

# Journal of the Senate

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WEDNESDAY, APRIL 22, 2009

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

## Devotional Exercises

A moment of silence was observed in lieu of devotions.

## Rules Suspended; Bill Committed

### H. 438.

Pending entry on the Calendar for notice, on motion of Senator Brock, the rules were suspended and House bill entitled:

An act relating to the state's transportation program.

Was taken up for immediate consideration.

Thereupon, pending the reading of the report of the Committee on Transportation, Senator Brock moved that Senate Rule 49 be suspended in order to commit the bill to the Committee on Finance with the report of the Committee on Transportation *intact*,

Which was agreed to.

## Rules Suspended; Bill Committed

### H. 442.

Pending entry on the Calendar for notice, on motion of Senator Brock, the rules were suspended and House bill entitled:

An act relating to miscellaneous tax provisions.

Was taken up for immediate consideration.

Thereupon, pending the reading of the report of the Committee on Finance, Senator Brock moved that Senate Rule 49 be suspended in order to commit the bill to the Committee on Appropriations with the report of the Committee on Finance *intact*,

Which was agreed to.

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**Recess**

On motion of Senator Doyle the Senate recessed until twelve o'clock and thirty minutes.

**Called to Order**

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

**Bill Referred**

House bill of the following title was read the first time and referred:

**H. 453.**

An act relating to receivership of long-term care facilities.

To the Committee on Judiciary.

**Joint Resolution Placed on Calendar****J.R.H. 23.**

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

Joint resolution relating to the preservation of Vermont's streams and rivers.

Whereas, the federal Clean Water Act, which Congress passed in 1972, serves to protect our fisheries and our stream habitat, and

Whereas, the state of Vermont has maintained a commitment to protect our streams and rivers, and

Whereas, the general assembly enacted the clean and clear program that established the state's initiative for reducing phosphorus and other pollutants, and

Whereas, numerous groups in Vermont, including Friends of the Winooski, Friends of the Mad River, Trout Unlimited Mad Dog Chapter, Trout Unlimited Central Vermont Chapter, Trout Unlimited Southwestern Vermont Chapter, Trout Unlimited Connecticut River Valley Chapter, Trout Unlimited White River Watershed Chapter, Trout Unlimited Northeast Kingdom Chapter, Connecticut River Watershed Council, the White River Partnership, and the West River Watershed Alliance, have also assisted in maintaining habitat and the riparian buffers of Vermont streams and rivers, now therefore be it

Resolved by the Senate and House of Representatives:

That the General Assembly acknowledges and appreciates the diligent and steadfast efforts to preserve Vermont's finest resources—our streams and rivers, and be it further

Resolved: That the General Assembly pledges to continue to protect Vermont's streams and rivers in order to keep our waterways clean, free of pollutants, and a healthy habitat for wildlife and stream vegetation.

Thereupon, in the discretion of the President, under Rule 51, the joint resolution was placed on the Calendar for action the next legislative day.

**Rules Suspended; Proposal of Amendment; Third Reading Ordered**

**H. 442.**

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

An act relating to miscellaneous tax provisions.

Was taken up for immediate consideration.

Senator Cummings, for the Committee on Finance, to which the bill was referred, reported recommending that the Senate propose to the House to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following::

\* \* \* Proposed Miscellaneous Tax Amendments \* \* \*

**Sec. 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, two collectors, and one desk audit supervisor.

(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. 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. 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. 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. 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. 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. 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. 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."

\* \* \* Blue Ribbon Tax Structure Study Committee \* \* \*

#### Sec. 8. TAX STRUCTURE STUDY

(a) Composition of committee. There is hereby established a tax structure study committee 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 tax structure study committee shall be appointed as soon as possible after the effective date of this act. The panel shall elect a chair and vice chair from among its members.

(c) Purpose and goals. The tax structure study committee shall study the state's revenue system with the goal of determining whether the current system:

(1) Raises enough revenue to sustain spending needs now and in the future;

(2) Provides equity among the state's diverse taxpayers;

(3) Provides incentives that further the state's goals; and

(4) Enhances the state's competitiveness by attracting labor, capital, and entrepreneurs.

(d) Tax incidence study. As a first step in fulfilling its goals, the tax structure study committee shall hire one or more consultants to conduct a thorough and independent review and analysis of tax incidence in Vermont. The consultants shall report to the tax structure study committee by October 15, 2009. The consultants shall have the assistance of the department of taxes. Specifically, the report to the tax structure study committee shall provide information regarding the distribution of state and local taxes, including income taxes, sales and use taxes, and property taxes, in relation to taxpayer income and provide the tax structure study committee information on the equity of the overall distribution. Additionally, the report shall include information on how the total state and local tax burden on Vermont households varies by income range and how the burden of each component of the overall state and local tax system is distributed across Vermont households. The report shall also include information on taxes with an initial impact on businesses, such as the corporate franchise tax and the sales tax on business purchases.

(e) Report to committee; follow-up. The tax structure study committee shall have the assistance of the department of taxes and shall meet as needed to evaluate the tax incidence study and oversee the hiring of additional consultants, as needed, to evaluate the tax incidence study required by subsection (d) of this section and provide recommendations regarding the sustainability and stability of the state's revenue system to the general assembly no later than January 15, 2010. The tax structure study committee and any independent consultants it hires shall develop proposals for changes to the state's revenue system, if any, and provide the legislature with plans for implementation of any proposed changes.

(f) In preparation for the study required by subsection (d) of this section, the department of taxes shall provide data to the consultants, which shall prepare reports on the following:



(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.

(f) For attendance at a meeting of the tax structure study committee members shall be entitled to per diem compensation and reimbursement of expenses as allowed by state law.

#### Sec. 9. APPROPRIATION

In addition to any other funds appropriated to the department of taxes, there is appropriated from the general fund \$200,000.00 in fiscal year 2010 for the purposes outlined in Sec. 8 of this act.

\* \* \* Tax Expenditure Reporting Requirement \* \* \*

Sec. 10. 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 for appropriations or other authorizations for expenditures from the state treasury appropriating tax expenditures as contained in the report provided for in section 312 of this chapter. The tax expenditure budget shall be provided to the members of the house committee on ways and means and the senate committee on finance, which committees will review the tax expenditures and recommend appropriations for the tax expenditures to their respective committees on appropriations.

Sec. 11. 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 section 306(b) of this chapter, all requests and proposals for new, amended, or continued tax expenditures as reported under section 312 of this chapter.

\* \* \*

\* \* \* Repeal of Certain Tax Credits \* \* \*

#### Sec. 12. 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.

\* \* \* Vermont State-Sponsored Credit Card Program \* \* \*

Sec. 13. 32 V.S.A. § 584 is added to read:

#### § 584. VERMONT STATE-SPONSORED CREDIT CARD PROGRAM

(a) The state treasurer is hereby authorized to sponsor and participate in a financial institution credit 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 residents of this state. In selecting a credit card issuer, the treasurer shall consider the issuer's record of investments in the state and shall take into consideration credit card features which will enhance the promotion of the state-sponsored credit 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 generated by this program shall be transmitted to the state and shall be

deposited in a state-sponsored credit 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 Vermont credit card holders 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 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 credit card program.

\* \* \* Government Licenses and Employment \* \* \*

Sec. 14. 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. 15. 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. 16. 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. 17. 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. 18. 32 V.S.A. § 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.~~

\* \* \* Declaration of Homestead \* \* \*

Sec. 19. 32 V.S.A. § 5410 is amended to read:

§ 5410. DECLARATION OF HOMESTEAD

(a) A homestead owner shall declare ownership of a homestead for purposes of education property tax.

(b) Annually on or before the due date for filing the Vermont income tax return, without extension, each homestead owner shall, on a form prescribed by the commissioner, which shall be verified under the pains and penalties of perjury, declare his or her homestead, if any, as of, or expected to be as of, April 1 of the year in which the declaration is made for property that was acquired by the declarant or was made the declarant's homestead during the previous year. The declaration of homestead shall remain in effect until the earlier of:

- (1) the transfer of title of all or any portion of the homestead; or
- (2) that time that the property ceases to qualify as a homestead.

(c) In the event that an unsigned but otherwise completed homestead declaration is filed at the same time as 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. 20. 32 V.S.A. § 5811(3) is 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 non-profitable 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.~~

Sec. 21. 32 V.S.A. § 5811(18) is amended to read:

(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. 22. 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.

\* \* \* Digital Business Entities \* \* \*

#### Sec. 23. 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. 24. 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. 25. 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. 26. 32 V.S.A. § 5911 is amended to read:

§ 5911. TAXATION OF AN S CORPORATION AND ITS SHAREHOLDERS

(a) An S corporation shall not be subject to the tax imposed by section 5832 of this title, except to the extent of income taxable to the corporation under the provisions of the Internal Revenue Code.

(b) For the purposes of section 5823 of this title, each shareholder’s pro rata share of the S corporation’s income attributable to Vermont and each resident shareholder’s pro rata share of the S corporation’s income not attributable to Vermont shall be taken into account by the shareholder in the manner provided in Section 1366 of the Code.

(c) An S corporation and its shareholders shall not be subject to the tax imposed by section 5832 of this title or to the provisions of this subchapter if the S corporation qualifies as and elects to be taxed as a digital business for the taxable year; but such corporation shall be subject to the reporting requirements of this chapter, and its shareholders shall file a report of income received from such S corporation during the taxable year with the commissioner at the same time as returns are due under section 5861 of this chapter.

Sec. 27. 32 V.S.A. § 5921a is added to read:

§ 5921a. DIGITAL BUSINESS ENTITY ELECTION

A partnership or limited liability company and its partners or members shall not be subject to the tax imposed by section 5832 of this title or to provisions of this subchapter if the partnership or company qualifies as and elects to be taxed as a digital business entity for the taxable year; but such partnership shall be subject to the reporting requirements of this chapter, and its partners shall file a report of income received from such partnership during the taxable year with the commissioner at the same time as returns are due under section 5861 of this chapter.

Sec. 28. 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 report its income to the commissioner as provided in section 5862 of this chapter.

\* \* \* Trustee Process \* \* \*

Sec. 29. 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.

\* \* \* Property Tax Adjustments \* \* \*

Sec. 30. 32 V.S.A. § 6067 is amended to read:

§ 6067. CREDIT LIMITATIONS

Only one individual per household per taxable year shall be entitled to a benefit under this chapter. An individual who received a homestead exemption

or adjustment with respect to property taxes assessed by another state for the taxable year shall not be entitled to receive an adjustment under this chapter. No taxpayer shall receive total adjustments under this chapter in excess of ~~\$8,000.00~~ \$10,000.00 related to any one property tax year.

Sec. 31. 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.

\* \* \*

\* \* \* Estate Tax \* \* \*

Sec. 32. 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. 33. 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. 34. 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. 35. 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. 36. 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.

\* \* \* Tobacco Tax \* \* \*

Sec. 37a. 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) “Moist 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 cigars; 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 sweepings 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. 37b. 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. 37c. 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. 38. 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~~ \$0.24 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 August 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.

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

Sec. 39. 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.

\* \* \*

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

Sec. 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. 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. 41a. 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.~~

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

~~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:~~

---

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

\* \* \*

Sec. 42. 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 Clothing Costing \$110.00 or More \* \* \*

Sec. 42a. 32 V.S.A. § 9741(45) is amended to read:

(45) ~~Clothing~~ Each article of clothing with a purchase price of \$110.00 or less; but clothing shall not include clothing accessories or equipment, protective equipment, or sport or recreational equipment.

## \* \* \* Returns Upon Business Closing \* \* \*

Sec. 43. 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. 44. 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.

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\* \* \* Education Property Tax Rates \* \* \*

Sec. 45. 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 \$1.34 per \$100.00; and

(2) the tax rate for homestead property shall be \$0.85 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.

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

Sec. 46. 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. 47. 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. 48. REPEAL

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

Sec. 49. 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. 50. SAVINGS CLAUSE

Nothing in Sec. 49 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 on Spirituous Liquor \* \* \*

Sec. 51. 7 V.S.A. § 422 is amended to read:

§ 422. TAX ON SPIRITUOUS LIQUOR

A tax of ~~25~~ 35 percent of the gross revenues is hereby assessed on the sale of spirituous liquor as defined in section 2 of this title other than fortified wine, sold by or through the liquor control board in accordance with the provisions of this title. A tax of ~~25~~ 35 percent of the gross revenues is hereby assessed on the sale of fortified wine so sold.

\* \* \* Flavored Malt Beverages \* \* \*

Sec. 52. 7 V.S.A. § 2(33) is added to read:

(33) "Flavored malt beverage" a beverage that complies with all the following:

(A) The beverage contains at least 0.5 percent alcohol.

(B) The beverage is processed by filtration or another method of manufacture that is not generally recognized as a traditional process in the production of a beer as defined in 27 C.F.R. Sec. 25.55.

(C) A flavoring or other ingredient additive that contains alcohol, except for a hop extract, has been added to the beverage.

(D) The producer is required to file a formula for approval with the U.S. Alcohol and Tobacco Trade and Tax Bureau pursuant to 27 C.F.R. Sec. 25.55, or the beverage is not exempt under 27 C.F.R. Sec. 25.55(f).

Sec. 53. 7 V.S.A. § 421 is amended to read:

§ 421. TAX ON MALT ~~AND BEVERAGES~~, VINOUS BEVERAGES, AND FLAVORED MALT BEVERAGES

(a) Every bottler and wholesaler shall pay to the commissioner of taxes the following amounts for beverages sold to retailers:

(1) For malt beverages containing not more than six percent of alcohol by volume at 60 degrees Fahrenheit, the sum of 26 and one-half cents per gallon for every gallon or its equivalent of malt beverage containing not more

than six percent of alcohol by volume at 60 degrees Fahrenheit sold by them to retailers in the state and .

(2) For malt beverages containing more than six percent of alcohol by volume at 60 degrees Fahrenheit and for vinous beverages, the sum of 55 cents per gallon for each gallon of malt beverage containing more than six percent of alcohol by volume at 60 degrees Fahrenheit and each gallon of vinous beverages sold by them to retailers in the state and shall also pay to the liquor control board all fees for bottler's and wholesaler's licenses.

(3) For flavored malt beverages, the sum of \$1.54 per gallon.

\* \* \*

\* \* \* Capital Gains Tax Exemption \* \* \*

Sec. 54. 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:

\* \* \*

(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) the first \$5,000.00 of adjusted net capital gain income as defined in Section 1(h) of the Internal Revenue Code ~~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.~~

\* \* \* Reduction of Income Tax Rates \* \* \*

Sec. 55. 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:

For taxable income which, without this amendment, would be subject to tax at the following rate:

3.60%

7.20%

8.50%

That taxable income shall instead be taxed at the following rate:

3.50%

7.10%

8.25%

9.00%8.75%9.50%8.95%

\* \* \* Satellite Television Tax \* \* \*

Sec. 56. 32 V.S.A. chapter 242 is added to read:

CHAPTER 242. TAX ON SATELLITE TELEVISION PROGRAMMING

Subchapter 1. General Provisions

§ 10401. DEFINITIONS

Unless otherwise provided, the following terms when used in this chapter have the following definitions:

(1) "Distributor" means any person engaged in the business of making satellite programming available for purchase by subscribers.

(2) "Satellite programming" means radio and television audio and video programming services distributed or broadcast by satellite directly to the subscriber's receiving equipment.

§ 10402. GENERAL POWERS OF THE COMMISSIONER

In addition to other powers granted in this chapter, the commissioner may:

(1) Prescribe methods for determining the amount of gross receipts subject to tax.

(2) Require any person required to pay the tax imposed under this chapter to keep detailed records of all receipts received, charged, or accrued, including those claimed to be nontaxable, and of other facts relevant in determining the amount of tax due and to furnish that information upon request to the commissioner.

§ 10403. LIABILITY FOR TAX

Every distributor required by this chapter to pay the tax imposed by this chapter shall be personally and individually liable for the amount of such tax together with such interest and penalty as has accrued under the provisions of section 3202 of this title; and if the distributor is a corporation or other entity, the personal liability shall extend and be applicable to any officer or agent of the corporation or entity who as an officer or agent of the same is under a duty to collect the tax and transmit it to the commissioner as required in this chapter.

