

To: Conferees on the Committees for H.951 (Appropriations), H.933 (Miscellaneous Tax), and H.944 (Transportation)

Cc: Speaker Jill Krowinski, Pro Tem Phil Baruth

From: Josh Hanford, Director of Intergovernmental Relations; Samantha Sheehan, Municipal Policy and Advocacy Specialist

Date: May 8, 2026

RE: Revenue setting and appropriations related to Local Options Tax, and Payment in Lieu of Taxes

VLCT Policy Priorities

The Vermont League of Cities and Towns began this legislative session with a list of [member-endorsed policy priorities](#) for which we advocated for urgent legislative action. This list includes:

- Return the growing Payment In Lieu Of Taxes (PILOT) Fund surplus to the municipalities that raised it.
- Diversify and increase Transportation Fund revenue sources.
- Fully fund core municipal transportation programs – Town Highway Aid, Town Structures, and Town Bridges – according to need.

Our municipalities deliver at least as many of the vital public services that Vermonters rely on – everything from clean drinking water to plowing to public safety – as the state government does. And, of course, local budgets have experienced the same incredible inflationary pressures as the state’s budget over the last five years. During that time, state property taxes have increased 41% while municipal budgets have been starved by a growing sensitivity among voters to municipal property tax increases, a general lack of non-property tax revenue authority for local government, and diminishing state appropriations for town highway funding. VLCT advocates that revenues collected from voter authorized Local Option Taxes should be used to fund municipal services in the communities that raised them and not utilized for state expenditures.

Recommendations to conferees for H.951 (Appropriations), H.933 (Miscellaneous Tax), and H.944 (Transportation)

- **H.951:** Oppose \$3, 410,000 base appropriation from the PILOT special fund for the state’s share of reappraisal and grand list expenses (B.139)
- **H.951:** Support Senate’s one-time appropriation of \$3,000,000 from the PILOT Special Fund to provide additional grants through the general State aid to town highways program pursuant to 19 V.S.A. § 306(a) (Sec. B.1100)
- **H. 933:** Support Senate’s language in Sec. 50. 24 V.S.A. § 138(d)(1): “provided that an additional five percent of the taxes collected shall be paid on a quarterly basis to the municipality in which they were collected in fiscal years that, at the close of the immediately preceding fiscal year, the

Commissioner of Taxes determined that the balance of the PILOT Special Fund was in excess of \$18,000,000.00 at that time”.

- **H.944:** Support Senate’s creation of the Local Option Municipal Transportation Special Fund (Section 8)
- **H.944:** Support Senate’s one-time appropriation of \$3,000,000 from the PILOT Special Fund to provide additional grants through the general State aid to town highways program (Section 9)