or vehicle to be transported in violation ~~hereof~~ of this chapter, or while the ~~same~~ explosive is being so transported, or while the ~~same~~ explosive is being removed from ~~such~~ the vessel or vehicle, the person who knowingly places or aids or permits the placement of ~~such~~ the explosives upon ~~such~~ the vessel or vehicle to be so transported shall be imprisoned not more than ~~ten~~ 10 years.

Sec. 48. 24 V.S.A. § 5106 is amended to read:

§ 5106. EXEMPTION FROM REGULATION

The public transportation systems and facilities operating under this authority are exempt from any of the regulatory provisions of Title 30, except that the ~~Public Utility Commission~~ Transportation Board may impose any regulatory provisions of Title 30 that it ~~may determine from time to time~~ determines to be necessary.

Sec. 49. 24 App. V.S.A. ch. 801, § 5 is amended to read:

§ 5. EXEMPTION FROM REGULATION

The public transportation systems and facilities operating under this Authority are generally exempt from any of the regulatory provisions of Title 30 of the Vermont Statutes Annotated. However, the ~~Public Utility Commission~~ Transportation Board may impose those regulatory provisions of Title 30 of the Vermont Statutes Annotated that it ~~may determine from time to time~~ determines to be necessary.

Sec. 50. 25 V.S.A. § 241 is amended to read:

§ 241. APPLICATION OF PROVISIONS

This subchapter shall apply to every person~~, partnership, unincorporated association, or corporation~~ that shall drive or float lumber in any stream. The use of any ~~such~~ stream for ~~such~~ that purpose shall constitute an election on the part of ~~such~~ the person~~, partnership, unincorporated association, or corporation~~ to be subject to and bound by the provisions of this subchapter ~~and to be bound thereby~~. This subchapter shall apply to every owner of the land adjoining any stream ~~so~~ that is used for the purpose of driving or floating lumber, unless, within 60 days after an alleged injury, the owner notifies, in writing, the ~~Public Utility Commission~~ Agency of Natural Resources that the provisions of this subchapter are not intended to apply.

Sec. 51. 25 V.S.A. § 242 is amended to read:

§ 242. PETITION TO ~~PUBLIC UTILITY COMMISSION~~ AGENCY OF NATURAL RESOURCES

When damage is done to ~~such~~ the owner by ~~such~~ the lumber in the driving or floating of the ~~same~~ lumber and ~~such~~ the owner and the owner of the lumber do not agree upon the damages, either party may prefer a petition to the ~~Public Utility Commission~~ Agency of Natural Resources setting forth the injury alleged to be sustained and ~~praying for the~~ seeking redress ~~provided for by~~ pursuant to the provisions of this subchapter.

Sec. 52. 25 V.S.A. § 243 is amended to read:

§ 243. NOTICE AND HEARING; DECISION

Upon due notice to all parties in interest, the ~~Public Utility Commission~~ Agency of Natural Resources shall hear and determine the cause of ~~such~~ the injury to the land or other property adjoining ~~such~~ the stream. When the ~~Commission~~ Agency determines that ~~such~~ the injury was caused by the driving or floating of lumber, it shall fix the compensation to be paid ~~therefor~~, including expense for witnesses and ~~a~~ reasonable ~~attorney fee~~ attorney's fees, and render a decision accordingly, which decision shall be final and a bar to any other action brought for such damages.

Sec. 53. 25 V.S.A. § 244 is amended to read:

§ 244. JUDGMENT ON DECISION

A party in interest may file in the Superior Court for the county in which the inquiry was held a certified copy of the decision of the ~~Commission~~ Agency awarding compensation, whereupon ~~such~~ the court shall render judgment in accordance ~~therewith~~ with the decision and notify the parties ~~thereof~~ of the judgment. ~~Such~~ The judgment shall have the same effect, and all proceedings in relation ~~thereto~~ to the judgment shall ~~thereafter~~ be the same as though ~~such~~ the judgment had been rendered in an action duly heard and determined by ~~such~~ the court, and there shall be no appeal ~~therefrom~~ from the judgment.

Sec. 54. 25 V.S.A. § 245 is amended to read:

§ 245. BOND OF FOREIGN CORPORATION

A foreign corporation, before driving or floating any logs, lumber, or other timber in any stream in this State, shall file in the Office of the Secretary of State for the benefit of the owners of land adjoining any stream used by ~~such~~ the corporation, a good and sufficient bond to be approved by the Secretary and in ~~such~~ a sum ~~as he or she directs~~ the Secretary determines is appropriate. ~~Such~~ The bond shall be given to the Secretary as trustee of the corporation, for each and all of the riparian owners, and shall be conditioned for the payment of all damages and compensation awarded by the ~~Commission~~ Agency and any judgment rendered by any court from which an appeal has not been taken.

Upon breach of the condition of ~~such~~ the bond, the Secretary, upon application by a riparian owner whose award by the ~~Commission~~ Agency or judgment remains unpaid for more than 30 days, shall institute proceedings thereon in ~~his or her~~ the Secretary's name as trustee for the benefit of all landowners to whom ~~such~~ the corporation may be indebted~~, as hereinbefore provided,~~ pursuant to the provisions of this section at the time ~~such~~ the proceedings shall be instituted.