§ 10404. RECORDS TO BE KEPT

Every person required to collect any tax imposed by this chapter shall keep records of its gross receipts and of the tax payable thereon in such form as the commissioner may by regulation require. The records shall be available for inspection and examination at any time upon demand by the commissioner or his or her duly authorized agent or employee and shall be preserved for a period of three years, except that the commissioner may consent to their destruction within that period or may require that they be kept longer.

Subchapter 2. Exemptions§ 10441. TRANSACTIONS NOT COVERED

This chapter shall not cover the following transactions:

- (1) Transactions that are not within the taxing power of this state under the Constitution of the United States.
- (2) The provision of satellite programming to a person for resale in the ordinary course of business.

Subchapter 3. Imposition, Rate, and Payment of Tax§ 10471. IMPOSITION OF TAX

Except as otherwise provided in this chapter, there is imposed a tax on the provision of satellite programming to a subscriber located in this state. The tax shall be paid by the distributor at the rate of five percent of all gross receipts derived by the distributor from the provision of satellite programming to the subscribers within this state.

§ 10472. RETURNS

(a) Except as otherwise provided in this section, every distributor subject to taxation under section 10471 of this title shall file a return with the commissioner stating the gross receipts derived by the distributor during each calendar quarter on or before the 25th day of the calendar month following such calendar quarter.

(b) The commissioner may permit or require returns to be made covering other periods and upon such dates as he or she may specify. In addition, the commissioner may require payments of tax liability at the intervals and based upon the classifications as he or she may designate. In prescribing the other periods to be covered by the return or intervals or classifications for payment of tax liability, the commissioner may take into account the dollar volume of tax involved as well as the need for ensuring the prompt and orderly collection of the taxes imposed.

(c) The form of returns shall be prescribed by the commissioner and shall contain such information as he or she may deem necessary for the proper administration of this chapter. The commissioner may require returns and amended returns to be filed within 20 days after notice and to contain the information specified in the notice.

(d) Upon the failure of a taxpayer to file any return required under this chapter within 20 days of the date of a notice to the taxpayer under subsection (c) of this section, the commissioner may petition a judge of the superior court in the county wherein the taxpayer has a place of business or, if the taxpayer has no place of business in this state, the commissioner may petition the Washington superior court, and upon the petition of the commissioner and a hearing, the judge shall issue a citation requiring the taxpayer and, if the taxpayer is a corporation, any principal officer of such corporation to file a proper return in accordance with this chapter upon pain of contempt. The order of notice upon the petition shall be returnable not later than 20 days after the filing of the petition. The petition shall be heard and determined on the return day or on a day thereafter as the court shall fix, having regard to the speediest possible determination of the case consistent with the rights of the parties. The judgment shall include costs in favor of the prevailing party. The commissioner's authority to petition under this subsection is in addition to the commissioner's authority under subsection 10475(a) of this chapter to compute the tax liability of a taxpayer who fails to file a required return or files an incorrect or insufficient return.

#### § 10473. PAYMENT OF TAX

Every person required to file a return under this chapter shall, at the time of filing the return, pay to the commissioner the tax imposed by this chapter. The commissioner may require payment by electronic funds transfer from any taxpayer who is required by federal tax law to pay any federal tax in that manner or from any taxpayer who has submitted to the tax department two or more protested or otherwise uncollectible checks with regard to any state tax payment in the prior two years. All the taxes for the period for which a return is required to be filed or for such lesser interval as shall have been designated by the commissioner shall be due and payable to the commissioner on the date limited for the filing of the return for that period or on the date limited for such lesser interval as the commissioner has designated, without regard to whether a return is filed or whether the return which is filed correctly shows the amount of gross receipts or the taxes due thereon.

§ 10474. DETERMINATION OF TAX OR PENALTY

(a) If a return required by this chapter is not filed or if a return when filed is incorrect or insufficient, the amount of tax due shall be determined by the commissioner from any information available. Notice of the determination shall be given to the person liable for the payment of the tax. The determination shall finally and irrevocably fix the tax within 60 days after giving notice of the determination unless the person against whom it is assessed shall apply in writing to the commissioner for a hearing or unless the commissioner of his or her own motion shall redetermine the tax. After the hearing the commissioner shall give notice of his or her determination to the person against whom the tax is assessed.

(b) Notwithstanding the provisions of subsection (a) of this section, the commissioner, if he or she believes the collection from a taxpayer of any deficiency, penalty, or interest to be in jeopardy, may demand in writing that the taxpayer pay the deficiency, penalty, or interest forthwith. The demand may be made concurrently with or after the notice of deficiency or the assessment of penalty or interest given to the taxpayer under subsection (a) of this section. The amount of deficiency, penalty, or interest shall be collectible by the commissioner on the date of the demand unless the taxpayer files with the commissioner a bond in an amount equal to the deficiency, penalty, or interest sought to be collected as security for such amount as finally may be determined.

§ 10475. REFUNDS

(a) As provided in this section, the commissioner shall refund or credit any tax, penalty, or interest erroneously, illegally, or unconstitutionally paid if application to the commissioner for the refund shall be made within three years from the date the return was required to be filed; provided that the application is made within three years of the payment. The commissioner may, in lieu of any refund, allow credit on payments due from the applicant.

(b) A person shall not be entitled to a revision, refund, or credit under this section of a tax, interest, or penalty which had been determined to be due pursuant to the provisions of section 10474 of this title where he or she has had a hearing or an opportunity for a hearing as provided in that section or has failed to avail himself or herself of the remedies therein provided. No refund or credit shall be made of a tax, interest, or penalty paid after a determination by the commissioner made under section 10474 unless it is found that the determination was erroneous, illegal, or unconstitutional or otherwise improper pursuant to law, in which event refund or credit shall be made of the tax, interest, or penalty found to have been overpaid.

(c) If the commissioner determines on a petition for refund or otherwise that a taxpayer has paid an amount of tax under this chapter which, as of the date of the determination, exceeds the amount of tax liability owing from the taxpayer to the state with respect to the current and all preceding taxable periods under any provision of this title, the commissioner shall forthwith refund the excess amount to the taxpayer together with interest at the rate per annum established from time to time by the commissioner pursuant to section 3108 of this title. That interest shall be computed from 45 days after the date the return was filed or from 45 days after the date the return was due, including any extensions of time thereto, with respect to which the excess payment was made, whichever is the later date.

#### Subchapter 4. Enforcement and Penalties

#### § 10511. PROCEEDINGS TO RECOVER TAX

(a) Whenever any person required to pay a tax under this chapter shall fail to pay any tax, penalty, or interest imposed by this chapter, the attorney general shall, upon the request of the commissioner, enforce the payment thereof on behalf of the state in any court of the state or of any other state of the United States.

(b) As an additional or alternate remedy, the commissioner may issue a warrant, directed to the sheriff of any county commanding him or her to levy upon and sell the real and personal property of any person liable for the tax, which may be found within his or her county, for the payment of the amount thereof with any penalties and interest and the cost of executing the warrant and to return the warrant to the commissioner and to pay to him or her the money collected by virtue thereof within 60 days after the receipt of the warrant. The sheriff shall within five days after the receipt of the warrant file with the county clerk a copy thereof, and thereupon the clerk shall enter in the judgment docket the name of the person mentioned in the warrant and the amount of the tax, penalties, and interest for which the warrant is issued and the date on which the copy is filed. Thereupon the amount of the warrant so docketed shall become a lien upon the title to and interest in real and personal property of the person against whom the warrant is issued. The sheriff shall then proceed upon the warrant in the same manner and with like effect as that provided by law in respect to executions issued against property upon judgments of a court of record, and, for services in executing the warrant, he or she shall be entitled to the same fees which he or she may collect in the same manner. If a warrant is returned not satisfied in full, the commissioner may from time to time issue new warrants and shall also have the same remedies to



enforce the amount due as if the state had recovered judgment therefor and execution had been returned unsatisfied.

#### § 10512. ACTIONS FOR COLLECTION OF TAX

Action may be brought by the attorney general at the instance of the commissioner in the name of the state to recover the amount of taxes, penalties, and interest due from a distributor, provided such action is brought within six years after the same are due. Such action shall be returnable in the county where the distributor has a place of business or, if the distributor has no place of business in this state, the action shall be returnable to Washington County. The limitation of six years in this section shall not apply to a suit to collect taxes, penalties, interest, and costs when the distributor filed a fraudulent return or failed to file a return when due.

#### § 10513. PRESUMPTIONS AND BURDEN OF PROOF

(a) For the purpose of the proper administration of this chapter and to prevent evasion of the tax hereby imposed, it shall be presumed that all gross receipts from the provision of satellite programming are subject to tax until the contrary is established, and the burden of proving that any receipt or amusement charge is not taxable hereunder shall be upon the person required to collect tax.

(b) The certificate of the commissioner to the effect that a tax has not been paid, that a return has not been filed, or that information has not been supplied under this chapter shall be presumptive evidence thereof.

#### § 10514. CRIMINAL PENALTIES

(a) Failure to file; failure to remit. Any person who knowingly fails to file a return or fails to remit a tax required under this subchapter shall be imprisoned not more than three years or fined not more than \$10,000.00 or both.

(b) Any person who knowingly makes, signs, verifies, or files with the commissioner a false or fraudulent tax return shall be imprisoned not more than one year or fined not more than \$1,000.00 or both. Any person who with intent to evade a tax liability makes, signs, verifies, or files with the commissioner a false or fraudulent tax return shall, if the amount of tax evaded is in excess of \$500.00, be imprisoned not more than three years or fined not more than \$10,000.00 or both.

#### § 10515. NOTICE AND LIMITATIONS OF TIME

(a) Any notice under this chapter may be given by mailing it to the person for whom it is intended in a postpaid envelope addressed to that person at the

address given in the last return filed by him or her under this chapter or in any application made by him or her or, if no return has been filed or application made, then to any address obtainable. The mailing of the notice shall be presumptive evidence of its receipt by the person to whom it is addressed. Any period of time which is determined under this chapter by the giving of notice shall commence to run from the date of mailing of the notice.

(b) The provisions of law relating to limitations of time for the enforcement of a civil remedy shall not apply to any proceeding or action taken by the state or the commissioner to levy, appraise, assess, determine, or enforce the collection of any tax or penalty under this chapter. However, except in the case of a willfully false or fraudulent return with intent to evade the tax, no assessment of additional tax shall be made after the expiration of more than three years from the later of the date of the filing of a return or the date a return is due; provided, however, that when no return has been filed as provided by law, the tax may be assessed at any time and further provided that where tax collected under this chapter has been underreported by 20 percent or more, such tax may be assessed at any time before the expiration of six years from the date of the filing of the return.

(c) When, before the expiration of the period prescribed herein for the assessment of an additional tax, a taxpayer has consented in writing that the period be extended, the amount of the additional tax due may be determined at any time within the extended period. The period so extended may be further extended by subsequent consents in writing made before the expiration of the extended period. If a taxpayer has consented in writing to the extension of the period for assessment, the period for filing an application for credit or refund pursuant to section 10476 of this title shall not expire prior to six months after the expiration of the period within which an assessment may be made pursuant to the consent to extend the time for assessment of additional tax.

#### § 10516. REVIEW OF COMMISSIONER'S DECISION

(a) Any aggrieved taxpayer may, within 30 days after any decision, order, finding, assessment, or action of the commissioner made under this chapter, appeal to the superior court. The appellant shall give security, approved by the commissioner, conditioned to pay the tax levied, if it remains unpaid, with interest and costs, as set forth in subsection (c) of this section.

(b) The appeal provided by this section shall be the exclusive remedy available to any taxpayer for review of a decision of the commissioner determining the liability of the taxpayer for the taxes imposed.

(c) Notwithstanding any restrictions on the assessment and collection of deficiencies, the commissioner may assess a deficiency after the expiration of

the period specified in subsection (a) of this section, notwithstanding that a notice of appeal regarding the deficiency has been filed by the taxpayer unless the taxpayer, prior to the time the notice of appeal is filed, has paid the deficiency, has deposited with the commissioner the amount of the deficiency, or has filed with the commissioner a bond, which may be a jeopardy bond, in the amount of the portion of the deficiency including interest and other amounts in respect of which review is sought and all costs and charges which may accrue against the taxpayer in the prosecution of the proceeding, including costs of all appeals, and with surety approved by the county court conditioned upon the payment of the deficiency including interest and other amounts as finally determined and all costs and charges. If, as a result of a waiver of the restrictions on the assessment and collection of a deficiency, any part of the amount determined by the commissioner is paid after the filing of the appeal bond, the bond shall, at the request of the taxpayer, be proportionately reduced.

#### § 10517. LIENS

If any person required to pay a tax under this chapter neglects or refuses to pay the same after demand, the amount, together with all penalties and interest provided for in this chapter and together with any costs that may accrue in addition thereto, shall be a lien in favor of the state of Vermont upon all property and rights to property, whether real or personal, belonging to such person. Such lien shall arise at the time demand is made by the commissioner of taxes and shall continue until the liability for such sum with interest and costs is satisfied or becomes unenforceable. Such lien shall have the same force and effect as the lien for taxes under chapter 151 of this title as provided in section 5895 of this title, and notice of such lien shall be recorded as is provided in that section. Certificates of release of such lien shall also be given by the commissioner as in the case of the aforesaid tax liens.

\* \* \* Limitation on Use Value Property Tax Reduction \* \* \*

Sec. 57. 32 V.S.A. § 3764 is added to read:

#### § 3764. LIMITATION ON USE VALUE PROPERTY TAX REDUCTION

Notwithstanding any other provision of law, if the per-acre fair market value of the total enrolled acres in any one parcel exceeds \$4,000.00, then the owner shall, in addition to the tax otherwise paid on the use value of the parcel, pay municipal and education property taxes on the amount per acre in excess of \$4,000.00, subject to any property tax adjustment available to the owner under chapter 154 of this title; and the payment to any municipality under section 3760 of this chapter shall be adjusted accordingly.

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Sec. 58. EFFECTIVE DATES

This act shall take effect upon passage, except:

(1) Sec. 17 (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. 18 (repealing tax information insert) shall apply to homestead property tax bills mailed in 2009 and after.

(3) Sec. 19 (homestead declaration) shall apply to homestead declarations filed for tax year 2008 and after.

(4) Secs. 20 and 21 (taxation of unrelated business income of nonprofit corporations) shall take effect for taxable years beginning on and after January 1, 2010.

(5) Sec. 22 (update of link to federal income tax laws) shall apply to taxable years beginning on and after January 1, 2008.

(6) Secs. 24–28a (digital business entities) shall take effect on January 1, 2010.

(7) Sec. 30 (income sensitivity adjustment limit) shall apply to income sensitivity adjustments made in 2009 and after.

(8) Sec. 31 (deadline for notice from department to towns regarding adjustment amounts) shall apply to homestead declarations filed in 2009 and after.

(9) Secs. 32–36 (estate taxes) shall apply to estates of individuals dying on or after January 1, 2009.

(10) Secs. 37–38 (tobacco tax) shall take effect July 1, 2009.

(11) Secs. 40–42 (sales and use tax on digital downloads) shall take effect on July 1, 2009.

(12) Sec. 43 (cancellation of sales and use tax account) shall take effect with respect to cancellations on or after July 1, 2009.

(13) Sec. 51 (tax on spirituous liquor) shall take effect on July 1, 2009.

(14) Secs. 52 and 53 (flavored malt beverages) shall take effect on July 1, 2009.;

(15) Sec. 54 (capital gains exemption ) shall take effect for taxable years beginning on or after January 1, 2009.

(16) Sec. 56 (satellite television tax) shall take effect on July 1, 2009.

(17) Sec. 57 (limitation on use value property tax reduction) shall apply to property tax bills issued in calendar 2010 and thereafter.

And that the bill ought to pass in concurrence with such proposals of amendment.

Senator Shumlin, for the Committee on Appropriations, to which the bill was referred, reported that the bill ought to pass in concurrence when so amended.

Thereupon, the bill was read the second time by title only pursuant to Rule 43, and pending the question, Shall the Senate propose to the House to amend the bill as recommended by the Committee on Finance?, Senator McCormack moved to amend the proposal of amendment of the Committee on Finance by striking out Sec. 42a [sales tax on clothing], Sec. 52 [flavored malt drinks tax], Sec. 55 [lowering marginal rates] and Sec. 57 [limitation on use value reductions] in their entirety.

