

Journal of the Senate

of the

STATE OF VERMONT

SPECIAL SESSION 2009

Journal of the Senate of the State of Vermont Special Session 2009

TUESDAY, JUNE 2, 2009

The Senate was called to order by the President.

Devotional Exercises

A moment of silence was observed in lieu of devotions.

Pledge of Allegiance

The President then led the members of the Senate in the pledge of allegiance.

Roll Call

The roll of the Senate was thereupon called by the Secretary, David A. Gibson, and it appeared that the following Senators were present.

Addison District	Senator Claire D. Ayer Senator Harold W. Giard
Bennington District	Senator Richard W. Sears, Jr. Senator Robert M. Hartwell
Caledonia District	Senator Matthew S. Choate Senator M. Jane Kitchel
Chittenden District	Senator Timothy R. Ashe Senator Edward S. Flanagan Senator Virginia V. Lyons Senator Hinda Miller Senator Douglas A. Racine Senator Diane B. Snelling
Essex-Orleans District	Senator Vincent Illuzzi Senator Robert A. Starr
Franklin District	Senator Randolph D. Brock Senator Sara Branon Kittell

Grand Isle District	Senator Richard T. Mazza
Lamoille District	Senator Susan J. Bartlett
Orange District	Senator Mark A. MacDonald
Rutland District	Senator Hull P. Maynard, Jr. Senator Kevin J. Mullin
Washington District	Senator Ann E. Cummings Senator William T. Doyle Senator Philip B. Scott
Windham District	Senator Peter E. Shumlin Senator Jeanette K. White
Windsor District	Senator John F. Campbell Senator Richard J. McCormack Senator Alice W. Nitka

Governor's Proclamation

The following proclamation of His Excellency, the Governor, convening the General Assembly in Special Session, was read by the Secretary:

“PROCLAMATION

CALL FOR A SPECIAL SESSION OF THE VERMONT GENERAL ASSEMBLY

I, James H. Douglas, Governor of the State of Vermont, by virtue of the authority vested in me by the Constitution, find it necessary to call together the Vermont General Assembly, and I do hereby summon the members of the Senate and House of Representatives to meet in their respective chambers in the State House, together with the officers of the two Houses, on Tuesday, the second day of June, A.D., 2009, at 10:00 in the forenoon, for the purposes of making appropriations for government for fiscal year 2010 and taking actions to strengthen the State's economy.

Witness my hand hereunto subscribed and the Great Seal of the State of Vermont hereunto affixed at Montpelier, this fifteenth day of May, A.D., 2009.

/s/ James H. Douglas
Governor

By the Governor
/s/Heidi M. Tringe
Secretary of Civil and Military Affairs”

Senate Resolutions Adopted

Senate resolutions of the following titles were severally offered, read and adopted, and are as follows:

By Senator Shumlin,

S.R. 1. Senate resolution relating to adoption of rules to govern the Special Session of 2009.

Resolved by the Senate:

That during the Special Session of 2009 commencing on June 2, 2009, by call of the Governor issued on May 15, 2009, the Senate does hereby adopt as its rules for this Special Session, the rules as previously adopted for the 2009 regular session except for Rules 39, 41, and 100, with the following additions thereto:

Rule 33A. A. Bills and resolutions, including joint, concurrent and Senate resolutions, to be placed on the Calendar for notice and subsequent action shall comprise solely those bills and resolutions consisting of matters introduced or taken up during the Special Session; upon adjournment *sine die* of the Special Session all such matters contained in new bills and resolutions not enacted into law shall terminate automatically and be of no further force and effect and shall not be pending upon continuation of the 2009 biennial session in January, 2010.

B. Notwithstanding the provisions of subparagraph A, upon recommendation of the Committee on Rules or the President *pro tempore*, the Senate may take up any and all matters considered during the first session of the 2009 biennium, specifically including: (a) consideration of any items vetoed by the Governor, (b) other matters that may be pending, and (c) any matters that may be received from the House of Representatives.

C. In the event that matters considered during the first session of the 2009 biennium are taken up during this special session, nothing in this resolution shall preclude further consideration of any such bills or resolutions during the adjourned session of the 2009 biennium.

Rule 39A. No bill or resolution may be introduced during this Special Session unless it is a committee bill or resolution introduced by or with the consent of the President *pro tempore* or the Senate Rules Committee.

Rule 100A. Joint rules adopted during the 2009 regular session shall be in full force and effect during this Special Session.

By the Committee on Rules,

S.R. 2. Senate resolution relating to appointment of a Committee to inform the Governor of the organization of the Senate.

Resolved by the Senate:

That a Committee of two Senators be appointed to wait upon His Excellency, the Governor, and inform him that the Senate has organized and is ready on its part to proceed with the business of the Special Session.

By the Committee on Rules,

S.R. 3. Senate resolution relating to informing the House of the organization of the Senate.

Resolved by the Senate:

That the Secretary be directed to inform the House of Representatives that a quorum of the Senate has assembled and is ready on its part to proceed with the business of the Special Session.

Rules Suspended; Concurrent Resolution Adopted in Concurrence

H.C.R. 7.

Pending entry on the Calendar for notice, on motion of Senator Shumlin, the rules were suspended and House Concurrent Resolution entitled:

House concurrent resolution recognizing the journalistic contributions of retiring WCAX television news director Marselis Parsons.

By All Members of the House,

By All Members of the Senate,

Whereas, during his successful quarter-century tenure as WCAX television's news director, Marselis Parsons has won numerous accolades for the station's news and public affairs programs, and

Whereas, among the honors bestowed on WCAX News under his leadership was the 2003 Radio and Television News Directors Association's Edward R. Murrow Award winner for the best television newscast in the United States in broadcast markets sized 50 and smaller, and the station has since won regional Edward R. Murrow Awards, and

Whereas, Marselis Parsons graduated from Lafayette College, and he was employed at several radio stations and a New Hampshire television station before beginning his 42-year career at WCAX, and

Whereas, he started at Channel 3 in 1967 as a general assignment reporter, and soon became the station's Montpelier correspondent, informing his

audience on the happenings under the golden dome and throughout state government, and

Whereas, for seven years, he anchored the station's Nightbeat telecast, and

Whereas, in 1979, Marselis Parsons became the anchor and producer of a monthly news magazine known as *Dimension* that earned two New England Emmy awards and much laudatory recognition, and

Whereas, he was one of the producers of an in-depth 25-part series in 1983 titled Patterns of Practice that was presented with a prestigious Peabody Award for excellence in broadcast journalism, and

Whereas, although Marselis Parsons assumed the administrative duties of WCAX news director in 1984, he has continued to use his journalism skills on camera as anchor of the weeknight six o'clock news and the Sunday morning You Can Quote Me interview program, and

Whereas, after an illustrious career in broadcast journalism, Marselis Parsons will conclude his role as WCAX news director on May 31 and retire from his nightly anchor duties in August, but he intends to continue to file occasional interesting stories for telecast, and

Whereas, Vermonters will miss his informative weeknight television visits at the dinner hour, now therefore be it

Resolved by the Senate and House of Representatives:

That the General Assembly recognizes the journalistic contributions of retiring WCAX television news director Marselis Parsons and wishes him a wonderful retirement that includes continued appearances on WCAX, and be it further

Resolved: That the Secretary of State be directed to send a copy of this resolution to Marselis Parsons and WCAX television in South Burlington.

Was taken up for immediate consideration.

Thereupon, the question, Shall the House Concurrent Resolution be adopted in concurrence?, was decided in the affirmative.

Committee Appointed

Pursuant to the provisions of S.R. 2, the President appointed a Committee to wait upon His Excellency, the Governor, to inform him that the Senate is ready on its part to proceed with the business of the session:

Senator Shumlin
Senator Mullin

Report of Committee

Senator Shumlin, of Windham District, for the Committee appointed to wait upon His Excellency, the Governor, to inform him that the Senate is ready on its part to proceed with the business of the session, appeared at the bar of the Senate and reported that it had performed the duties assigned to it.

Rules Suspended; Bill Delivered

On motion of Senator Shumlin, the rules were suspended, and the following bill, received from the House after adjournment of the first session of the 2009 biennium, was ordered delivered to the Governor forthwith:

S. 48.**Senate Resolution Adopted; Rules Suspended; Action Messaged**

Senate resolution of the following title was offered, read and adopted, and is as follows:

By Senator Shumlin,

S.R. 4. Senate resolution relating to H. 125, An act relating to the sale of unpasteurized (raw) milk.

Whereas, during the course of the first year of the 2009-2010 biennium, a certain House bill, H. 125, was passed by the House, considered by the Senate Committee on Agriculture, and passed by the Senate on May 7 in concurrence with proposals of amendment, and

Whereas, the House concurred in the Senate proposals of amendment on May 8, and

Whereas, following adjournment of the 2009 session of the General Assembly on May 9 it was discovered that a House amendment to H. 125 before third reading had been inadvertently omitted from the text of the bill when it was received by the Senate, and

Whereas, because of the inadvertent omission of the House amendment to H. 125, the version of H. 125 as passed by the Senate differs from the version of H. 125 as passed by the House, and

Whereas, in order for legislation to be enacted in accordance with the Constitution of the State of Vermont, the exact wording of bills as passed by the Senate and the House must be the same in each chamber, and

Whereas, the wording of H. 125 that must be approved by the Senate is the addition to Sec. 2, 6 V.S.A. §2777(d)(5)(B), as passed by the House, of the following language:

“and in pregnant women can cause illness, miscarriage or fetal death of a newborn” following the words “weakened immune systems”, *now therefore be it*

Resolved by the Senate:

That the Vermont Senate does hereby approve and does hereby concur with the House that in Sec. 2 of H. 125, 6 V.S.A. §2777(d)(5)(B) should read as follows:

(B) A sign with the words “Unpasteurized (Raw) Milk. Not pasteurized. Keep Refrigerated.” and “This product has not been pasteurized and therefore may contain harmful bacteria that can cause illness particularly in children, the elderly, and persons with weakened immune systems and in pregnant women can cause illness, miscarriage or fetal death, or death of a newborn.” shall be displayed prominently on the farm in a place where it can be easily seen by customers. The lettering shall be at least one inch in height and shall be clearly readable.

Thereupon, on motion of Senator Shumlin, the rules were suspended, and action on the Senate resolution was ordered messaged to the House forthwith.

Rules Suspended; Report of Committee of Conference Not Accepted and Adopted on the Part of the Senate; Second Committee of Conference Requested; Second Committee of Conference Appointed; Bill Messaged

H. 442.

Pending entry on the Calendar for notice, on motion of Senator Shumlin, the rules were suspended and House bill H. 442, pending in the Senate after adjournment of the first session of the 2009 beinnium, entitled:

An act relating to miscellaneous tax provisions.

Was taken up for immediate consideration.

Senator Cummings, for the Committee of Conference, submitted the following report:

To the Senate and House of Representatives:

The Committee of Conference to which were referred the disagreeing votes of the two Houses upon House bill entitled:

An act relating to miscellaneous tax provisions.

Respectfully reports that it has met and considered the same and recommends that the Senate recede from its proposals of amendment and that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

* * * Proposed Miscellaneous Tax Amendments * * *

Sec. H.1. INCREASING THE NUMBER OF COMPLIANCE PERSONNEL
IN THE DEPARTMENT OF TAXES

(a) In addition to any other funds appropriated to the department of taxes in fiscal year 2010, there is appropriated from the general fund to the department \$535,000.00 in fiscal year 2010 for the purpose of hiring nine full-time limited service employees to augment the department's compliance division. The department shall use the funds so appropriated to hire four tax field examiners, two desk audit examiners, one collector, one desk audit supervisor, and either one attorney or a second collector.

(b) In addition to any other funds appropriated to the department of taxes in fiscal year 2011, there is appropriated from the general fund to the department \$935,000.00 in fiscal year 2011 for the purpose of retaining the nine full-time limited service employees hired pursuant to subsection (a) of this section and hiring six additional full-time limited service employees to further augment the department's compliance division. The department shall use the additional funds so appropriated to hire four tax field examiners and two desk audit examiners.

(c) It is the intent of the legislature to further augment the department's compliance efforts in fiscal year 2012 by appropriating additional funds for fiscal year 2012 for the purpose of retaining the 15 full-time limited service employees hired pursuant to subsections (a) and (b) of this section and hiring five additional limited service employees.

(d) The positions created pursuant to subsections (a) and (b) of this section shall not be new state employee positions but instead shall be transferred and converted from the vacant position pool as and only when such positions in the vacant position pool become available.

(e) Notwithstanding any other provision of law, the positions created by this section shall be created as limited service positions and shall not be funded for a period in excess of three years.

Sec. H.2. ADDING COMPLIANCE PERSONNEL TO THE DEPARTMENT
OF LABOR

(a) In addition to any other funds appropriated to the department of labor in fiscal year 2010, there is appropriated from the general fund to the department \$308,212.00 in fiscal year 2010 for the purpose of hiring four full-time limited service employees as workers' compensation fraud staff who will investigate the classification of workers as either contractors or employees and enforce compliance of the proper classification by businesses.

(b) The positions created pursuant to subsection (a) of this section shall not be new state employee positions but instead shall be transferred and converted from the vacant position pool as and only when such positions in the vacant position pool become available.

(c) Notwithstanding any other provision of law, the positions created by this section shall be created as limited service positions and shall not be funded for a period in excess of three years.

* * * Tax Amnesty * * *

Sec. H.3. TAX AMNESTY

(a) Notwithstanding any law to the contrary, the commissioner of taxes shall establish a tax amnesty program during which all penalties that could be assessed by the commissioner may be waived without the need for any showing by the taxpayer of reasonable cause or the absence of willful neglect if the taxpayer, prior to the expiration of the amnesty period, files proper returns for any tax types and any period for which the taxpayer has or had a filing obligation and pays the full amount of tax shown on such return together with all interest due thereon. The amnesty program shall be established for a period of six consecutive weeks to be determined by the commissioner, to expire not later than October 2, 2009.

(b) The amnesty program shall apply to a tax liability of any tax type for any periods for which the due date of the return was before January 26, 2009 but shall not apply to those penalties which the commissioner would not have the sole authority to waive, including fuel taxes administered under the International Fuel Tax Agreement or under the local option portions of taxes.

(c)(1) The commissioner shall maintain records of the amnesty provided under this section, including:

(A) the number of taxpayers provided with amnesty;

(B) the types of tax liability for which amnesty was provided and, for each type of liability:

(i) the amount of tax liability collected by the commissioner; and

(ii) the amount of penalties forgone by virtue of the amnesty; and

(iii) the total outstanding tax liability due to the state, for the period through June 30, 2009, after the collection of all funds under this section.

(2) The commissioner shall file a report detailing the information required by subdivision (1) of this subsection with the clerk of the house of representatives and the secretary of the senate, the joint fiscal committee, the

house committee on ways and means, and the senate committee on finance not later than December 15, 2009; provided, however, that the report shall not contain information sufficient to identify an individual taxpayer or the amnesty an individual taxpayer was provided under this section.

Sec. H.4. APPROPRIATION

In addition to any other funds appropriated to the department of taxes in fiscal year 2010, there is appropriated from the general fund to the department \$132,000.00 in fiscal year 2010 for the purpose of marketing the tax amnesty program provided for in Sec. H.3 of this act. In order to help stimulate the local economy, the legislature asks in determining what resources or marketing firms to use, the department give priority to Vermont-based firms.

* * * Sale of State-Owned Personal Property * * *

Sec. H.5. SALE OF STATE-OWNED SURPLUS PERSONAL PROPERTY

In order to raise capital and to free space in buildings owned or leased by the state, the commissioner of buildings and general services is authorized and directed to conduct a "spring cleaning" to identify and sell surplus personal property of the state. Each department and agency of the state shall, in accordance with section 1556 of Title 29, transfer all surplus personal property to the commissioner, who is authorized to sell such surplus personal property pursuant to subdivision 1556(6). Notwithstanding section 1557 of Title 29, the proceeds of such sale, net of the commissioner's administrative costs, shall be deposited into the general fund.