Sec. 55. 32 V.S.A. § 8394 is amended to read:

§ 8394. PETITION AND HEARING FOR RELIEF FROM TAXES

Upon the written petition of any railroad corporation operating a railroad located in whole or in part within this State, setting forth that the financial condition of ~~such~~ the corporation is such that the payment of any taxes assessed against it under the provisions of this chapter would imperil the continued operation of ~~such~~ the railroad and would be detrimental to the general good of the State, the ~~Public Utility Commission~~ Commissioner of Taxes shall fix a time and place for a hearing ~~thereon~~ on the petition and give

Sec. 56. VEHICLE HISTORY INFORMATION; REPORT

(a) The Commissioner of Motor Vehicles, in consultation with the Attorney General, the Vermont Vehicle and Automotive Distributors Association, the Alliance for Automotive Innovation, and other interested stakeholders, shall examine the use and reliability of vehicle history reports utilized in relation to the purchase and sale of used motor vehicles in Vermont. The report shall address:

(1) how information provided in vehicle history reports is gathered and disseminated;

(2) the accuracy of vehicle history information provided in vehicle history reports;

(3) the frequency with which complaints regarding the accuracy of vehicle history reports are submitted to the State;

(4) the frequency and potential causes of inaccurate or incomplete vehicle history information being provided in vehicle history reports;

(5) potential causes for inaccurate or incomplete vehicle history information being included in vehicle history reports; and

(6) potential legislative or regulatory actions that could reduce the occurrence of inaccurate or incomplete vehicle history information appearing in vehicle history reports.

(b) On or before December 15, 2026, the Commissioner shall submit a written report to the House and Senate Committees on Transportation regarding their findings pursuant to subsection (a) of this section and any recommendations for legislative action.

(c) As used in this section:

(1) "Vehicle history information" includes the following related to a motor vehicle:

(A) accident or damage information;

(B) the number of previous owners;

(C) information regarding service or maintenance history, including diagnostic information generated while performing service or maintenance;

(D) odometer readings; and

(E) title information.

(2) "Vehicle history report" means any written or electronic communication of vehicle history information made by a vehicle history report provider that is made available to consumers.

(3) "Vehicle history report provider" means an entity that generates vehicle history reports from a vehicle history database that are provided directly to consumers. "Vehicle history report provider" does not include a dealer that obtains a vehicle history report from a third party that is not an affiliate of the dealer and that then communicates the vehicle history report without altering the vehicle history information in the report.

* * * Effective Dates * * *

Sec. 57. EFFECTIVE DATES

(a) Sec. 11 (purchase and use tax payments to Education Fund) shall take effect on July 1, 2027.

(b) Sec. 12 (repeal of purchase and use tax payments to Education Fund) shall take effect on July 1, 2031.

(c) Secs. 16 (mileage-based user fee), 17 (infrastructure fee for PHEVs), and 18 (transition to mileage-based user fee) shall take effect on January 1, 2027.

(d) Sec. 21 (expansion of mileage-based user fee to fuel-efficient vehicles) shall take effect on January 1, 2029.

(e) Sec. 22 (expansion of mileage-based user fee to all light-duty vehicles) shall take effect on January 1, 2031.

(f) Sec. 23 shall take effect on the sooner of January 1, 2031, or when the mileage-based user fee created pursuant to 23 V.S.A. chapter 43 becomes applicable to all motor vehicles with a gross vehicle weight rating of less than 10,000 pounds.

(g) The remaining sections shall take effect on July 1, 2026.

(Committee vote: 5-0-0)

(For House amendments, see House Journal of March 26, 2026, pages 3610-3619)

Reported favorably with recommendation of proposal of amendment by Senator Chittenden for the Committee on Finance.

The Committee recommends that the bill ought to pass in concurrence with proposal of amendment as recommended by the Committee on Transportation, with further recommendation of proposals of amendment thereto:

First: By striking out Secs. 11 and 12, 16 V.S.A. § 4025, (Education Fund) and their reader assistance heading in their entireties and inserting in lieu thereof two new Secs. 11 and 12 to read as follows:

Sec. 11. [Deleted.]

Sec. 12. [Deleted.]

Second: By striking out Sec. 21, 23 V.S.A. § 4301, Sec. 22, 23 V.S.A. § 4301, and Sec. 23, 23 V.S.A. § 4302(e), and their reader assistance headings in their entireties and inserting in lieu thereof three new Secs. 21, 22, and 23 to read as follows:

Sec. 21. [Deleted.]

Sec. 22. [Deleted.]

Sec. 23. [Deleted.]

Third: By striking out Sec. 44, 32 V.S.A. § 9784, and Sec. 45, 19 V.S.A. § 11, and their reader assistance heading in their entireties and inserting in lieu thereof two new Secs. 44 and 45 to read as follows:

Sec. 44. [Deleted.]

(Committee vote: 5-2-0)

House Proposal of Amendment

S. 255.

An act relating to establishing a pilot Law Enforcement Governance Council in Windham County.