Thereupon, pending the question, Shall the proposal of amendment of the Committee on Finance be amended as recommended by Senator McCormack?, Senator McCormack requested and was granted leave to withdraw his proposal of amendment.

Thereupon, the pending question Shall the Senate propose to the House to amend the bill as recommended by the Committee on Finance?, was agreed to on a roll call, Yeas 18, Nays 12.

Senator Brock 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, Campbell, Carris, Cummings, Flanagan, Giard, Hartwell, Illuzzi, Kitchel, Kittell, Lyons, Miller, Nitka, Sears, Shumlin, \*Snelling, White.

**Those Senators who voted in the negative were:** Ashe, Brock, \*Choate, Doyle, MacDonald, Maynard, Mazza, McCormack, Mullin, Racine, Scott, Starr.

\*Senator Choate explained his vote as follows:

“Mr. President:

“This is a very difficult vote for me. I hope that as this process moves forward we can find additional savings and efficiencies before we turn to raising more revenue.”

\*Senator Snelling explained her vote as follows:

“Mr. President:

“This has been an extraordinarily difficult year to serve on the Appropriations Committee. The budget has seemed to be a constantly moving target, and yet I do believe in presenting a balanced budget. Unfortunately we need this bill to be in balance. My hope is that we can reach a better conclusion in conference.”

Thereupon, third reading of the bill was ordered.

**Rules Suspended; Proposal of Amendment; Third Reading Ordered**

**H. 441.**

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

An act making appropriations for the support of government.

Was taken up for immediate consideration.

Senator Bartlett, for the Committee on Appropriations, to which the bill was referred, reported recommending that the Senate propose to the House to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. A.100 SHORT TITLE

(a) This bill may be referred to as the BIG BILL - Fiscal Year 2010 Appropriations Act.

Sec. A.101 PURPOSE

(a) The purpose of this act is to provide appropriations for the operations of state government during fiscal year 2010. It is the express intent of the general assembly that activities of the various agencies, departments, divisions, boards, and commissions be limited to those which can be supported by funds appropriated in this act or other acts passed prior to June 30, 2009. Agency and department heads are directed to implement staffing and service levels at the beginning of fiscal year 2010 so as to meet this condition unless otherwise directed by specific language in this act or other acts of the general assembly.

Sec. A.102 APPROPRIATIONS

(a) It is the intent of the general assembly that this act serve as the primary source and reference for appropriations for fiscal year 2010.

(b) The sums herein stated are appropriated for the purposes specified in the following sections of this act. When no time is expressly stated during

which any of the appropriations are to continue, the appropriations are single year appropriations only for the purpose indicated and shall be paid from funds shown as the source of funds. If in this act there is an error in either addition or subtraction, the totals shall be adjusted accordingly. Apparent errors in referring to section numbers of statutory titles within this act may be disregarded by the commissioner of finance and management.

(c) Unless codified or otherwise specified, all narrative portions of this act apply only to the fiscal year ending June 30, 2010.

#### Sec. A.103 DEFINITIONS

(a) For the purposes of this act:

(1) “Encumbrances” means a portion of an appropriation reserved for the subsequent payment of existing purchase orders or contracts. The commissioner of finance and management shall make final decisions on the appropriateness of encumbrances.

(2) “Grants” means subsidies, aid, or payments to local governments, to community and quasi-public agencies for providing local services, and to persons who are not wards of the state for services or supplies, and means cash or other direct assistance, including pension contributions.

(3) “Operating expenses” means property management, repair and maintenance, rental expenses, insurance, postage, travel, energy and utilities, office and other supplies, equipment including motor vehicles, highway materials and construction, expenditures for the purchase of land, and construction of new buildings and permanent improvements, and similar items.

(4) “Personal services” means wages and salaries, fringe benefits, per diems, and contracted third party services, and similar items.

#### Sec. A.104 RELATIONSHIP TO EXISTING LAWS

(a) Except as specifically provided, this act shall not be construed in any way to negate or impair the full force and effect of existing laws.

#### Sec. A.105 OFFSETTING APPROPRIATIONS

(a) In the absence of specific provisions to the contrary in this act, when total appropriations are offset by estimated receipts, the state appropriations shall control, notwithstanding receipts being greater or less than anticipated.

#### Sec. A.106 FEDERAL FUNDS

(a) In fiscal year 2010 the governor, with the approval of the legislature or the joint fiscal committee if the legislature is not in session, may accept federal funds available to the state of Vermont including block grants in lieu of or in addition to funds herein designated as federal. The governor, with the

approval of the legislature or the joint fiscal committee if the legislature is not in session, may allocate all or any portion of such federal funds for any purpose consistent with the purposes for which the basic appropriations in this act have been made.

(b) If, during fiscal year 2010, federal funds available to the state of Vermont and designated as federal in this and other acts of the 2009 session of the Vermont general assembly are converted into block grants or are abolished under their current title in federal law and reestablished under a new title in federal law, the governor may continue to accept such federal funds for any purpose consistent with the purposes for which the federal funds were appropriated. The governor may spend such funds for such purposes for no more than 45 days prior to legislative or joint fiscal committee approval. Notice shall be given to the joint fiscal committee without delay if the governor intends to use the authority granted by this section, and the joint fiscal committee shall meet in an expedited manner to review the governor's request for approval.

#### Sec. A.107 DEPARTMENTAL RECEIPTS

(a) All receipts shall be credited to the general fund except as otherwise provided and except the following receipts, for which this subsection shall constitute authority to credit to special funds:

- (1) Connecticut River flood control
- (2) Public service department - sale of power
- (3) Tax department - unorganized towns and gores.

(b) Notwithstanding any other provision of law, departmental indirect cost recoveries (32 V.S.A. § 6) receipts are authorized, subject to the approval of the secretary of administration, to be retained by the department. All recoveries not so authorized shall be covered into the general fund, or, for agency of transportation recoveries, the transportation fund.

#### Sec. A.108 NEW POSITIONS

(a) Notwithstanding any other provision of law, the total number of authorized state positions, both classified and exempt, excluding temporary positions as defined in 3 V.S.A. § 311(11), shall not be increased during fiscal year 2010 except for new positions authorized by the 2009 session. Limited service positions approved pursuant to 32 V.S.A. § 5 shall not be subject to this restriction.



## Sec. A.109 LEGEND

(a) The bill is organized by functions of government. The sections between B.100 and B.9999 contain appropriations of funds. The sections between E.100 and E.9999 contain language that relates to specific appropriations and/or government functions. The function areas by section numbers are as follows:

## Sec. B.100 Secretary of administration - secretary's office

Personal services	795,758
Operating expenses	<u>69,411</u>
Total	865,169
Source of funds	
General fund	676,776
Global Commitment fund	<u>188,393</u>
Total	865,169

## Sec. B.101 Information and innovation - communications and information technology

Personal services	6,816,269
Operating expenses	2,749,899
Grants	<u>750,000</u>
Total	10,316,168
Source of funds	
General fund	97,094
Internal service funds	9,698,448
Interdepartmental transfers	<u>520,626</u>
Total	10,316,168

## Sec. B.102 Information and innovation - health care information technology

Personal services	90,000
Grants	<u>2,865,674</u>
Total	2,955,674
Source of funds	
Special funds	2,616,174
Global Commitment fund	<u>339,500</u>
Total	2,955,674

## Sec. B.103 Finance and management - budget and management

Personal services	1,011,091
Operating expenses	<u>145,343</u>
Total	1,156,434
Source of funds	

General fund	778,405
Global Commitment fund	63,375
Interdepartmental transfers	<u>314,654</u>
Total	1,156,434
Sec. B.104 Finance and management - financial operations	
Personal services	2,666,280
Operating expenses	<u>205,538</u>
Total	2,871,818
Source of funds	
Internal service funds	<u>2,871,818</u>
Total	2,871,818
Sec. B.105 Human resources - operations	
Personal services	2,460,443
Operating expenses	<u>625,941</u>
Total	3,086,384
Source of funds	
General fund	1,888,503
Special funds	280,835
Interdepartmental transfers	<u>917,046</u>
Total	3,086,384
Sec. B.107 Human resources - employee benefits & wellness	
Personal services	1,655,935
Operating expenses	<u>395,438</u>
Total	2,051,373
Source of funds	
Internal service funds	2,011,520
Interdepartmental transfers	<u>39,853</u>
Total	2,051,373
Sec. B.108 Libraries	
Personal services	2,078,222
Operating expenses	1,561,712
Grants	<u>62,500</u>
Total	3,702,434
Source of funds	
General fund	2,616,539
Special funds	132,500
Federal funds	855,215

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Interdepartmental transfers	<u>98,180</u>
Total	3,702,434
Sec. B.109 Tax - administration/collection	
Personal services	12,047,125
Operating expenses	<u>2,992,665</u>
Total	15,039,790
Source of funds	
General fund	13,593,386
Special funds	1,191,404
Tobacco fund	58,000
Interdepartmental transfers	<u>197,000</u>
Total	15,039,790
Sec. B.110 Buildings and general services - administration	
Personal services	1,371,967
Operating expenses	<u>98,823</u>
Total	1,470,790
Source of funds	
Interdepartmental transfers	<u>1,470,790</u>
Total	1,470,790
Sec. B.111 Buildings and general services - engineering	
Personal services	1,989,475
Operating expenses	<u>418,865</u>
Total	2,408,340
Source of funds	
General fund	1,658,340
Interdepartmental transfers	<u>750,000</u>
Total	2,408,340
Sec. B.112 Buildings and general services - information centers	
Personal services	3,331,451
Operating expenses	1,333,949
Grants	<u>45,000</u>
Total	4,710,400
Source of funds	
General fund	4,660,400
Special funds	<u>50,000</u>
Total	4,710,400

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Sec. B.113 Buildings and general services - purchasing

Personal services	671,569
Operating expenses	<u>204,881</u>
Total	876,450
Source of funds	
General fund	<u>876,450</u>
Total	876,450

Sec. B.114 Buildings and general services - postal services

Personal services	650,910
Operating expenses	<u>184,090</u>
Total	835,000
Source of funds	
General fund	36,116
Internal service funds	<u>798,884</u>
Total	835,000

Sec. B.115 Buildings and general services - copy center

Personal services	725,873
Operating expenses	<u>194,127</u>
Total	920,000
Source of funds	
Internal service funds	<u>920,000</u>
Total	920,000

Sec. B.116 Buildings and general services - fleet management services

Personal services	475,587
Operating expenses	<u>169,413</u>
Total	645,000
Source of funds	
Internal service funds	<u>645,000</u>
Total	645,000

Sec. B.117 Buildings and general services - federal surplus property

Personal services	83,564
Operating expenses	<u>62,936</u>
Total	146,500
Source of funds	
Enterprise funds	<u>146,500</u>
Total	146,500

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 Sec. B.118 Buildings and general services - state surplus property

Personal services	80,720
Operating expenses	<u>86,060</u>
Total	166,780
Source of funds	
Internal service funds	<u>166,780</u>
Total	166,780

## Sec. B.119 Buildings and general services - property management

Personal services	1,196,597
Operating expenses	<u>2,985,033</u>
Total	4,181,630
Source of funds	
Internal service funds	<u>4,181,630</u>
Total	4,181,630

## Sec. B.120 Buildings and general services - workers' compensation insurance

Personal services	1,329,914
Operating expenses	<u>309,324</u>
Total	1,639,238
Source of funds	
Internal service funds	<u>1,639,238</u>
Total	1,639,238

## Sec. B.121 Buildings and general services - general liability insurance

Personal services	295,114
Operating expenses	<u>125,386</u>
Total	420,500
Source of funds	
Internal service funds	<u>420,500</u>
Total	420,500

## Sec. B.122 Buildings and general services - all other insurance

Personal services	33,028
Operating expenses	<u>51,972</u>
Total	85,000
Source of funds	
Internal service funds	<u>85,000</u>
Total	85,000

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Sec. B.123 Buildings and general services - fee for space

Personal services	12,684,951
Operating expenses	<u>14,970,941</u>
Total	27,655,892
Source of funds	
Internal service funds	<u>27,655,892</u>
Total	27,655,892

Sec. B.124 Geographic information system

Grants	<u>408,700</u>
Total	408,700
Source of funds	
Special funds	<u>408,700</u>
Total	408,700

Sec. B.125 Executive office - governor's office

Personal services	1,217,326
Operating expenses	<u>386,489</u>
Total	1,603,815
Source of funds	
General fund	1,410,315
Interdepartmental transfers	<u>193,500</u>
Total	1,603,815

Sec. B.126 Legislative council

Personal services	2,164,007
Operating expenses	<u>178,970</u>
Total	2,342,977
Source of funds	
General fund	<u>2,342,977</u>
Total	2,342,977

Sec. B.127 Legislature

Personal services	3,872,884
Operating expenses	<u>3,428,507</u>
Total	7,301,391
Source of funds	
General fund	<u>7,301,391</u>
Total	7,301,391

## Sec. B.128 Legislative information technology

Personal services	393,601
Operating expenses	<u>492,357</u>
Total	885,958
Source of funds	
General fund	<u>885,958</u>
Total	885,958

## Sec. B.129 Joint fiscal committee

Personal services	1,214,565
Operating expenses	<u>94,632</u>
Total	1,309,197
Source of funds	
General fund	<u>1,309,197</u>
Total	1,309,197

## Sec. B.130 Sergeant at arms

Personal services	509,586
Operating expenses	<u>99,931</u>
Total	609,517
Source of funds	
General fund	<u>609,517</u>
Total	609,517

## Sec. B.131 Lieutenant governor

Personal services	146,651
Operating expenses	<u>16,983</u>
Total	163,634
Source of funds	
General fund	<u>163,634</u>
Total	163,634

## Sec. B.132 Auditor of accounts

Personal services	3,032,314
Operating expenses	<u>139,366</u>
Total	3,171,680
Source of funds	
General fund	437,938
Special funds	51,709
Internal service funds	<u>2,682,033</u>
Total	3,171,680

Sec. B.133 State treasurer	
Personal services	2,313,466
Operating expenses	357,079
Grants	<u>6,484</u>
Total	2,677,029
Source of funds	
General fund	1,086,815
Special funds	1,506,190
Private purpose trust funds	<u>84,024</u>
Total	2,677,029
Sec. B.134 State treasurer - unclaimed property	
Personal services	687,596
Operating expenses	<u>237,795</u>
Total	925,391
Source of funds	
Interdepartmental transfers	<u>925,391</u>
Total	925,391
Sec. B.135 Vermont state retirement system	
Personal services	27,115,165
Operating expenses	<u>773,415</u>
Total	27,888,580
Source of funds	
Pension trust funds	<u>27,888,580</u>
Total	27,888,580
Sec. B.136 Municipal employees' retirement system	
Personal services	1,841,374
Operating expenses	<u>346,814</u>
Total	2,188,188
Source of funds	
Pension trust funds	<u>2,188,188</u>
Total	2,188,188
Sec. B.137 State labor relations board	
Personal services	166,789
Operating expenses	<u>37,194</u>
Total	203,983
Source of funds	
General fund	198,260



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Special funds	2,788
Interdepartmental transfers	<u>2,935</u>
Total	203,983
Sec. B.138 VOSHA review board	
Personal services	37,997
Operating expenses	<u>9,815</u>
Total	47,812
Source of funds	
General fund	23,905
Interdepartmental transfers	<u>23,907</u>
Total	47,812
Sec. B.139 Homeowner rebate	
Grants	<u>13,725,647</u>
Total	13,725,647
Source of funds	
General fund	<u>13,725,647</u>
Total	13,725,647
Sec. B.140 Renter rebate	
Grants	<u>8,476,695</u>
Total	8,476,695
Source of funds	
General fund	2,543,008
Education fund	<u>5,933,687</u>
Total	8,476,695
Sec. B.141 Tax department - reappraisal and listing payments	
Grants	<u>3,470,000</u>
Total	3,470,000
Source of funds	
Education fund	<u>3,470,000</u>
Total	3,470,000
Sec. B.142 Use tax reimbursement fund - municipal current use	
Grants	<u>10,807,403</u>
Total	10,807,403
Source of funds	
General fund	<u>10,807,403</u>
Total	10,807,403