* * * Department of Revenue * * *

Sec. H.6. DEPARTMENT OF TAXES; DEPARTMENT OF REVENUE; TRANSITION

(a) In accordance with the report of the commissioner of taxes dated January 22, 2007, the department of taxes shall be converted into a department of revenue no later than June 30, 2012.

(b) To accomplish the requirement set out in subsection (a) of this section, there is hereby established a revenue transition committee to review and approve the commissioner's plan to transition the department of taxes to a department of revenue, which shall be responsible for collecting taxes, fees, levies, and other assessments as determined pursuant to subsection (c) of this section. The revenue transition committee shall be composed of the following seven members:

- (1) The commissioner of finance and management or designee;
- (2) The state treasurer or designee;

(3) A member of the house committee on ways and means, appointed by the speaker of the house;

(4) A member of the house committee on government operations, appointed by the speaker of the house;

(5) A member of the senate committee on finance, appointed by the committee on committees;

(6) A member of the senate committee on government operations, appointed by the committee on committees;

(7) The court administrator or designee.

(c) The commissioner shall review each state revenue source and determine whether the management of such revenue source should:

(1) remain substantially as is;

(2) be transferred to the treasurer's lockbox services contract;

(3) be transferred to the department of taxes, which shall ultimately be redesignated the department of revenue; or

(4) be transferred to another entity.

(d) The revenue transition committee shall meet as needed to review and approve the commissioner's implementation plan for the transition to a revenue department. The commissioner shall report to the revenue transition committee the findings and recommendations required pursuant to subsection (c) of this section, and the commissioner will implement any changes upon the approval of the revenue transition committee.

(e) No later than February 15 of each of the three years following the effective date of this act, the committee shall issue a report to the general assembly on its findings and containing specific recommendations concerning the implementation of the transition, efficiencies, technology, staffing issues, and recommendations with respect to subsection (c) of this section.

(f) The legislative members shall be entitled to per diem compensation and reimbursement of necessary expenses as provided to members of standing committees under 2 V.S.A. § 406 for attendance at a meeting when the general assembly is not in session.

Sec. H.7. STATUTORY REVISION

After June 30, 2012, the legislative council is directed to revise the Vermont Statutes Annotated to reflect the redesignation of the department of taxes as the department of revenue. When applicable, the term "commissioner of taxes" shall be substituted with the term "commissioner of revenue"; and when

applicable, the term “department of taxes” shall be substituted with the term “department of revenue.”

* * * Education Property Tax Rates * * *

Sec. H.8. FISCAL YEAR 2010 EDUCATION PROPERTY TAX RATE REDUCTION

(a) For fiscal year 2010 only, the education property tax imposed under subsection 5402(a) of Title 32 shall be reduced from the rate of \$1.59 and \$1.10 and shall instead be at the following rates:

(1) the tax rate for nonresidential property shall be \$1.35 per \$100.00; and

(2) the tax rate for homestead property shall be \$0.86 multiplied by the district spending adjustment for the municipality, per \$100.00 of equalized property value as most recently determined under section 5405 of Title 32.

(b) For claims filed in 2010 only, “applicable percentage” in subdivision 6066(a)(2) of Title 32 shall be reduced from 2.0 percent and instead shall be 1.80 percent multiplied by the fiscal year 2010 district spending adjustment for the municipality in which the homestead residence is located; but in no event shall the applicable percentage be less than 1.80 percent.

* * * Fiscal Year 2010 Education Base Payment Amount * * *

Sec. H.9. FISCAL YEAR 2010 EDUCATION BASE PAYMENT AMOUNT

Notwithstanding subsection 4011(b) of Title 16 or any other provision of law, the base education payment for fiscal year 2010 only shall be \$8,485.00.

* * * Electronic Filing of Property Transfer Tax * * *

Sec. H.10. DEVELOPMENT OF ELECTRONIC SYSTEM FOR FILING AND PAYING PROPERTY TRANSFER TAXES

No later than August 1, 2009, the department of taxes shall file with the joint fiscal committee an implementation plan for the electronic filing of property transfer tax returns and the electronic payment of property transfer taxes.

* * * VHFA: Moral Obligation for Pledged Equity Funds * * *

Sec. H.11. FINDINGS AND INTENT

Moral obligation of the state is used by municipal bond insurers, such as the Vermont Housing and Finance Agency (VHFA), as a discretionary capitalization obligation. By expanding VHFA’s ability to pledge the state’s existing commitment of moral obligation without increasing the amount of the state’s existing potential obligation, the general assembly can provide VHFA

with another tool to increase confidence and attract new financial partners so that the agency can continue its housing programs for low- and moderate-income Vermonters, even in these challenging economic times.

Sec. H.12. 10 V.S.A. § 631(f) is amended to read:

(f) The agency, subject to such agreements with noteholders or bondholders as may then exist, shall have power out of any funds available therefor to purchase notes or bonds of the agency, ~~which shall thereupon be cancelled,~~ at a price ~~not exceeding:~~ as shall be determined in the economic best interests of the agency.

~~(1) if the notes or bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment thereon, or~~

~~(2) if the notes or bonds are not then redeemable, the redemption price applicable on the first date after such purchase upon which the notes or bonds become subject to redemption plus accrued interest to such date.~~

Sec. H.13. REPEAL

10 V.S.A. § 632 (authorizing the Vermont housing and finance agency to establish reserve funds) is repealed.

Sec. H.14. 10 V.S.A. § 632a is added to read:

§ 632a. RESERVE AND PLEDGED EQUITY FUNDS

(a) The agency may create and establish one or more special funds, herein referred to as “debt service reserve funds” or “pledged equity funds.”

(b) The agency shall pay into each debt service reserve fund:

(1) any moneys appropriated and made available by the state for the purpose of such fund;

(2) any proceeds of the sale of notes, bonds, or other debt instruments to the extent provided in the resolution or resolutions of the agency authorizing their issuance; and

(3) any other moneys or financial instruments such as surety bonds, letters of credit, or similar obligations which may be made available to the agency for the purpose of such fund from any other source or sources. All moneys or financial instruments held in any debt service reserve fund created and established under this section except as hereinafter provided shall be used, as required, solely for the payment of the principal of the bonds, notes, or other debt instruments secured in whole or in part by such fund or of the payments with respect to the bonds, notes, or other debt instruments specified in any resolution of the agency as a sinking fund payment, the purchase or redemption of the bonds, the payment of interest on the bonds, notes, or other debt

instruments, or the payment of any redemption premium required to be paid when the bonds, notes, or other debt instruments are redeemed prior to maturity, or to reimburse the issuer of a liquidity or credit facility, bond insurance, or other credit enhancement for the payment by such party of any of the foregoing amounts on the agency's behalf; provided, however, that the moneys or financial instruments in any such debt reserve fund shall not be drawn upon or withdrawn therefrom at any time in such amounts as would reduce the amount of such funds to less than the debt service reserve requirement established by resolution of the agency for such fund as provided in this section except for the purpose of paying, when due, with respect to bonds secured in whole or in part by such fund, the principal, interest, redemption premiums, and sinking fund payments and of reimbursing, when due, the issuer of any credit enhancement for any such payments made by it, for the payment of which other moneys of the agency are not available. Any income or interest earned by or increment to any debt service reserve fund due to the investment thereof may be transferred by the agency to other funds or accounts of the agency to the extent it does not reduce the amount of such debt service reserve fund below the debt service reserve requirement for such fund.

(c) The agency shall pay into each pledged equity fund:

(1) any moneys appropriated and made available by the state for the purpose of such fund;

(2) any proceeds of the sale of notes, bonds, or other debt instruments to the extent provided in the resolution or resolutions of the agency authorizing the issuance thereof; and

(3) any other moneys or financial instruments such as surety bonds, letters of credit, or similar obligations which may be made available to the agency for the purpose of such fund from any other source or sources. All moneys or financial instruments held in any pledged equity fund created and established under this section except as provided in this section shall be used, as required, solely to provide pledged equity or over-collateralization of any trust estate of the agency to the issuer of a liquidity or credit facility, bond insurance, or other credit enhancement obtained by the agency; provided, however, that the moneys or financial instruments in any pledged such equity fund shall not be drawn upon or withdrawn from such fund at any time in such amounts as would reduce the amount of such funds to less than the pledged equity requirement established by resolution of the agency for such fund as provided in this section except for the purposes set forth in and in accordance with the governing resolution. Any income or interest earned by or increment to, any pledged equity fund due to the investment thereof may be transferred by the agency to other funds or accounts of the agency to the extent it does not

reduce the amount of such pledged equity fund below the requirement for such fund. Anything in this subdivision to the contrary notwithstanding, upon the defeasance of the bonds, notes, or other debt instruments with respect to which the pledged equity requirement was established, the agency may transfer amounts in such fund to another fund or account of the agency proportionately to the amount of such defeasance; provided that the agency shall repay to the state any amount appropriated by the state pursuant to subsection (f) of this section.

(d) The debt service reserve and pledged equity requirements for any fund established under this section shall be established by resolution of the agency prior to the issuance of any bonds, notes, or other debt instruments secured in whole or in part by a debt service reserve fund or prior to entering into any credit enhancement agreement and shall be the amount determined by the agency to be reasonably required in light of the facts and circumstances of the particular debt issue or credit enhancement; provided that the maximum amount of the state's commitment with respect to any pledged equity fund shall be determined by the agency at or prior to entering into any credit enhancement agreement related to such pledged equity fund. The agency shall not at any time issue bonds, notes, or other debt instruments secured in whole or in part by a debt service reserve fund or enter into any credit enhancement agreement that requires establishment of a pledged equity fund created and established under this section unless:

(1) the agency at the time of such issuance or execution shall deposit in such fund from the proceeds of such bonds, notes, or other debt instruments or from other sources an amount which, together with the amount then in such fund, will not be less than the requirement established for such fund at that time;

(2) the agency has made a determination at the time of the authorization of the issuance of such bonds, notes, or other debt instruments or at the time of entering into such credit enhancement agreement that the agency will derive revenues or other income from the mortgage loans that secure such bonds, notes, or other debt instruments or that relate to any credit enhancement agreement sufficient to provide, together with all other available revenues and income of the agency other than any amounts appropriated by the state pursuant to this section for the payment or purchase of such bonds, notes, and other debt instruments and reimbursement to the issuer of any credit enhancement the payment of any expected deposits into any pledged equity fund established with respect to such credit enhancement, and the payment of all costs and expenses incurred by the agency with respect to the program or purpose for which such bonds, notes, or other debt instruments are issued; and

(3) the state treasurer or his or her designee has provided written approval to the agency that the agency may issue such bonds, notes, or other debt instruments and enter into any related credit enhancement agreement.

(e) In computing the amount of the debt service reserve or pledged equity funds for the purpose of this section, securities in which all or a portion of such funds shall be invested shall be valued at par if purchased at par or at amortized value, as that term is defined by resolution of the agency, if purchased at other than par.

(f) In order to assure the maintenance of the debt service reserve fund requirement in each debt service reserve fund established by the agency under this section, there may be appropriated annually and paid to the agency for deposit in each fund a sum as shall be certified by the chair of the agency to the governor, the president of the senate, and the speaker of the house as is necessary to establish or restore each such debt service reserve fund to an amount equal to the requirement for each such fund. The chair shall annually, on or about February 1, make, execute, and deliver to the governor, the president of the senate, and the speaker of the house a certificate stating the sum required to restore each such fund to the amount required by this section, and the sum so certified may be appropriated and, if appropriated, shall be paid to the agency during the then-current state fiscal year. In order to assure the funding of the pledged equity fund requirement in each pledged equity fund established by the agency under this section at the time and in the amount determined at the time of entering into any credit enhancement agreement related to a pledged equity fund, there may be appropriated and paid to the agency for deposit in each fund a sum as shall be certified by the chair of the agency to the governor, the president of the senate, and the speaker of the house as is necessary to establish each pledged equity fund to an amount equal to the amount determined by the agency at the time of entering into any credit enhancement agreement related to a pledged equity fund; provided that the amount requested, together with any amounts previously appropriated pursuant to this subsection for a particular pledged equity fund, shall not exceed the maximum amount of the state's commitment as determined by the agency pursuant to subsection (d) of this section. The chair shall, on or about the February 1 next following the designated date for fully funding a pledged equity fund, make, execute, and deliver to the governor, the president of the senate, and the speaker of the house a certificate stating the sum required to bring each fund to the amount required by this section or to otherwise satisfy the state's commitment with respect to each fund, and the sum so certified may be appropriated and, if appropriated, shall be paid to the agency during the then-current state fiscal year. The combined principal amount of bonds, notes, and other debt instruments outstanding at any time and secured in whole or in

part by a debt service reserve fund established under this section and the aggregate commitment of the state to fund pledged equity funds pursuant to this subsection shall not exceed \$155,000,000.00 at any time, provided that the foregoing shall not impair the obligation of any contract or contracts entered into by the agency in contravention of the Constitution of the United States. Notwithstanding anything in this section to the contrary, the state's obligation with respect to funding any pledged equity fund shall be limited to its maximum commitment, as determined by the agency pursuant to subsection (d) of this section, and the state shall have no other obligation to replenish or maintain any pledged equity fund.

Sec. H.15. SAVINGS CLAUSE

Nothing in Sec. H.14 of this act shall be construed to impair the obligation of any preexisting contract or contracts entered into by the agency or by the state.

* * * Tax Expenditure Reporting Requirement * * *

Sec. H.16. 32 V.S.A. § 306 is amended to read:

§ 306. BUDGET REPORT

(a) The governor shall submit to the general assembly, not later than the third Tuesday of every annual session, a budget which shall embody his or her estimates, requests and recommendations for appropriations or other authorizations for expenditures from the state treasury. In the first year of the biennium, the budget shall relate to the two succeeding fiscal years. In the second year of the biennium, it shall relate to the succeeding fiscal year.

(b) The governor shall also submit to the general assembly, not later than the third Tuesday of each session of every biennium, a tax expenditure budget which shall embody his or her estimates, requests, and recommendations. The tax expenditure budget shall be provided to the house committee on ways and means and the senate committee on finance, which committees shall review the tax expenditure budget and shall report their recommendations in bill form.

Sec. H.17. 32 V.S.A. § 307 is amended to read:

§ 307. FORM OF BUDGET

(a) The budget shall be arranged and classified so as to show separately the following estimates and recommendations:

- (1) Expenses of state administration.
- (2) Deficiencies, overdrafts, and unexpended balances in appropriations of former years.
- (3) Bonded debt, loans and interest charges.

(4) All requests and proposals for expenditures for new projects, new construction, additions, improvements, and other capital outlay.

(5) With respect to the tax expenditure budget required under subsection 306(b) of this chapter, all requests and proposals for new, amended, or continued tax expenditures as defined in section 312 of this chapter.

* * *

* * * Vermont State-Sponsored Affinity Card Program * * *

Sec. H.18. 32 V.S.A. § 584 is added to read:

§ 584. VERMONT STATE-SPONSORED AFFINITY CARD PROGRAM

(a) The state treasurer is hereby authorized to sponsor and participate in an affinity card program for the benefit of the residents of this state upon his or her determination that such a program is feasible and may be procured at rates and terms in the best interest of the cardholders. In selecting an affinity card issuer, the treasurer shall consider the issuer's record of investments in the state and shall take into consideration program features which will enhance the promotion of the state-sponsored affinity card, including consumer-friendly terms, favorable interest rates, annual fees, and other fees for using the card.

(b) The treasurer shall consult with other state agencies about potential public purpose projects to be designated for the program and shall allow cardholders to designate that funds be used either to support sustainable agricultural programs, renewable energy programs, state parks and forestland programs, or any combination of these. The net proceeds of the state fees or royalties generated by this program shall be transmitted to the state and shall be deposited in a state-sponsored affinity card fund and subsequently transferred to the designated state programs and purposes as selected by the cardholders. The funds received shall be held by the treasurer until transferred for the purposes directed by participating state-sponsored affinity cardholders in accordance with the trust fund provisions of section 462 of this title.

