1   TO THE HOUSE OF REPRESENTATIVES:

2   The Committee on Ways and Means to which was referred House Bill No.

3   397 entitled "An act relating to miscellaneous amendments to the statutes

4   governing emergency management and flood response" respectfully reports

5   that it has considered the same and recommends that the report of the

6   Committee on Government Operations and Military Affairs be amended as

7   follows:

8   First: In Sec. 3, 20 V.S.A. § 51, in the fourth sentence, by striking out "The

9   municipality shall maintain the acquired property as open space with a deed

10   restriction or covenant prohibiting development of the property" and inserting

11   in lieu thereof "A municipality may transfer or redevelop the acquired property

12   for purposes of constructing flood-resilient housing" before the period.

13   Second: By striking out Secs. 4 and 5 in their entireties and inserting in lieu

14   thereof new Secs. 4 and 5 to read as follows:

15   Sec. 4. 32 V.S.A. § 3709 is amended to read:

16   § 3709. PILOT SPECIAL FUND

17   (a) There is hereby established a PILOT Special Fund consisting of local

18   option tax revenues paid to the Treasurer pursuant to 24 V.S.A. § 138. This

19   Fund shall be managed by the Commissioner of Taxes pursuant to chapter 7,

20   subchapter 5 of this title. Notwithstanding subdivision 588(3) of this title, all

21   interest earned on the Fund shall be retained in the Fund for use in meeting

1   future obligations. The Fund shall be exclusively for payments required under

2   chapter 123, ~~subchapter~~ subchapters 4 and 4C of this title, and for any

3   additional State payments in lieu of taxes for correctional facilities ~~and to the~~

4   ~~City of Montpelier~~. The Commissioner of Finance and Management may draw

5   warrants for disbursements from this Fund in anticipation of receipts.

6   * * *

7   Sec. 5. 32 V.S.A. chapter 123, subchapter 4C is added to read:

8   Subchapter 4C. Municipal Grand List Stabilization Program

9   § 3710. MUNICIPAL GRAND LIST STABILIZATION PROGRAM

10   (a) There is established the Municipal Grand List Stabilization Program

11   within the Department of Taxes to reimburse municipalities for municipal

12   property taxes assessed under chapter 133 of this title for flood-prone

13   properties acquired by a municipality pursuant to 20 V.S.A. § 51 or a prior

14   voluntary buyout program operated by the Division of Emergency

15   Management.

16   (b) On or before September 1 of each year, the Commissioner of Public

17   Safety shall certify to the Commissioner of Taxes the properties eligible for the

18   Municipal Grand List Stabilization Program and shall submit any other

19   information required by the Commissioner of Taxes. To be eligible for

20   the Program under this subchapter, a municipality must have acquired an

21   eligible property on or after July 1, 2023 and preserved the property as open

1   space with a deed restriction or covenant prohibiting development of the

2   property. The Commissioner of Public Safety shall first certify properties to

3   the Commissioner of Taxes pursuant to this subsection on or before September

4   1, 2025.

5   (c) Upon notification by the Commissioner of Public Safety, the

6   Commissioner of Taxes shall certify the payment amounts and make an annual

7   payment to each municipality for each eligible property to compensate for the

8   loss of municipal property tax. The payment shall be calculated using the

9   grand list value of the acquired property for the year during which the property

10   was either damaged by flooding or identified as flood-prone by the

11   Commissioner of Public Safety, multiplied by the municipal tax rate, including

12   any submunicipal tax rates, in effect each year. This payment shall be made on

13   or before January 1 of each year for five years.

14   (d) A property shall not be eligible for reimbursement payments for more

15   than 10 years. The Commissioner shall make an annual payment for the full

16   amount calculated under subsection (c) of this section for five years. After a

17   municipality has received payments for an eligible property for five

18   consecutive years, the Commissioner shall make an annual payment to the

19   municipality for any subsequent year of eligibility in an amount equal to one-

20   half of the amount calculated under subsection (c) of this section.

1   (e) Payment under this section shall be calculated and issued from the

2   PILOT Special Fund under section 3709 of this title only after all other grants

3   under subchapter 4 of this chapter are calculated and issued. If the PILOT

4   Special Fund balance is insufficient to pay the full amount of all payments

5   authorized under this subchapter, then payments calculated under this section

6   and due to each municipality for each property shall be reduced

7   proportionately.

