

Sections of FY 2026 Governor’s Recommended Budget Reviewed by the House Committee on Ways and Means

| | GOVREC | EXPLANATIONS |
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| Base Appropriations | | |
| B.111 | Tax- Administration/Collection | \$37,196,541 (\$24,668,155 GF, \$12,413,386 SF, \$115,000 IDT) |
| B.137 | Homeowner Rebate | \$19,000,000 (GF) |
| B.138 | Renter Credit | \$9,500,000 (GF) |
| B.139 | Tax – Reappraisals and Listing Payments | \$3,410,000 (GF) |
| B.140 | Tax – Municipal Current Use | \$21,350,000 (GF) |
| B.142 | PILOT | \$12,200,000 (PILOT Fund) |
| B.143 | PILOT – Montpelier | \$0 – reflected in B.142 |
| B.144 | PILOT – Correctional Facilities | \$40,000 (PILOT Fund) |
| One-Time Appropriations | | |
| B.1100(j) | \$4,000,000 from the General Fund to the Agency of Education to support statewide education transformation and build capacity within the Agency. | \$4,000,000 (GF) |
| Transfers and Allocations | | |
| D.100 | <p>Property Transfer Tax Allocations</p> <p>(1) The sum of \$591,137 is allocated from the Current Use Administration Special Fund to the Department of Taxes for administration of the Use Tax Reimbursement Program. Notwithstanding 32 V.S.A. § 9610(c), amounts in excess of \$591,137 from the property transfer tax deposited into the Current Use Administration Special Fund shall be transferred to the General Fund.</p> <p>(2) Notwithstanding 10 V.S.A. § 312, amounts in excess of \$36,964,250 from the property transfer tax and the surcharge established by 32 V.S.A. § 9602a deposited into the Vermont Housing and Conservation Trust Fund shall be transferred to the General Fund.</p> | <p>The January consensus revenue forecast estimated total annual property transfer tax receipts of \$80,600,000.</p> <p>(1): Following the \$2,500,000 reduction per 32 V.S.A. §9610(d)(1); 32 V.S.A. § 9610(c) allocates 1.5% of the net amount, \$1,171,500 to the Current Use Administration Special Fund for the administrative costs of the Property Valuation and Review Division of the Vermont Department of Taxes. The Property Valuation and Review Division only requires \$591,137 to meet its administrative requirements. The \$580,363 surplus property transfer tax receipts are, therefore, being transferred to the General Fund.</p> <p>(2): The \$80,600,00 January consensus property transfer tax estimate is reduced by \$2,500,000, per 32 V.S.A. § 9610(d)(1), for Vermont Housing Finance Agency bond servicing and then by 1.5% of the net receipts (\$1,171,500), per 32 V.S.A. 9610(c), for the Vermont Department of Taxes Property Valuation and Review Division</p> |

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| | <p>(A) The dedication of \$2,500,000 in revenue from the property transfer tax pursuant to 32 V.S.A. §9610(d) for the debt payments on the affordable housing bond (10 V.S.A. §314) shall be offset by the reduction of \$1,500,000 in the appropriation to the Vermont Housing and Conservation Board and \$1,000,000 from the surcharge established by 32 V.S.A. § 9602a. The fiscal year 2026 appropriation of \$36,964,250 to the Vermont Housing Conservation Board reflects the \$1,500,000 reduction. The affordable housing bond and related property transfer tax and surcharge provisions are repealed after the life of the bond on July 1, 2039. Once the bond is retired, the \$1,500,000 reduction in the appropriation to the Vermont Housing Conservation Board shall be restored.</p> <p>(3) Notwithstanding 24 V.S.A. §4306(a)(2), amounts in excess of \$10,000,705 from the property transfer tax deposited into the Municipal and Regional Planning and Resilience Fund shall be transferred into the General Fund. Notwithstanding 24 V.S.A. §4306(a)(3), the \$10,000,705 shall be allocated as follows:</p> <p>(A) \$7,740,546 for disbursement to regional planning commissions in a manner consistent with 24 V.S.A. §4306(b);</p> <p>(B) \$1,260,089 for disbursement to municipalities in a manner consistent with 24 V.S.A. §4306(b);</p> <p>(C) \$1,000,070 to the Agency of Digital Services for the Vermont Center for Geographic Information.</p> | <p>administrative costs. Of the net \$76,928,500 of property transfer taxes available for distribution 50%, or \$38,464,250, is allocated to the Vermont Housing and Conservation Board per 10 V.S.A. § 312. An additional \$1,000,000 is allocated to the Vermont Housing and Conservation Board from the property transfer tax surcharge, per 32 V.S.A. § 9602a, for a total of \$39,464,250. The language in this section notwithstanding these requirements and finances the \$2,500,000 due the Vermont Housing Finance Agency by redirecting the \$1,000,000 property transfer tax surcharge and \$1,500,000 of the Vermont Housing and Conservation Board’s property transfer tax allocation to the General Fund. The resulting net allocation for appropriation to the Vermont Housing and Conservation Board is \$36,964,250.</p> <p>(3): The altered allocation for regional planning commissions and municipalities is based on a request from the Agency of Commerce and Community Development.</p> |
| D.101(a)(1)(E) | Transfer \$77,200,000 from the General Fund to Education Fund | |
| D.101(a)(8) | <p>From the Cannabis Regulation Fund (#21998) to the:</p> <p>(A) General Fund (#10000): Seventy percent of the unencumbered and unexpended balance of the fund in excess of \$4,035,000 following the close</p> | <p>The Cannabis Control Board anticipates total fiscal year 2026 cost of operations to be \$6,649,000. Fiscal year 2026 anticipated revenues from fees and fines, which originally were supposed to fund operations, are expected to be \$2,614,000. This language allows the first \$4,035,000 of fiscal year 2025 year-end balance to be retained in the</p> |