(c) All program balances at the end of the fiscal year shall be carried forward and shall not revert to the general fund. Interest earned shall remain in the program. The treasurer's annual financial report to the governor and the general assembly shall contain an accounting of receipts, disbursements, and earnings of the state-sponsored affinity card program.

(d) The state shall not assume any liability for lost or stolen credit cards nor any other legal debt owed to the financial institutions.

(e) The state treasurer is authorized to adopt such rules as may be necessary to implement the Vermont state-sponsored affinity card program.

* * * Government Licenses and Employment * * *

Sec. H.19. 32 V.S.A. § 3113 is amended to read:

§ 3113. REQUIREMENT FOR OBTAINING LICENSE OR,
GOVERNMENTAL CONTRACT, OR EMPLOYMENT

* * *

(c) Every agency shall, upon request of the commissioner, furnish a list of licenses and contracts issued or renewed by such agency during the reporting period; provided, however, that the secretary of state shall, with respect to certificates of authority to transact business issued to foreign corporations, furnish to the commissioner only those certificates originally issued by the secretary of state during the reporting period and not renewals of such certificates. The lists ~~should~~ shall include the name, address, ~~social security~~ Social Security or federal identification number of such licensee or provider, and such other information as the commissioner may require.

* * *

(i) No agency of the state shall hire any person as a full-time, part-time, temporary, or contractual employee unless the person shall first sign a written declaration under the pains and penalties of perjury that the person is in good standing with respect to or in full compliance with a plan to pay any and all taxes due as of the date such declaration is made. This requirement applies only to the initial hire of an individual into a position that is paid using the state of Vermont federal taxpayer identification number, other than as a county employee, and not to an employee serving in such position or who returns to any position in state government as a result of a placement right or reduction in force recall right.

* * * Unclaimed Property * * *

Sec. H.20. 32 V.S.A. § 3113a is added to read:

§ 3113a. ABANDONED PROPERTY; SATISFACTION OF TAX
LIABILITIES

The commissioner may request from the office of the treasurer the names and Social Security or federal identification numbers of owners of unclaimed property prior to notice being given to such persons pursuant to section 1249 of Title 27. If any such owner owes taxes to the state, the commissioner, after notice to the owner, may request and the treasurer shall transfer the abandoned property of such owner to the department for setoff of the taxes owed. The notice shall advise the owner of the action being taken and the right to appeal the setoff if the tax debt is not the owner's debt; or if the debt has been paid; or if the tax debt was appealed within 60 days from the date of the assessment and

the appeal has not been finally determined; or if the debt was discharged in bankruptcy.

* * * Mapping Program * * *

Sec. H.21. 32 V.S.A. § 3409 is amended to read:

§ 3409. PREPARATION OF PROPERTY MAPS

Consistent with available resources and pursuant to a memorandum of understanding entered into between the commissioner and the Vermont center for geographic information, the ~~director shall prepare~~ center shall provide regional planning commissions, state agencies, and the general public with orthophotographic maps of the state at a scale appropriate for the production and revision of town property maps. Periodically, such maps shall be revised and updated to reflect land use changes, new settlement patterns and such additional information as may have become available to the director or the center.

(1) The ~~director~~ center shall supply to the clerk and to the listers or assessors of each town such maps as have been prepared by ~~the director~~ it of the total area of that town. Any map shall be available, without charge, for public inspection ~~both in the office of the Vermont mapping program and in the office of the town clerk to whom the map was supplied.~~

(2) The ~~director~~ may state of Vermont shall retain the copyright of any map prepared under this section by the Vermont mapping program and the center and the Vermont mapping program shall jointly own the copyright to any map prepared on or after the effective date of this act.

(3) A person, who, without the written authorization of the director and the center, copies, reprints, duplicates, sells, or attempts to sell any map prepared under this chapter shall be fined an amount not to exceed \$1,000.00.

(4) At a reasonable charge to be established by the center and the director, the ~~director~~ center shall supply to any person or agency other than a town clerk or lister a copy of any map prepared under this section.

* * * Unorganized Towns and Gores and Unified Towns and Gores * * *

Sec. H.22. 32 V.S.A. § 4408 is amended to read:

§ 4408. HEARING BY BOARD

(a) On the date so fixed by the town clerk and from day to day thereafter, the board of civil authority shall hear such appellants as appear in person or by agents or attorneys, until all such objections have been heard and considered. All objections filed in writing with the board of civil authority at or prior to the time fixed for hearing appeals shall be determined by the board

notwithstanding that the person filing the objections fails to appear in person, or by agent or attorney.

(b) Ad hoc board for unorganized towns and gores and unified towns and gores. For purposes of hearing appeals under this subchapter only, the supervisor shall create an ad hoc board composed of:

(1) the supervisor; and

(2) one member from each adjoining municipality's board of civil authority, to be appointed by each respective board of civil authority, representing no fewer than three and no more than five of the adjoining municipalities, at the discretion of the supervisor.

(c) The ad hoc board provided for in subsection (b) of this section shall, for purposes of hearing appeals under this subchapter only, act as a board of civil authority, and an aggrieved party shall have further appeal rights as though the party had appealed to a board of civil authority.

* * * Education Property Tax Information Insert * * *

Sec. H.23. 32 VSA § 5402(b)(1) is amended to read:

(1) The commissioner of taxes shall determine for each municipality the education tax rates under subsection (a) of this section, divided by the municipality's most recent common level of appraisal. The legislative body in each municipality shall then bill each property taxpayer at the homestead or nonresidential rate determined by the commissioner under this subdivision, multiplied by the education property tax grand list value of the property, properly classified as homestead or nonresidential property and without regard to any other tax classification of the property. Tax bills shall show the tax due and the calculation of the rate determined under subsection (a) of this section, divided by the municipality's most recent common level of appraisal, multiplied by the current grand list value of the property to be taxed. ~~Each homestead property tax bill shall include a copy of the document entitled "About Your 20XX Taxes "The more you spend the more you pay", updated annually for each town by the commissioner of taxes.~~

* * * Unsigned Declaration of Homestead * * *

Sec. H.24. 32 V.S.A. § 5410(c) is added to read:

(c) In the event that an unsigned but otherwise completed homestead declaration is filed with the declarant's signed state income tax return, the commissioner may treat such declaration as signed by the declarant.

* * * Unrelated Business Income of Nonprofit Corporations * * *

Sec. H.25. 32 V.S.A. § 5811(3) and (18) are amended to read:

(3) "Corporation" means any business entity subject to income taxation as a corporation, and any entity qualified as a small business corporation, under the laws of the United States, with the exception of the following entities which are exempt from taxation under this chapter:

(A) ~~Railroad and insurance, surety and guaranty companies, mutual or otherwise that are taxed under chapter 211 of this title;~~

(B) ~~Life, fire and marine insurance companies and mutual life, fire and marine insurance companies;~~

(C) ~~Farmers' or other mutual hail, cyclone, fire or life insurance companies, mutual water, mutual or cooperative telephone companies or similar organizations of a purely local character, the income of which companies consists solely of assessments, dues and fees collected from the members for the sole purpose of meeting the expenses of the company;~~

(D) ~~Farmers', fruit growers', or like associations organized and operated on a cooperative basis:~~

(i) ~~for the purpose of processing, preparing for market, handling or marketing the farm products of members or other producers and turning back to them the proceeds of sales, less the necessary marketing, handling and processing expenses, on the basis of either quantity or the value of the products furnished by them;~~

(ii) ~~for the purpose of purchasing supplies and equipment for the use of the members and other persons, and turning over such supplies and equipment to them at actual cost, plus necessary expenses; or~~

(iii) ~~for the purpose of processing, preparing for market, or marketing handcraft products as defined in section 991 of Title 11 of members or other producers and turning back to them the proceeds of sales, less the necessary marketing, handling and processing expenses;~~

(E) ~~Credit unions organized under chapter 71 of Title 8 and federal credit unions;~~

(F)(C) ~~Nonprofit hospital service corporations organized under chapter 123 of Title 8;~~

(G)(D) ~~Nonprofit medical service corporations organized under chapter 125 of Title 8;~~

(H) ~~Free public library corporations organized under chapter 3 of Title 22;~~

~~(I) Cemetery corporations and associations, labor, agricultural or horticultural organizations, fraternal beneficiary societies, no part of the net earnings of which inures to any member or stockholder;~~

~~(J) Sanitary corporations and corporations organized for religious, charitable, scientific or educational purposes, no part of the net earnings of which inures to the benefit of any private stockholder or individual member;~~

~~(K) Business organizations, chambers of commerce or boards of trade and area development organizations not organized for profit, no part of the net earnings of which inures to the benefit of any private stockholder or individual member;~~

~~(L) Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare;~~

~~(M) Clubs organized and operated exclusively for pleasure and recreation and other nonprofitable purposes, no part of the net earnings of which inures to the benefit of any private stockholder or individual member; or~~

~~(N) Any political organization which is exempt from or does not owe any federal income taxes as provided in the federal internal revenue code.~~

* * *

(18) “Vermont net income” means, for any taxable year and for any corporate taxpayer:

* * *

(D) For a corporation with federal exempt status, “Vermont net income” means all income that is subject to federal income tax, including unrelated business income under Section 511 of the Internal Revenue Code and any income arising from debt-financed property subject to taxation under Section 514 of the Internal Revenue Code.

* * * Annual Update of Links to Federal Law * * *

Sec. H.26. 32 V.S.A. § 5824 is amended to read:

§ 5824. ADOPTION OF FEDERAL INCOME TAX LAWS

The statutes of the United States relating to the federal income tax, as in effect for taxable year ~~2007~~ 2008, but without regard to federal income tax rates under Section 1 of the Internal Revenue Code, are hereby adopted for the purpose of computing the tax liability under this chapter.

* * * Trustee Process * * *

Sec. H.27. 32 V.S.A. § 5892 is amended to read:

§ 5892. ACTION TO COLLECT TAXES; LIMITATIONS

(a) Action may be brought by the attorney general of the state at the instance of the commissioner in the name of the state to recover the amount of the tax liability of any taxpayer, if the action is brought within six years after the date the tax liability was collectible under section 5886 of this title. The action shall be returnable in the county where the taxpayer resides or has a place of business, and if the taxpayer neither resides nor has a place of business in this state, the action shall be returnable in Washington ~~county~~ County.

(b) Notwithstanding sections 3167 and 3168 of Title 12, a motion may be brought by the attorney general of the state at the instance of the commissioner in the name of the state for issuance of trustee process at the same time as an action is brought under subsection (a) of this section, and, if judgment is granted in that action, the court may proceed immediately to hear and render a decision on the trustee process.

* * * Repeal of Certain Tax Credits * * *

Sec. H.28. REPEAL

(a) 32 V.S.A. § 5930v (providing an income tax credit for eligible venture capital investment) is repealed effective for tax years beginning on or after January 1, 2010.

(b) 32 V.S.A. § 3802(13) (exempting fallout shelters from property tax) is repealed for grand lists prepared for April 1, 2010 and after.

* * * Property Tax Adjustments * * *

Sec. H.29. 32 V.S.A. § 6066a is amended to read:

§ 6066a. DETERMINATION OF PROPERTY TAX ADJUSTMENTS

* * *

(c) The commissioner shall notify the municipality of any claim and refund amounts unresolved by September 15 at the time of final resolution, including adjudication if any; provided, however, that towns will not be notified of any additional adjustment amounts after ~~December 31~~ September 15 of the claim year, and such amounts shall be paid to the claimant by the commissioner.

* * *

(f) Property tax bills.

* * *

(4) If the property tax adjustment amount as described in subsection ~~(b)~~(e) of this section exceeds the property tax, penalties and interest, due for the current and all prior years, the municipality shall refund the excess to the taxpayer, without interest, within 20 days of the first date upon which taxes become due and payable or 20 days after notification by the commissioner of education, whichever is later.

* * *

* * * Clarifying the Homestead Declaration Requirements * * *

Sec. H.30. DECLARATION OF HOMESTEAD

The commissioner of taxes shall ensure that the homestead declaration form clearly informs taxpayers that a homestead declaration must be filed each year regardless of whether or not the taxpayer is applying for an income sensitivity adjustment and that homestead declarations must be timely filed even if the taxpayer is granted an extension of time to file his or her return.

* * * Estate Tax * * *

Sec. H.31. 32 V.S.A. § 7442a is amended to read:

§ 7442a. IMPOSITION OF A VERMONT ESTATE TAX AND RATE OF TAX

(a) A tax is hereby imposed on the transfer of the Vermont estate of every decedent dying on or after January 1, 2002, who, at the time of death, was a resident of this state. The base amount of this tax shall be a sum equal to the amount ~~by which~~ of the credit for state death taxes allowable to a decedent's estate under Section 2011, ~~as in effect on January 1, 2001,~~ of the Internal Revenue Code, ~~hereinafter sometimes referred to as the "credit," exceeds the lesser of~~ as in effect on January 1, 2001. This base amount shall be reduced by the lesser of the following:

(1) The total amount of all constitutionally valid state death taxes actually paid to other states; or

(2) A sum equal to the proportion of the credit which the value of the property taxed by other states bears to the value of the decedent's total gross estate for federal estate tax purposes.

(b) A tax is hereby imposed on the transfer of the Vermont estate of every decedent dying on or after January 1, 2002, who, at the time of death, was not a resident of this state. The amount of this tax shall be a sum equal to the proportion of the ~~credit~~ base amount of tax under subsection (a) of this section which the value of Vermont real and tangible personal property taxed in this

state bears to the value of the decedent's total gross estate for federal estate tax purposes.

(c) The Vermont estate tax shall not exceed the amount of the tax imposed by Section 2001 of the Internal Revenue Service Code calculated using the applicable credit amount under Section 2010 as in effect on January 1, 2008, with no deduction under Section 2058.

(d) All values shall be as finally determined for federal estate tax purposes.

Sec. H.32. 32 V.S.A. § 7444 is amended to read:

§ 7444. RETURN BY EXECUTOR

In all cases where ~~the federal gross estate at the time of the death of the decedent exceeds the applicable federal exclusion amount or where the estate is subject to federal estate tax~~ a tax is imposed upon the estate under section 7442a of this chapter, the executor shall make a return with respect to the estate tax imposed by this chapter. If the executor is unable to make a complete return as to any part of the gross estate of the decedent, he or she shall include in his or her return (to the extent of his or her knowledge or information) a description of such part and the name of every person holding a legal or beneficial interest therein. Upon notice from the commissioner such person shall in like manner make a return as to such part of the gross estate. A return made by one of two or more joint fiduciaries shall be sufficient compliance with the requirements of this section. A return made pursuant to this section shall contain a statement that the return is, to the best of the knowledge and belief of the fiduciary, true and correct.

Sec. H.33. 32 V.S.A. § 7445 is amended to read:

§ 7445. COPIES OF FEDERAL ESTATE TAX RETURNS TO BE FILED

It shall be the duty of the executor of every person who may die a resident of Vermont or a nonresident with real estate or tangible personal property having an actual situs in Vermont to file with the commissioner a duplicate of all federal estate tax returns which he or she is required to make to the federal authorities, or, if no federal estate tax return is required, a pro forma federal estate tax return for the estate of a decedent with a Vermont estate tax liability shall be filed with the commissioner.

Sec. H.34. 32 V.S.A. § 7446 is amended to read:

§ 7446. WHEN RETURNS TO BE FILED

The estate tax return required under section 7444 of this title shall be filed ~~at the time the federal estate tax return is required to be filed under the laws of the United States, including any extensions of time for filing granted by the~~

federal authorities within nine months of the death of the decedent. Prior to expiration of the filing period, executors may apply for a six-month extension.

