Journal of the House

Thursday, May 7, 2026

At one o'clock in the afternoon, the Speaker called the House to order.

Devotional Exercises

Devotional exercises were conducted by State House Singers.

Pending Entry on the Notice Calendar
Bill Referred to the Committee on Appropriations

S. 214

Senate bill, entitled

An act relating to the provision of prekindergarten education in geographically isolated school districts

Pending entry on the Notice Calendar, and pursuant to House Rule 35(a), carrying an appropriation, was referred to the Committee on Appropriations.

House Resolution Placed on Calendar

H.R. 17

Offered by Committee on Human Services

House resolution affirming that all Vermonters are presumed to be competent to communicate and must be provided effective communication resources of their choice

Whereas, in the early 1990s, facilitated communication (FC) was introduced in Vermont, and, in 1994, practice and validation guidelines to enhance FC's integrity were implemented, and

Whereas, in 2000, an important step in serving those Vermonters for whom alternative communication methods are essential occurred with the establishment of the Vermont Communication Task Force, a statewide communication network that works in coordination with the Department of Disabilities, Aging, and Independent Living's Developmental Disabilities Services Division, and

Whereas, the fundamental tenet of the Task Force is "that all persons are competent, can communicate, and must receive the support, training and technology needed to actively participate in all aspects of life," and

Whereas, the Task Force, with the support of two regional communication specialists, offers guidance, policy recommendations, research monitoring, and training on the individual, provider, and State levels, in the context of developmental disabilities services, and

Whereas, this operational structure is intended to ensure Vermonters receive the necessary support to communicate through the method of their choice, and

Whereas, it is of the utmost importance that individuals' communication challenges not be viewed as indicative of a limitation of their intellectual competence, and

Whereas, the Rapid Prompting Method of communication assistance may be a beneficial option for assisting individuals to communicate, *now therefore be it*

Resolved by the House of Representatives:

That this legislative body affirms that all Vermonters are presumed to be competent to communicate and must be provided effective communication resources of their choice, *and be it further*

Resolved: That the Clerk of the House be directed to send a copy of this resolution to the Vermont Communication Task Force.

Was read by title and placed on the Action Calendar on the next legislative day pursuant to House Rule 52.

Ceremonial Readings

H.C.R. 279

Offered by All Members of the House

Offered by All Members of the Senate

House concurrent resolution honoring General Assembly Head Doorkeeper Michael G. Wiater and his wife, Sergeant at Arms Administrative Assistant Donna Wiater, for their dedicated State public service and extending future best wishes

Whereas, Mike Wiater was born in Springfield, Massachusetts; attended the public schools in nearby Chicopee, Massachusetts; and, in 1973, he entered the U.S. Army, serving in the 1st Infantry Division prior to his 1976 honorable discharge, and

Whereas, following military service, Mike Wiater pursued higher education opportunities at the University of Kansas in Manhattan, Kansas; Springfield Technical Community College in Springfield, Massachusetts; and the former Hawthorne College in Antrim, New Hampshire, and

Whereas, for a quarter of a century, Mike Wiater patrolled the highways, investigated crimes, and protected Vermonters as a member of the Vermont State Police, rising to the rank of sergeant, and

Whereas, in 2006, Mike Wiater embarked on a new career as a General Assembly doorkeeper, donning the green jacket that symbolizes his role to facilitate the orderly flow of activities in the State House during the legislative session, and

Whereas, his interrelated duties involve controlling chamber access when the House or Senate convenes; coordinating the distribution of the still-important pink message slips to members; and supervising the 8th-grade legislative pages, including teaching them a class on the role and procedures of the General Assembly; and in recognition of his superb job performance, in 2017, Mike Wiater was designated head doorkeeper, and

Whereas, since 2020, his wife, Donna Wiater, has admirably served as an administrative assistant in the Office of the Sergeant at Arms, supporting the office in many ways to ensure it operates with maximum efficiency, and

Whereas, Mike and Donna Wiater have served as extraordinary public servants, their presence on the State House staff has been invaluable and a delight, and, in 2026, they are concluding their respective tenures under the golden dome, *now therefore be it*

Resolved by the Senate and House of Representatives:

That the General Assembly honors General Assembly Head Doorkeeper Michael G. Wiater and his wife, Sergeant at Arms Administrative Assistant Donna Wiater, for their dedicated State public service and extends future best wishes, *and be it further*

Resolved: That the Secretary of State be directed to send a copy of this resolution to Mike and Donna Wiater.

