

Sec. D.100 PROPERTY TRANSFER TAX ALLOCATIONS

(a) This act contains the following amounts allocated to special funds that receive revenue from the property transfer tax. These allocations shall not exceed available revenues.

(1) The sum of \$608,137 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 \$608,137 from the property transfer tax deposited into the Current Use Administration Special Fund shall be transferred to the General Fund.

(2) Notwithstanding 10 V.S.A. § 312, amounts in excess of \$37,653,750 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.

(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 2027 appropriation of \$37,653,750 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 The affordable housing bond and related property transfer tax and surcharge provisions are repealed after the life of the bond on July 1, 2039.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.

(3) Notwithstanding 24 V.S.A. §4306(a)(2), amounts in excess of \$10,179,975 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 \$10,179,975 shall be allocated as follows:

(A) \$7,838,580 for disbursement to regional planning commissions in a manner consistent with 24 V.S.A. §4306(b);

(B) \$1,323,397 for disbursement to municipalities in a manner consistent with 24 V.S.A. §4306(b);

(C) \$1,017,998 to the Agency of Digital Services for the Vermont Center for Geographic Information.

EXPLANATION:

The January consensus revenue forecast estimated total annual property transfer tax receipts of \$82,000,000.

(a)(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 \$79,500,000 net amount, \$1,192,500 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 \$608,137 to meet its administrative requirements. The \$584,363 surplus property transfer tax receipts are, therefore, being transferred to the General Fund.

(a)(2): The \$82,000,00 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 \$1,192,500, per 32 V.S.A. 9610(c), for the Vermont Department of Taxes Property Valuation and Review Division administrative costs. Of the \$78,307,500 net property transfer taxes available for distribution 50%, or \$39,153,750, 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 \$40,153,750. The language in this section notwithstanding these requirements and finances the \$2,500,000 due to 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 \$37,653,750.

(a)(3): The remaining \$39,153,750 available, after the 50% allocation to the Vermont Housing Conservation Board per 10 V.S.A. § 312, is split \$28,793,775 (37%) to the General Fund per 32 V.S.A. § 435(b)(10) and \$10,179,975 (13%) to the Municipal and Regional Planning and Resilience Fund per 32 V.S.A. § 4306(a)(2). Of the \$10,179,975 provided to the Municipal and Regional Planning and Resilience Fund, \$1,017,998 (10%) is provided to the Vermont Center for Geographic Information per 32 V.S.A. § 4306(a)(3)(A). The language provided notwithstanding the \$2,035,996 (20%) allocation to municipalities per 32 V.S.A. § 4306(a)(3)(C) and \$7,125,986 (70%) allocation to Regional Planning Commissions per 32 V.S.A. § 4306(a)(3)(B) at the request of the Agency of Commerce and Community Development so that grants can be distributed more in accordance with actual demand.

Sec. D.101 FUND TRANSFERS

(a) Notwithstanding any other provision of law, the following amounts shall be transferred from the funds indicated:

(1) From the General Fund (#10000) to the:

(A) General Obligation Bonds Debt Service Fund (#35100): \$73,797,962.

(B) Capital Infrastructure Subaccount in the Cash Fund for Capital and Essential Investments Fund (#21952): \$17,016,160.

(C) Tax Computer System Modernization Fund (#21909): \$4,650,000

(D) Education Fund (#20205): \$114,908,097.53

(E) Vermont State Police Radio Equipment Replacement Special Fund: \$500,000

(2) From the Transportation Fund (#20105) to the:

(A) General Obligation Bonds Debt Service Fund (#35100): \$294,775.

(B) Downtown Transportation and Related Capital Improvements Fund (#21575): \$523,966

(3) From the Education Fund (#20205) to the:

(A) Tax Computer System Modernization Fund (#21909): \$1,550,000

Sec. E.106 32 V.S.A. § 308c is amended to read:

§ 308c. General Fund and Transportation Fund Balance Reserves

(a) There is hereby created within the General Fund a General Fund Balance Reserve, also known as the "Rainy Day Reserve." After satisfying the requirements of section 308 of this title, and after other reserve requirements have been met, and after fulfilling any applicable requirements pursuant to 16 V.S.A. 3444(b)(3); any remaining unreserved and undesignated end of fiscal year General Fund surplus shall be reserved in the General Fund Balance Reserve. The General Fund Balance Reserve shall not exceed 10 percent of the appropriations from the General Fund for the prior fiscal year without legislative authorization.