Sec. H.35. 32 V.S.A. § 7475 is amended to read:

§ 7475. ADOPTION OF FEDERAL ESTATE AND GIFT TAX LAWS

The laws of the United States, relating to federal estate and gift taxes as in effect on January 1, ~~2008~~ 2009, are hereby adopted for the purpose of computing the tax liability under this chapter, except:

(1) ~~with~~ the credit for state death taxes shall remain as provided for under Section Sections 2011 and 2604 of the Internal Revenue Code as in effect on January 1, 2001;

(2) the applicable credit amount shall remain as provided for under section 2010 of the Internal Revenue Code; as in effect on January 1, 2008; and

(3) ~~without any~~ the deduction for state death taxes under Section 2058 of the Internal Revenue Code shall not apply.

* * * Cigarette and Tobacco Taxes* * *

Sec. H.36. 32 V.S.A. § 7702 is amended to read:

§ 7702. DEFINITIONS

The following words and phrases, as used in this chapter, shall have the following meanings, unless the context otherwise requires:

* * *

(13) “Snuff” means any finely cut, ground, or powdered tobacco that is not intended to be smoked, has a moisture content of no less than 45 percent, and is not offered in individual single-dose tablets or other discrete single-use units.

* * *

(15) “Tobacco products” means ~~eigars; cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco; snuff, snuff flour; cavendish; plug and twist tobacco; fine cut and other chewing tobaccos; shorts; refuse scraps, clippings, cuttings and sweeping of tobacco, and other kinds and forms of tobacco, prepared in such manner as to be suitable for chewing or smoking in a pipe or otherwise, or both for chewing and smoking~~ any product manufactured from, derived from, or containing tobacco that is intended for human consumption by smoking, chewing, or in any other manner; but shall not include cigarettes, little cigars, roll-your-own tobacco, moist snuff, or new smokeless tobacco as defined in this section.

* * *

(20) “New smokeless tobacco” means any tobacco product manufactured from, derived from, or containing tobacco that is not intended to be smoked, has a moisture content of less than 45 percent, or is offered in individual single-dose tablets or other discrete single-use units.

Sec. H.37. 32 V.S.A. § 7771(c) is amended to read:

(c) The tax imposed under this section shall be at the rate of ~~89.5~~ 112 mills per cigarette or little cigar and for each 0.09 ounces of roll-your-own tobacco. The interest and penalty provisions of section 3202 of this title shall apply to liabilities under this section.

Sec. H.38. 32 V.S.A. § 7811 is amended to read:

§ 7811. IMPOSITION OF TOBACCO PRODUCTS TAX

There is hereby imposed and shall be paid a tax on all tobacco products except roll-your-own tobacco and little cigars taxed under section 7771 of this title possessed in the state of Vermont by any person for sale on and after July 1, 1959 which were imported into the state or manufactured in the state after said date, except that no tax shall be imposed on tobacco products sold under such circumstances that this state is without power to impose such tax, or sold to the United States, or sold to or by a voluntary unincorporated organization of the armed forces of the United States operating a place for the sale of goods pursuant to regulations promulgated by the appropriate executive agency of the United States. Such tax ~~on~~ is intended to be imposed only once upon the wholesale sale of any tobacco products product and shall be at the rate of 41 92 percent of the wholesale price for all tobacco products except moist snuff, which shall be taxed at \$1.66 per ounce, or fractional part thereof, ~~and is intended to be imposed only once upon any tobacco product and new smokeless tobacco, which shall be taxed at the greater of \$1.66 per ounce or, if packaged for sale to a consumer in a package that contains less than 1.2 ounces of the new smokeless tobacco, at the rate of \$1.99 per package.~~ Provided, however, that upon payment of the tax within 10 days, the distributor or dealer may deduct from the tax two percent of the tax due. It shall be presumed that all tobacco products within the state are subject to tax until the contrary is established and the burden of proof that any tobacco products are not taxable hereunder shall be upon the person in possession thereof. Wholesalers of tobacco products shall state on the invoice whether the price includes the Vermont tobacco products tax.

Sec. H.39. 32 V.S.A. § 7814 is amended to read:

§ 7814. FLOOR STOCK TAX

* * *

(b) Cigarettes, little cigars, or roll-your-own tobacco. Notwithstanding the prohibition against further tax on stamped cigarettes, little cigars, or roll-your-own tobacco under section 7771 of this title, a floor stock tax is hereby imposed upon every dealer of cigarettes, little cigars, or roll-your-own tobacco in this state who is either a wholesaler, or a retailer who at 12:01 a.m. ~~on July 1, 2006~~ following enactment of this act, has more than 10,000 cigarettes or little cigars or who has \$500.00 or more of wholesale value of roll-your-own tobacco, for retail sale in his or her possession or control. The amount of the tax shall be the amount by which the new tax exceeds the amount of the tax already paid for each cigarette, little cigar, or roll-your-own tobacco in the possession or control of the wholesaler or retailer at 12:01 a.m. ~~on July 1, 2006~~ following enactment of this act, and on which cigarette stamps have been affixed before July 1, ~~2006~~ following enactment of this act. A floor stock tax is also imposed on each Vermont cigarette stamp in the possession or control of the wholesaler at 12:01 a.m. ~~on July 1, 2006~~ following enactment of this act, and not yet affixed to a cigarette package, and the tax shall be at the rate of ~~\$0.60~~ \$0.25 per stamp. Each wholesaler and retailer subject to the tax shall, on or before July 25, ~~2006~~ following enactment of this act, file a report to the commissioner in such form as the commissioner may prescribe showing the cigarettes, little cigars, or roll-your-own tobacco and stamps on hand at 12:01 a.m. ~~on July 1, 2006~~ following enactment of this act, and the amount of tax due thereon. The tax imposed by this section shall be due and payable on or before July 25, ~~2006~~ following enactment of this act, and thereafter shall bear interest at the rate established under section 3108 of this title. In case of timely payment of the tax, the wholesaler or retailer may deduct from the tax due two and three-tenths of one percent of the tax. Any cigarettes, little cigars, or roll-your-own tobacco with respect to which a floor stock tax has been imposed under this section shall not again be subject to tax under section 7771 of this title.

* * *

* * * Sales and Use Tax on Digital Downloads * * *

Sec. H.40. 32 V.S.A. § 9701(45), (46), and (47) are added to read:

(45) Transferred electronically: means obtained by the purchaser by means other than tangible storage media.

(46) Specified digital products: means digital audio-visual works, digital audio works, digital books, or ringtones that are transferred electronically.

(A) Digital audio-visual works: means a series of related images which, when shown in succession, impart an impression of motion, together with accompanying sounds, if any;

(B) Digital audio works: means works that result from the fixation of a series of musical, spoken, or other sounds, including ringtones;

(C) Digital books: means works that are generally recognized in the ordinary and usual sense as "books."

(D) Ringtones: means digitized sound files that are downloaded onto a device and that may be used to alert the customer with respect to a communication.

(47) End user: means any person other than a person who received by contract a product transferred electronically for further commercial broadcast, rebroadcast, transmission, retransmission, licensing, relicensing, distribution, redistribution, or exhibition of the product, in whole or in part, to another person or persons.

Sec. H.41. 32 V.S.A. § 9771 is amended to read:

§ 9771. IMPOSITION OF SALES TAX

Except as otherwise provided in this chapter, there is imposed a tax on retail sales in this state. The tax shall be paid at the rate of six percent of the sales price charged for, but in no case shall any one transaction be taxed under more than one of, the following:

* * *

(8) Specified digital products transferred electronically to an end user.

Sec. H.42. 32 V.S.A. § 9772 is amended to read:

§ 9772. AMOUNT OF TAX TO BE COLLECTED

(a) For the purpose of adding and collecting the tax imposed by this chapter, or an amount equal as nearly as possible or practicable to the average equivalent thereof, to be reimbursed to the vendor by the purchaser, the vendor shall ~~use either the calculation in subdivision (1) of this subsection or the formula in subdivision (2). The tax required to be remitted shall be the rate specified in section 9771 of this title multiplied by the total sales price of all the taxable transactions; provided, however, the tax required to be remitted shall be no more than the amount required to be collected. The vendor shall be~~

~~entitled to retain any amount lawfully collected by the person in excess of the tax imposed by this chapter.~~

~~(1) The multiply the total sales price of all the transaction multiplied transactions taxable by the rate specified in section 9771 of this title carried to the third decimal place and rounded up to the nearest whole cent if the third decimal point is greater than four and rounded down to the nearest whole cent if the third decimal point is four or less. The tax may be computed on either the total invoice amount or on each taxable item.~~

Amount of Sale	Amount of Tax
\$0.01-0.10	No Tax
0.11-0.16	\$.01
0.17-0.33	.02
0.34-0.50	.03
0.51-0.66	.04
0.67-0.83	.05
0.84-1.00	.06

~~In addition to a tax of \$0.06 on each full dollar, a tax shall be collected on each part of a dollar in excess of a full dollar in accordance with the following formula:~~

\$0.01-0.16	\$.01
0.17-0.33	.02
0.34-0.50	.03
0.51-0.66	.04
0.67-0.83	.05
0.84-0.99	.06

~~* * *~~

Sec. H.43. 32 V.S.A. § 9773 is amended to read:

§ 9773. IMPOSITION OF COMPENSATING USE TAX

Unless property has already been or will be subject to the sales tax under this chapter, there is imposed on every person a use tax at the rate of six percent for the use within this state, except as otherwise exempted under this chapter:

* * *

(2) Of any tangible personal property manufactured, processed or assembled by the user, if items of the same kind of tangible personal property are offered for sale by him or her in the regular course of business, but the mere storage, keeping, retention or withdrawal from storage of tangible

personal property or the use for demonstrational or instructional purposes of tangible personal property by the person who manufactured, processed or assembled such property shall not be deemed a taxable use by him or her; and for purposes of this section only, the sale of electrical power generated by the taxpayer shall not be considered a sale by him or her in the regular course of business if at least 60 percent of the electrical power generated annually by the taxpayer is used by the taxpayer in his or her trade or business; ~~and~~

(3) Of any tangible personal property, however acquired, where not acquired for purposes of resale, upon which any taxable services described in subdivision 9771(3) of this title have been performed; and

(4) Specified digital products transferred electronically to an end user.

* * * Sales Tax on Spirituous Liquor * * *

Sec. H.44. 32 V.S.A. § 9743(1) is amended to read:

(1) The state of Vermont, or any of its agencies, instrumentalities, public authorities, public corporations (including a public corporation created pursuant to agreement or compact with another state) or political subdivisions when it is the purchaser, user or consumer, or when it is a vendor of services or property of a kind not ordinarily sold by private persons, or when it charges for admission to any amusement; except that a performance jointly produced or presented by it and another person shall not be exempt from amusement tax unless it meets the joint production requirements imposed on a qualified organization under subdivision (3)(B) of this section and sales of alcoholic beverages shall not be exempt from sales tax.

* * * Returns Upon Business Closing * * *

Sec. H.45. 32 V.S.A. § 9775 is amended to read:

§ 9775. RETURNS

(a) Except as otherwise provided in this section, every person required to collect or pay tax under this chapter shall, where the sales and use tax liability under this chapter for the immediately preceding calendar year has been (or would have been in cases when the business was not operating for the entire year) \$500.00 or less, pay the tax imposed by this chapter in one annual payment on or before the 25th day of January of each year. Every person required to collect or pay tax under this chapter shall, where the sales and use tax liability under this chapter for the immediately preceding calendar year has been (or would have been in cases when the business was not operating for the entire year) more than \$500.00 but less than \$2,500.00, pay the tax imposed by this chapter in quarterly installments on or before the 25th day of the calendar month succeeding the quarter ending on the last day of March, June,

September, and December of each year. In all other cases, except as provided in ~~subsection~~ subsections (e) and (g) of this section, the tax imposed by this chapter shall be due and payable monthly on or before the 25th (23rd of February) day of the month following the month for which the tax is due. Payment by electronic funds transfer does not affect the requirement to file returns. The return of a vendor of tangible personal property shall show such information as the commissioner may require.

* * *

(g) A person required to report sales and use tax annually who cancels his, her, or its sales and use tax account shall file a final return not later than 60 days after such cancellation.

* * * Land Gains Tax * * *

Sec.H.46. 32 V.S.A. § 10009(b) is amended to read:

(b) All the administrative provisions of chapter 151 of this title, including those relating to the collection and enforcement by the commissioner of the withholding tax and the income tax, and of chapter 103, including those relating to interest and penalty charges, shall apply to the tax imposed by this chapter.

* * * Capital Gains Exemption and Partial Exclusion of Deduction for State Income Taxes * * *

Sec. H.47. 32 V.S.A. § 5811(21) is amended to read:

(21) "Taxable income" means federal taxable income determined without regard to Section 168(k) of the Internal Revenue Code and:

(A) Increased by the following items of income (to the extent such income is excluded from federal adjusted gross income):

(i) interest income from non-Vermont state and local obligations;
~~and~~

(ii) dividends or other distributions from any fund to the extent they are attributable to non-Vermont state or local obligations; and

(iii) the amount in excess of \$5,000.00 of state and local income taxes deducted from federal adjusted gross income for the taxable year, but in no case in an amount that will reduce total itemized deductions below the standard deduction allowable to the taxpayer; and

(B) Decreased by the following items of income (to the extent such income is included in federal adjusted gross income):

(i) income from United States government obligations; ~~and~~

~~(ii) 40 percent of adjusted net capital gain income as defined in Section 1(h) of the Internal Revenue Code, but the total amount of decrease under this subdivision (ii) shall not exceed 40 percent of federal taxable income the first \$5,000.00 of adjusted net capital gain income as defined in Section 1(h) of the Internal Revenue Code; and~~

(iii) recapture of state and local income tax deductions not taken against Vermont income tax.

* * * Deduction for Vehicle Purchase Sales Tax * * *

Sec. H.47b. INCLUSION IN INCOME OF AMOUNT OF DEDUCTION TAKEN FOR SALES AND USE TAX ON PURCHASE OF NEW VEHICLE

(a) For taxable year 2009 only, a taxpayer shall increase his or her taxable income calculated pursuant to section 5811(21) by the amount of any deduction taken pursuant to Sec. 164(a)(6) of the Internal Revenue Code.

(b) There is appropriated the sum of \$100,000.00 from the general fund to the joint legislative government accountability committee established in Sec. 5 of No. 206 of the Acts of the 2008 General Assembly (adj. sess.) for the purpose of hiring consultants to make recommendations for further efficiencies in state government.

* * * Reduction of Income Tax Rates * * *

Sec. H.48. REDUCTION OF PERSONAL INCOME TAX RATES

For taxable year 2009 and subsequent taxable years, income tax rates under 32 V.S.A. § 5822, after taking into account any inflation adjustments to taxable income as required under subdivision 5822(b)(2), shall be as follows:

<u>For taxable income which, without</u>	<u>That taxable income</u>
<u>the passage of this act, would be</u>	<u>shall instead be taxed</u>
<u>subject to tax at the following rate:</u>	<u>at the following rate:</u>
<u>3.60%</u>	<u>3.55%</u>
<u>7.20%</u>	<u>6.80%</u>
<u>8.50%</u>	<u>7.80%</u>
<u>9.00%</u>	<u>8.80%</u>
<u>9.50%</u>	<u>8.95%</u>

Sec. H.48a. STATUTORY REVISION

The legislative council is directed to revise the Vermont Statutes Annotated to reflect the income tax rate changes in Sec. H.48 of this act.

Sec. H.49. HEALTH CARE REFORM PROPERTY TAX EXEMPTION

In fiscal years 2010 and 2011, the following two properties shall be exempt from education property tax under chapter 135 of Title 32: Buildings and land owned and occupied by a health, recreation, and fitness organization which is exempt under Section 501(c)(3) of the Internal Revenue Code, the income of which is entirely used for its exempt purpose, one of which is designated by the Springfield Hospital and the other designated by the North Country Hospital, to promote exercise and healthy lifestyles for the community and to serve citizens of all income levels in this mission. This exemption shall apply notwithstanding the provisions of subdivision 3832(7) of Title 32.