Having been adopted in concurrence on Friday, May 1, 2026 in accord with Joint Rule 16b, was read.

H.C.R. 282

Offered by All Members of the House

Offered by All Members of the Senate

House concurrent resolution honoring General Assembly Doorkeeper Dennis Miles for his superb dedication to serving the General Assembly and all Vermonters

Whereas, as an educator, athletics coach and referee, and community leader, Dennis Miles has contributed significantly to his native Vermont community, and

Whereas, born in Windsor County, Dennis Miles graduated from the former Chester High School and the former Castleton State College and earned a master's degree at Norwich University, and

Whereas, for an impressive 41 years, Dennis Miles was a faculty member in the Northfield School District, primarily as a physical education instructor, and

Whereas, his involvement in youth sports extended well beyond in-school classes and to a variety of roles, including coaching basketball and hockey teams in Northfield, umpiring high school baseball contests, and running the length of the soccer pitch as a high school and collegiate referee, and

Whereas, the conclusion of his career as an educator opened the door, literally, to a new vocation as one of the proud, green-jacketed General Assembly doorkeepers, a role he took on at the beginning of the 2014 legislative session, and

Whereas, for the past dozen years, Dennis Miles has been a familiar face in the State House, monitoring the entryways of the House and Senate to ensure good order during daily sessions; working with the 8th-grade legislative pages as they scurry around the building and on the floor of each chamber; and, drawing on his experiences as an educator, teaching his young charges the fundamentals of Vermont's Legislative Branch, and

Whereas, Dennis Miles has decided that 2026 will be his final session under the golden dome, *now therefore be it*

Resolved by the Senate and House of Representatives:

That the General Assembly honors General Assembly Doorkeeper Dennis Miles for his superb dedication to serving the General Assembly and all Vermonters, *and be it further*

Resolved: That the Secretary of State be directed to send a copy of this resolution to Dennis Miles.

Having been adopted in concurrence on Friday, May 1, 2026 in accord with Joint Rule 16b, was read.

Message from the Senate No. 55

A message was received from the Senate by Ms. Gradel, its Assistant Secretary, as follows:

Madam Speaker:

I am directed to inform the House that:

The Senate has considered bills originating in the House of the following titles:

H. 674. An act relating to the creation of the Vermont Sister State Program.

H. 814. An act relating to neurological rights and the use of artificial intelligence technology in health and human services.

And has passed the same in concurrence.

The Senate has considered bills originating in the House of the following titles:

H. 512. An act relating to the regulation of the event ticketing market.

H. 536. An act relating to toxic heavy metals in baby food products.

H. 559. An act relating to the Parole Board.

H. 941. An act relating to municipal regulation of agriculture.

And has passed the same in concurrence with proposals of amendment in the adoption of which the concurrence of the House is requested.

The Senate has considered joint resolution originating in the House of the following title:

J.R.H. 10. Joint resolution authorizing the 2026 Green Mountain Girls State educational program to use the State House.

And has adopted the same in concurrence.

The Governor has informed the Senate that on the 6th day of May, he approved and signed bills originating in the Senate of the following titles:

S. 181. An act relating to eliminating the requirement for a presentence investigation for imposition of a deferred sentence.