Sec. B.143 Lottery commission	
Personal services	1,555,943
Operating expenses	<u>1,113,662</u>
Total	2,669,605
Source of funds	
Enterprise funds	<u>2,669,605</u>
Total	2,669,605
Sec. B.144 Payments in lieu of taxes	
Grants	<u>4,900,000</u>
Total	4,900,000
Source of funds	
Special funds	<u>4,900,000</u>
Total	4,900,000
Sec. B.145 Payments in lieu of taxes - Montpelier	
Grants	<u>184,000</u>
Total	184,000
Source of funds	
Special funds	<u>184,000</u>
Total	184,000
Sec. B.146 Payments in lieu of taxes - correctional facilities	
Grants	<u>40,000</u>
Total	40,000
Source of funds	
Special funds	<u>40,000</u>
Total	40,000
Sec. B 147 Total General government	184,207,966
Source of funds	
General fund	69,727,974
Education fund	9,403,687
Special funds	11,364,300
Tobacco fund	58,000
Global Commitment fund	591,268
Federal funds	855,215
Enterprise funds	2,816,105
Internal service funds	53,776,743
Pension trust funds	30,076,768
Private purpose trust funds	84,024

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Interdepartmental transfers	<u>5,453,882</u>
Total	184,207,966
Sec. B.200 Attorney general	
Personal services	6,518,250
Operating expenses	<u>1,055,051</u>
Total	7,573,301
Source of funds	
General fund	4,044,689
Special funds	788,302
Tobacco fund	405,000
Federal funds	677,526
Interdepartmental transfers	1,657,784
Total	7,573,301
Sec. B.201 Vermont court diversion	
Grants	<u>1,724,784</u>
Total	1,724,784
Source of funds	
General fund	1,204,784
Special funds	<u>520,000</u>
Total	1,724,784
Sec. B.202 Defender general - public defense	
Personal services	7,273,704
Operating expenses	<u>919,387</u>
Total	8,193,091
Source of funds	
General fund	7,691,786
Special funds	<u>501,305</u>
Total	8,193,091
Sec. B.203 Defender general - assigned counsel	
Personal services	3,319,857
Operating expenses	<u>77,909</u>
Total	3,397,766
Source of funds	
General fund	3,272,502
Special funds	<u>125,264</u>
Total	3,397,766

## Sec. B.204 Judiciary

Personal services	27,203,182
Operating expenses	10,084,796
Grants	<u>70,000</u>
Total	37,357,978
Source of funds	
General fund	30,960,922
Special funds	3,891,636
Tobacco fund	39,112
Federal funds	546,919
Interdepartmental transfers	<u>1,919,389</u>
Total	37,357,978

## Sec. B.205 State's attorneys

Personal services	9,685,589
Operating expenses	<u>1,298,616</u>
Total	10,984,205
Source of funds	
General fund	8,754,382
Special funds	56,675
Federal funds	31,000
Interdepartmental transfers	<u>2,142,148</u>
Total	10,984,205

## Sec. B.206 Special investigative unit

Grants	<u>1</u>
Total	1
Source of funds	
General fund	<u>1</u>
Total	1

## Sec. B.207 Sheriffs

Personal services	3,306,718
Operating expenses	<u>356,269</u>
Total	3,662,987
Source of funds	
General fund	<u>3,662,987</u>
Total	3,662,987

## Sec. B.208 Public safety - administration

Personal services	1,696,711
Operating expenses	<u>194,781</u>
Total	1,891,492
Source of funds	
General fund	1,861,340
Federal funds	<u>30,152</u>
Total	1,891,492

## Sec. B.209 Public safety - state police

Personal services	41,481,022
Operating expenses	12,457,718
Grants	<u>582,087</u>
Total	54,520,827
Source of funds	
ARRA funds	3,061,782
General fund	18,865,183
Transportation fund	26,231,384
Special funds	1,910,795
Federal funds	2,159,888
Interdepartmental transfers	<u>2,291,795</u>
Total	54,520,827

## Sec. B.210 Public safety - criminal justice services

Personal services	6,078,888
Operating expenses	2,965,224
Grants	<u>2,909,394</u>
Total	11,953,506
Source of funds	
General fund	745,092
Transportation fund	4,557,454
Special funds	1,860,980
Federal funds	4,689,372
Interdepartmental transfers	<u>100,608</u>
Total	11,953,506

## Sec. B.211 Public safety - emergency management

Personal services	1,778,662
Operating expenses	1,246,992
Grants	<u>819,400</u>
Total	3,845,054

Source of funds	
Transportation fund	63,969
Special funds	168,831
Federal funds	<u>3,612,254</u>
Total	3,845,054
Sec. B.212 Public safety - fire safety	
Personal services	4,396,900
Operating expenses	1,590,660
Grants	<u>55,000</u>
Total	6,042,560
Source of funds	
General fund	590,719
Special funds	4,866,202
Federal funds	411,992
Interdepartmental transfers	<u>173,647</u>
Total	6,042,560
Sec. B.213 Public safety - homeland security	
Personal services	1,252,863
Operating expenses	4,999,729
Grants	<u>1,050,000</u>
Total	7,302,592
Source of funds	
General fund	395,271
Federal funds	<u>6,907,321</u>
Total	7,302,592
Sec. B.214 Public safety - emergency management - radiological emergency response plan	
Personal services	695,571
Operating expenses	273,382
Grants	<u>743,518</u>
Total	1,712,471
Source of funds	
Special funds	<u>1,712,471</u>
Total	1,712,471
Sec. B.215 Military - administration	
Personal services	595,055
Operating expenses	185,755
Grants	<u>100,000</u>

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Total	880,810
Source of funds	
General fund	<u>880,810</u>
Total	880,810
Sec. B.216 Military - air service contract	
Personal services	4,682,496
Operating expenses	<u>1,576,241</u>
Total	6,258,737
Source of funds	
General fund	433,236
Federal funds	<u>5,825,501</u>
Total	6,258,737
Sec. B.217 Military - army service contract	
Personal services	3,645,443
Operating expenses	<u>9,174,120</u>
Total	12,819,563
Source of funds	
General fund	107,071
Federal funds	<u>12,712,492</u>
Total	12,819,563
Sec. B.218 Military - building maintenance	
Personal services	1,024,137
Operating expenses	<u>386,580</u>
Total	1,410,717
Source of funds	
General fund	1,343,826
Federal funds	<u>66,891</u>
Total	1,410,717
Sec. B.219 Military - veterans' affairs	
Personal services	430,316
Operating expenses	133,624
Grants	<u>163,815</u>
Total	727,755
Source of funds	
General fund	575,519
Special funds	83,529
Federal funds	<u>68,707</u>
Total	727,755

Sec. B.220 Center for crime victims' services

Personal services	1,275,841
Operating expenses	261,734
Grants	<u>9,433,056</u>
Total	10,970,631

Source of funds

ARRA funds	797,067
General fund	1,119,233
Special funds	5,201,380
Federal funds	<u>3,852,951</u>
Total	10,970,631

Sec. B.221 Criminal justice training council

Personal services	1,225,444
Operating expenses	<u>1,135,975</u>
Total	2,361,419

Source of funds

General fund	1,453,753
Special funds	534,343
Interdepartmental transfers	<u>373,323</u>
Total	2,361,419

Sec. B.222 Agriculture, food and markets - administration

Personal services	707,514
Operating expenses	390,128
Grants	<u>338,351</u>
Total	1,435,993

Source of funds

General fund	886,626
Special funds	382,449
Federal funds	124,918
Interdepartmental transfers	<u>42,000</u>
Total	1,435,993

Sec. B.223 Agriculture, food and markets - food safety and consumer protection

Personal services	2,041,806
Operating expenses	<u>332,830</u>
Total	2,374,636

Source of funds

General fund	1,278,611
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Special funds	651,025
Federal funds	438,000
Interdepartmental transfers	<u>7,000</u>
Total	2,374,636
Sec. B.224 Agriculture, food and markets - agricultural development	
Personal services	688,162
Operating expenses	504,063
Grants	<u>302,500</u>
Total	1,494,725
Source of funds	
General fund	673,775
Special funds	432,950
Federal funds	<u>388,000</u>
Total	1,494,725
Sec. B.225 Agriculture, food and markets - laboratories, agricultural resource management and environmental stewardship	
Personal services	3,800,621
Operating expenses	639,708
Grants	<u>4,480,952</u>
Total	8,921,281
Source of funds	
General fund	2,420,363
Special funds	5,433,147
Federal funds	519,517
Interdepartmental transfers	<u>548,254</u>
Total	8,921,281
Sec. B.226 Agriculture, food and markets - state stipend	
Grants	<u>175,000</u>
Total	175,000
Source of funds	
General fund	<u>175,000</u>
Total	175,000
Sec. B.227 Agriculture, food and markets - mosquito control	
Personal services	20,000
Operating expenses	<u>60,000</u>
Total	80,000
Source of funds	

Special funds	<u>80,000</u>
Total	80,000
Sec. B.228 Banking, insurance, securities, and health care administration - administration	
Personal services	1,982,977
Operating expenses	<u>88,470</u>
Total	2,071,447
Source of funds	
Special funds	<u>2,071,447</u>
Total	2,071,447
Sec. B.229 Banking, insurance, securities, and health care administration - banking	
Personal services	1,240,658
Operating expenses	<u>248,960</u>
Total	1,489,618
Source of funds	
Special funds	<u>1,489,618</u>
Total	1,489,618
Sec. B.230 Banking, insurance, securities, and health care administration - insurance	
Personal services	2,765,146
Operating expenses	<u>450,750</u>
Total	3,215,896
Source of funds	
Special funds	<u>3,215,896</u>
Total	3,215,896
Sec. B.231 Banking, insurance, securities, and health care administration - captive	
Personal services	2,998,995
Operating expenses	<u>452,000</u>
Total	3,450,995
Source of funds	
Special funds	<u>3,450,995</u>
Total	3,450,995

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 Sec. B.232 Banking, insurance, securities, and health care administration - securities

Personal services	418,217
Operating expenses	<u>144,733</u>
Total	562,950
Source of funds	
Special funds	<u>562,950</u>
Total	562,950

## Sec. B.233 Banking, insurance, securities, and health care administration - health care administration

Personal services	4,338,993
Operating expenses	<u>326,905</u>
Total	4,665,898
Source of funds	
Special funds	2,767,074
Global Commitment fund	<u>1,898,824</u>
Total	4,665,898

## Sec. B.234 Secretary of state

Personal services	5,440,700
Operating expenses	2,086,742
Grants	<u>1,000,000</u>
Total	8,527,442
Source of funds	
General fund	1,710,918
Special funds	4,741,524
Federal funds	2,000,000
Interdepartmental transfers	<u>75,000</u>
Total	8,527,442

## Sec. B.235 Public service - regulation and energy

Personal services	7,588,185
Operating expenses	709,206
Grants	<u>6,506,007</u>
Total	14,803,398
Source of funds	
Special funds	13,645,598
Federal funds	<u>1,157,800</u>
Total	14,803,398

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Sec. B.236 Public service - purchase and sale of power	
Personal services	18,484
Operating expenses	<u>1,516</u>
Total	20,000
Source of funds	
Special funds	<u>20,000</u>
Total	20,000
Sec. B.237 Public service board	
Personal services	2,555,286
Operating expenses	<u>320,000</u>
Total	2,875,286
Source of funds	
Special funds	<u>2,875,286</u>
Total	2,875,286
Sec. B.238 Enhanced 9-1-1 Board	
Personal services	2,098,342
Operating expenses	1,565,260
Grants	<u>1,823,443</u>
Total	5,487,045
Source of funds	
Special funds	<u>5,487,045</u>
Total	5,487,045
Sec. B.239 Human rights commission	
Personal services	375,041
Operating expenses	<u>68,917</u>
Total	443,958
Source of funds	
General fund	273,219
Federal funds	<u>170,739</u>
Total	443,958
Sec. B.240 Liquor control - administration	
Personal services	1,495,953
Operating expenses	<u>543,031</u>
Total	2,038,984
Source of funds	
Tobacco fund	6,661
Enterprise funds	1,789,323

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Interdepartmental transfers	<u>243,000</u>
Total	2,038,984
Sec. B.241 Liquor control - enforcement and licensing	
Personal services	1,963,476
Operating expenses	<u>344,075</u>
Total	2,307,551
Source of funds	
Tobacco fund	289,645
Enterprise funds	<u>2,017,906</u>
Total	2,307,551
Sec. B.242 Liquor control - warehousing and distribution	
Personal services	750,352
Operating expenses	<u>367,561</u>
Total	1,117,913
Source of funds	
Enterprise funds	<u>1,117,913</u>
Total	1,117,913
Sec. B 243 Total Protection to persons and property 263,152,263	
Source of funds	
ARRA funds	3,858,849
General fund	95,381,618
Transportation fund	30,852,807
Special funds	69,528,717
Tobacco fund	740,418
Global Commitment fund	1,898,824
Federal funds	46,391,940
Enterprise funds	4,925,142
Interdepartmental transfers	<u>9,573,948</u>
Total	263,152,263
Sec. B.300 Human services - agency of human services - secretary's office	
Personal services	10,016,218
Operating expenses	2,998,915
Grants	<u>5,099,439</u>
Total	18,114,572
Source of funds	
General fund	5,333,921
Special funds	7,517
Tobacco fund	609,730

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Global Commitment fund	398,400
Federal funds	8,068,443
Interdepartmental transfers	3,696,561
Total	18,114,572

Sec. B.301 Secretary's office - global commitment

Grants	<u>1,022,593,702</u>
Total	1,022,593,702
Source of funds	
ARRA funds	97,005,100
General fund	63,308,477
Special funds	11,854,521
Tobacco fund	34,911,760
State health care resources fund	159,183,519
Catamount fund	18,881,295
Federal funds	637,086,376
Interdepartmental transfers	<u>362,654</u>
Total	1,022,593,702

Sec. B.302 Rate setting

Personal services	853,246
Operating expenses	<u>81,982</u>
Total	935,228
Source of funds	
Global Commitment fund	<u>935,228</u>
Total	935,228

Sec. B.303 Developmental disabilities council

Personal services	240,797
Operating expenses	48,251
Grants	<u>220,000</u>
Total	509,048
Source of funds	
Federal funds	<u>509,048</u>
Total	509,048

Sec. B.304 Human services board

Personal services	299,820
Operating expenses	<u>66,441</u>
Total	366,261
Source of funds	
General fund	51,912

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Federal funds	157,174
Interdepartmental transfers	<u>157,175</u>
Total	366,261
Sec. B.305 AHS - administrative fund	
Personal services	500,000
Operating expenses	<u>4,500,000</u>
Total	5,000,000
Source of funds	
Interdepartmental transfers	<u>5,000,000</u>
Total	5,000,000
Sec. B.306 Office of Vermont health access - administration	
Personal services	31,911,860
Operating expenses	2,330,388
Grants	<u>1,018,000</u>
Total	35,260,248
Source of funds	
General fund	429,107
Global Commitment fund	31,631,056
Catamount fund	351,627
Federal funds	<u>2,848,458</u>
Total	35,260,248
Sec. B.307 Office of Vermont health access - Medicaid program - global commitment	
Grants	<u>538,752,966</u>
Total	538,752,966
Source of funds	
Global Commitment fund	<u>538,752,966</u>
Total	538,752,966
Sec. B.308 Office of Vermont health access - Medicaid program - long term care waiver	
Grants	<u>205,105,257</u>
Total	205,105,257
Source of funds	
ARRA funds	22,089,839
General fund	62,187,933
Federal funds	<u>120,827,485</u>
Total	205,105,257

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 Sec. B.309 Office of Vermont health access - Medicaid program - state only

Grants	<u>32,524,951</u>
Total	32,524,951
Source of funds	
General fund	28,195,859
Global Commitment fund	1,510,264
Catamount fund	<u>2,818,828</u>
Total	32,524,951

## Sec. B.310 Office of Vermont health access - Medicaid non-waiver matched

Grants	<u>46,551,748</u>
Total	46,551,748
Source of funds	
ARRA funds	1,060,380
General fund	16,976,310
Federal funds	<u>28,515,058</u>
Total	46,551,748

## Sec. B.311 Health - administration and support

Personal services	6,222,550
Operating expenses	2,812,966
Grants	<u>2,877,000</u>
Total	11,912,516
Source of funds	
General fund	943,788
Special funds	24,678
Global Commitment fund	4,844,832
Federal funds	6,027,218
Interdepartmental transfers	<u>72,000</u>
Total	11,912,516