EXPLANATION:

(a)(1): Adds the transfer of any estate taxes exceeding 125% of the July consensus revenue forecast to be executed, provided the necessary conditions pursuant to 16 V.S.A. § 3444(b)(3) have been met, before implementing the Balance Reserve requirements under 32 V.S.A. § 308c.

Sec. E.501.3 16 V.S.A. § 3444 is amended to read:

§ 3444. School Construction Aid Special Fund

(b) Funds. The Fund shall consist of:

(1) any amounts transferred or appropriated to it by the General Assembly; and

(2) any interest earned by the Fund.;

(3) funds raised by the estate tax levied under 32 V.S.A. chapter 190 that are more than 125 percent of the amount projected by the Emergency Board in the July annual forecast made pursuant to 32 V.S.A. § 305a provided the requirements of 32 V.S.A. §§ 308, 308b and 308e have all been fulfilled and prior to the execution of 32 V.S.A. § 308c.

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EXPLANATION:

(b)(1): Technical correction. Appropriations provide spending authority for expenditures. They are never sources to a fund.

(b)(3): Redirects estate tax receipts in excess of 125% of the July consensus revenue forecast from the Higher Education Endowment Trust Fund to the School Construction Aid Special Fund provided the General Fund Budget Stabilization Reserve, Human Services Caseload Reserve and 27/53 Reserve requirements have all been met and prior to the execution of the Balance Reserve requirements.

Sec. E.606 16 V.S.A. § 2885 is amended to read:

§ 2885. Vermont Higher Education Endowment Trust Fund

(a) A Vermont Higher Education Endowment Trust Fund is established in the Office of the State Treasurer to comprise the following:

(1) ~~appropriations~~ transfers made by the General Assembly;

~~(2) in any fiscal year in which a General Fund surplus exists and the General Fund Stabilization Reserve is funded to its required statutory level, funds raised by the estate tax levied under 32 V.S.A. chapter 190 that are more than 125 percent of the amount projected by the Emergency Board in the July annual forecast made pursuant to 32 V.S.A. § 305a; and~~
~~(3) contributions from any other sources.~~

EXPLANATION:

(a)(1): Technical correction. Appropriations provide spending authority for expenditures from a fund; appropriations cannot be sources to a fund.

(a)(2): Eliminates the proceeds from the estate tax exceeding 125% of the July consensus forecast. These proceeds are redirected to the School Construction Aid Special Fund.

Sec. E. 139 GRAND LIST LITIGATION ASSISTANCE

(a) Notwithstanding 32 V.S.A. § 3709(a), of the appropriation in Sec. B. 139 of this act, \$70,000 shall be provided 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.

EXPLANATION:

Revised standard language adding notwithstanding clause for appropriation conversion from General Fund to PILOT Special Fund, and removing the \$9,000 transfer to the Attorney General.

Sec. E. 142 PAYMENTS IN LIEU OF TAXES

(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.

EXPLANATION:

Annual language clarifying that these payments are in addition to, and separate from, those appropriated elsewhere in the Act for corrections facilities.

Sec. E.142.1 32 V.S.A. § 3436(e) is amended to read:

§ 3436. Assessment education

(e) A sum not to exceed \$100,000.00 each year shall be paid from the ~~Education Fund~~ PILOT Special Fund to the Division of Property Valuation and Review for the purpose of providing assessment education for municipal listers and assessors. The Director is authorized to establish guidelines and requirements for education programs to be provided using the funds described in this section. Education programs provided using funds described in this section shall be provided at no cost or minimal cost to the municipal listers and assessors. In addition to providing the annual education programs described in this section, up to 20 percent of the amount available for education programs may be reserved as a scholarship fund to permit municipal listers and assessors to attend national programs providing education opportunities on advanced assessment topics. All applications for scholarships shall be submitted to and approved by the Director.

EXPLANATION:

Changes the funding source for Lister and Assessor Education in Sec. B.139 of this act from the Education Fund to the PILOT Special Fund. This ensures that funds raised from municipal enactment of local option taxes are fully used by the state as aid for municipalities and state General Fund is used for state purposes. Note that while the existing language states Education Fund, it does not reflect actual current practice of payments being made from the General Fund.