S. 163. An act relating to the role of advanced practice providers in hospital care.

The Governor has informed the Senate that on May 6, 2026, he returned without signature and *vetoed* a bill originating in the Senate of the following title:

S. 218. An act relating to reducing chloride contamination of State waters.

Text of Communication from Governor

The text of the communication from His Excellency, the Governor, whereby he vetoed and returned unsigned **Senate Bill No. S. 218**, to the Senate is as follows:

May 6, 2026

The Honorable John Bloomer
Secretary of the Senate
State House
Montpelier, VT 05633

Dear Mr. Bloomer:

Pursuant to Chapter II, Section 11 of the Vermont Constitution, I'm returning unsigned and without my approval, in the time permitted by the Constitution, S.218, *An act relating to reducing chloride contamination of state waters.*

I agree with the bill's intent and while we've made progress over the years, I believe we should continue to limit the amount of salt that eventually ends up in our waterways. However, I'm concerned about the liability and unintended consequences this bill creates.

By requiring Vermont's municipalities and commercial businesses to reduce the amount of salt and salt alternatives used to make roadways, parking lots, stairs and sidewalks safer during the winter months, it could result in more injuries and vehicle accidents leading to increased liability, risk of litigation, and expense.

If this is a priority, the Legislature should add a provision relieving municipalities and private entities of this new legal risk rather than increasing the financial burden of this policy on Vermonters.

Sincerely,
Philip B. Scott
Governor

Recess

At one o'clock and forty-six minutes in the afternoon, the Speaker declared a recess until the fall of the gavel.

Called to Order

At two o'clock and forty-nine minutes in the afternoon, the Speaker called the House to order.

Third Reading; Bill Passed

H. 953

House bill, entitled

An act relating to approval of an amendment to the charter of the Town of Panton

Was taken up, read the third time, and passed.

Amendment to Proposal of Amendment Offered; Point of Order; Amendment to Proposal of Amendment Offered; Amendment to Proposal of Amendment Offered and Withdrawn; Third Reading; Bill Passed in Concurrence with Proposal of Amendment

S. 325

Senate bill, entitled

An act relating to regional planning and Act 250 Tier jurisdiction

Was taken up and, pending third reading of the bill, **Rep. Higley of Lowell** moved to amend the House proposal of amendment by adding a new section to be Sec. 22a to read as follows:

Sec. 22a. 10 V.S.A. § 2801 is amended to read:

§ 2801. DEFINITIONS

As used in this section:

* * *

(3) "Natural resource management area" means an area having permanent protection from conversion for the majority of the area but that is subject to long-term, sustainable land management or agricultural land or forestland that is enrolled in the Use Value Appraisal Program pursuant to 32 V.S.A. chapter 124.

* * *

(6) “Conserved” means ~~permanently protected and~~ meeting the definition of ecological reserve area, biodiversity conservation area, or natural resource management area as defined in this section for purposes of meeting the 30 percent goal in subsection 2802(b) of this title. For purposes of meeting the 50 percent goal of subsection 2802(b) of this title, “conserved” primarily means permanently protected and meeting the definition of ecological reserve area, biodiversity conservation area, or natural resource management area as defined in this section, although other long-term land protection mechanisms and measures that achieve the goals of Vermont Conservation Design that are enforceable and accountable and that support an ecologically functional and connected landscape may be considered.

Rep. Bartholomew of Hartland raised a Point of Order in that the amendment was not germane to the bill, which the Speaker ruled well-taken because the bill pertains to regional planning and Act 250 Tier jurisdiction, whereas the amendment would amend what constitutes "conserved" land in the Conserved Land Inventory, which is a different topic, would introduce an independent question, and change the scope of the bill.

Pending third reading, **Rep. Dobrovich of Williamstown** moved to amend the House proposal of amendment in Sec. 6, 10 V.S.A. § 6081, in subsection (dd), by inserting a new subdivision (4) to read as follows:

(4) Notwithstanding any other provision of law to the contrary, until January 1, 2030, no permit or permit amendment is required for the subdivision for or the construction 50 units or fewer of housing with at least 20 percent of the units with mixed income housing or mixed-use development, constructed or maintained on a tract or tracts of land, located within areas of a designated village center and within one-quarter mile of its boundary served by public sewer or water services or soils that are adequate for wastewater disposal.