## Sec. B.312 Health - public health

Personal services	35,134,321
Operating expenses	7,080,700
Grants	<u>32,532,610</u>
Total	74,747,631
Source of funds	
General fund	6,924,156
Special funds	4,611,472
Tobacco fund	1,906,916
Global Commitment fund	24,847,472



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Catamount fund	4,046,218
Federal funds	31,809,266
Permanent trust funds	10,000
Interdepartmental transfers	<u>592,131</u>
Total	74,747,631
Sec. B.313 Health - alcohol and drug abuse programs	
Personal services	3,195,089
Operating expenses	799,901
Grants	<u>26,918,440</u>
Total	30,913,430
Source of funds	
General fund	3,045,189
Special funds	236,210
Tobacco fund	2,382,834
Global Commitment fund	16,663,987
Federal funds	8,435,210
Interdepartmental transfers	<u>150,000</u>
Total	30,913,430
Sec. B.314 Mental health - mental health	
Personal services	4,492,095
Operating expenses	562,604
Grants	<u>127,953,050</u>
Total	133,007,749
Source of funds	
General fund	698,915
Special funds	6,836
Global Commitment fund	126,404,681
Federal funds	5,877,317
Interdepartmental transfers	<u>20,000</u>
Total	133,007,749
Sec. B.315 Mental health - Vermont state hospital	
Personal services	20,040,654
Operating expenses	2,752,971
Grants	<u>82,335</u>
Total	22,875,960
Source of funds	
General fund	21,692,396
Special funds	170,000
Global Commitment fund	450,000

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Federal funds	263,564
Interdepartmental transfers	<u>300,000</u>
Total	22,875,960

Sec. B.316 Department for children and families - administration & support services

Personal services	37,028,517
Operating expenses	7,305,795
Grants	<u>933,155</u>
Total	45,267,467
Source of funds	
ARRA funds	300,000
General fund	15,002,788
Global Commitment fund	15,455,187
Catamount fund	547,960
Federal funds	<u>13,961,532</u>
Total	45,267,467

Sec. B.317 Department for children and families - family services

Personal services	22,207,550
Operating expenses	3,312,909
Grants	<u>65,050,514</u>
Total	90,570,973
Source of funds	
ARRA funds	1,411,224
General fund	18,199,778
Special funds	1,691,637
Tobacco fund	275,000
Global Commitment fund	41,228,349
Federal funds	27,664,985
Interdepartmental transfers	<u>100,000</u>
Total	90,570,973

Sec. B.318 Department for children and families - child development

Personal services	3,473,066
Operating expenses	545,908
Grants	<u>56,106,468</u>
Total	60,125,442
Source of funds	
ARRA funds	2,452,636
General fund	23,481,012
Special funds	1,820,000

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Global Commitment fund	5,221,053
Federal funds	27,011,234
Interdepartmental transfers	<u>139,507</u>
Total	60,125,442
Sec. B.319 Department for children and families - office of child support	
Personal services	8,905,003
Operating expenses	<u>4,400,851</u>
Total	13,305,854
Source of funds	
ARRA funds	660,000
General fund	2,671,384
Special funds	455,718
Federal funds	9,131,152
Interdepartmental transfers	<u>387,600</u>
Total	13,305,854
Sec. B.320 Department for children and families - aid to aged, blind and disabled	
Personal services	1,801,009
Grants	<u>10,305,780</u>
Total	12,106,789
Source of funds	
General fund	8,356,789
Global Commitment fund	<u>3,750,000</u>
Total	12,106,789
Sec. B.321 Department for children and families - general assistance	
Grants	<u>6,000,928</u>
Total	6,000,928
Source of funds	
ARRA funds	1,699,412
General fund	2,850,196
Global Commitment fund	340,000
Federal funds	<u>1,111,320</u>
Total	6,000,928
Sec. B.322 Department for children and families - food stamp cash out	
Grants	<u>19,031,133</u>
Total	19,031,133
Source of funds	
ARRA funds	2,300,000

Federal funds	<u>16,731,133</u>
Total	19,031,133
Sec. B.323 Department for children and families - reach up	
Grants	<u>49,803,800</u>
Total	49,803,800
Source of funds	
ARRA funds	6,735,423
General fund	16,086,170
Special funds	18,025,000
Global Commitment fund	374,400
Federal funds	<u>8,582,807</u>
Total	49,803,800
Sec. B.324 Department for children and families - home heating fuel assistance/LIHEAP	
Personal services	20,000
Operating expenses	90,000
Grants	<u>11,502,664</u>
Total	11,612,664
Source of funds	
Federal funds	<u>11,612,664</u>
Total	11,612,664
Sec. B.325 Department for children and families - office of economic opportunity	
Personal services	250,236
Operating expenses	78,644
Grants	<u>8,591,588</u>
Total	8,920,468
Source of funds	
ARRA funds	3,775,000
General fund	1,294,543
Special funds	57,810
Federal funds	<u>3,793,115</u>
Total	8,920,468
Sec. B.326 Department for children and families - OEO - weatherization assistance	
Personal services	174,293
Operating expenses	130,499
Grants	<u>14,959,936</u>

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Total	15,264,728
Source of funds	
ARRA funds	8,421,288
Special funds	4,593,774
Federal funds	<u>2,249,666</u>
Total	15,264,728
Sec. B.327 Department for children and families - Woodside rehabilitation center	
Personal services	3,482,661
Operating expenses	<u>630,581</u>
Total	4,113,242
Source of funds	
General fund	4,058,350
Interdepartmental transfers	<u>54,892</u>
Total	4,113,242
Sec. B.328 Department for children and families - disability determination services	
Personal services	3,508,357
Operating expenses	<u>624,291</u>
Total	4,132,648
Source of funds	
Global Commitment fund	246,517
Federal funds	<u>3,886,131</u>
Total	4,132,648
Sec. B.329 Disabilities, aging and independent living - administration & support	
Personal services	24,693,635
Operating expenses	<u>3,762,989</u>
Total	28,456,624
Source of funds	
General fund	6,952,640
Special funds	1,068,022
Global Commitment fund	6,329,926
Federal funds	11,666,254
Interdepartmental transfers	<u>2,439,782</u>
Total	28,456,624

Sec. B.330 Disabilities, aging and independent living - advocacy and independent living grants

Grants	<u>22,243,510</u>
Total	22,243,510
Source of funds	
ARRA funds	404,000
General fund	10,101,374
Global Commitment fund	3,455,319
Federal funds	7,645,317
Interdepartmental transfers	<u>637,500</u>
Total	22,243,510

Sec. B.331 Disabilities, aging and independent living - blind and visually impaired

Grants	<u>1,481,457</u>
Total	1,481,457
Source of funds	
General fund	364,064
Special funds	223,450
Global Commitment fund	245,000
Federal funds	<u>648,943</u>
Total	1,481,457

Sec. B.332 Disabilities, aging and independent living - vocational rehabilitation

Grants	<u>7,302,971</u>
Total	7,302,971
Source of funds	
ARRA funds	1,334,000
General fund	1,535,695
Global Commitment fund	7,500
Federal funds	4,132,389
Interdepartmental transfers	<u>293,387</u>
Total	7,302,971

Sec. B.333 Disabilities, aging and independent living - developmental services

Grants	<u>141,878,742</u>
Total	141,878,742
Source of funds	
General fund	172,625
Special funds	15,463

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Global Commitment fund	141,330,797
Federal funds	<u>359,857</u>
Total	141,878,742
Sec. B.334 Disabilities, aging and independent living -TBI home and community based waiver	
Grants	<u>4,044,899</u>
Total	4,044,899
Source of funds	
Global Commitment fund	<u>4,044,899</u>
Total	4,044,899
Sec. B.335 Corrections - administration	
Personal services	2,348,301
Operating expenses	<u>302,104</u>
Total	2,650,405
Source of funds	
General fund	<u>2,650,405</u>
Total	2,650,405
Sec. B.336 Corrections - parole board	
Personal services	320,374
Operating expenses	<u>58,121</u>
Total	378,495
Source of funds	
General fund	<u>378,495</u>
Total	378,495
Sec. B.337 Corrections - correctional education	
Personal services	4,016,553
Operating expenses	<u>306,274</u>
Total	4,322,827
Source of funds	
General fund	413,648
Special funds	500,000
Interdepartmental transfers	<u>3,409,179</u>
Total	4,322,827
Sec. B.338 Corrections - correctional services	
Personal services	79,204,112
Operating expenses	34,200,620
Grants	<u>1,649,849</u>

Total	115,054,581
Source of funds	
General fund	110,673,067
Special funds	533,963
Tobacco fund	87,500
Global Commitment fund	3,094,144
Federal funds	584,861
Interdepartmental transfers	<u>81,046</u>
Total	115,054,581
Sec. B.339 Correctional services-out of state beds	
Personal services	<u>12,318,215</u>
Total	12,318,215
Source of funds	
General fund	<u>12,318,215</u>
Total	12,318,215
Sec. B.340 Corrections - correctional facilities - recreation	
Personal services	436,744
Operating expenses	<u>349,076</u>
Total	785,820
Source of funds	
General fund	125,000
Special funds	<u>660,820</u>
Total	785,820
Sec. B.341 Corrections - Vermont offender work program	
Personal services	1,154,973
Operating expenses	<u>554,103</u>
Total	1,709,076
Source of funds	
Internal service funds	<u>1,709,076</u>
Total	1,709,076
Sec. B.342 Vermont veterans' home - care and support services	
Personal services	14,896,756
Operating expenses	<u>3,362,067</u>
Total	18,258,823
Source of funds	
Special funds	10,931,473
Global Commitment fund	837,225



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Federal funds	<u>6,490,125</u>
Total	18,258,823
Sec. B.343 Commission on women	
Personal services	224,632
Operating expenses	<u>67,273</u>
Total	291,905
Source of funds	
General fund	286,905
Special funds	<u>5,000</u>
Total	291,905
Sec. B.344 Retired senior volunteer program	
Grants	<u>131,096</u>
Total	131,096
Source of funds	
General fund	<u>131,096</u>
Total	131,096
Sec. B 345 Total Human services	2,880,736,849
Source of funds	
ARRA funds	149,648,302
General fund	447,892,202
Special funds	57,493,364
Tobacco fund	40,173,740
Global Commitment fund	972,399,202
State health care resources fund	159,183,519
Catamount fund	26,645,928
Federal funds	1,007,688,102
Permanent trust funds	10,000
Internal service funds	1,709,076
Interdepartmental transfers	<u>17,893,414</u>
Total	2,880,736,849
Sec. B.400 Labor - administration	
Personal services	4,592,207
Operating expenses	<u>577,547</u>
Total	5,169,754
Source of funds	
ARRA funds	1,875,000
General fund	223,725
Special funds	266,110

Catamount fund	25,424
Federal funds	2,412,145
Interdepartmental transfers	367,350
Total	5,169,754
Sec. B.401 Labor - programs	
Personal services	21,048,615
Operating expenses	4,726,026
Grants	<u>7,216,529</u>
Total	32,991,170
Source of funds	
General fund	8,852,385
Special funds	2,947,118
Catamount fund	368,648
Federal funds	18,786,531
Interdepartmental transfers	<u>2,036,488</u>
Total	32,991,170
Sec. B.402 Labor - domestic and sexual violence survivors' transitional employment program	
Grants	<u>30,000</u>
Total	30,000
Source of funds	
Special funds	<u>30,000</u>
Total	30,000
Sec. B 403 Total Labor	38,190,924
Source of funds	
ARRA funds	1,875,000
General fund	9,076,110
Special funds	3,243,228
Catamount fund	394,072
Federal funds	21,198,676
Interdepartmental transfers	<u>2,403,838</u>
Total	38,190,924
Sec. B.500 Education - finance and administration	
Personal services	5,173,188
Operating expenses	1,651,304
Grants	<u>12,084,730</u>
Total	18,909,222
Source of funds	

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General fund	3,409,206
Special funds	12,626,342
Global Commitment fund	858,212
Federal funds	2,010,732
Interdepartmental transfers	4,730
Total	18,909,222
Sec. B.501 Education - education services	
Personal services	13,051,696
Operating expenses	1,873,037
Grants	<u>113,036,906</u>
Total	127,961,639
Source of funds	
General fund	5,325,358
Education fund	1,131,751
Special funds	2,189,254
Federal funds	119,289,540
Interdepartmental transfers	<u>25,736</u>
Total	127,961,639
Sec. B.502 Education - special education: formula grants	
Grants	<u>142,687,975</u>
Total	142,687,975
Source of funds	
Education fund	142,457,975
Global Commitment fund	<u>230,000</u>
Total	142,687,975
Sec. B.503 Education - state-placed students	
Grants	<u>18,900,000</u>
Total	18,900,000
Source of funds	
Education fund	<u>18,900,000</u>
Total	18,900,000
Sec. B.504 Education - adult education and literacy	
Grants	<u>6,463,656</u>
Total	6,463,656
Source of funds	
General fund	2,587,995
Education fund	3,000,000

Federal funds	<u>875,661</u>
Total	6,463,656
Sec. B.505 Education - adjusted education payment	
Grants	<u>1,136,100,000</u>
Total	1,136,100,000
Source of funds	
ARRA funds	38,575,036
Education fund	<u>1,097,524,964</u>
Total	1,136,100,000
Sec. B.506 Education - transportation	
Grants	<u>15,542,809</u>
Total	15,542,809
Source of funds	
Education fund	<u>15,542,809</u>
Total	15,542,809
Sec. B.507 Education - small school grants	
Grants	<u>6,977,336</u>
Total	6,977,336
Source of funds	
Education fund	<u>6,977,336</u>
Total	6,977,336
Sec. B.508 Education - capital debt service aid	
Grants	<u>188,000</u>
Total	188,000
Source of funds	
Education fund	<u>188,000</u>
Total	188,000
Sec. B.509 Education - tobacco litigation	
Personal services	131,153
Operating expenses	57,584
Grants	<u>800,180</u>
Total	988,917
Source of funds	
Tobacco fund	<u>988,917</u>
Total	988,917

## Sec. B.510 Education - essential early education grant

Grants	<u>5,700,000</u>
Total	5,700,000
Source of funds	
Education fund	<u>5,700,000</u>
Total	5,700,000

## Sec. B.511 Education - technical education

Grants	<u>12,800,000</u>
Total	12,800,000
Source of funds	
Education fund	<u>12,800,000</u>
Total	12,800,000

## Sec. B.512 Education - Act 117 cost containment

Personal services	1,070,398
Operating expenses	121,307
Grants	<u>91,000</u>
Total	1,282,705
Source of funds	
Special funds	<u>1,282,705</u>
Total	1,282,705

## Sec. B.513 Appropriation and transfer to education fund

Grants	<u>259,303,944</u>
Total	259,303,944
Source of funds	
General fund	<u>259,303,944</u>
Total	259,303,944

## Sec. B.514 State teachers' retirement system

Personal services	26,629,115
Operating expenses	942,527
Grants	<u>40,303,002</u>
Total	67,874,644
Source of funds	
General fund	40,303,002
Pension trust funds	<u>27,571,642</u>
Total	67,874,644

Sec. B 515 Total General education	1,821,680,847
Source of funds	
ARRA funds	38,575,036
General fund	310,929,505
Education fund	1,304,222,835
Special funds	16,098,301
Tobacco fund	988,917
Global Commitment fund	1,088,212
Federal funds	122,175,933
Pension trust funds	27,571,642
Interdepartmental transfers	<u>30,466</u>
Total	1,821,680,847
Sec. B.600 University of Vermont	
Grants	<u>40,746,629</u>
Total	40,746,629
Source of funds	
General fund	36,740,473
Global Commitment fund	4,006,156
Total	40,746,629
Sec. B.601 Vermont Public Television	
Grants	<u>564,620</u>
Total	564,620
Source of funds	
General fund	<u>564,620</u>
Total	564,620
Sec. B.602 Vermont state colleges	
Grants	<u>23,155,213</u>
Total	23,155,213
Source of funds	
General fund	<u>23,155,213</u>
Total	23,155,213
Sec. B.603 Vermont state colleges - allied health	
Grants	<u>1,068,537</u>
Total	1,068,537
Source of funds	
General fund	663,130

