

Sections of FY 2027 Governor’s Recommended Budget Reviewed by the House Committee on Ways and Means – February 12, 2026

	GOVREC	EXPLANATIONS
Base Appropriations		
B.111	Tax- Administration/Collection	\$38,066,184 (\$25,683,400 GF, \$12,332,784 SF, \$50,000 IDT)
B.137	Homeowner Rebate	\$17,500,000 (GF)
B.138	Renter Credit	\$11,500,000 (GF)
B.139	Tax – Reappraisals and Listing Payments	\$3,410,000 (PILOT Fund)
B.140	Tax – Municipal Current Use	\$21,650,000 (GF)
B.142	PILOT	\$12,200,000 (PILOT Fund)
B.144	PILOT – Correctional Facilities	\$40,000 (PILOT Fund)
Transfers and Allocations		
D.100	<p><u>Property Transfer Tax Allocations</u></p> <p><u>(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.</u></p> <p><u>(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.</u></p> <p><u>(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</u></p>	<p>The January consensus revenue forecast estimated total annual property transfer tax receipts of \$82,000,000.</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 \$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.</p> <p>(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</p>

	<p><u>\$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 \$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.</u></p> <p><u>(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:</u></p> <p><u>(A) \$7,838,580 for disbursement to regional planning commissions in a manner consistent with 24 V.S.A. §4306(b);</u></p> <p><u>(B) \$1,323,397 for disbursement to municipalities in a manner consistent with 24 V.S.A. §4306(b);</u></p> <p><u>(C) \$1,017,998 to the Agency of Digital Services for the Vermont Center for Geographic Information.</u></p>	<p>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.</p> <p>(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.</p>
D.101(a)(1)(C); D.101(a)(3)(A)	Transfers \$4,650,000 from the General Fund and \$1,550,000 from the Education Fund to the Tax Computer System Modernization Fund.	
D.101(a)(1)(D)	Transfer \$114,908,097.53 from the General Fund to Education Fund	
Language		
E.139	<p>GRAND LIST LITIGATION ASSISTANCE</p> <p>(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</p>	Standard annual language. However, the highlighted portion “notwithstands” the PILOT Fund statute and presumes that this appropriation is being paid from PILOT Funds (administration recommendation).

	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.	
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>	Standard annual language clarifying that these payments are in addition to, and separate from, those appropriated elsewhere in the Act for correctional facilities.
E.142.1	<p>32 V.S.A. § 3436(e) is amended to read:</p> <p>§ 3436. Assessment education</p> <p style="text-align: center;">***</p> <p>(e) A sum not to exceed \$100,000.00 each year shall be paid from the Education Fund <u>PILOT Special Fund</u> 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.</p>	Changes the funding source for Lister and Assessor Education in B.139 to the PILOT Special Fund. Note that actual practice has been to pay these costs from the General Fund, not Education Fund.
E.142.2	<p>32 V.S.A. § 3709 is amended to read:</p> <p>§ 3709. PILOT Special Fund</p>	Adds the following authorized uses of the PILOT Special Fund:

	<p>(a) There is hereby established a PILOT Special Fund consisting of local option tax revenues paid to the State Treasurer pursuant to 24 V.S.A. § 138. This Fund shall be managed by the Commissioner of Taxes pursuant to chapter 7, subchapter 5 of this title. Notwithstanding subdivision 588(3) of this title, all interest earned on the Fund shall be retained in the Fund for use in meeting future obligations. The Fund shall be exclusively for payments required under chapter 123, subchapters 4 and 4C of this title, <u>subsections 3436(e), 4041a(a), and 5405(f) of this title</u>, 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.</p> <p style="text-align: center;">***</p>	<p>1 – Lister and Assessment Education § 3436(e) 2 – \$8.50 per-parcel payments to towns for reappraisal and listing assistance § 4041a(a) 3 - \$1 per-parcel payments for Equalization Study § 5405(f)</p>
E.142.3	<p>32 V.S.A. § 4041a is amended to read: § 4041a. Reappraisal</p> <p>(a) A municipality shall be paid \$8.50 per grand list parcel per year from the General <u>PILOT Special</u> Fund to be used only for reappraisal and costs related to reappraisal of its grand list properties and for maintenance of the grand list.</p> <p style="text-align: center;">***</p>	Changes funding source for reappraisal and listing payments to towns in B.139 to PILOT Special Fund.
E.142.4	<p>32 V.S.A. § 5405 is amended to read: § 5405. Determination of equalized education property tax grand list and coefficient of dispersion</p> <p style="text-align: center;">***</p> <p>(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 <u>from the PILOT Special Fund</u> to each municipality</p>	Restates that these costs are to be funded from the PILOT Special Fund.