Which was disagreed to.

Pending third reading, **Rep. Boutin of Barre City** moved to amend the House proposal of amendment in Sec. 6, 10 V.S.A. § 6081, in subsection (dd), by adding a new subdivision (4) to read as follows:

(4) Notwithstanding, 10 V.S.A. § 902(9), for projects that qualify for the exemptions for housing pursuant to subdivisions (1)- (3) of this subsection (dd), that are for the construction of 150 units or fewer of housing, constructed or maintained on a tract or tracts of land of 50 acres or less, the buffer zone of a Class II wetland as mapped in the Vermont State Wetlands Inventory shall be 25 feet.

Thereupon, **Rep. Boutin of Barre City** asked and was granted leave of the House to withdraw the amendment.

Thereafter, the bill was read the third time and passed in concurrence with proposal of amendment.

Action on Bill Postponed

S. 208

Senate bill, entitled

An act relating to standards for law enforcement identification

Was taken up and, pending second reading of the bill, on motion of **Rep. Dolan of Essex Junction**, action on the bill was postponed two legislative days.

Second Reading; Amendment Offered and Withdrawn; Proposal of Amendment Agreed to; Third Reading Ordered

S. 209

Rep. Goodnow of Brattleboro, for the Committee on Judiciary, to which had been referred Senate bill, entitled

An act relating to prohibiting civil arrest in sensitive locations

Reported in favor of its passage in concurrence with proposal of amendment by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 12 V.S.A. § 3577 is amended to read:

§ 3577. PRIVILEGE FROM ARREST

(a) The Governor, Lieutenant Governor, State Treasurer, Secretary of State, Auditor of Accounts, Attorney General, and members of the General Assembly and officers and witnesses whose duty it is to attend thereon, in all cases except treason, felony, and breach of the peace, shall be privileged from arrest and imprisonment during their necessary attendance on and in going to and returning from the General Assembly.

(b) A party or witness in a cause pending in any court in the State or before special masters, auditors, referees, or commissioners, and a witness in a criminal cause pending in any such court, shall not be arrested, imprisoned, or detained by virtue of civil process. Any witness summoned from outside the State in a criminal cause, pending in any court within the State, shall be privileged from the service of papers of any kind whatsoever, and from arrest for any cause while going to, attending at, or returning from such court or trial of such cause.

(c)(1) Prohibition. A person shall not be subject to civil arrest while:

(A) traveling to, entering, remaining at, or returning from a:

(i) court proceeding; or

(ii) educational institution; or

(B) on the premises of a:

(i) building owned and wholly controlled by the State or a political subdivision of the State where members of the public may enter in order to conduct governmental business;

(ii) office operated by the Department of Motor Vehicles that is open to the public;

(iii) public library;

(iv) polling place;

(v) social services establishment, which includes a crisis center, domestic violence shelter, victim services center, child advocacy center, supervised visitation center, family justice center, facility that serves disabled persons, homeless shelter, substance use disorder counseling and treatment facility, and food pantry or similar establishment that distributes food or other essentials of life to persons in need;

(vi) place of worship;

(vii) facility licensed as a children's camp or that serves as a day camp; or

(viii) health care facility.

(2) Exceptions. Subdivision (1) of this subsection shall not apply to:

(A) an arrest pursuant to a judicially issued warrant or a court order;

(B) an arrest for contempt of the court where the proceeding is occurring; or

(C) an arrest to maintain order or safety in the court where the proceeding is occurring.

(3) Remedies.

(A) A person who violates this subsection (c) by knowingly and willfully executing ~~or assisting with~~ an arrest prohibited by subdivision (1) of this subsection (c) ~~shall be subject to contempt proceedings and~~:

(i) may be liable in a civil action for false imprisonment; and

(ii) shall be subject to contempt proceedings, if the arrest is pursuant to subdivision (1)(A)(i) of this subsection (c).

(B) A person who is arrested in violation of subdivision (1) of this subsection (c) may bring a civil action against the violator for damages; injunctive, equitable, or declaratory relief; punitive damages; and reasonable costs and attorney's fees.