* * * Digital Business Entities * * *

Sec. H.50. LEGISLATIVE INTENT

The purpose of the following sections of this act concerning digital business entities is to build on the momentum created by Secs. 74 through 100 of No. 190 of the Acts of the 2007 Adj. Sess. (2008), which provided for Vermont companies to conduct much of their statutorily required corporate affairs using electronic media, including e-mail, facsimile, and web-based filings.

Sec. H.51. 32 V.S.A. § 5811(26) is added to read:

(26) “Digital business entity” means a business entity which, during the entire taxable year:

(A) was not a member of an affiliated group or engaged in a unitary business with one or more members of an affiliated group that is subject to Vermont income taxation; did not have any Vermont property, payroll, or sales and did not perform any activities in this state which would constitute doing business for purposes of income taxation except activities described in subdivisions (15)(C)(i) (fulfillment operations) and (C)(ii) (web page or Internet site maintenance) of this section; and

(B) used mainly computer, electronic, and telecommunications technologies in its formation and in the conduct of its business meetings, in its interaction with shareholders, members, and partners, in executing any other formal requirements.

Sec. H.52. 32 V.S.A. § 5832(2) is amended to read:

(2)(A) \$75.00 for small farm corporations. “Small farm corporation” means any corporation organized for the purpose of farming, which during the taxable year is owned solely by active participants in that farm business and receives less than \$100,000.00 gross receipts from that farm operation, exclusive of any income from forest crops; or

(B) An amount determined in accordance with section 5832a of this title for a corporation which qualifies as and has elected to be taxed as a digital business entity for the taxable year; or

(C) \$250.00 for all other corporations.

Sec. H.53. 32 V.S.A. § 5832a is added to read:

§ 5832a. DIGITAL BUSINESS ENTITY FRANCHISE TAX

(a) There is imposed upon every business entity which qualifies as and has elected to be taxed as a digital business entity an annual franchise tax equal to:

(1) the greater of 0.02 percent of the current value of the tangible and intangible assets of the company or \$250.00, but in no case more than \$500,000.00; or

(2) where the authorized capital stock does not exceed 5,000 shares, \$250.00; where the authorized capital stock exceeds 5,000 shares but is not more than 10,000 shares, \$500.00; and the further sum of \$250.00 on each 10,000 shares or part thereof.

(b) In no case shall the tax on any corporation for a full taxable year, whether computed under subdivision (a)(1) or (2) of this section, be more than \$500,000.00 or less than \$250.00.

(c) In the case of a corporation that has not been in existence during the whole year, the amount of tax due, at the foregoing rates and as provided, shall be prorated for the portion of the year during which the corporation was in existence.

(d) In the case of a corporation changing during the taxable year the amount of its authorized capital stock, the total annual franchise tax payable at the foregoing rates shall be arrived at by adding together the franchise taxes calculated pursuant to subdivision (a)(2) of this section as prorated for the several periods of the year during which each distinct authorized amount of capital stock was in effect.

(e) For the purpose of computing the taxes imposed by this section, the authorized capital stock of a corporation shall be considered to be the total number of shares that the corporation is authorized to issue without regard to whether the number of shares that may be outstanding at any one time is limited to a lesser number.

(f) The franchise tax under this section shall be reported and paid in the same manner as the tax under subdivision 5832(2)(B) of this title; provided, however, that an electing corporation shall also provide the commissioner with a copy of its federal tax return.

Sec. H.54. 32 V.S.A. § 5838 is added to read:

§ 5838. DIGITAL BUSINESS ENTITY ELECTION

A corporation shall not be subject to the tax imposed by section 5832 of this title if the corporation qualifies as and elects to be taxed as a digital business entity for the taxable year.

Sec. H.55. REPORT TO THE GENERAL ASSEMBLY ON DIGITAL BUSINESS ENTITY INCOME

Beginning in 2011 and every year thereafter, by January 15 the commissioner of taxes shall report to the house committee on ways and means and to the senate committee on finance on the amount of income reported to date to the department by businesses electing to be taxed as digital businesses, an estimate of the amount of income taxes exempted as a result, and details as to the size of businesses reporting. The committees shall review the report and make their recommendation to the general assembly as to whether to continue the taxpayer option of a digital business election and whether to extend the option to pass-through entities. If the digital business election is repealed, the commissioner's reporting requirement of this section shall no longer apply.

* * * Blue Ribbon Tax Structure Commission * * *

Sec. H.56. BLUE RIBBON TAX STRUCTURE COMMISSION

(a) Composition of commission. There is hereby established a blue ribbon tax structure commission composed of three to five members to be selected as follows:

(1) The speaker of the house, the president pro tempore of the senate, and the governor shall each appoint one member; and

(2) The three members appointed pursuant to subdivision (1) of this subsection may select one or two additional members.

(b) The commission shall be appointed as soon as possible after the effective date of this act. The panel shall elect a chair and a vice chair from among its members.

(c) Purpose and goals. The commission shall prepare a structural analysis of the state's revenue system and offer recommendations for improvements and modernization and provide a long-term vision for the tax structure. The commission shall have as its goal a tax system that provides sustainability, appropriateness, and equity. For guidance, the commission may use the Principles of a High-Quality State Revenue System as prepared by the National Conference of State Legislatures as of June 2007. A high-quality revenue system:

(1) Comprises elements that are complementary, including the finances of both state and local governments.

(2) Produces revenue in a reliable manner. Reliability involves stability, certainty, and sufficiency.

(3) Relies on a balanced variety of revenue sources.

(4) Treats individuals equitably. Minimum requirements of an equitable system are that it imposes similar tax burdens on people in similar circumstances, it minimizes regressivity, and it minimizes taxes on low income individuals.

(5) Facilitates taxpayer compliance. It is easy to understand and minimizes compliance costs.

(6) Promotes fair, efficient, and effective administration. It is as simple as possible to administer, raises revenue efficiently, is administered professionally, and is applied uniformly.

(7) Is responsive to interstate and international economic competition.

(8) Minimizes its involvement in spending decisions and makes any such involvement explicit.

(9) Is accountable to taxpayers.

(d) The blue ribbon commission shall receive technical support from the department of taxes, the legislative joint fiscal office, and consultants. The following reports will be provided to the commission:

(1) Changes in personal income, arranged by decile, over the last five years;

(2) House site and homestead value arranged by adjusted gross income (AGI) and, where available, household income;

(3) Gross and net school taxes paid, arranged by adjusted gross income and, where available, by household income.

(e) The joint fiscal office with the assistance of the legislative council and the department of taxes may contract with one or more consultants to provide assistance with achieving the goals for the commission. The consultants shall have extensive experience with state tax systems and shall have participated in at least one other study of a state tax system.

(f) Work Plan.

(1) Year 1 – Examine Vermont’s income tax structure and analyze, among other things, whether the principles of sustainability, appropriateness, and equity would be better met by using adjusted gross income rather than

federal taxable income. This shall include an examination of personal exemptions, deductions, brackets, credits, and other adjustments to income. The commission shall prepare a work plan by September 15, 2009, preliminary findings by November 1, 2009, and a final report due January 1, 2010 submitted to the governor, the speaker, the president pro tempore, the house committee on ways and means and the senate committee on finance.

(2) Year 2 – The commission, by February 1, 2010, shall also present a proposed work plan which shall include a delivery date prior to February 1, 2011 for examining tax expenditures, fees, consumption taxes, and business taxes. The work plan shall include examining whether fees are being used to fund general responsibilities of government and whether such use is sustainable, appropriate, and equitable. The work plan shall include an analysis of the process for reviewing tax expenditures under section 312 of Title 32.

(g) There is appropriated in fiscal year 2010 the sum of \$200,000.00 from the general fund to the joint fiscal office for the purpose of hiring consultants and other support for the commission.

(h) Non-legislative members of the commission shall be entitled to compensation as provided under 32 V.S.A. § 1010. Any legislative members of the commission shall be entitled to the same per diem compensation and reimbursement of necessary expenses for attendance at a meeting when the general assembly is not in session as provided to members of standing committees under 2 V.S.A. § 406.

* * * Financing and Effectiveness of the Vermont Education System * * *

SEC. H.57. FINANCING AND EFFECTIVENESS OF THE VERMONT EDUCATION SYSTEM IN THE 21ST CENTURY; COMMITTEE

(a) Findings.

(1) The future of Vermont's economic and social well-being is dependent on a strong, efficient public education system.

(2) Pressures on Vermont's education funding system, the state's general fund, and the Vermont economy as a whole make it increasingly difficult to ensure that Vermonters will continue to have access to the high quality education they have come to expect.

(b) Committee created. There is created a committee to examine potential improvements to the structure and funding of the Vermont educational system in light of the state's limited financial resources. When performing the duties assigned to it, the committee shall consider the work of the committee convened by the governor, the speaker of the house, and the president pro

tempore during the 2009 legislative session. Among other issues, the committee shall:

(1) Examine the role and the effectiveness of the policy-making, management, and administrative structure that creates and implements Vermont education policy, including consideration of the functions of the legislature, the governor, the state board of education, the department of education, supervisory unions, local school boards, parents, students, community members, and other entities and individuals.

(2) Consider the types of decisions the identified entities and individuals make and how these decisions influence decisions made by others, with a focus on how they shape educational outcomes and drive funding requirements.

(3) Identify and evaluate the long-range sustainability of current and potential funding sources and mechanisms.

(4) Determine whether and to what extent each identified funding source and mechanism advances the mission of Vermont's educational system, including whether it complies with Brigham v. State, 166 Vt. 246 (1997).

(c) Committee membership. The committee shall have 15 members who shall be:

(1) The chairs of the house committees on education and on ways and means or their designees, plus two additional members of the house of representatives appointed by the speaker of the house.

(2) The chairs of the senate committees on education and on finance or their designees, plus two additional members of the senate appointed by the committee on committees.

(3) The commissioner of education or the commissioner's designee.

(4) Six members from constituencies such as the business community, superintendents, school boards, teachers, parents, and community members to be selected by July 15, 2009 as follows: two by the speaker of the house, two by the committee on committees, and two by the governor.

(d) Committee's overall composition. Persons making appointments under subsection (c) of this section shall consider the overall composition of the committee and shall attempt to ensure both that committee members have a broad understanding of the current education funding system and that the committee includes both supporters and critics of the system.

(e) Initial meeting. The commissioner of education shall convene the first meeting of the committee on or before July 30, 2009. The committee shall select a chair from among its members at the first meeting.

(f) Committee staff. The department of education and the joint fiscal office shall provide administrative and fiscal services to the committee. The committee shall rely upon the legislative council to draft all proposed legislation.

(g) Compensation for legislators. For attendance at a meeting when the general assembly is not in session, legislative members of the committee shall be entitled to compensation for services and reimbursement of expenses as provided in 2 V.S.A. § 406(a).

(h) Compensation for private citizens. Committee members who are not full-time state employees shall be entitled to expenses as provided in 32 V.S.A. § 1010 from money appropriated for this purpose by the general assembly.

(i) Number of meetings authorized. The committee shall meet no more than six times unless specifically authorized by the speaker of the house and the president pro tempore of the senate.

(j) Report. On or before December 15, 2009, the committee shall present detailed written findings and recommendations to the members of the house and senate committees on education, the house committee on ways and means, the senate committee on finance, and the governor. It shall provide draft legislation designed to implement its recommendations to the same parties by January 15, 2010.

Sec. H.58. EFFECTIVE DATES

This section. and Secs. H.1–H.57 of this act shall take effect upon passage, except:

(1) Sec. H.22 (establishing an ad hoc board of civil authority for unorganized towns and gores and unified towns and gores) shall apply to appeals filed on or after July 1, 2009.

(2) Sec. H.23 (repealing tax information insert) shall apply to homestead property tax bills mailed in 2009 and after.

(3) Sec. H.24 (unsigned declaration of homestead) shall apply to declarations filed in calendar year 2010 and after.

(4) Sec. H.25 (taxation of unrelated business income of nonprofit corporations) shall take effect for taxable years beginning on and after January 1, 2010.

(5) Sec. H.26 (update of link to federal income tax laws) shall apply to taxable years beginning on and after January 1, 2008.

(6) Sec. H.29 (deadline for notice from department to towns regarding adjustment amounts) shall apply to homestead declarations filed in 2009 and after.

(7) Secs. H.31–H.35 (estate taxes) shall apply to estates of individuals dying on or after January 1, 2009.

(8) Secs. H.36–H.39 (tax on cigarettes and other tobacco products) shall take effect on July 1, 2009.

(9) Secs. H.40–H.43 (sales and use tax on digital downloads) shall take effect on July 1, 2009.

(10) Sec. H.44 (sales tax on spirituous liquor) shall take effect on July 1, 2009).

(11) Sec. H.45 (cancellation of sales and use tax account) shall take effect with respect to cancellations on or after July 1, 2009.

(12) Sec. H.47 (capital gains exemption and state income tax deduction) shall apply to taxable years beginning on or after January 1, 2009.

(13) Sec. H.50-H.55 (digital business entities) shall take effect on January 1, 2010.

ANN E. CUMMINGS
WILLIAM H. CARRIS
ROBERT M. HARTWELL

Committee on the Part of the Senate

JANET ANCEL
JAMES CONDON
MICHAEL J. OBUCHOWSKI

Committee on the Part of the House

Thereupon, the question, Shall the Senate accept and adopt the report of the Committee of Conference?, was decided in the negative.

Thereupon, on motion of Senator Shumlin, the Senate requested a second Committee of Conference.

Thereupon, pursuant to the request of the Senate, the President *pro tempore* announced the appointment of

Senator Bartlett
Senator Cummings
Senator Snelling

as members of the second Committee of Conference on the part of the Senate to consider the disagreeing votes of the two Houses.

Thereupon, on motion of Senator Shumlin, the rules were suspended, and the bill was ordered messaged to the House forthwith.

Appointment of Senate Members to the Health Access Oversight Committee

Pursuant to the provisions of Sec. 13 of No. 14 of the Acts of 1995 (H. 159), the President, on behalf of the Committee on Committees, announced the appointment of the following Senators to serve on the Health Access Oversight Committee during this biennium:

Senator Racine, *ex officio*
(Chair of Health and Welfare)
Senator Kittell (from Health and Welfare)
Senator Kitchel (from Appropriations)
Senator Ayer (from Finance)
Senator Mullin (from Health and Welfare)

Message from the House No. 1

Special Session

A message was received from the House of Representatives by Ms. H. Gwynn Zakov, its Second Assistant Clerk, as follows:

Mr. President:

I am directed to inform the Senate that:

The House has adopted joint resolutions of the following titles:

J.R.H. 1. Joint resolution relating to concurrent resolutions during the 2009 Special Session of the general assembly.

J.R.H. 2. Joint resolution authorizing the 2009 Girls' State civic education program to use the state house.

In the adoption of which the concurrence of the Senate is requested.

Recess

On motion of Senator Shumlin the Senate recessed until the fall of the gavel.

Called to Order

At one o'clock and thirty-five minutes the Senate was called to order by the President.

Message from the House No. 2
Special Session

A message was received from the House of Representatives by Ms. H. Gwynn Zakov, its Second Assistant Clerk, as follows:

Mr. President:

I am directed to inform the Senate that:

The House has considered the Governor's veto on House bill of the following title:

H. 441. An act making appropriations for the support of government.

And has passed the same, the refusal of the Governor to approve notwithstanding.

Pursuant to the request of the Senate for a Committee of Conference upon the disagreeing votes of the two Houses on House bill of the following title:

H. 442. An act relating to miscellaneous tax provisions.

The Speaker has appointed as members of such committee on the part of the House

Rep. Ancel of Calais
Rep. Heath of Westford
Rep. Condon of Colchester

Rules Suspended; Governor's Veto Overridden; Bill Passed in Concurrence; Bill Messaged

Pending entry on the Calendar for notice, on motion of Senator Shumlin, the rules were suspended and the Governor's veto on House bill H. 441, after adjournment of the first session of the 2009 biennium, entitled:

H. 441. An act making appropriations for the support of government.

Was taken up for immediate consideration.