	<p>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.</p> <p style="text-align: center;">***</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>	Standard annual language.
E.306.2	<p><i>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:</i></p> <p style="text-align: center;">***</p> <p>(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 <u>2027</u>.</p>	Extends sunset on Vermont Health-IT Fund.
E.306.3	<p><i>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:</i></p> <p>Sec. 105. EFFECTIVE DATES</p> <p>(b) Sec. 73 (further amending 32 V.S.A. § 10402) shall take effect on July 1, 2026 <u>2027</u>.</p>	Extends the Health Care Claims Tax as a source of revenue to the Health-IT Fund.
E.338	<u>CORRECTIONS – CORRECTIONAL SERVICES</u>	Standard annual language.

	<p><u>(a) Notwithstanding 32 V.S.A. § 3709(a), the special fund appropriation of \$152,000 for the supplemental facility payments to Newport and Springfield shall be paid from the PILOT Special Fund under 32 V.S.A. § 3709.</u></p>	
E.501.3	<p>16 V.S.A. § 3444 is amended to read: § 3444. School Construction Aid Special Fund ***</p> <p>(b) Funds. The Fund shall consist of:</p> <p>(1) any amounts transferred or appropriated to it by the General Assembly; and (2) any interest earned by the Fund;</p> <p><u>(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.</u></p>	<p>(1) contains a technical correction (3) shifts excess estate tax revenue to the School Construction Special Fund. Currently this goes to the Higher Education Trust Fund.</p>
E.516	<p>16 V.S.A. § 4025(a) is amended to read: § 4025. Education Fund</p> <p>(a) The Education Fund is established to comprise the following: ***</p> <p>(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.</p> <p>***</p>	<p>Phases down the amount of Motor Vehicle Purchase and Use Tax to the Education Fund by \$10 million per year.</p>
E.516.1	<p>16 V.S.A. § 4025(a)(5) is repealed.</p>	<p>Effective July 1, 2030, P&U is no longer directed to the Education Fund.</p>

E.606	<p>16 V.S.A. § 2885 is amended to read: § 2885. Vermont Higher Education Endowment Trust Fund</p> <p>(a) A Vermont Higher Education Endowment Trust Fund is established in the Office of the State Treasurer to comprise the following:</p> <p>(1) appropriations <u>transfers</u> 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.</p> <p style="text-align: center;">***</p>	<p>1 – technical correction 2- removes estate tax as revenue source to Higher Education Trust Fund (would be redirected to School Construction Special Fund in E.501.3).</p>
E.923	<p>19 V.S.A. § 11 is amended to read: § 11. Transportation Fund</p> <p>The Transportation Fund shall comprise the following:</p> <p style="text-align: center;">***</p> <p>(9) <u>all interest earned by the fund, notwithstanding any provisions of 32 V.S.A. Chapter 7, Subchapter 5 to the contrary.</u></p>	<p>Establishes that the Transportation Fund shall retain any interest earned by the fund.</p>
Items NOT Included in Govrec		
B.1100 One-Times	Office of the State Treasurer – Volunteer Income Tax Assistance Program	In FY 2026 there was a one-time General Fund appropriation of \$148,000 for this program. The FY 2027 Govrec does not contain this appropriation.