(C) The Office of the Attorney General may bring a civil action on behalf of the State of Vermont for appropriate injunctive, equitable, or declaratory relief if there is reasonable cause to believe that a violation of subdivision (1) of this subsection (c) has occurred or will occur.

(D) No action under this subsection (c) shall be brought against the Judiciary or any of its members or employees for actions taken to maintain order or safety in the courts.

(E) This section shall not be construed to limit or infringe upon any right, privilege, or remedy available under common law or any other provision of law or rule.

(F) Notwithstanding section 3578 of this title, the protections and remedies afforded by this subsection (c) apply irrespective of when the privilege against civil arrest is invoked.

(4) ~~Definition~~ Definitions. As used in this subsection~~,~~:

(A)(i) "~~civil~~ Civil arrest" means an arrest for purposes of obtaining a person's presence or attendance at a civil proceeding, including an immigration proceeding.

(ii) "Civil arrest" does not include:

(I) temporary custody of a person pending a warrant pursuant to 18 V.S.A. § 7505(b); or

(II) holding a person for admission to a hospital for an emergency examination pursuant to 18 V.S.A. § 7504.

(B) "Children's camp" has the same meaning as in 18 V.S.A. § 4301.

(C)(i) "Educational institution" means:

(I) a public school, as that term is defined in 16 V.S.A. § 11(7);

(II) an independent school, as that term is defined in 16 V.S.A. § 11(8);

(III) a regional CTE center, as that term is defined in 16 V.S.A. § 1522(4);

(IV) an approved education program, as that term is defined in 16 V.S.A. § 11(34);

(V) a prequalified private provider, as that term is defined in 16 V.S.A. § 829(a)(3);

(VI) a postsecondary school, as that term is defined in 16 V.S.A. § 176(b)(1);

(VII) an educational program operated by a board of cooperative education services pursuant to 16 V.S.A. chapter 10;

(VIII) a tutorial program, as that term is defined in 16 V.S.A. § 11(27); and

(IX) an adult education and secondary credential program operated pursuant to 16 V.S.A. § 945.

(ii) "Educational institution" also extends to grounds operated by, activities sponsored by, transportation provided by, and programs related to educational institutions.

(D) "Health care facility" has the same meaning as in 18 V.S.A. § 9402(6).

(E) "Polling place" means a place that a municipality has designated to the Secretary of State as a polling place pursuant to 17 V.S.A. § 2502(f).

(F) "Public library" has the same meaning as in 22 V.S.A. § 101.

Sec. 2. EFFECTIVE DATE

This act shall take effect on passage.

The bill, having appeared on the Notice Calendar, was taken up and read the second time.

Pending the question, Shall the House propose to the Senate to amend the bill as recommended by the Committee on Judiciary?, **Rep. Greer of Bennington** moved to amend the report of the Committee on Judiciary by adding a new section to be Sec. 1a to read as follows:

Sec. 1a. 20 V.S.A. chapter 207 is amended to read:

CHAPTER 207. PROTECTION OF PERSONALLY IDENTIFYING INFORMATION

§ 4651. PROHIBITED DISCLOSURE OF PERSONALLY IDENTIFYING INFORMATION

(a) As used in this ~~section~~ chapter:

(1) "Personally identifying information" means information concerning a person's sex, sexual orientation, gender identity, marital status, race, color, religion, national origin, immigration status, age, or disability.

(2) "Public agency" has the same meaning as in 1 V.S.A. § 317 and ~~shall include~~ includes all officers, employees, agents, and independent contractors of the public agency.

(b) A public agency shall not:

(1) collect information regarding the religious beliefs, practices, or affiliation of any individual for the purpose of registration of an individual based on ~~his or her~~ the individual's religious beliefs, practices, or affiliations;

(2) knowingly disclose personally identifying information to any federal agency or official for the purpose of registration of an individual based on ~~his or her~~ the individual's personally identifying information; or

(3) use public agency money, facilities, property, equipment, or personnel to assist in creating or enforcing any federal government program for the registration of an individual based on ~~his or her~~ the individual's personally identifying information.

