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STATE OF VERMONT

House Committee on Ways and Means

MEMORANDUM

To: Representative Robin Scheu
Chair, House Committee on Appropriations

From: Representative Emilie Kornheiser
Chair, House Committee on Ways and Means

Date: February 27, 2025

Subject: Fiscal Year 2026 Budget Feedback

The House Committee on Ways and Means is grateful for the opportunity to provide feedback on the Fiscal Year 2026 appropriations act (“Big Bill”) as it relates to matters within the Committee’s jurisdiction.

The Committee expresses its appreciation the House Committee on Appropriations for its difficult work building Vermont’s budget. As you know, our committee’s purview is raising sufficient revenue to meet the budgetary needs of the State. Please continue to communicate your revenue needs to ensure that Vermont has sufficient resources to implement a budget that is responsive and adequate to meet the needs of Vermonters.

The attached chart reflects the sections of the Governor’s recommended budget that the Committee reviewed. The Committee respectfully recommends that the tax policy measures included in the Governor’s recommended budget instead be incorporated into separate tax or policy bills, rather than included in the budget.

Comments on Fiscal Year 2026 Proposed Appropriations:

Base Appropriations:

The Committee supports the recommended base appropriations to the Department of Taxes (B.111), the various property tax relief programs (B.137, B.138, B.139, B.140), and PILOTs (B.142, B.143, B.144).

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.

The Committee continues to take testimony on the Governor's education transformation proposals – which will require financial support to implement. At this point, we are continuing to try to understand whether \$4,000,000 will be sufficient, and how best to utilize additional financial support. The Committee, therefore, recommends that this item be held open pending further discussions.

Additional Budget Requests from the Committee:

- **Volunteer Income Tax Assistance (VITA) Program:** The Committee supports increasing the base funding for the Volunteer Income Tax Assistance (VITA) program, which is administered by the Office of the State Treasurer and funded in B.131. This program helps filers who make less than \$67,000 file their taxes and claim the refunds and credits they are eligible for. The Vermont Community Action Partnership (VCAP) is requesting an increase of \$148,000 (from \$400,000 in FY 2025 to \$548,000 in FY 2026) of base funding, which would enable community action agencies to staff a full-time employee for this program in every part of Vermont (5 service regions).

In fiscal year 2024, the VITA program administered by community action agencies leveraged the service of 118 volunteers at 15 sites to help filers submit more than 5,000 tax returns and claim earned income and child tax credits, as well as small business tax returns. The returns filed with the assistance of the program returned more than \$4.7 million in tax refunds and credits – an average of \$942 per return.

- **Capacity for Education Funding Analysis:** The Committee identifies a need for additional education funding analysis over the upcoming fiscal year, and requests that the Appropriations Committee consider appropriating additional funds to the Joint Fiscal Office to pay for contracted services, as necessary, to support the Legislature's continued work on this important issue.