The House proposes to the Senate to amend the bill in Sec. 7, reporting and evaluation, by striking out subsection (b) in its entirety and inserting in lieu thereof a new subsection (b) to read as follows:

(b) On or before September 30, 2030, and again on or before December 31, 2033, the Council, in consultation with the Windham County Sheriff and Windham County Assistant Judges, shall submit a comprehensive evaluation of the pilot program to the House Committee on Government Operations and Military Affairs and the Senate Committee on Government Operations, including:

(1) an assessment of cost-effectiveness compared to alternative service delivery models;

(2) an analysis of service quality improvements;

(3) an evaluation of the governance model's effectiveness;

(4) recommendations regarding continuation, modification, or expansion of the program; and

(5) a proposed framework for statewide replication, if warranted.

CONCURRENT RESOLUTIONS FOR NOTICE

Concurrent Resolutions For Notice Under Joint Rule 16

The following joint concurrent resolutions have been introduced for approval by the Senate and House. They will be adopted by the Senate unless a Senator requests floor consideration before the end of the session of the next legislative day. Requests for floor consideration should be communicated to the Secretary's Office.

H.C.R. 271-283 (For text of Resolutions, see Addendum to Senate Calendar for April 30, 2026)

CONFIRMATIONS

The following appointments will be considered by the Senate, as a group, under suspension of the Rules, as moved by the President *pro tempore,* for confirmation together and without debate, by consent thereby given by the Senate. However, upon request of any senator, any appointment may be singled out and acted upon separately by the Senate, with consideration given to the report of the Committee to which the appointment was referred, and with full debate; and further, all appointments for the positions of Secretaries of Agencies, Commissioners of Departments, Judges, Magistrates, and members of the Public Utility Commission and the Cannabis Control Board, underlined below, shall be fully and separately acted upon.

Dani Delaini of Brattleboro, VT – Public Member of the State Infrastructure Bank Board – By Senator Hardy for the Committee on Finance (April 28, 2026)

PUBLIC HEARINGS

Announcement: Public Hearing on Access to Primary Care

https://legislature.vermont.gov/committee/streaming/house-health-care.

The House Committee on Healthcare will hold a **public hearing on Thursday, April 30 from 5:00 p.m. to 7:00 p.m.** in Room 11 of the State House. Those interested in testifying may attend the hearing in person or virtually.

The Committee will hear testimony on access to primary care and invites individuals to share their experiences, recommendations, and insights to inform members as they consider legislation related to primary care. **Anyone interested in testifying must sign up in advance of the hearing through the following online form no later than 4:30 p.m. on April 29.** For those planning to testify, instructions on how to access and participate in the hearing will be sent the morning of the hearing. Each participant will be given 2.5 minutes to testify.

Online sign-up form:

For those not planning to testify, the hearing will be available to watch live on YouTube using the following link: https://legislature.vermont.gov/committee/streaming/house-health-care.

Written testimony is encouraged and can be submitted through email to testimony@leg.state.vt.us or mailed to the House/Senate Committee on Healthcare, c/o Megan Cannella, 115 State Street, Montpelier, VT 05633. For more information about the format of this event, contact Megan Cannella at Megan.Cannella@vtleg.gov.

JFO NOTICE

Grants and Positions that have been submitted to the Joint Fiscal Committee by the Administration, under 32 V.S.A. §5(b)(3):

JFO #3276: Twelve (12) limited-service positions to the Agency of Human Services, various departments, to staff the Rural Health Transformation Initiative. The Rural Health Transformation grant, JFO #3272 was approved at the Joint Fiscal Committee meeting on February 6, 2026. All limited-service positions are expected to be funded through 9/30/2031.
[Received March 31, 2026]

JFO #3277: $36,000.00 to the Vermont Legislature, Sergeant at Arms office from the National Conference of State Legislatures. The grant will extend up to $500.00 to each member of the General Assembly to secure their homes. Funds would be available once as a reimbursement during the lawmaker's service for expenses incurred after June 1, 2026.
[Received April 14, 2026]

FOR INFORMATION ONLY

CROSSOVER DATES

The Joint Rules Committee established the following crossover deadlines:

(1) All **Senate/House** bills must be reported out of the last committee of reference (including the Committees on Appropriations and Finance/Ways and Means, except as provided below in (2) and the exceptions listed below) on or before **Friday, March 13, 2026**, and filed with the Secretary/Clerk so they may be placed on the Calendar for Notice the next legislative day. Committee bills must be voted out of Committee by **Friday, March 13, 2026.**

(2) All **Senate/House** bills referred pursuant to Senate Rule 31 or House Rule 35(a) to the Committees on Appropriations and Finance/Ways and Means must be reported out by the last of those committees on or before **Friday, March 20, 2026**, and filed with the Secretary/Clerk so they may be placed on the Calendar for Notice the next legislative day.

Note: The Senate will not act on bills that do not meet these crossover deadlines, without the consent of the Senate Rules Committee.

Exceptions to the foregoing deadlines include the major money bills (the General Appropriations Bill ("The Big Bill"), the Transportation Capital Bill, the Capital Construction Bill, and the Fee/Revenue Bills).