(c) Any section, term, or provision of an agreement in existence on ~~the effective date of this section (~~March 28, 2017~~)~~, that conflicts with subsection (b) of this section shall be invalidated on that date to the extent of the conflict.

(d) Nothing in this section is intended to prohibit or impede any public agency from complying with the lawful requirements of 8 U.S.C. §§ 1373 and 1644. To the extent any State or local law enforcement policy or practice conflicts with the lawful requirements of 8 U.S.C. §§ 1373 and 1644, said policy or practice is, to the extent of such conflict, abolished.

(e) Nothing in this section is intended to prohibit or impede any public agency from disclosing or exchanging aggregated information that cannot be used to identify an individual with any other public agency or federal agency or official.

§ 4652. AUTHORIZATION TO ENTER INTO IMMIGRATION AGREEMENTS ~~PURSUANT TO 8 U.S.C. § 1357(G) AND 19 U.S.C. § 1401(I)~~

(a) Notwithstanding any other provision of law, only the Governor, in consultation with the Vermont Attorney General, is authorized to enter into, modify, or extend an agreement pursuant to ~~8 U.S.C. § 1357(g) or~~ 19 U.S.C. § 1401(i).

(b) No public agency~~, as that term is defined in 1 V.S.A. § 317, or an officer, employee, agent, or independent contractor of a public agency,~~ shall enter into an agreement pursuant to section 287(g) of the Immigration and Nationality Act, 8 U.S.C. § 1357(g) ~~or 19 U.S.C. § 1401(i) unless the Governor has authorized the agreement as set forth in subsection (a) of this section~~.

and that after passage the title of the bill be amended to read: "An act relating to prohibiting civil arrest in sensitive locations and certain immigration agreements"

Thereupon, **Rep. Greer of Bennington** asked and was granted leave of the House to withdraw the amendment.

Pending the question, Shall the House propose to the Senate to amend the bill as recommended by the Committee on Judiciary?, **Rep. Dolan of Essex Junction** demanded the Yeas and Nays, which demand was sustained by the Constitutional number. The Clerk proceeded to call the roll and the question, Shall the House propose to the Senate to amend the bill as recommended by the Committee on Judiciary?, was decided in the affirmative. Yeas, 109. Nays, 30.

Those who voted in the affirmative are:

Arsenault of Williston *
Austin of Colchester
Bartholomew of Hartland
Bartley of Fairfax
Berbeco of Winooski
Birong of Vergennes
Bishop of Colchester
Black of Essex
Bluemle of Burlington
Bos-Lun of Westminster
Boyden of Cambridge
Brady of Williston
Branagan of Georgia
Brigham of St. Albans Town
Brown of Richmond
Burke of Brattleboro
Burkhardt of South Burlington
Burrows of West Windsor
Campbell of St. Johnsbury
Carris Duncan of Whitingham
Casey of Montpelier
Chapin of East Montpelier
Charlton of Chester
Feltus of Lyndon
Galfetti of Barre Town
Garofano of Essex
Goldman of Rockingham
Goodnow of Brattleboro
Graning of Jericho
Greer of Bennington
Gregoire of Fairfield
Harple of Glover
Headrick of Burlington
Holcombe of Norwich
Hooper of Randolph
Houghton of Essex Junction
Howard of Rutland City
Hoyt of Hartford
Hunter of Manchester
James of Manchester *
Kimbell of Woodstock
Kleppner of Burlington *
Kornheiser of Brattleboro
Krasnow of South Burlington
Lalley of Shelburne
LaLonde of South Burlington
Morgan, M. of Milton
Morris of Springfield
Morrissey of Bennington
Morrow of Weston
Mrowicki of Putney *
Nigro of Bennington
Noyes of Wolcott
Nugent of South Burlington
O'Brien of Tunbridge
Ode of Burlington
Olson of Starksboro
Pezzo of Colchester
Pinsonault of Dorset
Pouech of Hinesburg
Priestley of Bradford
Pritchard of Pawlet
Quimby of Lyndon
Rachelson of Burlington *
Satcowitz of Randolph
Scheu of Middlebury
Sheldon of Middlebury
Sibilia of Dover
Soucy of Barre Town
Southworth of Walden
Squirrell of Underhill