Thereupon, the pending question, Shall the bill pass in concurrence, notwithstanding the refusal of the Governor to approve it?, was decided in the affirmative on a roll call required by the Vermont Constitution, Yeas 23, Nays 5. (the necessary *override* two-thirds vote *having* been attained).

Roll Call

Those Senators who voted in the affirmative were: Ashe, Ayer, Bartlett, Campbell, Choate, Cummings, Flanagan, Giard, Hartwell, Kitchel, Kittell, Lyons, MacDonald, Mazza, McCormack, Miller, Nitka, Racine, Sears, Shumlin, Snelling, Starr, White.

Those Senators who voted in the negative were: Brock, Doyle, Maynard, Mullin, Scott.

Those Senators absent and not voting were: Carris, Illuzzi.

Thereupon, on motion of Senator Shumlin, the rules were suspended, and the bill was ordered messaged to the House forthwith.

Recess

On motion of Senator Shumlin the Senate recessed until the fall of the gavel.

Called to Order

At three o'clock and thirty-two minutes in the afternoon the Senate was called to order by the President.

Adjournment

On motion of Senator Shumlin, the Senate adjourned until ten o'clock in the morning.

WEDNESDAY, JUNE 3, 2009

The Senate was called to order by the President *pro tempore*.

Devotional Exercises

A moment of silence was observed in lieu of devotions.

Joint Resolution Adopted in Concurrence

J.R.H. 2.

Joint resolution originating in the House of the following title was read and adopted in concurrence and is as follows:

Joint resolution authorizing the 2009 Girls' State civic education program to use the state house.

Whereas, studying the state government and how it works requires far more than reading a textbook, and

Whereas, participating in mock simulations of the legislative process and other governmental activities enables students to gain insight and perspective on the operation of state government, and

Whereas, the American Legion Auxiliary sponsors the Girls' State program to enable young women attending high school to examine issues and reconcile conflicting public policy options in the same way as do members of the general assembly, and

Whereas, a highlight of the annual Girls' State education curriculum is a day at the state house, which includes committee meetings that hear lobbyist testimony and deliberation in the wells of the house and senate, and

Whereas, this highly worthwhile day of high school students' studying life under the golden dome on a first-hand basis will occur this year on Wednesday, June 24, 2009, now therefore be it

Resolved by the Senate and House of Representatives:

That the General Assembly authorizes the Girls' State civic education program to use the house and senate chambers and committee and meeting rooms in the state house for its mock legislative sessions and related activities on Wednesday, June 24, 2009 from 8:00 a.m. until 4:15 p.m., and be it further

Resolved: That the Secretary of State be directed to send a copy of this resolution to the American Legion Auxiliary of Vermont in Montpelier.

Rules Suspended; Report of Second Committee of Conference Accepted and Adopted on the Part of the Senate; Bill Messaged

H. 442.

Appearing on the Calendar for notice, on motion of Senator Mazza, the rules were suspended and the report of the Second Committee of Conference on House bill entitled:

An act relating to miscellaneous tax provisions.

Was taken up for immediate consideration.

Senator Bartlett, for the Second Committee of Conference, submitted the following report:

To the Senate and House of Representatives:

The Second Committee of Conference to which were referred the disagreeing votes of the two Houses upon House bill entitled:

H. 442. An act relating to miscellaneous tax provisions.

Respectfully reports that it has met and considered the same and recommends that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

* * * Unemployment Insurance * * *

Sec. 1. 21 V.S.A. § 1321 is amended to read:

§ 1321. CONTRIBUTIONS

* * *

(b) Base of Contributions. ~~For the purposes of this section for the period from December 31, 1976 through December 31, 1982, the term “wages” shall not include that part of remuneration which, after remuneration equal to \$6,000.00 has been paid in a calendar year to an individual by an employer with respect to employment during any calendar year, unless that part of the remuneration is subject to a tax under a federal law imposing a tax against which credit may be taken for contributions required to be paid into a state unemployment fund. Subsequent to December 31, 1982, the term “wages” shall not include that part of remuneration which, after remuneration equal to \$8,000.00 has been paid in a calendar year to an individual by an employer with respect to employment during a calendar year, unless that part of the remuneration is subject to a tax under a federal law imposing a tax against which credit may be taken for contributions required to be paid into a state unemployment fund.~~ For the period January 1, 2010, through December 31, 2010, the term “wages” shall not include that part of remuneration which, after remuneration equal to \$10,000.00 has been paid in a calendar year to an individual by an employer with respect to employment during a calendar year, unless that part of the remuneration is subject to a tax under a federal law imposing a tax against which credit may be taken for contributions required to be paid into a state unemployment fund. For the purposes of this subsection:

* * *

Sec. 2. 21 V.S.A. § 1338(f) is amended to read:

(f) ~~For the 12 month period from July 1, 2001 through June 30, 2002, the maximum weekly benefit amount shall be \$312.00. For the 12 month period from July 1, 2002 through June 30, 2003, the~~ The maximum weekly benefit amount shall be \$351.00 \$425.00 for the period July 1, 2009, through June 30, 2010. Thereafter, on the first day of the first calendar week of July, the maximum weekly benefit amount shall be adjusted by a percentage equal to the percentage change during the preceding calendar year in the state average weekly wage as determined by subsection (g) of this section, provided the maximum weekly benefit amount shall not increase in any year that advances made to the State Unemployment Compensation Fund pursuant to Title XII of the Social Security Act, as amended, remain unpaid.

Sec. 2a. MAXIMUM WEEKLY UNEMPLOYMENT BENEFIT

The maximum weekly benefit under 21 V.S.A. § 1338(f) shall remain at its current level until July 1, 2009.

Sec. 3. UNEMPLOYMENT TRUST FUND REFORM STUDY COMMITTEE; CREATION

(a) A committee to study reform of the unemployment trust fund is created. The committee shall be composed of twelve members to include the chair, or designee, of the following committees:

(1) House committee on commerce and economic development.

(2) House committee on ways and means.

(3) Senate committee on economic development, housing and general affairs.

(4) Senate committee on finance; and

(5) to include four additional members of the senate appointed by the Senate President *pro tempore*, and four additional members of the House appointed by the Speaker of the House.

(b) The joint fiscal office and legislative council shall provide professional and administrative support to the committee. The committee may meet up to eight times while the legislature is not in session, for which the members are entitled to compensation and reimbursement of expenses pursuant to 2 V.S.A. § 406.

(c) The committee shall undertake a comprehensive study of all issues that affect the solvency of the Vermont unemployment trust fund and develop recommendations for reforms to the fund to reestablish and to assure its long-term solvency, including negative balance, seasonal, and reimbursable employers, taxable wage base and the rates that are applied to those bases, benefit levels, and any other relevant issues.

(d) The committee shall issue a written report on or before January 15, 2010, which shall include issues considered by the committee, its findings, and recommendations to regain and retain solvency of the Vermont unemployment trust fund.

* * * Clean Energy Development Fund * * *

Sec. 4. 10 V.S.A. § 6523 is amended to read:

§ 6523. VERMONT CLEAN ENERGY DEVELOPMENT FUND

* * *

(e) Management of fund.

* * *

(8) The clean energy development board shall perform each of the following:

(A) By January 15 of each year, commencing in 2010, ~~the clean energy development board shall~~ provide to the house and senate committees on natural resources and energy, the senate committee on finance, and the house committee on commerce and economic development a report detailing the revenues collected and the expenditures made under this subchapter.

(B) Develop a five-year strategic plan and an annual program plan, both of which shall be developed with input from a public stakeholder process and shall be consistent with state energy planning principles.

(C) Develop an annual operating budget.

(D) Develop proposed program designs to facilitate clean energy market and project development (including use of financial assistance, investments, competitive solicitations, technical assistance, and other incentive programs and strategies).

* * *

(f) Clean energy development fund manager. The clean energy development fund shall have a fund manager who shall be a state employee retained and supervised by the board and housed within and assigned for administrative purposes to the office of the treasurer department of public service.

* * *

(h) All ARRA funds placed in the clean energy development fund shall be disbursed, administered, and accounted for in a manner that ensures rapid deployment of the funds, is consistent with all requirements of ARRA, including requirements for administration of funds received and for transparency and accountability. These funds shall be maintained in a separate account specifically restricted to ARRA funds within the clean energy development fund. These funds shall be for the following, provided that no single project directly or indirectly receives a grant in more than one of these categories:

* * *

(9) The clean energy development board is authorized, to the extent allowable under ARRA, to utilize up to 10 percent of ARRA funds received for the purpose of administration. ~~One half of this amount shall be allocated to the treasurer to retain permanent, temporary, or limited service positions or contractors to administer such funds, and the other half of this amount shall be allocated to the oversight of specific projects receiving ARRA funding through~~

~~the clean energy development fund. The board shall allocate a portion of the amount utilized for administration to retain permanent, temporary, or limited service positions or contractors to administer such funds and the remaining portion to the oversight of specific projects receiving ARRA funding through the clean energy development fund.~~

~~(i) The treasurer shall consult with the other directors of the clean energy development fund board and the commissioner of public service and adopt rules pursuant to 3 V.S.A. chapter 25 to carry out this section. The treasurer shall adopt an initial set of rules under this subsection no later than July 15, 2009 and may use the emergency rulemaking process provided under 3 V.S.A. § 844 to do so. In adopting the initial set of rules, the treasurer shall consult with any at-large board directors who have been appointed, the chief recovery officer, and the commissioner of public service. Any rules adopted by the treasurer under this subsection shall comply with all of the following:~~

~~(1) The rules shall contain those provisions necessary to assure compliance with requirements for any funds received by the fund through ARRA.~~

~~(2) The rules shall support efforts to coordinate applications for competitive or other funding opportunities under ARRA from various entities within Vermont.~~

~~(3) The rules shall provide reasonable opportunities for small businesses to participate in competitive or other funding opportunities. The clean energy development board may adopt rules pursuant to 3 V.S.A. chapter 25 to carry out this section. The board shall consult with the commissioner of public service either before or during the rulemaking process.~~

* * *

Sec. 5. Sec. 95 (transition; position transfer) of H. 313 (2009) is amended to read:

* * *

(b) All at-large directors of the clean energy development fund board shall be appointed within 21 days of passage of this act, and the board shall assume supervision of the clean energy development fund on ~~the initial adoption of rules under 10 V.S.A. § 6523(i) or August 1, 2009, whichever is earlier.~~ Until such time, the clean energy development fund advisory and investment committees enabled under prior law shall continue to exist, and ~~they and~~ the commissioner of public service and they shall continue to have all authorities as under prior law with respect to the clean energy development fund.

* * *

Sec. 6. EFFECTIVE DATE; APPLICATION

Sec. 4 of this act shall amend 10 V.S.A. § 6523 as amended by Sec. 93 of H. 313 (2009) and Secs. 4 and 5 of this act shall be effective as of the date of enactment of H. 313 (2009).

* * * Vermont Telecom Special Fund Authority * * *

Sec. 7. REPEAL

Sec. D.101(a)(1)(A) of H. 441 of 2009 is repealed, effective upon the date of enactment of H. 441.

Sec. 8. FUND TRANSFERS

The following amounts are transferred from the general fund to the communications and information technology internal service fund established by 22 V.S.A. § 902a: \$400,000 for operating expenses of the Vermont telecommunications authority. It is the intent of the general assembly to fund the operations of the authority in fiscal year 2010. The public service department may direct up to \$350,000 of special funds available from receipt of fines or penalties in fiscal year 2010 for additional operating costs of the authority. The department of finance and management is directed to authorize anticipated receipts for up to \$350,000.

* * *

* * * Vermont Tobacco Review Board * * *

Sec. 9. FISCAL YEAR 2010 BRIDGE FUNDING FOR TOBACCO PROGRAMS

Notwithstanding 18 V.S.A. § 9502, in fiscal year 2010, \$1,500,000.00 is transferred from the tobacco trust fund to the tobacco litigation settlement fund, and the same amount is appropriated from the tobacco litigation settlement fund to the department of health to be allocated for use by the tobacco evaluation and review board. It is the intent of the general assembly that these funds are a mechanism for maintaining tobacco cessation and prevention programs in fiscal year 2010 while the board plans programming in fiscal year 2011 that recognizes the potential for reduced levels of funding.

* * * E.1103 Reductions in Force, Etc. * * *

Sec. 10. COST REDUCTION AUTHORIZATION

(a) Due to the current and continuing fiscal stress that will impact the Vermont state budget, the secretary of administration is authorized to develop a two-part savings plan for submission to the legislative joint fiscal committee to make \$14,700,000 in fiscal year 2010 general fund reductions and proportionate reductions in other funding sources through revisions to payroll-

and personnel-services-related expenditures as indicated in this section. The secretary may prepare such a savings plan for approval by the joint fiscal committee if the general assembly is not in session and the savings plan is necessary to ensure a balanced budget in the general fund or the transportation fund.

(b) The first part of the secretary of administration's plan shall reduce budgeted contract expenditures for fiscal year 2010 by \$1,300,000 in general funds. In the event that such expenditure reductions are not identified by October 31, 2009, the secretary of administration shall submit a plan of recommendation to achieve this general fund savings target by alternate reductions in budgeted funds to the joint fiscal committee in November 2009.

(c) Under the second part of the plan, the general assembly strongly urges the Vermont state employees' association and the secretary of administration to negotiate contract changes and other personnel adjustments to achieve expenditure reductions of \$13,400,000 in general funds and proportionate reductions in other funding sources that avoid job cuts. In negotiating contract revisions, the general assembly recommends the parties consider the following principles in achieving a contract modification to produce the savings:

(1) Any such changes or reductions shall include proportional impacts on exempt employees, classified confidential, and other employee classifications; and

(2) Changes should reflect the ability to pay with larger expected savings from higher paid employees.

(d) In the event that the \$13,400,000 expenditure reductions are not achieved as described in subsection (c) of this section, the secretary of administration shall develop an alternate savings plan for submission to the legislative joint fiscal committee on or before July 10, 2009. If the secretary's alternate savings plan results in reductions in force greater than one percent of the entire state workforce, meaning all full-time, permanent, classified and exempt state employees, as measured cumulatively from June 2, 2009, the alternate savings plan shall not become effective unless approved or deemed approved by the joint fiscal committee under subsection (g) of this section. The secretary's alternate savings plan may include alternatives to position reductions and shall not be limited to positions already submitted to the legislature in list development.

(e) In developing a plan under this section, the secretary shall comply with the following standards:

(1) The plan shall include proportional impacts on exempt employees, classified confidential, and other employee classifications;

(2) Impacts on service delivery, public health, safety and cost transfers to other levels of government shall be minimized;

(3) Departments shall have the option, to the extent allowable by contract, to avoid position elimination through reductions of working hours;

(4) The plan shall minimize any negative effects on the delivery of services to the public;

(5) The plan shall not have any unduly disproportionate effect on any single function, program, service, or benefit;

(6) The plan shall apply the standards in subdivisions (1) through (5) of this subsection to all state employees in all branches of government, and shall allow agency or department heads to adjust the salaries or furloughs of exempt employees who have already taken furloughs or salary reductions in excess of the impacts of the plan described in this section to make them consistent with these standards; and

(7) The plan shall reflect the priorities established by the general assembly in the fiscal year 2010 appropriations act, including the priorities established by the general assembly for the operation of corrections facilities.

(f) Any plan developed by the secretary under subsection (b) or (d) of this section shall indicate:

(1) All proposed reductions in expenditures authorized by a general appropriations or budget adjustment act;

(2) The effect of the expenditure reduction on the primary purposes of the program for which the appropriation was made;

(3) How the plan is designed to minimize any negative effects on the delivery of services to the public;

(4) Any disproportionate effects on any single function, program, service, benefit, or county; and

(5) If the secretary's plan under subsection (b) or (d) of this section includes reductions in operations at any correctional facility, the plan shall include an analysis of the regional impact, including how increased transportation costs will be funded.