8   Third: In Sec. 6, Division of Emergency Management; positions;

9   appropriation, in the section heading, by striking out the semicolon and the

10   word "APPROPRIATION" following "POSITIONS" and in subsection (b), in

11   the second sentence, following the word "The" by striking out the word

12   "Flood" and inserting in lieu thereof "All-Hazard" preceding "Mitigation

13   Technician"

14   Fourth: By striking out Sec. 12, 24 V.S.A. § 1759, in its entirety and

15   inserting in lieu thereof the following:

16   Sec. 12. [Deleted.]

17   Fifth: By adding two new sections to be Secs. 13a and 13b and their reader

18   assistance headings to read as follows:

19   * * * Local Option Tax; Amount Paid to Municipality * * *

20   Sec. 13a. 24 V.S.A. § 138 is amended to read:

21   § 138. LOCAL OPTION TAXES

1   * * *

2   (c)(1) Any tax imposed under the authority of this section shall be collected

3   and administered by the Department of Taxes, in accordance with State law

4   governing such State tax or taxes and subdivision (2) of this subsection;

5   provided, however, that a sales tax imposed under this section shall be

6   collected on each sale that is subject to the Vermont sales tax using a

7   destination basis for taxation. Except with respect to taxes collected on the

8   sale of aviation jet fuel, a per-return fee of $5.96 shall be assessed, ~~70~~ 75

9   percent of which shall be borne by the municipality, and ~~30~~ 25 percent of

10   which shall be borne by the State to be paid from the PILOT Special Fund.

11   Notwithstanding 32 V.S.A. § 603 or any other provision of law or municipal

12   charter to the contrary, revenue from the fee shall be used to compensate the

13   Department for the costs of administering and collecting the local option tax

14   and of administering the State appraisal and litigation program established in

15   32 V.S.A. § 5413. The fee shall be subject to the provisions of 32 V.S.A.

16   § 605.

17   * * *

18   (d)(1) Except as provided in subsection (c) of this section and subdivision

19   (2) of this subsection with respect to taxes collected on the sale of aviation jet

20   fuel, of the taxes collected under this section, ~~70~~ 75 percent of the taxes shall

21   be paid on a quarterly basis to the municipality in which they were collected,

1   after reduction for the costs of administration and collection under subsection

2   (c) of this section. Revenues received by a municipality may be expended for

3   municipal services only, and not for education expenditures. Any remaining

4   revenue shall be deposited into the PILOT Special Fund established by 32

5   V.S.A. § 3709.

6   * * *

7   * * * Flooding Abatement Program * * *

8   Sec. 13b. 2024 Acts and Resolves No. 82, Sec. 1, as amended by 2024 Acts

9   and Resolves No. 108, Sec. 3, is further amended to read:

10   Sec. 1. REIMBURSEMENT TO MUNICIPALITIES OF STATE

11   EDUCATION PROPERTY TAXES THAT WERE ABATED DUE

12   TO FLOODING

13   (a)(1) The Commissioner of Taxes may approve an application by a

14   municipality for reimbursement of State education property tax payments owed

15   under 32 V.S.A. § 5402(c) and 16 V.S.A. § 426. To be eligible for

16   reimbursement under this section, prior to November 15, ~~2024~~ 2025, a

17   municipality must have abated, in proportion to the abated municipal tax,

18   under 24 V.S.A. § 1535 the State education property taxes that were assessed

19   on eligible property, after application of any property tax credit allowed under

20   32 V.S.A. chapter 154.

1   (2) As used in this subsection, "eligible property" means property lost

2   or destroyed due directly or indirectly to severe storms and flooding in an area

3   that was declared a federal disaster between July 1, 2023 and ~~October 15, 2023~~

4   <u>December 31, 2024</u>, provided the loss or destruction resulted in one or more of

5   the following:

6   (A) a 50 percent or greater loss in value to the primary structure on

7   the property;

8   (B) loss of use by the property owner of the primary structure on the

9   property for 60 days or more;

10   (C) loss of access by the property owner to utilities for the primary

11   structure on the property for 60 days or more; or

12   (D) condemnation of the primary structure on the property under

13   federal, State, or municipal law, as applicable.

14   (b) If a municipality demonstrates that, due to disruption to tax collections

15   resulting from flooding in an area that was declared a federal disaster between

16   July 1, 2023 and ~~October 15, 2023~~ <u>December 31, 2024</u>, the municipality

17   incurred unanticipated interest expenses on funds borrowed to make State

18   education property tax payments owed under 32 V.S.A. § 5402(c) and 16

19   V.S.A. § 426, the municipality may be reimbursed by an amount equal to its

20   reasonable interest expenses under this subsection, provided the amount of

21   reimbursed interest expenses shall not exceed eight percent.

1   * * *

2   Sixth: By striking out Sec. 15, effective date, and its reader assistance

3   heading in their entireties and inserting in lieu thereof a new reader assistance

4   heading and Sec. 15 to read as follows:

5   * * * Effective Dates * * *

6   Sec. 15. EFFECTIVE DATES

7   (a) This section shall take effect on passage.

8   (b) Notwithstanding 1 V.S.A. § 214, Sec. 13b (flooding abatement

9   reimbursement program) shall take effect retroactively on November 15, 2024.

10   (c) All other sections shall take effect on July 1, 2025.

11

12   (Committee vote: _____)

13   _____

14   Representative _____

15   FOR THE COMMITTEE