Coffin of Cavendish
Cole of Hartford
Conlon of Cornwall
Cooper of Pownal
Corcoran of Bennington
Critchlow of Colchester
Dodge of Essex *
Dolan of Essex Junction
Dolgin of St. Johnsbury
Duke of Burlington
Durfee of Shaftsbury
Eastes of Guilford
Emmons of Springfield
LaMont of Morristown
Lipsky of Stowe
Long of Newfane
Long of Milton
Lueders of Lincoln
Luneau of St. Albans City
Masland of Thetford
McCann of Montpelier
McCoy of Poultney
McGill of Bridport
Micklus of Milton
Minier of South Burlington
Morgan, L. of Milton
Steady of Milton
Stevens of Waterbury
Stone of Burlington
Sweeney of Shelburne
Tomlinson of Winooski
Torre of Moretown
Waszazak of Barre City
Waters Evans of Charlotte
White of Waitsfield *
White of Bethel
Wood of Waterbury
Yacovone of Morristown

Those who voted in the negative are:

Boutin of Barre City
Burditt of West Rutland
Burtt of Cabot
Canfield of Fair Haven
Casey of Hubbardton
Demar of Enosburgh
Dickinson of St. Albans Town
Dobrovich of Williamstown
Goslant of Northfield
Hango of Berkshire
Harvey of Castleton
Higley of Lowell
Howland of Rutland Town
Kascenska of Burke
Keyser of Rutland City
Labor of Morgan
Laroche of Franklin
Maguire of Rutland City
Malay of Pittsford
Marcotte of Coventry
Nelson of Derby
North of Ferrisburgh
Oliver of Sheldon
Page of Newport City
Powers of Waterford
Scully of Burlington
Tagliavia of Corinth
Walker of Swanton
Wells of Brownington
Winter of Ludlow

Those members absent with leave of the House and not voting are:

Bailey of Hyde Park
Bosch of Clarendon
Christie of Hartford
Cina of Burlington
Donahue of Northfield
Logan of Burlington
Mihaly of Calais
Nielsen of Brandon
Parsons of Newbury
Taylor of Mendon

Rep. Arsenault of Williston provided the following vote explanation:

“Madam Speaker:

I was proud to vote YES on S.209. This bill is an example of Vermont exercising our constitutional right as a State to protect core governmental services. We’re drawing a line around these vital services and the locations at which they are accessed. Given the unfortunate and unlawful actions of I.C.E. on behalf of the federal government, I’m confident that we not only have the right to take this step, we have a responsibility to do so.”

Rep. Dodge of Essex provided the following vote explanation:

"Madam Speaker:

I rise to give my resounding support of S.209. This bill came from a groundswell of support from immigrants, allies, and service providers around the State. We heard loud and clear that Vermonters do not want to allow our churches, schools, and essential public buildings to fall under the violence that we witnessed around the country and in our own City of South Burlington. Since 1993, presidents from both sides of the aisle have protected these locations from civil immigration enforcement to one degree or another. That is no longer the case, and as a result we are seeing that 73% of immigration arrests are on individuals without a conviction. Vermont must stand with immigrant rights and by so doing, protect due process and civic life."

Rep. James of Manchester provided the following vote explanation:

"Madam Speaker:

By passing S.209, we take a small step to protect all Vermonters' access to important places in our communities — places like schools, childcare centers, and libraries — where they might be accessing services for themselves, or for an elderly parent, or for their children. Just as important, S.209 would keep these institutions free from fear and disruption for anyone — for you, for me, for every Vermonter — who might happen to be there on any given day. I was glad to vote yes."