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Global Commitment fund	<u>405,407</u>
Total	1,068,537
Sec. B.604 Vermont interactive television	
Grants	<u>785,679</u>
Total	785,679
Source of funds	
General fund	<u>785,679</u>
Total	785,679
Sec. B.605 Vermont student assistance corporation	
Grants	<u>18,363,607</u>
Total	18,363,607
Source of funds	
General fund	<u>18,363,607</u>
Total	18,363,607
Sec. B.606 New England higher education compact	
Grants	<u>84,000</u>
Total	84,000
Source of funds	
General fund	<u>84,000</u>
Total	84,000
Sec. B.607 University of Vermont - Morgan Horse Farm	
Grants	<u>1</u>
Total	1
Source of funds	
General fund	<u>1</u>
Total	1
Sec. B 608 Total Higher education	84,768,286
Source of funds	
General fund	80,356,723
Global Commitment fund	<u>4,411,563</u>
Total	84,768,286
Sec. B.700 Natural resources - agency of natural resources - administration	
Personal services	3,830,378
Operating expenses	1,506,066
Grants	<u>25,000</u>
Total	5,361,444

Source of funds	
General fund	<u>4,794,914</u>
Federal funds	278,120
Interdepartmental transfers	288,410
Total	5,361,444
Sec. B.701 Connecticut river watershed advisory commission	
Grants	<u>38,000</u>
Total	38,000
Source of funds	
General fund	<u>38,000</u>
Total	38,000
Sec. B.702 Citizens' advisory committee on Lake Champlain's future	
Personal services	3,600
Operating expenses	<u>3,900</u>
Total	7,500
Source of funds	
General fund	<u>7,500</u>
Total	7,500
Sec. B.703 Natural resources - state land local property tax assessment	
Operating expenses	<u>2,128,733</u>
Total	2,128,733
Source of funds	
General fund	1,707,233
Interdepartmental transfers	<u>421,500</u>
Total	2,128,733
Sec. B.704 Green up	
Operating expenses	7,594
Grants	<u>10,550</u>
Total	18,144
Source of funds	
Special funds	<u>18,144</u>
Total	18,144
Sec. B.705 Fish and wildlife - support and field services	
Personal services	12,437,985
Operating expenses	4,482,575
Grants	<u>774,333</u>
Total	17,694,893



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Source of funds	
General fund	1,227,419
Fish and wildlife fund	16,230,474
Interdepartmental transfers	<u>237,000</u>
Total	17,694,893
Sec. B.706 Fish and wildlife - watershed improvement	
Grants	<u>125,000</u>
Total	125,000
Source of funds	
Fish and wildlife fund	<u>125,000</u>
Total	125,000
Sec. B.707 Forests, parks and recreation - administration	
Personal services	1,020,309
Operating expenses	555,710
Grants	<u>1,858,450</u>
Total	3,434,469
Source of funds	
General fund	1,223,859
Special funds	1,305,610
Federal funds	<u>905,000</u>
Total	3,434,469
Sec. B.708 Forests, parks and recreation - forestry	
Personal services	4,482,990
Operating expenses	579,205
Grants	<u>343,000</u>
Total	5,405,195
Source of funds	
General fund	3,633,694
Special funds	474,501
Federal funds	1,140,000
Interdepartmental transfers	<u>157,000</u>
Total	5,405,195
Sec. B.709 Forests, parks and recreation - state parks	
Personal services	5,381,818
Operating expenses	<u>1,989,011</u>
Total	7,370,829
Source of funds	
General fund	767,889

Special funds	<u>6,602,940</u>
Total	7,370,829
Sec. B.710 Forests, parks and recreation - lands administration	
Personal services	443,601
Operating expenses	<u>1,209,081</u>
Total	1,652,682
Source of funds	
General fund	368,477
Special funds	179,205
Federal funds	1,050,000
Interdepartmental transfers	<u>55,000</u>
Total	1,652,682
Sec. B.711 Forests, parks and recreation - youth conservation corps	
Grants	<u>751,666</u>
Total	751,666
Source of funds	
General fund	46,000
Special funds	361,666
Federal funds	94,000
Interdepartmental transfers	<u>250,000</u>
Total	751,666
Sec. B.712 Forests, parks and recreation - forest highway maintenance	
Personal services	20,000
Operating expenses	<u>159,266</u>
Total	179,266
Source of funds	
General fund	<u>179,266</u>
Total	179,266
Sec. B.713 Environmental conservation - management and support services	
Personal services	4,043,142
Operating expenses	806,015
Grants	<u>103,913</u>
Total	4,953,070
Source of funds	
General fund	1,065,644
Special funds	2,425,301
Federal funds	1,407,125

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Interdepartmental transfers	<u>55,000</u>
Total	4,953,070
Sec. B.714 Environmental conservation - air and waste management	
Personal services	7,183,059
Operating expenses	6,483,565
Grants	<u>1,386,000</u>
Total	15,052,624
Source of funds	
General fund	619,928
Special funds	10,783,016
Federal funds	3,439,680
Interdepartmental transfers	<u>210,000</u>
Total	15,052,624
Sec. B.715 Environmental conservation - office of water programs	
Personal services	13,507,863
Operating expenses	1,964,999
Grants	<u>2,165,402</u>
Total	17,638,264
Source of funds	
General fund	6,336,970
Special funds	4,419,321
Federal funds	6,401,973
Interdepartmental transfers	<u>480,000</u>
Total	17,638,264
Sec. B.716 Environmental conservation - tax-loss-Connecticut river flood control	
Operating expenses	<u>40,000</u>
Total	40,000
Source of funds	
Special funds	<u>40,000</u>
Total	40,000
Sec. B.717 Natural resources board	
Personal services	2,259,294
Operating expenses	<u>347,320</u>
Total	2,606,614
Source of funds	
General fund	816,942

Special funds	<u>1,789,672</u>
Total	2,606,614
Sec. B 718 Total Natural resources	84,458,393
Source of funds	
General fund	22,833,735
Fish and wildlife fund	16,355,474
Special funds	28,399,376
Federal funds	14,715,898
Interdepartmental transfers	<u>2,153,910</u>
Total	84,458,393
Sec. B.800 Commerce and community development - agency of commerce and community development - administration	
Personal services	1,914,002
Operating expenses	642,659
Grants	<u>1,136,390</u>
Total	3,693,051
Source of funds	
General fund	2,793,051
Federal funds	800,000
Interdepartmental transfers	100,000
Total	3,693,051
Sec. B.801 Housing and community affairs	
Personal services	2,333,275
Operating expenses	420,760
Grants	<u>16,579,461</u>
Total	19,333,496
Source of funds	
General fund	1,203,070
Special funds	3,210,948
Federal funds	14,881,478
Interdepartmental transfers	<u>38,000</u>
Total	19,333,496
Sec. B.802 Historic sites - operations	
Personal services	593,585
Operating expenses	338,745
Grants	<u>2,850</u>
Total	935,180
Source of funds	

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General fund	545,528
Special funds	<u>389,652</u>
Total	935,180
Sec. B.803 Historic sites - special improvements	
Personal services	108,200
Operating expenses	<u>76,247</u>
Total	184,447
Source of funds	
Special funds	50,000
Federal funds	113,449
Interdepartmental transfers	<u>20,998</u>
Total	184,447
Sec. B.804 Community development block grants	
Grants	<u>9,428,530</u>
Total	9,428,530
Source of funds	
ARRA funds	1,982,000
Federal funds	<u>7,446,530</u>
Total	9,428,530
Sec. B.805 Downtown transportation and capital improvement fund	
Personal services	72,978
Grants	<u>327,022</u>
Total	400,000
Source of funds	
Special funds	<u>400,000</u>
Total	400,000
Sec. B.806 Economic development	
Personal services	1,480,824
Operating expenses	619,677
Grants	<u>1,741,434</u>
Total	3,841,935
Source of funds	
General fund	2,876,585
Special funds	465,350
Federal funds	<u>500,000</u>
Total	3,841,935

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Sec. B.807 Vermont training program	
Personal services	197,200
Operating expenses	22,334
Grants	<u>1,483,621</u>
Total	1,703,155
Source of funds	
General fund	1,668,155
Special funds	<u>35,000</u>
Total	1,703,155
Sec. B.808 Tourism and marketing	
Personal services	1,448,276
Operating expenses	2,008,976
Grants	<u>171,000</u>
Total	3,628,252
Source of funds	
General fund	3,622,252
Special funds	<u>6,000</u>
Total	3,628,252
Sec. B.809 Vermont life	
Personal services	740,669
Operating expenses	<u>110,309</u>
Total	850,978
Source of funds	
Enterprise funds	<u>850,978</u>
Total	850,978
Sec. B.810 Vermont council on the arts	
Grants	<u>507,607</u>
Total	507,607
Source of funds	
General fund	<u>507,607</u>
Total	507,607
Sec. B.811 Vermont symphony orchestra	
Grants	<u>113,821</u>
Total	113,821
Source of funds	
General fund	<u>113,821</u>
Total	113,821

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 Sec. B.812 Vermont historical society

Grants	<u>795,669</u>
Total	795,669
Source of funds	
General fund	<u>795,669</u>
Total	795,669

## Sec. B.813 Vermont housing and conservation board

Grants	<u>22,933,436</u>
Total	22,933,436
Source of funds	
Special funds	11,326,662
Federal funds	<u>11,606,774</u>
Total	22,933,436

## Sec. B.814 Vermont humanities council

Grants	<u>172,670</u>
Total	172,670
Source of funds	
General fund	<u>172,670</u>
Total	172,670

## Sec. B 815 Total Commerce and community development 68,522,227

Source of funds	
ARRA funds	1,982,000
General fund	14,298,408
Special funds	15,883,612
Federal funds	35,348,231
Enterprise funds	850,978
Interdepartmental transfers	<u>158,998</u>
Total	68,522,227

## Sec. B.900 Transportation - finance and administration

Personal services	10,071,137
Operating expenses	<u>2,438,262</u>
Total	12,509,399
Source of funds	
Transportation fund	12,009,399
Federal funds	500,000
Total	12,509,399

## Sec. B.901 Transportation - aviation

Personal services	1,448,274
Operating expenses	16,283,801
Grants	<u>160,000</u>
Total	17,892,075
Source of funds	
Transportation fund	2,251,575
Federal funds	<u>15,640,500</u>
Total	17,892,075

## Sec. B.902 Transportation - buildings

Operating expenses	<u>1,311,500</u>
Total	1,311,500
Source of funds	
Transportation fund	<u>1,311,500</u>
Total	1,311,500

## Sec. B.903 Transportation - program development

Personal services	36,275,422
Operating expenses	202,948,726
Grants	<u>25,834,622</u>
Total	265,058,770
Source of funds	
ARRA funds	66,369,500
TIB fund	10,037,081
Transportation fund	27,571,077
Local match	1,600,430
Federal funds	152,704,432
Interdepartmental transfers	<u>6,776,250</u>
Total	265,058,770

## Sec. B.904 Transportation - rest areas

Personal services	100,000
Operating expenses	<u>2,850,000</u>
Total	2,950,000
Source of funds	
Transportation fund	379,740
Federal funds	<u>2,570,260</u>
Total	2,950,000



Sec. B.905 Transportation - maintenance state system	
Personal services	34,028,928
Operating expenses	32,991,361
Grants	<u>278,020</u>
Total	67,298,309
Source of funds	
Transportation fund	64,315,237
Federal funds	2,883,072
Interdepartmental transfers	<u>100,000</u>
Total	67,298,309
Sec. B.906 Transportation - policy and planning	
Personal services	4,099,519
Operating expenses	1,169,550
Grants	<u>5,024,772</u>
Total	10,293,841
Source of funds	
Transportation fund	2,295,512
Federal funds	7,623,486
Interdepartmental transfers	<u>374,843</u>
Total	10,293,841
Sec. B.907 Transportation - rail	
Personal services	3,625,048
Operating expenses	<u>16,858,115</u>
Total	20,483,163
Source of funds	
Transportation fund	10,129,388
Federal funds	<u>10,353,775</u>
Total	20,483,163
Sec. B.908 Transportation - bridge maintenance	
Operating expenses	<u>17,623,700</u>
Total	17,623,700
Source of funds	
ARRA funds	3,630,500
TIB fund	234,020
Transportation fund	2,979,620
Federal funds	<u>10,779,560</u>
Total	17,623,700

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 Sec. B.909 Transportation - public transit

Personal services	717,809
Operating expenses	51,301
Grants	<u>21,563,806</u>
Total	22,332,916
Source of funds	
Transportation fund	6,828,234
Federal funds	<u>15,504,682</u>
Total	22,332,916

## Sec. B.910 Transportation - central garage

Personal services	3,454,724
Operating expenses	<u>14,373,351</u>
Total	17,828,075
Source of funds	
Internal service funds	<u>17,828,075</u>
Total	17,828,075

## Sec. B.911 Department of motor vehicles

Personal services	17,063,642
Operating expenses	8,026,673
Grants	<u>50,000</u>
Total	25,140,315
Source of funds	
Transportation fund	23,657,821
Federal funds	<u>1,482,494</u>
Total	25,140,315

## Sec. B.912 Transportation - town highway structures

Grants	<u>3,833,500</u>
Total	3,833,500
Source of funds	
Transportation fund	<u>3,833,500</u>
Total	3,833,500

## Sec. B.913 Transportation - town highway Vermont local roads

Grants	<u>375,000</u>
Total	375,000
Source of funds	
Transportation fund	235,000

Federal funds	<u>140,000</u>
Total	375,000
Sec. B.914 Transportation - town highway class 2 roadway	
Grants	<u>6,448,750</u>
Total	6,448,750
Source of funds	
Transportation fund	<u>6,448,750</u>
Total	6,448,750
Sec. B.915 Transportation - town highway bridges	
Personal services	3,570,000
Operating expenses	<u>17,101,100</u>
Total	20,671,100
Source of funds	
TIB fund	2,540,899
Transportation fund	500,000
Local match	1,356,473
Federal funds	<u>16,273,728</u>
Total	20,671,100
Sec. B.916 Transportation - town highway aid program	
Grants	<u>24,982,744</u>
Total	24,982,744
Source of funds	
Transportation fund	<u>24,982,744</u>
Total	24,982,744
Sec. B.917 Transportation - town highway class 1 supplemental grants	
Grants	<u>128,750</u>
Total	128,750
Source of funds	
Transportation fund	<u>128,750</u>
Total	128,750
Sec. B.918 Transportation - town highway emergency fund	
Grants	<u>750,000</u>
Total	750,000
Source of funds	
Transportation fund	<u>750,000</u>
Total	750,000

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 Sec. B.919 Transportation - municipal mitigation grant program

Grants	<u>2,112,998</u>
Total	2,112,998
Source of funds	
Transportation fund	247,998
Federal funds	<u>1,865,000</u>
Total	2,112,998

## Sec. B.920 Transportation - public assistance grant program

Grants	<u>200,000</u>
Total	200,000
Source of funds	
Federal funds	<u>200,000</u>
Total	200,000

## Sec. B.921 Transportation board

Personal services	73,502
Operating expenses	<u>13,389</u>
Total	86,891
Source of funds	
Transportation fund	<u>86,891</u>
Total	86,891

## Sec. B 922 Total Transportation 540,311,796

Source of funds	
ARRA funds	70,000,000
TIB fund	12,812,000
Transportation fund	190,942,736
Local match	2,956,903
Federal funds	238,520,989
Internal service funds	17,828,075
Interdepartmental transfers	<u>7,251,093</u>
Total	540,311,796

## Sec. B.1000 Debt service

Debt service	<u>69,569,880</u>
Total	69,569,880
Source of funds	
General fund	63,509,650
Transportation fund	3,560,515