(g) An alternate savings plan developed under subsection (d) of this section shall be filed with the joint fiscal committee and shall not become effective unless approved or deemed approved by the joint fiscal committee as set forth under this subsection. The joint fiscal committee shall meet within 14 days of the date the secretary's plan is filed, to review and act upon the plan in accordance with the standards in subsection (e) of this section. If the

committee fails to meet within that period or meets but fails to act upon the plan, the plan shall be deemed approved by the committee, and the secretary may then implement the plan. If the plan does not meet the standards in subsection (e) of this section, the committee may disapprove the plan and if disapproved, the plan may not be implemented.

Sec. 11. REPEAL

Sec. E.1103 of H. 441 of 2009 is repealed as of the date of enactment of H. 441 of 2009.

* * * State Employees Retirement Incentive * * *

Sec. 12. REPEAL

Sec. E.135.2 of H. 441 of 2009 as enacted is repealed as of the date of enactment of H. 441.

Sec. 13. STATE EMPLOYEE RETIREMENT INCENTIVE

(a)(1) An individual who is employed by the state on June 1, 2009 and participates in either the defined benefit or defined contribution plan, has either 30 years of service or is age 62 with five years of service as of July 1, 2009, and does not initiate the purchase of any additional service credit after May 1, 2009 shall be eligible for the retirement incentive set forth in this section. The retirement division of the state treasurer's office shall offer the retirement incentive to all eligible employees. If more than 300 eligible employees apply, the retirement division shall utilize a lottery system to limit the incentive to no more than 300 employees.

(2) If an employee applies for retirement by July 31, 2009 for a retirement effective September 1, 2009, the employee shall be entitled to:

(A) Payment by the state of at least 80 percent of the cost of the premium for health insurance coverage offered by the state of Vermont to retirees, provided he or she continues to meet the eligibility requirements, for at least seven years following retirement, unless the employee elects the premium reduction option under subsection 479(e) of Title 3;

(B) \$500.00 per year of service if the employee has fewer than five years of creditable service;

(C) \$750.00 per year of service if the employee has five years of creditable service or more and fewer than 15 years of creditable service;

(D) \$1,000.00 per year of service if the employee has 15 years of creditable service or more.

(b) An employer may stagger the retirement dates of multiple retiring employees if necessary to continue the normal of operation of business. However, no retirement date shall be later than March 1, 2010.

(c) The incentive set forth in subsection (a) of this section shall not exceed \$15,000.00 per employee. An employee shall receive the cash portion of the retirement incentive in two equal payments in fiscal years 2010 and 2011. The first payment shall be made within 90 days of the retirement date. The second payment shall be made within 30 days of the one-year anniversary of the retirement date. The retirement incentive shall not be paid from the Vermont state retirement fund as set forth in section 473 of Title 3.

(d) No employee who receives the incentive set forth in subsection (a) of this section may return to state employment for at least one fiscal year unless:

(1) the secretary of administration otherwise approves for an executive branch employee;

(2) the chief justice of the supreme court otherwise approves for a judicial branch employee; or

(3) the speaker of the house and the president pro tempore of the senate otherwise approve for a legislative branch employee.

(e) The joint fiscal committee shall be notified of any employees who have received the incentive set forth in subsection (a) of this section and who return to state employment within one fiscal year.

(f) The retirement incentive set forth in subsection (a) of this section shall be treated as a severance payment under subdivision 1344(a)(5)(F) of Title 21 and shall be a disqualifying remuneration.

(g) The joint fiscal committee may vote to increase the number of individuals who are eligible for the retirement incentive set forth in this section.

(h) The state treasurer shall report the number of individuals applying for the retirement incentive set forth in this section by agency to the joint fiscal committee by August 5, 2009.

(i) Members of the Vermont state retirement system who are not employed by the state of Vermont shall not be eligible for the retirement incentive set forth in this section.

(j) In order to realize cost savings to state government, at least one-third of the number of positions vacated as a result of this retirement incentive program must remain vacant. No later than January 15, 2010, the secretary of administration, the chief justice of the supreme court, the speaker of the house

and the president pro tempore of the senate shall recommend to the legislature which of the vacant positions within each of their respective branches should be permanently eliminated.

* * * North Link * * *

Sec 14. NORTH LINK FUNDING

In fiscal year 2010, \$500,000.00 is appropriated from the general fund to the Vermont Telecommunications Authority, to be used only for financing a transaction with Northern Enterprises, Inc. ("North Link") for purchase or capital lease of infrastructure to support provision of broadband or cellular services in areas of the state now unserved; and the purchase or lease shall be on commercially reasonable terms agreeable to both parties.

Sec. 15. [DELETED]

* * * Tax Provisions * * *

*** * * Capital Gains Limitation * * ***

Sec. 16a. 32 V.S.A. § 5811(21) is amended to read:

(21) "Taxable income" means federal taxable income determined without regard to Section 168(k) of the Internal Revenue Code and:

(A) Increased by the following items of income (to the extent such income is excluded from federal adjusted gross income):

(i) interest income from non-Vermont state and local obligations;

(ii) dividends or other distributions from any fund to the extent they are attributable to non-Vermont state or local obligations; and

(iii) the amount in excess of \$5,000.00 of state and local income taxes deducted from federal adjusted gross income for the taxable year, but in no case in an amount that will reduce total itemized deductions below the standard deduction allowable to the taxpayer; and

(B) Decreased by the following items of income (to the extent such income is included in federal adjusted gross income):

(i) income from United States government obligations;

(ii) with respect to adjusted net capital gain income as defined in Section 1(h) of the Internal Revenue Code:

(I) if the taxpayer is aged 70 or older as of the last day of the tax year, or for adjusted net capital gain income from the sale of a farm or from the sale of standing timber, each as defined in subdivision (26) of this section, 40 percent of adjusted net capital gain income but the total amount of decrease

under this subdivision (ii)(I) shall not exceed 40 percent of federal taxable income; provided, however, that a taxpayer aged 70 or older as of the last day of the tax year may elect to subtract his or her adjusted net capital gains pursuant to subdivision (21)(B)(ii)(II) of this section.

(II) for taxpayers aged 70 or older as of the last day of the tax year who so elect and for all other capital gain income, the first \$5,000.00 \$2,500.00 of adjusted net capital gain income as defined in Section 1(h) of the Internal Revenue code; and

(iii) recapture of state and local income tax deductions not taken against Vermont income tax.

Sec. 16b. 32 V.S.A. § 5811(21) is amended to read:

(21) “Taxable income” means federal taxable income determined without regard to Section 168(k) of the Internal Revenue Code and:

(A) Increased by the following items of income (to the extent such income is excluded from federal adjusted gross income):

(i) interest income from non-Vermont state and local obligations;

(ii) dividends or other distributions from any fund to the extent they are attributable to non-Vermont state or local obligations; and

(iii) the amount in excess of \$5,000.00 of state and local income taxes deducted from federal adjusted gross income for the taxable year, but in no case in an amount that will reduce total itemized deductions below the standard deduction allowable to the taxpayer; and

(B) Decreased by the following items of income (to the extent such income is included in federal adjusted gross income):

(i) income from United States government obligations;

(ii) with respect to adjusted net capital gain income as defined in Section 1(h) of the Internal Revenue Code:

~~(I) if the taxpayer is aged 70 or older as of the last day of the tax year or for adjusted net capital gain income from the sale of a farm or from the sale of standing timber, each as defined in subdivision (26) of this section, 40 percent of adjusted net capital gain income but the total amount of decrease under this subdivision (ii)(I) shall not exceed 40 percent of federal taxable income; provided, however, that a taxpayer aged 70 or older as of the last day of the tax year may elect to subtract his or her adjusted net capital gains pursuant to subdivision (21)(B)(ii)(II) of this section.~~

(II) ~~for taxpayers aged 70 or older as of the last day of the tax year who so elect and~~ for all other capital gain income, the first ~~\$2,500.00~~ \$5,000.00 of adjusted net capital gain income; and

(iii) recapture of state and local income tax deductions not taken against Vermont income tax.

Sec. 17. 32 V.S.A. § 5811(26) is added to read:

(26)(A) For purposes of subdivision (21)(B)(ii)(I) of this section, the sale of a farm shall mean the disposition of real and personal property owned by a farmer as that term is defined in subsection 3752(7) of this title and used by the farmer in the business of farming as that term is defined in Regulation 1.175-3 issued under the Internal Revenue Code of 1986.

(B) For purposes of subdivision (21)(B)(ii)(I) of this section, the sale of standing timber shall mean the disposition of standing timber by an owner of timber that would give rise to the owner recognizing a capital gain or loss as defined in Section 631(b) of the Internal Revenue Code.

Sec. 18. EFFECTIVE DATE AND TRANSITION RULE

(a) Sec. 16a of this act shall apply to adjusted net capital gain income earned or received by a taxpayer on or after July 1, 2009 and before January 1, 2011, except that in calculating 2009 taxable year taxes only, taxpayers shall subtract from taxable income 40 percent of adjusted net capital gain income earned or received after December 31, 2008 but before July 1, 2009 and shall subtract from taxable income the first \$1,250.00 of adjusted net capital gain income earned or received on or after July 1, 2009 but before January 1, 2010.

(b) Sec. 16b of this act shall apply to adjusted net capital gain income earned or received by a taxpayer on or after January 1, 2011.

(c) Sec. 17 of this act shall apply to adjusted net capital gain income earned or received by a taxpayer on or after July 1, 2009.

Sec. 19. Subdivision (12) of Sec. 58 of H. 441 of 2009 as enacted is amended to read:

(12) ~~Sec. H.47 (capital gains exemption and state income tax deduction) shall apply to taxable years beginning on or after January 1, 2009. The capital gains exemption provisions of Sec. H.47, which provisions are further amended by Sec. 16a of this act, shall apply to capital gains earned or received by a taxpayer on and after July 1, 2009; and the state income tax deduction add-back provisions of Sec. H.47 shall apply to taxable years beginning on or after January 1, 2009.~~

***** Personal Income Tax Rates *****

Sec. 20. PERSONAL INCOME TAX RATES

(a) For taxable year 2009 only, income tax rates under 32 V.S.A. § 5822, after taking into account any inflation adjustments to taxable income as required under subdivision 5822(b)(2), shall be as follows:

<u>For taxable income which, without the passage of this act, would be subject to tax at the following rate (%):</u>	<u>That taxable income shall instead be taxed at the following rate (%):</u>
<u>3.60</u>	<u>3.55</u>
<u>7.20</u>	<u>7.00</u>
<u>8.50</u>	<u>8.25</u>
<u>9.00</u>	<u>8.90</u>
<u>9.50</u>	<u>9.40</u>

(b) For taxable year 2010 and after, income tax rates under 32 V.S.A. § 5822, after taking into account any inflation adjustments to taxable income as required under subdivision 5822(b)(2), shall be as follows:

<u>For taxable income which, without the passage of this act, would be subject to tax at the following rate (%):</u>	<u>That taxable income shall instead be taxed at the following rate (%):</u>
<u>3.60</u>	<u>3.55</u>
<u>7.20</u>	<u>6.80</u>
<u>8.50</u>	<u>7.80</u>
<u>9.00</u>	<u>8.80</u>
<u>9.50</u>	<u>8.95</u>

Sec. 21. STATUTORY REVISION

The legislative council is directed to revise the Vermont Statutes Annotated to reflect the income tax rate changes in Sec. 20 of this act.

***** Research and Development Tax Credit *****

Sec. 22. 32 V.S.A. chapter 151, subchapter 11L is added to read:

Subchapter 11L. Research and Development Tax Credit§ 5930ii. RESEARCH AND DEVELOPMENT TAX CREDIT

(a) A taxpayer of this state shall be eligible for a credit against the tax imposed under this chapter in an amount equal to 30 percent of the amount of the federal tax credit allowed in the taxable year for eligible research and development expenditures under Section 41(a) of the Internal Revenue Code and which are made within this state.

(b) Any unused credit available under subsection (a) of this section may be carried forward for up to ten years.

Sec. 23. EFFECTIVE DATE AND TRANSITION RULE

Sec. 22 of this act shall apply to eligible research and development expenditures made on or after January 1, 2011.

*** * * Sales and Use Tax Holidays * * ***

Sec. 24. SALES AND USE TAX HOLIDAYS

(a) Notwithstanding the provisions of chapter 233 of Title 32 and section 138 of Title 24, no sales and use tax or local option sales tax shall be imposed or collected on sales to individuals for personal use of items of tangible personal property at a sales price of \$2,000.00 or less on August 22, 2009 and March 6, 2010.

(b) A vendor in good standing shall be entitled to claim reimbursement for its expenditures for the reprogramming of cash registers and computer equipment which were in use at the place of business on and after August 22, 2009 for the August 22, 2009 sales tax holiday and for the reprogramming of cash registers and computer equipment which were in use at the place of business on and after March 6, 2010 for the March 6, 2010 sales tax holiday. Claims must be filed with the department of taxes within 60 days of the date of the respective sales tax holiday, with receipts or such other documentation the department may require. The amount of reimbursement to each vendor shall not exceed the least of the three following amounts: the actual cost to the vendor of reprogramming its cash registers and computer equipment; \$50.00; or \$10,000.00 divided by the number of qualified vendor applicants.

(c) Any municipality with a local option sales tax affected by the sales tax holidays imposed by this section shall be reimbursed from the department of taxes for the amount of local option sales tax revenues lost to the municipality. The commissioner of taxes shall develop a methodology for determining such reimbursement. The commissioner shall also adjust the deposit in the PILOT special fund for lost deposits due to the sales tax holidays. Should the amount appropriated for these purposes under subsection (d) of this section be insufficient to fully reimburse the municipalities and adjust the PILOT special fund, reimbursements to municipalities shall take priority.

(d) In fiscal year 2010, \$10,000.00 in general funds is appropriated for payments for the reprogramming under subsection (b) of this section, and \$100,000.00 in general funds is appropriated for the reimbursement to municipalities and adjustments under subsection (c) of this section.

Sec. 25. NEXT GENERATION SCHOLARSHIPS

In addition to other Next Generation appropriations, notwithstanding the provisions of section 2885(a)(2) of Title 16, the first \$1.5 million of funds raised by the estate tax levied under chapter 190 of Title 32 shall be deposited into the general fund, in lieu of the higher education endowment trust fund, for higher education scholarships consistent with Sec. 5.801(a)(3)(B) of No. 192 of the Acts of 2008, as follows:

- (a) \$500,000 to the University of Vermont;
- (b) \$500,000 to the Vermont State Colleges; and
- (c) \$500,000 to the Vermont Student Assistance Corporation.

Sec. 26. INFORMATION CENTER FUNDING

(a) In fiscal year 2010, \$300,000 of the general funds appropriated to the department for children and families – Reach Up, carried forward from fiscal year 2009, shall revert to the general fund in fiscal year 2010.

(b) In fiscal year 2010, \$300,000 of general funds are appropriated to the department of buildings and general services – information centers for operating costs of the information centers in fiscal year 2010.

Sec. 27. Sec. C.106(b) of H. 441 of 2009 is amended and Sec. C.106(c) of H. 441 of 2009 is added to read:

(b) After the general fund budget stabilization reserve attains its statutory maximum, any additional unreserved and undesignated general fund balance shall be reserved in the revenue shortfall reserve established in 32 V.S.A. § 308(d) not to exceed \$3,321,444 shall be retained in the general fund, and that amount shall be reduced from the amount of the special fund assessment in Sec. D.101(a)(4) of this act.

(c) After satisfying subsection (b) of this section, any additional unreserved and undesignated general fund balance shall be reserved in the revenue shortfall reserve established in 32 V.S.A. § 308(d).

* * * Effective Date * * *

Sec. 28. EFFECTIVE DATE

This act shall take effect upon passage.

SUSAN J. BARTLETT
ANN E. CUMMINGS
DIANE B. SNELLING

Committee on the part of the Senate

JANET ANCEL
MARTHA P. HEATH
JAMES O'NEIL CONDON

Committee on the part of the House

Thereupon, the question, Shall the Senate accept and adopt the report of the Committee of Conference?, was decided in the affirmative on a roll call, Yeas 24, Nays 0.