Rep. Kleppner of Burlington provided the following vote explanation:

"Madam Speaker:

When parents are afraid to send their children to school, it harms those children, those parents, the other children in the school, and the community as a whole. Fearing civil arrest in a place of worship is a profound violation of our fundamental freedom of religion. This bill restores the sanctity of our schools and churches."

Rep. Mrowicki of Putney provided the following vote explanation:

"Madam Speaker:

It was noted yesterday that the previous bill brought hundreds of people to the State House lawn. I note that this issue addressed in S.209 is one of the issues that brought thousands of Vermonters to the State House. Thousands more came out in Brattleboro, thousands more in Burlington, and thousands across Vermont. Thousands and thousands of Vermonters want to be heard on this and other atrocities on behalf of the current regime in the White House. My vote for S.209 tells those thousands of Vermonters, we're listening."

Rep. Rachelson of Burlington provided the following vote explanation:

"Madam Speaker:

Someone asked me if I thought his pregnant wife needed to seek medical treatment. She was bleeding and they were too afraid to seek medical assistance. My hope is this bill will make a difference."

Rep. White of Waitsfield provided the following vote explanation:

"Madam Speaker:

I voted yes on S.209. This bill furthers protections for Vermonters, allowing them to carry on with their daily lives – going to school, to the library, to the doctor, to social service programs – without fear of being detained for Immigration and Customs violations, unless a judicial warrant has been attained. We all are aware of situations across this Country, and in our State, where Immigration and Customs enforcement has gone awry, needlessly detaining, harming, and in some situations killing innocent Americans. This bill aims to stop such miscarriages of justice. I.C.E. officials may still pursue their work, but with clearer guidelines that better protect Americans and Vermonters."

Thereafter, third reading was ordered.

Senate Proposal of Amendment Not Concurred in; Committee of Conference Requested and Appointed

H. 933

The Senate proposed to the House to amend House bill, entitled

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

The Senate proposed 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~~ <u>the Director's</u> 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~~<u>. 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</u> provisions for appeal relating to property tax assessments in chapter 131 of this title shall apply<u>, except that the owner shall have 30 days to appeal the determination to the municipality or to the Director as applicable under this subsection</u>. <u>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.</u>

(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~~ <u>owner</u>. The tax shall be paid to the Commissioner, who<u>, 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,</u> shall remit to the municipality the lesser of one-half the tax paid or $2,000.00~~. The Director~~ <u>and</u> 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. <u>If the municipality's local assessing officials fail to timely determine fair market value of the withdrawn</u>

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. § 3602b 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~~ <u>the owner</u> 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~~ <u>January</u> 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~~ <u>January</u> 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~~ <u>January</u> 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~~ <u>January</u> 1 following the certification of the dwelling unit.

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

(a) Annually on ~~April~~ <u>January</u> 1, at the expense of the State, the Director shall furnish to the several ~~town~~ <u>municipal</u> 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. 24 V.S.A. § 138 is amended to read:

§ 138. LOCAL OPTION TAXES

* * *

(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 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, provided that an additional five percent of the taxes collected shall be paid on a quarterly basis to the municipality in which they were collected in fiscal years that, at the close of the immediately preceding fiscal year, the Commissioner of Taxes determined that the balance of the PILOT Special Fund was in excess of $18,000,000.00 at that time. 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.

* * *

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; 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.

* * *

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

* * *

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, 56, and 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.

(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.

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

Pending the question, Shall the House concur in the Senate proposal of amendment?, **Rep. Kimball of Woodstock** moved that the House refuse to concur and ask for a Committee of Conference, which was agreed to, and the Speaker appointed as members of the Committee of Conference on the part of the House:

Rep. Kornheiser of Brattleboro
Rep. Canfield of Fair Haven
Rep. Kimbell of Woodstock

Adjournment

At three o'clock and fifty-two minutes in the afternoon, on motion of **Rep. McCoy of Poultney**, the House adjourned until tomorrow at nine o'clock and thirty minutes in the forenoon.