Special funds	2,499,715
Total	69,569,880
Sec. B.1000.1 Short term borrowing	
Debt service	<u>1,176,792</u>
Total	1,176,792
Source of funds	
General fund	<u>1,176,792</u>
Total	1,176,792
Sec. B 1001 Total Debt service	70,746,672
Source of funds	
General fund	64,686,442
Transportation fund	3,560,515
Special funds	<u>2,499,715</u>
Total	70,746,672
Sec. B.1100 FISCAL YEAR 2010 NEXT GENERATION APPROPRIATION	
<u>(a) In fiscal year 2010, the following amount is appropriated from the next generation initiative fund, created in 16 V.S.A. § 2887 as prescribed by Sec. E.1100:</u>	
	\$7,293,000
Sec. B.1101 FISCAL YEAR 2010 ONE TIME APPROPRIATIONS	
<u>(a) In fiscal year 2010, the following amounts are appropriated from the general fund:</u>	
<u>(1) To the university of Vermont. \$261,667 of these funds are intended for the restoration of the fiscal year 2009 reduction to the next generation scholarship allocated to UVM for both fiscal year 2009 and fiscal year 2010 and shall be used for scholarships in the same manner as specified in Sec. E.1100(a)(3)(B) of this act.</u>	
	\$5,436,966
<u>(2) To Vermont state colleges \$291,667 of these funds are intended for the restoration of the fiscal year 2009 reduction to the next generation scholarship allocated to VSC for both fiscal year 2009 and fiscal year 2010. \$261,667 shall be used for scholarships in the same manner as specified in Sec. E.1100(a)(3)(B) and \$30,000 shall be used for dual enrollment programs in the same manner as specified in E.1100(a)(3)(C) of this act.</u>	
	\$3,537,342
<u>(3) To the Vermont student assistance corporation. \$336,667 of these funds are intended for the restoration of the fiscal year 2009 reduction to the next generation scholarship allocated to VSAC for both fiscal year 2009 and fiscal year 2010. \$75,000 shall be used for non-degree grants in the same</u>	

manner as specified in E.1100(a)(3)(A) and \$261,667 shall be used for scholarships in the same manner as specified in Sec. E.1100(a)(3)(B) of this act. \$2,826,658

(4) To the Vermont housing and conservation board for a grant to the Vermont center for independent living to fund the home access program in fiscal year 2010. \$1,000,000

(5) To the Vermont state colleges to grow the endowment and to be used in a manner consistent with that specified in Sec. 381a (a)(13) of Act 65 of 2007. \$100,000

(6) To the department of health for expenses associated with "Real ID" requirements. \$280,000

(7) To the department of tourism and marketing of which \$100,000 shall be for a grant to the Vermont convention bureau and \$20,000 shall be for the Shires of Vermont. \$600,000

(8) To the department of innovation and information for the expansion of the vision and human resource information systems. These funds will assist in the implementation of web-based time and expense reporting as well as to improve business practices related to the state financial systems. The department is authorized to re-negotiate the contract with the vendor consistent with these funds or to re-bid the project if necessary. Additional funding will be required in fiscal year 2011 and fiscal year 2012 to complete the project. \$4,500,000

(9) To the legislature, for planning and preparation for the 2009 council of state governments northeast regional meeting in Vermont. \$50,000

(b) In fiscal year 2010 the following amounts are appropriated from the American and Recovery and Reinvestment: State Fiscal Stabilization Fund Government Services Fund.

(1) To the Vermont economic development authority, for job creation in Vermont, a total of \$6,000,000 in fiscal year 2010. This is the first-year allocation of an intended two-year initiative. Of this total the funds are appropriated:

(A) to be reserved to provide venture capital to Vermont small businesses in the areas of technology, green energy, and agriculture to expand their workforce as specified in S.137 of 2009. \$5,000,000

(B) to be reserved to fund activities specified in S.137 of 2009. \$1,000,000

(2) To the transportation fund to be used for expenditures of the fund that are not used to match federal funds. \$2,500,000

Sec. B.1102 REPEAL

(a) Sec. 3(a)(2)(B) of No. 206 of the Acts of 2008 (fiscal year 2010 transportation fund pay act) is repealed.

Sec. B.1103 APPROPRIATION REDUCTION; EXPENDITURE REDUCTION

(a) The secretary of administration shall reduce fiscal year 2010 general and transportation fund appropriations consistent with expenditure reductions, including reductions in positions, and is authorized to substitute appropriation adjustments in other funds and to effect fund transfers to the general and transportation funds to achieve these amounts. The general fund appropriation reduction shall be \$14,700,000 and the transportation fund reduction shall be \$1,400,000 and shall be made in accordance with the provision of Sec. E. 1103 of this act.

(b) The secretary of administration is directed to reduce instate travel budgets throughout the executive branch of state government, thereby reducing operating expense appropriations by \$16,560. This shall be accomplished through a reduction in general funds.

\* \* \* Fiscal Year 2009 Budget Adjustment \* \* \*

Sec. C.101 Sec. 2.136 of No. 192 of the Acts of 2008 is amended to read:

Sec. 2.136. Public service - regulation and energy

Personal services	4,981,246	5,901,246
Operating expenses	690,524	690,524
Grants	<u>5,770,007</u>	<u>5,770,007</u>
Total	<u>11,441,777</u>	12,361,777
Source of funds		
Special funds	<u>10,248,977</u>	11,168,977
Federal funds	1,157,800	1,157,800
Interdepartmental transfer	<u>35,000</u>	<u>35,000</u>
Total	<u>11,441,777</u>	12,361,777

Sec. C.102 Sec. 2.145 of No. 192 of the Acts of 2008 as amended by Sec. 13 of H.232 of 2009 is further amended to read:

Sec. 2.145. Total protection to persons and property

	<u>259,245,579</u>	260,165,579
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Source of funds		
General fund	93,104,352	93,104,352
Transportation fund	32,725,324	32,725,324
Special funds	<u>66,924,640</u>	67,844,640
Tobacco fund	696,306	696,306
Global Commitment fund	1,898,824	1,898,824
Federal funds	49,775,682	49,775,682
Enterprise funds	4,735,317	4,735,317
Interdepartmental transfer	<u>9,385,134</u>	<u>9,385,134</u>
Total	<u>259,245,579</u>	260,165,579

Sec. C. 103 Sec. 2.223 of No. 192 of the Acts of 2008 as amended by Sec. 29. of H. 232 of 2009 is further amended to read:

Sec. 2.223. Department for children and families - child development

Personal services	3,338,891	3,338,891
Operating expenses	<del>843,660</del>	520,557
Grants	<u>51,064,583</u>	<u>54,940,903</u>
Total	<u>55,247,134</u>	58,800,351
Source of funds		
General fund	<del>23,228,747</del>	25,195,964
Special funds	865,000	865,000
Global Commitment fund	<del>4,289,469</del>	5,365,469
<u>Federal ARRA funds</u>		426,000
Federal funds	<del>26,724,411</del>	26,808,411
Interdepartmental transfer	<u>139,507</u>	<u>139,507</u>
Total	<u>55,247,134</u>	58,800,351

Sec. C 104. Sec. 2.251 of No. 192 of the Acts of 2008 as amended by Sec. 46. of H. 232 is further amended to read:

Sec. 2.251. Total human services ~~2,649,379,658~~ 2,693,573,326

Source of funds		
General fund	<del>521,931,597</del>	474,056,196
Special funds	<del>66,707,178</del>	64,844,465
Tobacco fund	45,410,381	45,410,381
Global Commitment fund	<del>906,593,258</del>	914,305,775
State health care resources fund	<del>147,623,246</del>	148,261,016
Catamount fund	<del>31,073,806</del>	23,769,031
Federal funds	<del>916,671,195</del>	933,989,937
<u>Federal ARRA funds</u>		75,886,880
Permanent trust funds	10,000	10,000
Internal service funds	3,282,548	3,282,548



Interdepartmental transfer	<u>10,076,449</u>	<u>9,757,097</u>
Total	<u>2,649,379,658</u>	<u>2,693,573,326</u>

Sec. C.105 FISCAL YEAR 2009 – ARRA APPROPRIATIONS

(a) In addition to funds appropriated elsewhere, the following appropriation of American Recovery and Reinvestment Act funds are authorized in fiscal year 2009.

(1) \$60,049 to the agency of human services for the Vermont commission of national and community service.

(2) \$1,225,000 to the department for children and families - office of economic opportunity for Community Services Block Grant funding.

(3) \$131,911 to the department for children and families - child development as a result of IV-E enhanced match. This is anticipated to allow a like amount of funding to carry forward and be available to offset fiscal year 2010 funding need.

(4) \$1,048,199 to the department for children and families – family services as a result of IV-E enhanced match. This is anticipated to allow a like amount of funding to carry forward and be available to offset fiscal year 2010 funding need.

(5) \$540,660 to the department for children and families – food stamp cash out for supplemental nutrition assistance program funding.

(6) \$300,000 to the department for children and families – administration and support services for food stamp administration.

(7) \$635,573 to the department of disabilities, aging, and independent living - vocational rehabilitation for rehabilitation services.

(8) \$81,000 to the department of disabilities, aging, and independent living - advocacy and independent living grants for senior nutrition funds.

(9) \$3,000 to the department of disabilities, aging, and independent living - advocacy and independent living grants for senior community service employment.

(10) \$44,649 to the department of disabilities, aging, and independent living - blind and visually impaired.

(11) \$50,000 to the department of labor for state unemployment and employment service operations including job counseling and other assistance to workers.

(12) \$350,000 to the department of labor for employment and training assistance to economically disadvantaged youth with employment barriers.

Sec. D.100 APPROPRIATIONS; PROPERTY TRANSFER TAX

(a) This act contains the following amounts appropriated from special funds that receive revenue from the property transfer tax. Expenditures from these appropriations shall not exceed available revenues.

(1) The sum of \$314,503 is appropriated from the property valuation and review administration special fund to the department of taxes for administration of the use tax reimbursement program. Notwithstanding 32 V.S.A. § 9610(c), amounts above \$314,503 from the property transfer tax that are deposited into the property valuation and review administration special fund shall be transferred into the general fund.

(2) The sum of \$9,101,662 is appropriated from the Vermont housing and conservation trust fund to the Vermont housing and conservation trust board. Notwithstanding 10 V.S.A. § 312, amounts above \$9,101,662 from the property transfer tax that are deposited into the Vermont housing and conservation trust fund shall be transferred into the general fund.

(3) The sum of \$3,449,427 is appropriated from the municipal and regional planning fund. Notwithstanding 24 V.S.A. § 4306(a), amounts above \$3,449,427 from the property transfer tax that are deposited into the municipal and regional planning fund shall be transferred into the general fund. The sum of \$3,449,427 shall be allocated as follows:

(A) \$2,632,027 for disbursement to regional planning commissions in a manner consistent with 24 V.S.A. § 4306(b);

(B) \$408,700 for disbursement to municipalities in a manner consistent with 24 V.S.A. § 4306(b);

(C) \$408,700 to the Vermont center for geographic information.

(4) It is the intent of the general assembly that in fiscal year 2011, the appropriations in this subsection shall be in accordance with the formulas set forth in 32 V.S.A. § 9610(c), 10 V.S.A. § 312, and 24 V.S.A. § 4306(a) and (b).

Sec. D.101 FUND TRANSFERS

(a) The following amounts are transferred from the funds indicated:

(1) from the general fund to the:

(A) communications and information technology internal service fund established by 22 V.S.A. § 902a: \$750,000.

(B) next generation initiative fund established by 16 V.S.A. § 2887: \$7,293,000.

(2) from the transportation fund to the downtown transportation and related capital improvement fund established by 24 V.S.A. § 2796 to be used by the Vermont downtown development board for the purposes of the fund: \$400,000.

(3) from the public service department regulation special fund to the general fund: \$300,000.

(4) an assessment from special funds to the general fund, of approximately \$3,321,444. Notwithstanding any other provisions of law, the secretary of administration is authorized to reduce special fund appropriations and transfer special funds to the general fund in fiscal year 2010 to achieve this amount and shall report these actions to the joint fiscal committee at its November 2009 meeting.

#### Sec. D.102 FUND RESERVE AUTHORIZATION

(a) In fiscal year 2010, the secretary of administration may authorize the secretary of human services to include any available balance in the human services caseload reserve as an available state match when setting the per-member per-month actuarial rates for Medicaid eligibility groups in the global commitment program for federal fiscal year 2010 and submitting these rates for approval by the Centers for Medicare and Medicaid Services.

#### Sec. D.103 TOBACCO LITIGATION SETTLEMENT FUND BALANCE

(a) Notwithstanding 18 V.S.A. § 9502(b), the actual balances at the end of fiscal year 2009 in the tobacco litigation settlement fund shall remain for appropriation in fiscal year 2010.

#### Sec. D.104 TRANSFER OF TOBACCO TRUST FUNDS

(a) Notwithstanding 18 V.S.A. § 9502(a)(3) and (4), the actual amount of investment earnings of the tobacco trust fund at the end of fiscal year 2010 shall be transferred from the tobacco trust fund to the tobacco litigation settlement fund in fiscal year 2010.

#### Sec. D.105 EXEMPTIONS FROM BUDGET STABILIZATION RESERVES

(a) Transportation fund amounts totaling \$3,144,146, reverted under the secretary of administration's carry-forward authority in Sec. 82(a) of No. 90 of the Acts of 2008, are exempt from the fiscal year 2008 transportation fund appropriation total used to calculate the five percent budget stabilization requirement for fiscal year 2009 in 32 V.S.A. § 308a.

Sec. D.106 EDUCATION MEDICAID RECEIPTS IN FISCAL YEARS 2009 AND 2010

(a) Notwithstanding 16 V.S.A. § 2959a(g), during fiscal year 2009 and fiscal year 2010, after the application of subsections (a) through (f), any remaining Medicaid reimbursement funds shall be deposited in the general fund.

Sec. D.107 GROSS RECEIPTS TAX IN FISCAL YEAR 2010

(a) In fiscal year 2010, the first \$2,300,000 of gross receipts tax revenue collected under 33 V.S.A. § 2503 shall be deposited in the general fund.

Sec. D.108 AMERICAN RECOVERY AND REINVESTMENT ACT: STATE FISCAL STABILIZATION FUND PROGRAM FOR THE SUPPORT OF PUBLIC ELEMENTARY, SECONDARY, AND HIGHER EDUCATION

(a) The governor is authorized to submit an application as soon as practicable for Vermont's share of the American Recovery and Reinvestment Act (ARRA) State Fiscal Stabilization Fund Program (SFSF) consistent with the intent of the Act and this section. \$38,575,036, which is one-half of Vermont's SFSF funds are appropriated to school districts as part of the funding of the state's adjusted education payment under Sec. B.505 of this act.

(b) The commissioner of education shall ensure that federal reporting is carried out as to:

- (1) the use of funds provided under the SFSF program;
- (2) the estimated number of jobs created or saved with program funds;
- (3) estimated tax increases that were averted as a result of program funds;
- (4) the state's progress in the areas covered by the application assurances; and
- (5) maintaining records to ensure the ability to effectively monitor, evaluate, and audit the state fiscal stabilization fund.

Sec. D. 109 AMERICAN RECOVERY AND REINVESTMENT ACT: STATE FISCAL STABILIZATION FUND GOVERNMENT SERVICES FUND

(a) The governor is authorized to submit an application as soon as practicable for Vermont's share of the American Recovery and Reinvestment Act (ARRA) State Fiscal Stabilization Fund Program (SFSF) consistent with the intent of the Act and as indicated below:

(1) For Vermont's SFSF government services fund designated for education, public safety, and other government services, estimated at \$17,165,683, \$8,500,000 is appropriated for fiscal year 2010 in Sec. B.1101 of the act which specifies:

(A) \$6,000,000 is shall be reserved for appropriation to the Vermont Economic Development Authority (VEDA) in fiscal year 2010 and fiscal year 2011 to further job creation in Vermont by providing \$5,000,000 for venture capital to Vermont small businesses in the areas of technology, green energy, and agriculture to expand their workforce and \$1,000,000 is reserved to meet other priorities contained in S.137, An Act Relating to the Vermont Recovery and Reinvestment Act of 2009.

(B) \$2,500,000 is applied to the transportation fund to be used for fund expenditures that are not a match for federal funds.

(b) The secretary of administration shall ensure that federal reporting is carried out as to:

(1) the use of funds provided under the SFSF program;

(2) the estimated number of jobs created or saved with program funds;

(3) estimated tax increases that were averted as a result of program funds;

(4) the state's progress in the areas covered by the application assurances; and

(5) maintaining records to ensure the ability to effectively monitor, evaluate, and audit the SFSF monies.