Sec. E.142.2 32 V.S.A. § 3709 is amended to read:

§ 3709. PILOT Special Fund

There is hereby established a PILOT Special Fund consisting of local option tax revenues paid to the State Treasurer pursuant to 24 V.S.A. § 138. This Fund shall be managed by the Commissioner of Taxes pursuant to chapter 7, subchapter 5 of this title. Notwithstanding subdivision 588(3) of this title, all interest earned on the Fund shall be retained in the Fund

for use in meeting future obligations. The Fund shall be exclusively for payments required under chapter 123, subchapters 4 and 4C of this title, subsections 3436(e), 4041a(a), and 5405(f) of this title, and for any additional State payments in lieu of taxes for correctional facilities. The Commissioner of Finance and Management may draw warrants for disbursements from this Fund in anticipation of receipts.

EXPLANATION:

Adds the following as authorized uses of the PILOT special fund: (1) Lister and Assessor Education funding from 32 V.S.A. §3436(e); (2) \$8.50 per parcel payment for Reappraisal and Listing assistance from 32 V.S.A. §4041a(a), and (3) \$1.00 per parcel payment for the Equalization Study from 32 V.S.A. §5405(f). Ensures receipts generated from municipal adoption of local option taxes are used for state assistance for municipalities, and state General Fund is used for other purposes.

Sec. E.142.3 32 V.S.A. § 4041a is amended to read:

§ 4041a. Reappraisal

(a) A municipality shall be paid \$8.50 per grand list parcel per year from the General PILOT Special Fund to be used only for reappraisal and costs related to reappraisal of its grand list properties and for maintenance of the grand list.

EXPLANATION:

Changes the funding source for the Reappraisal and Listing payments in Sec. B.139 of this act from General Fund to PILOT Special Fund. This ensures that funds raised from municipal enactment of local options taxes are fully used by the state as aid for municipalities and frees up state General Fund for other purposes.

Sec. E.142.4 32 V.S.A. § 5405 is amended to read:

§ 5405. Determination of equalized education property tax grand list and coefficient of dispersion

(f) Within the limits of the resources available for that purpose, the Commissioner may employ such individuals, whether on a permanent, temporary, or contractual basis, as shall be necessary, in the judgment of the Commissioner, to aid in the performance of duties under this section. The Commissioner shall pay from the PILOT Special Fund to each

municipality the sum of \$1.00 per grand list parcel in the municipality for services provided to the Commissioner in connection with the performance of duties under this section. Each municipality shall deposit payments received under this subsection into a special fund that shall be used to support the preparation of the education property tax grand list.

EXPLANATION:

Changes the funding source for the Equalization Study payments in Sec. B.139 of this act from General Fund to PILOT Special Fund. This ensures that funds raised from municipal enactment of local options taxes are fully used by the state as aid for municipalities and frees up state General Fund for other purposes.

Sec. E.306.2 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~~ 2027.

EXPLANATION:

Extends the sunset of the Vermont Health IT-Fund.

Sec. E.306.3 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~~ 2027.

EXPLANATION:

Extends the provision removing the Health Care Claims tax as a source of revenue for the Health IT-Fund, contained in 32 V.S.A. § 10402, from July 1, 2026 to July 01, 2027.

Sec. E.516 16 V.S.A. § 4025(a) is amended to read:

§ 4025. Education Fund

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

~~(5) one-third of the revenues raised from the purchase and use tax imposed by 32 V.S.A. chapter 219; notwithstanding 19 V.S.A. § 11(1); the amount received from the purchase and use tax imposed by 32 V.S.A. chapter 219 shall be as follows: \$41,900,000 for the fiscal year beginning July 01, 2026; \$31,900,000 for the fiscal year beginning July 01, 2027; \$21,900,000 for the fiscal year beginning July 01, 2028; and, \$11,900,000 for the fiscal year beginning July 01, 2029.~~

EXPLANATION:

Transitions the current one-third Purchase & Use Tax, received by the Department of Motor Vehicles and deposited into the Education Fund, back to the Transportation Fund beginning in fiscal year 2027.

Sec. E.516.1 16 V.S.A. § 4025(a)(5) is repealed.

EXPLANATION: Effective July 1, 2030, proceeds from the Motor Vehicle Purchase & Use Tax are no longer directed to the Education Fund.