Senator Ayer having demanded the yeas and nays, they were taken and are as follows:

Roll Call

Those Senators who voted in the affirmative were: Ayer, Bartlett, Brock, Campbell, Cummings, Doyle, Flanagan, Giard, Hartwell, Iluzzi, Kitchel, Kittell, Lyons, MacDonald, Maynard, Mazza, McCormack, Miller, Nitka, Racine, Scott, Sears, Snelling, White.

Those Senators who voted in the negative were: None.

Those Senators absent or not voting were: Ashe, Carris, Choate, Mullin, Shumlin (presiding), Starr.

Thereupon, on motion of Senator Mazza, the rules were suspended, and the bill was ordered messaged to the House forthwith.

**Committee Bill Introduced; Rules Suspended; Third Reading Ordered;
Rules Suspended; Bill Amended; Bill Passed**

Senate committee bill of the following title was introduced, read the first time:

S. 1.

By the Committee on Appropriations,

An act relating to miscellaneous technical corrections.

Thereupon, pending entry of the bill on the Calendar for notice tomorrow, on motion of Senator Mazza, the rules were suspended and the bill was taken up for immediate consideration.

Thereupon, the bill was read the second time by title only pursuant to Rule 43, and third reading of the bill was ordered.

Thereupon, on motion of Senator Mazza, the rules were suspended and the bill was placed in all remaining stages of passage.

Thereupon, pending third reading of the bill, Senator Illuzzi moved to amend the bill by striking out the title of the bill and renaming the bill as follows:

An act relating to seeking a Medicaid waiver renewal and relating to technical corrections to the following acts of 2009: underground storage tanks and the petroleum cleanup fund (H. 83), the Vermont Recovery and Reinvestment Act of 2009 (H. 313), the BIG BILL – Fiscal Year 2010 Appropriations Act (H. 441), health care reform (H. 444), and capital construction and bonding (H. 445).

Which was agreed to.

Thereupon, pending third reading of the bill, Senator Bartlett moved to amend the bill in Sec. 23, after the words “This act shall take effect upon passage” by inserting the following: ; except that Secs. 1 through 5 (eminent domain proceedings) shall take effect upon the date of enactment of H. 313 of 2009

Which was agreed to.

Thereupon, pending third reading of the bill, Senator Nitka moved to amend the bill by adding a new section to be numbered Sec. 22a to read as follows:

Sec. 22a. SALE OF NATIONAL GUARD PROPERTY IN LUDLOW

Notwithstanding Sec. 42 of H.445 of 2009 (an act relating to capital construction and state bonding), if the selectboard of the Town of Ludlow votes on or before August 1, 2009 to purchase the armory building and associated land as described in Sec. 42 of H.445 of 2009, then the board of army commissioners shall sell the buildings and land for the amount of \$85,000.00 and the purchase and sale shall be completed by January 1, 2010.

Which was agreed to.

Thereupon, the bill was read the third time and passed.

Thereupon, on motion of Senator Mazza, the rules were suspended, and the bill was ordered messaged to the House forthwith.

Recess

On motion of Senator Mazza the Senate recessed until the fall of the gavel.

Called to Order

At five o'clock and twenty minutes in the afternoon the Senate was called to order by the President *pro tempore*.

Recess

On motion of Senator Ayer the Senate recessed until six o'clock and forty-five minutes in the evening.

Called to Order

At nine o'clock and twenty-seven minutes in the evening the Senate was called to order by the President *pro tempore*.

Message from the House No. 3**Special Session**

A message was received from the House of Representatives by Ms. H. Gwynn Zakov, its Second Assistant Clerk, as follows:

Mr. President:

I am directed to inform the Senate that:

The House has considered the report of the Committee of Conference upon the disagreeing votes of the two Houses on House bill of the following title:

H. 442. An act relating to miscellaneous provisions.

And has adopted the same on its part.

The House has considered a bill originating in the Senate of the following title:

S. 1. An act relating to seeking a Medicaid waiver renewal and relating to technical corrections to the following acts of 2009: underground storage tanks and the petroleum cleanup fund (H. 83), the Vermont Recovery and Reinvestment Act of 2009 (H. 313), the BIG BILL - Fiscal Year 2010 Appropriations Act (H. 441), health care reform (H. 444), and capital construction and bonding (H. 445).

And has passed the same in concurrence with proposals of amendment in the adoption of which the concurrence of the Senate is requested.

Rules Suspended; House Proposals of Amendment Concurred In**S. 1.**

Pending entry on the Calendar for notice, on motion of Senator Mazza, the rules were suspended and House proposals of amendment to Senate bill entitled:

An act relating to seeking a Medicaid waiver renewal and relating to technical corrections to the following acts of 2009: underground storage tanks and the petroleum cleanup fund (H. 83), the Vermont Recovery and

Reinvestment Act of 2009 (H. 313), the BIG BILL - Fiscal Year 2010 Appropriations Act (H. 441), health care reform (H. 444), and capital construction and bonding (H. 445).

Were taken up for immediate consideration.

The House proposes to the Senate to amend the bill as follows:

First: By striking out Sec. 11a in its entirety and inserting in lieu thereof a new Sec. 11a to read as follows:

Sec. 11a. REPEAL

19 V.S.A. § 1607 (federal reimbursement for certain utility relocations) is repealed.

Second: By adding a new Sec. 11(c) to read as follows:

(c) Sec. 7. of H.313 of 2009 (amending Sec. 7(a)(3) of No. 46 of the Acts of 2007, which allocated funding during FY 2007 and FY 2008 for career and alternative workforce education, all of which funds have already been spent) is repealed as of the date of passage of H.313.

And by redesignating the existing subsection 11(c) as subsection 11(d).

Third: By adding a new Sec.11b to read as follows:

Sec. 11b. 16 V.S.A. § 2887(c) is added to read:

(c) Any funds appropriated to the department of labor from the next generation initiative fund to achieve employment or continued education for out-of-school youth, youth at risk, and youth at risk of remaining unemployed, shall be allocated as follows:

(1) At least 25 percent of the appropriation shall be used for grants to regional technical centers, comprehensive high schools, and other programs for career exploration programs for students entering grades seven through 12.

(2) At least 25 percent of the appropriation shall be used for grants to regional technical centers, comprehensive high schools, the community high school of Vermont, and non-profit organizations, as designated by the workforce development council, for alternative and intensive vocational or academic programs for secondary students in order to earn necessary credits toward graduation.

Fourth: By adding two new sections to be numbered Secs. 22b and 22c, to read as follows:

Sec. 22b. Sec. 18(a) of H. 442 of the acts of 2009 as enacted is amended to read:

(a) Sec. 16a of this act shall apply to adjusted net capital gain income earned or received by a taxpayer on or after July 1, 2009 and before January 1, 2011, except that in calculating 2009 taxable year taxes only, taxpayers shall subtract from taxable income 40 percent of adjusted net capital gain income earned or received after December 31, 2008 but before July 1, 2009 and shall subtract from taxable income the first ~~\$1,250.00~~ \$2,500.00 of adjusted net capital gain income earned or received on or after July 1, 2009 but before January 1, 2010.

Sec. 22c. 32 V.S.A. § 1671(a)(6) is amended to read:

(6) ~~Notwithstanding any other provision of law to the contrary, for~~ For the recording or filing, or both, of any document that is to become a matter of public record in the town clerk's office, or for any certified copy of such document, a fee of \$10.00 per page shall be charged; except that for the recording or filing, or both, of a property transfer return, a fee of \$10.00 shall be charged;

Thereupon, the question, Shall the Senate concur in the House proposal of amendment?, was decided in the affirmative.

Message from the House No. 4

Special Session

A message was received from the House of Representatives by Ms. H. Gwynn Zakov, its Second Assistant Clerk, as follows:

Mr. President:

I am directed to inform the Senate that:

The House has adopted joint resolution of the following title:

J.R.H. 3. Joint resolution relating to final adjournment of the special session of the General Assembly in 2009.

In the adoption of which the concurrence of the Senate is requested.

Rules Suspended; Bill Delivered

On motion of Senator Mazza, the rules were suspended, and the following bill was ordered delivered to the Governor forthwith:

S. 1.

Joint Resolution Adopted in Concurrence

J.R.H. 3.

Joint resolution originating in the House of the following title was read and adopted in concurrence and is as follows:

J.R.H. 3. Joint resolution relating to final adjournment of the special session of the General Assembly in 2009.

Resolved by the Senate and House of Representatives

That when the Speaker of the House of Representatives and President of the Senate adjourn their respective houses on the third day of June, 2009, they shall do so to reconvene no later than the eleventh day of June, 2009, at ten o'clock in the forenoon if the Governor should fail to approve and sign any bill and should he return it to the house of origin with his objections in writing after such adjournment, or to adjourn the Special Session *sine die*, if the Governor should *not* so return any bill to either house.

Senate Concurrent Resolutions

The following joint concurrent resolutions, having been placed on the consent calendar on the preceding legislative day, and no Senator having requested floor consideration as provided by the Joint Rules of the Senate and House of Representatives, are hereby adopted on the part of the Senate:

By Senators Doyle, Cummings and Scott,

By Representatives Koch and McFaun,

S.C.R. 1.

Senate concurrent resolution honoring Barre Town Middle and Elementary School Co-Principal Dr. Theodore Rigen.

By Senators Doyle, Cummings, MacDonald, McCormack and Scott,

By Representative French and others,

S.C.R. 2.

Senate concurrent resolution honoring Stephen Metcalf as an exemplary public education leader in Vermont.

By Senators Sears and Hartwell,

By Representative Miller and others,

S.C.R. 3.

Senate concurrent resolution in memory of Dr. Anna E. Worth.

By Senators Campbell, McCormack and Nitka,

By Representatives Ainsworth and Mitchell,

S.C.R. 4.

Senate concurrent resolution congratulating Jenny Hewitt on her selection to attend the 2009 National Mickelson ExxonMobil Teachers Academy.

House Concurrent Resolutions

The following joint concurrent resolutions having been placed on the consent calendar on the preceding legislative day, and no Senator having requested floor consideration as provided by the Joint Rules of the Senate and House of Representatives, are hereby adopted in concurrence:

By Representative Obuchowski and others,

H.C.R. 1.

House concurrent resolution congratulating Tom and Sally's Handmade Chocolates Inc. of Brattleboro on its recognition in the *Yankee Magazine* Travel Guide as the home of the "Best Sweets in New England".

By Representative McDonald and others,

By Senators Mazza, Kitchel, Maynard, Scott and Shumlin,

H.C.R. 2.

House concurrent resolution honoring Commissioner of Motor Vehicles Bonnie Rutledge.

By All Members of the House,

By All Members of the Senate,

H.C.R. 3.

House concurrent resolution in memory of U.S. Army Cpl. Ryan Casey McGhee.

By Representative Howrigan and others,

By Senators Miller and Snelling,

H.C.R. 4.

House concurrent resolution in memory of Rabbi Max Wall of Burlington.

By Representatives Minter and Stevens,

By Senators Cummings, Doyle and Scott,

H.C.R. 5.

House concurrent resolution honoring Crossett Brook Middle School Principal Kenneth J. Page.

By Representative Sweaney and others,
By Senators Campbell, McCormack and Nitka,

H.C.R. 6.

House concurrent resolution welcoming the 56th annual Shrine Maple Sugar Bowl Game and Pageant to Windsor, the birthplace of Vermont.

By Representative Hube and others,
By Senators Sears, Hartwell, Carris, Maynard and Mullin,

H.C.R. 8.

House concurrent resolution congratulating Daniel French on being named the 2009 recipient of the Frederick H. Tuttle Superintendent of the Year Award.

Message from the House No. 5

A message was received from the House of Representatives by Ms. H. Gwynn Zakov, its Second Assistant Clerk, as follows:

Mr. President:

The House has adopted House concurrent resolutions of the following titles:

H.C.R. 1. House concurrent resolution congratulating Tom and Sally's Handmade Chocolates Inc. of Brattleboro on its recognition in the *Yankee Magazine* Travel Guide as the home of the "Best Sweets in New England".

H.C.R. 2. House concurrent resolution honoring Commissioner of Motor Vehicles Bonnie Rutledge.

H.C.R. 3. House concurrent resolution in memory of U.S. Army Cpl. Ryan Casey McGhee.

H.C.R. 4. House concurrent resolution in memory of Rabbi Max Wall of Burlington.

H.C.R. 5. House concurrent resolution honoring Crossett Brook Middle School Principal Kenneth J. Page.

H.C.R. 6. House concurrent resolution welcoming the 56th annual Shrine Maple Sugar Bowl Game and Pageant to Windsor, the birthplace of Vermont.

H.C.R. 7. House concurrent resolution recognizing the journalistic contributions of retiring WCAX television news director Marselis Parsons.

H.C.R. 8. House concurrent resolution congratulating Daniel French on being named the 2009 recipient of the Frederick H. Tuttle Superintendent of the Year Award.

In the adoption of which the concurrence of the Senate is requested.

The House has considered concurrent resolutions originating in the Senate of the following titles:

S.C.R. 1. Senate concurrent resolution honoring Barre Town Middle and Elementary School Co-Principal Dr. Theodore Rikken.

S.C.R. 2. Senate concurrent resolution honoring Stephen Metcalf as an exemplary public education leader in Vermont.

S.C.R. 3. Senate concurrent resolution in memory of Dr. Anna E. Worth.

S.C.R. 4. Senate concurrent resolution congratulating Jenny Hewitt on her selection to attend the 2009 National Mickelson ExxonMobil Teachers Academy.

And has adopted the same in concurrence.

Secretary Directed to Inform the House of Completion of Business

On motion of Senator Mazza, the Secretary was directed to inform the House that the Senate has completed the business of the special session and is ready to adjourn *sine die*, pursuant to the provisions of J.R.H. 3.

Committee Appointed to Inform Governor of Completion of Business

On motion of Senator Mazza, the President *pro tempore* appointed the following two Senators as members of a committee to wait upon His Excellency, James H. Douglas, the Governor, and inform him that the Senate has completed the business of the special session and is ready to adjourn *sine die*, pursuant to the provisions of J.R.H. 3.

Senator Campbell
Senator Mullin

Report of Committee

The Committee appointed to wait upon His Excellency, the Governor, to inform him that the Senate had, on its part, completed the business of the session and was ready to adjourn *sine die*, pursuant to the provisions of **J.R.H. 3**, performed the duties assigned to it.

Final Adjournment

On motion of Senator Mazza, at nine o'clock and fifty minutes in the evening, the Senate adjourned *sine die*, pursuant to the provisions of **J.R.H. 3**.

Messages Received After Final Adjournment

Message from the Governor

Special Session

After final adjournment of the Special Session, the following messages were received by the Secretary:

The Governor has informed the Senate that on the eighth day of June, 2009, he approved and signed a bill originating in the Senate of the following title:

S. 48. An act relating to the marketing of prescribed products.

Message from the Governor

Special Session

A message was received from His Excellency, the Governor, by Heidi Tringe, Secretary of Civil and Military Affairs, as follows:

Mr. President:

I am directed by the Governor to inform the Senate that on the tenth day of June, 2009, he approved and signed bill originating in the Senate of the following title:

S. 1. An act relating to seeking a Medicaid waiver renewal and relating to technical corrections to the following acts of 2009: underground storage tanks and the petroleum cleanup fund (H. 83), the Vermont Recovery and Reinvestment Act of 2009 (H. 313), the BIG BILL - Fiscal Year 2010 Appropriations Act (H. 441), health care reform (H. 444), and capital construction and bonding (H. 445).

CERTIFICATION

"STATE OF VERMONT

Office of the Secretary of the Senate
Senate Chamber
State House
Montpelier, Vermont 05633

I hereby certify that the foregoing Journal is a true and correct record of the proceedings of the Senate of the State of Vermont for the Special Session of 2009, commencing on the 2nd day of June, 2009, and ending on the 3rd day of June, 2009.

Attest:

/s/David A. Gibson

DAVID A. GIBSON
Secretary of the Senate"