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| | <p>of fiscal year 2025. The Commissioner of Finance and Management shall report the amount of this transfer to the Joint Fiscal Committee. For purposes of developing the fiscal year 2026 budget this amount is estimated to be \$5,900,000.</p> <p>(B) Substance Misuse Prevention Special Fund (#21995): Thirty percent of the unencumbered and unexpended balance of the fund in excess of \$4,035,000 following the close of fiscal year 2025. The Commissioner of Finance and Management shall report the amount of this transfer to the Joint Fiscal Committee. For purposes of developing the fiscal year 2026 budget this amount is estimated to be \$2,500,000.</p> | <p>fund to meet the Cannabis Control Board’s expected cost of operations. The \$8.4M estimated residual balance beyond this amount is transferred 70 percent to the General Fund and 30 percent to the newly established Substance Misuse Prevention Special Fund (E.312.4)</p> |
| Language | | |
| E.139 | <p>GRAND LIST LITIGATION ASSISTANCE</p> <p>(a) Of the appropriation in Sec. B.139 of this act, \$9,000 shall be transferred to the Attorney General and \$70,000 shall be transferred to the Department of Taxes’ Division of Property Valuation and Review and used with any remaining funds from the amount previously transferred for final payment of expenses incurred by the Department or towns in defense of grand list appeals regarding the reappraisals of the hydroelectric plants and other expenses incurred to undertake utility property appraisals in Vermont.</p> | <p>Standard annual language.</p> |
| E.142 | <p>PAYMENTS IN LIEU OF TAXES</p> <p>(a) This appropriation is for State payments in lieu of property taxes under 32 V.S.A. chapter 123, subchapter 4, and the payments shall be calculated in addition to and without regard to the appropriations for correctional facilities elsewhere in this act. Payments in lieu of taxes under this section shall be paid from the PILOT Special Fund under 32 V.S.A. § 3709.</p> | <p>Annual language clarifying that these payments are in addition to, and separate from, those appropriated elsewhere in the Act for correctional facilities.</p> |
| E.142.1 | <p>32 V.S.A. § 3709 is amended to read: § 3709. PILOT Special Fund</p> | <p>Establishes that the fund shall be used to make payments for the new Municipal Buyout Reimbursement Program established in Sec. 142.2 of this act.</p> |

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| | <p>(a) There is hereby established a PILOT Special Fund consisting of local option tax revenues paid to the Treasurer pursuant to 24 V.S.A. § 138. This Fund shall be managed by the Commissioner of Taxes pursuant to chapter 7, subchapter 5 of this title. Notwithstanding subdivision 588(3) of this title, all interest earned on the Fund shall be retained in the Fund for use in meeting future obligations. The Fund shall be exclusively for payments required under chapter 123, subchapters 4 and 4C of this title, and for any additional State payments in lieu of taxes for correctional facilities and to the City of Montpelier. The Commissioner of Finance and Management may draw warrants for disbursements from this Fund in anticipation of receipts.</p> | <p>Eliminates “City of Montpelier” as 100% of their amount due is now covered by the general PILOT payment and the Montpelier PILOT appropriation has been eliminated.</p> |
| E.144 | <p>PAYMENTS IN LIEU OF TAXES – CORRECTIONAL FACILITIES</p> <p>(a) Payments in lieu of taxes under this section shall be paid from the PILOT Special Fund under 32 V.S.A. §3709.</p> | <p>Standard annual language.</p> |
| E.345 | <p>18 V.S.A. § 9374(h) is amended to read:</p> <p style="text-align: center;">* * *</p> <p>(h)(1)(A) Except as otherwise provided in subdivisions (1)(C) and (2) of this subsection (h), the expenses of the Board shall be borne as follows:</p> <ul style="list-style-type: none"> (i) 40.0 percent by the State from State monies; (ii) 28.8 <u>36.0</u> percent by the hospitals; (iii) 23.2 <u>24.0</u> percent by nonprofit hospital and medical service corporations licensed under 8 V.S.A. chapter 123 or 125, health insurance companies licensed under 8 V.S.A. chapter 101, and health maintenance organizations licensed under 8 V.S.A. chapter 139; and (iv) 8.0 percent by accountable care organizations. <p>(B) Expenses under subdivision (A)(iii) of this subdivision (1) shall be allocated to persons licensed under Title 8 based on premiums paid for health care coverage, which for the purposes of this subdivision (1) shall include major medical, comprehensive medical, hospital or surgical</p> | <p>Removes ACO Billback from this statute since One Care Vermont, the state’s only ACO, is ceasing operations.</p> |

coverage, and comprehensive health care services plans, but shall not include long-term care, limited benefits, disability, credit or stop loss, or excess loss insurance coverage.

(C) ~~Expenses~~ Amounts assessed pursuant to the provisions of sections 9441 and 9382 of this title shall not be assessed in accordance with the formula set forth in subdivision (A) of this subdivision (1).

(2) The Board may determine the scope of the incurred expenses to be allocated pursuant to the formula set forth in subdivision (1) of this subsection if, in the Board's discretion, the expenses to be allocated are in the best interests of the regulated entities and of the State.

(3) If the amount of the proportional assessment to any entity calculated in accordance with the formula set forth in subdivision (1)(A) of this subsection would be less than \$150.00, the Board shall assess the entity a minimum fee of \$150.00. The Board shall apply the amounts collected based on the difference between each applicable entity's proportional assessment amount and \$150.00 to reduce the total amount assessed to the regulated entities pursuant to subdivisions (1)(A)(ii)-~~(iii)(iv)~~ of this subsection.