#### Sec. D.110 FEDERAL ECONOMIC RECOVERY FUNDS

(a) Division A – Title XII of the American Recovery and Reinvestment Act (ARRA) of 2009 allocates federal funds to the state for transportation-related projects. The allocation is subject to a requirement that 50 percent of a portion of the allocation be obligated by the state within a 120-day time period and that the remaining funds be obligated by February 2010. To the extent the state needs to obligate ARRA funds to satisfy the February 2010 deadline, subject to the approval of the joint transportation oversight committee, the secretary is authorized to obligate ARRA funds:

(1) to eligible projects in the fiscal year 2010 transportation program; and

(2) to additional town highway projects that meet federal eligibility and readiness criteria.

(b) To the extent ARRA funds are proposed under subsection (a) of this section to be obligated to projects in place of previously authorized state funds or non-ARRA federal funds, the agency shall, subject to the approval of the joint transportation oversight committee, reallocate the authorized funds to advance other projects in the fiscal year 2010 transportation programs in the order of their priority ranking. If the secretary determines that such funds would be more efficiently spent advancing a lower-ranking project due to permitting, right-of-way, or other practical constraints that impede the advancement of a higher ranking project, the secretary may reallocate funds from the higher ranking to the lower ranking project.

(c) To the extent ARRA funds have been obligated and appropriated under other authority to projects in the fiscal year 2009 transportation program to projects in place of previously authorized and appropriated state funds or non-ARRA federal funds, the agency is authorized to reallocate the authorized funds to advance other projects in the fiscal year 2009 transportation program.

(d) The agency shall submit its proposal regarding the obligation of ARRA funds under subsection (a) of this section and its proposal regarding the reallocation of funds under subsection (b) of this section to the joint transportation oversight committee for approval. The agency shall in addition report to the committee on any reallocation of funds executed under authority of subsection (c) of this section.

(e) The secretary of the agency of transportation shall transfer portions of the \$66,369,500 of ARRA funds appropriated to program development in Sec. 2.903 of this act to other programs as required to effect the spending approved by the joint transportation oversight committee. The agency shall report on the expenditure of ARRA funds to the joint transportation oversight committee at the committee's regular and specially scheduled 2009 meetings.

(f) All reports from the agency to the joint transportation oversight committee (JTOC) required under this section when the legislature is not in session shall take place at meetings of the committee called by the chair.

\* \* \* General Government \* \* \*

Sec. E.100 Secretary of administration – secretary's office (Sec. B.100, #1100010000)

(a) The secretary of administration shall use the Global Commitment funds appropriated in this section for the Vermont Blueprint for Health chronic care initiative director.

(b) The secretary shall reduce in-state travel budgets in the executive branch to achieve the targeted savings in Sec. B.1103(b).

Sec. E.100.1 3 V.S.A. § 2283 is amended to read:

§ 2283. DEPARTMENT OF HUMAN RESOURCES

(a) The department of human resources is created in the agency of administration. In addition to other responsibilities assigned to it by law, the department is responsible for the provision of centralized human resources management services for state government, including the administration of a classification and compensation system for state employees under chapter 13 of this title and the performance of duties assigned to the commissioner of human resources under chapter 27 of this title. The department shall administer the human resources functions of the agency of administration, in consultation with the agency of administration commissioners and the state librarian. A department of the agency of administration which receives services of the consolidated agency human resources unit shall be charged for those services through an interdepartmental transfer on a basis established by the commissioner of finance and management in consultation with the commissioner of human resources and with the approval of the secretary of administration.

Sec. E.100.2 22 V.S.A. § 901 is amended to read:

§ 901. CREATION OF DEPARTMENT

There is created the department of information and innovation within the agency of administration. The department shall have all the responsibilities assigned to it by law, including the following:

\* \* \*

(12) to provide technical support and services to the departments of human resources and of finance and management for the statewide central accounting and encumbrance system, the statewide budget development system, the statewide human resources management system, and other agency of administration systems as may be assigned by the secretary.

Sec. E.100.3 32 V.S.A. § 183 is amended to read:

§ 183. FINANCIAL AND HUMAN RESOURCE INFORMATION  
INTERNAL SERVICE FUND

(a) There is established in the department of finance and management a financial and human resource information internal service fund, to consist of revenues from charges to agencies, departments, and similar units of Vermont state government, and to be available to fund the costs of the division of financial operations in the department of finance and management, and the technical support ~~for the~~ and services provided by the department of

information and innovation for the statewide central accounting and encumbrance, budget development, and human resource management system in the department of human resources systems. Expenditures shall be managed in accordance with subsection 462(b) of this title.

\* \* \*

Sec. E.100.4 GOVERNOR'S PRODUCTIVITY TASKFORCE; JOINT LEGISLATIVE GOVERNMENT ACCOUNTABILITY COMMITTEE

(a) The governor's productivity taskforce, as recommended in the September 8, 2005 report of the Vermont institute on government effectiveness, shall collaborate with the joint legislative government accountability committee on achieving the goals of the strategic enterprise initiative. Specifically, the taskforce and the committee shall develop initiatives to increase efficiencies in and promote innovation across state government.

Sec. E.101 Information and innovation - communications and information technology (Sec. B.101, #1105500000)

(a) Of this appropriation, \$750,000 is for a grant to the Vermont telecommunications authority established in 30 V.S.A. § 8061.

Sec. E.102 Information and innovation – health care information technology (Sec. B.102, #1105503000)

(a) The department of information and innovation (DII) will use the Global Commitment funds appropriated in this section for grants to coordinate with the Vermont Blueprint for Health chronic care initiative and other health care-related statewide information technology programs and projects. These programs and projects will provide public health approaches to improve the health outcomes and the quality of life for all Vermonters, including those who are Medicaid-eligible, and encourage the formation and maintenance of public-private partnerships in statewide health information exchange.

Sec. E.102.1 HEALTH INFORMATION TECHNOLOGY FOR PAYMENT REFORM WORK GROUP

(a) The commissioner of information and innovation shall convene a work group to explore ways to use and fund health information technology to achieve health care payment reform in this state. The work group shall consist of:

(1) Two members of the Vermont general assembly, one appointed by the speaker of the house of representatives and one appointed by the president pro tem of the senate.



- (2) The secretary of administration or designee.
- (3) The director of the office of economic stimulus and recovery.
- (4) The director of the office of Vermont health access or designee.
- (5) A representative from the Vermont Information Technology Leaders, Inc.
- (6) A representative from First Data.
- (7) A representative from IBM.
- (8) A representative from each of the three largest health insurers licensed to do business in Vermont.
- (9) Other interested stakeholders, which may include health care professionals, hospitals, and academic institutions.

(b) The work group shall:

- (1) Explore opportunities for using health information technology to achieve health care payment reform in Vermont, including consideration of the use of smart card technology and mechanisms to enable real-time eligibility determinations and claims preparation, submission, and adjudication at a health care professional's office or a hospital.
- (2) Identify potential sources of funding, including grants and other federal funds.
- (3) Develop one or more proposals for appropriate grant funds, including those available under the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5.
- (4) Create a working plan for implementation of the health information technology payment reform initiatives identified for further action by the work group.

(c) No later than 90 days following the effective date of this act, the work group shall submit to the joint fiscal committee its recommendations for using health information technology to achieve payment reform, as well as the grant proposals and working plan required in subsection (b) of this section.

Sec. E.103 Finance and management – budget and management (Sec. B.103, #1110003000)

(a) The department of finance and management will use the Global Commitment funds appropriated in this section to support the staff effort needed to manage the Global Commitment fund.

Sec. E.103.1 32 V.S.A. §311 is amended to read:

§ 311. Retirement funds integrity report

(a) The governor shall include as a part of the annual budget report required by section 306 of this title, a statement of the extent by which the recommended appropriations to the teachers' retirement funds and to the Vermont employees' retirement funds differ from the amounts as recommended by the Vermont employees' retirement system retirement board as provided by subsection 471(n) of Title 3, and by the teachers' retirement system board of trustees as provided by subsection 1942(r) of Title 16 and for current obligations for retiree health care costs. If the governor's recommended appropriations are less than the amounts recommended by one or both of the boards of the two retirement systems for retirement obligations and retiree health care, the governor shall set forth the long-term financial implications to the state of such shortfall and present a plan to achieve and preserve the fiscal integrity of the retirement funds of the retirement system or systems.

(b) At the request of the house or senate committees on government operations or appropriations, the state treasurer and the commissioner of finance and management shall present to the requesting committees the recommendations submitted under subsections 471(n) of Title 3 and 1942(r) of Title 16.

Sec. E.104 Finance and management – financial operations (Sec. B.104, #1115001000)

(a) Pursuant to 32 V.S.A. § 307(e), financial management fund charges not to exceed \$6,111,582 plus the costs of fiscal year 2010 salary increases bargained as part of the state/VSEA agreement are hereby approved. Of this amount, \$1,343,908 plus the costs of fiscal year 2010 salary increases bargained as part of the state/VSEA agreement shall be used to support the HCM system that is operated by the department of information and innovation.

Sec. E.107 HEALTH CARE AND WORKERS COMPENSATION INSURANCE FOR STATE FUNDED ENTITIES

(a) The commissioner of human resources shall review the fiscal implications of inclusion of quasi-public organizations such as the Vermont center for crime victims services and nonprofit organizations that receive 65 percent or more of their funding from Vermont state sources in the state health care program, the state workers compensation program and other state benefit programs. Such analysis shall assume that these organizations pay 100 percent of the costs of any program inclusion. This study shall be submitted to the

house and senate committees on government operations and appropriations on or before December 1, 2009. If the commissioner of human resources and the secretary of administration determine there would be no negative fiscal implications for the state, they are authorized to implement the process of including these entities as soon as practicable.

Sec. E.111 Buildings and general services - engineering (Sec. B.111, #1150300000)

(a) The \$750,000 interdepartmental transfer in this appropriation shall be from the general bond fund appropriation in 2009 H.445 Sec. 1(8).

Sec. E.112 Buildings and general services – information centers (Sec. B.112, #1150400000)

(a) Of this appropriation, \$8,000 will be used to update the Sharon Vietnam honor roll.

Sec. E.120 Buildings and general services – workers’ compensation insurance (Sec. B.120, #1160450000)

(a) Pursuant to 32 V.S.A. § 307(e), workers’ compensation fund charges not to exceed \$9,336,126 are hereby approved.

Sec. E.123 Buildings and general services – fee-for-space (Sec. B.123, #1160550000)

(a) Pursuant to 29 V.S.A. § 160a(b)(3), facilities operations fund charges not to exceed \$27,655,892 plus the costs of fiscal year 2010 salary increases bargained as part of the state/VSEA agreement are hereby approved.

Sec. E.127 Legislature (Sec. 127, #1210002000)

(a) It is the intent of the general assembly that funding for the legislature in fiscal year 2011 and beyond be included at a level sufficient to support an 18 week legislative session.

Sec. E.128 VIRTUALIZED INFORMATION TECHNOLOGY INFRASTRUCTURE; STUDY

(a) The legislative director of information technology and the commissioner of the department of information and innovation shall study the viability of cloud computing and other virtualized infrastructure options for the state’s information technology infrastructure. In conducting the study they shall consider the following:

- (1) Current service level and scalability to future service needs;
- (2) Physical and virtual data security and recovery;

- (3) Potential for technology-related savings;
- (4) Opportunities for improved systems performance and capacity;
- (5) Specific vendors and relevant vendor policies; and
- (6) Potential for legal and regulatory obstacles.

(b) The legislative director of information technology and the commissioner of the department of information and innovation shall submit the results of this study to the general assembly on or before January 15, 2010. The director and the commissioner are respectively authorized to implement virtualized information technology.

#### Sec. E.129 ACCEPTANCE OF ARRA GRANTS

(a) During fiscal years 2009, 2010, and 2011, the joint fiscal committee shall consider grants under 32 V.S.A. § 5 that are received from the American Recovery and Reinvestment Act (ARRA) with the following procedural changes:

(1) Where a grant is received from ARRA funding, the chairs of the house and senate legislative committees of most relevant jurisdiction, as determined by the chair of the joint fiscal committee, shall be informed of the grant receipt and request for acceptance.

(2) Said chairs may request that a joint fiscal committee member place a grant on the agenda of the joint fiscal committee in a manner consistent with committee policy under 32 V.S.A. § 5(a)(2)

(3) Where a grant is held for the joint fiscal committee agenda, the chairs of the legislative committees of jurisdiction shall be invited to the meeting and may participate in any related discussion.

(b) At joint fiscal committee regular meetings the administration shall report on ARRA grant applications submitted and on the current status of such grant submissions.

#### Sec. E.133 State treasurer (Sec. B.133, #1260010000)

(a) Of this general fund appropriation, \$6,484 shall be deposited into the armed services scholarship fund established in 16 V.S.A. § 2541.

#### Sec. E.135 Vermont state retirement system (Sec. B.135, #1265020000)

(a) Notwithstanding 3 V.S.A. § 473(d), in fiscal year 2010, investment fees shall be paid from the corpus of the fund.

Sec. E.135.1 COMMISSION ON THE DESIGN AND FUNDING OF RETIREMENT AND RETIREE HEALTH BENEFITS PLANS FOR STATE EMPLOYEES AND TEACHERS

(a) A commission is created to review and report on the design and funding of retirement and retiree health benefit plans for the state employees' and teachers' retirement systems. The commission is charged with making recommendations about plan design, benefit provisions, and appropriate funding sources, along with other recommendations they deem appropriate for consideration, consistent with actuarial and governmental accounting standards, as well as demographic and workforce trends and the long term sustainability of the benefit programs. The joint fiscal committee may provide benchmark targets reducing the rate of expenditure growth for retirement and retiree health benefits to the commission to guide the development of recommendations.

(b) The commission shall be comprised of the following seven members:

(1) one member of the house of representatives, appointed by the speaker of the house;

(2) one member of the senate, appointed by the committee on committees;

(3) the state treasurer, who shall chair the commission;

(4) the secretary of administration or designee;

(5) the commissioner of education or designee;

(6) one member of the public with pension and benefit experience appointed by the governor;

(7) one member of the public with pension and benefit experience appointed by jointly by the speaker of the house and the president of the senate;

(c) The report shall include, but not be limited to, the following:

(1) an evaluation of current benefits structure and contribution characteristics in comparison to other comparable public and private systems,

(2) an estimate of the cost of current and proposed benefits structures on a budgetary, pay-as-you-go basis and full actuarial accrual basis,

(3) a five year review of benefit expenditure levels, as well as employer and employee contribution levels and growth rates, and a three, five and ten year projection of these levels and rates,

(4) based on benefit and funding benchmarks, options for providing new benefit structures with the objective of adequate benefits within the established cost containment benchmarks,

(5) funding methods, including contributions from State, municipalities, and employees to achieve these objectives, and

(6) An evaluation of whether current governance, oversight, and lines of authority are appropriate and consistent with funding objectives.

(d) During the course of its deliberations and prior to any final recommendations being made, the commission should solicit input from the affected parties, such as employees, taxpayers, and organizations representing those parties, including the Vermont state employees association, Vermont – NEA, and the Vermont league of cities and towns.

(e) The commission may select and oversee outside expert benefit and legal expert advisory services as they deem appropriate. An amount of \$150,000 is appropriated for this purpose from the special funds.

(f) On or before December 18, 2009 the commission shall file a report and recommendations with the governor and the general assembly.

(g) The commission shall also provide the report to the board of trustees of the state employees' and teachers' retirement systems for their consideration, deliberation and comment to the general assembly.

(h) Administrative support shall be provided by the office of the state treasurer.

(i) Legislative and public members shall be entitled to per diem compensation and expenses as provided for in § 406 of Title 2 and § 1010 of Title 32 respectively.

Sec. E.135.2 3 V.S.A. § 455(a)(4) is amended to read:

(4) “Average final compensation” shall mean:

\* \* \*

(C) For purposes of calculating the average final compensation, if the member's highest three years of earnable compensation are the three years prior to separation of service, the amount of earnable compensation credited in each of the last three years prior to retirement for group A or group F members retiring on or after July 1, 2012 and in the last two years prior to retirement for group C members retiring on or after July 1, 2012 may not exceed the amount of earnable compensation for the preceding year by more than 10 percent.

(D) For purposes of determining average final compensation for group A or group C members, a member who has accumulated unused sick leave at retirement shall be deemed to have worked the full normal working time for his or her position for 50 percent of such leave, at his or her full rate of compensation in effect at the date of his or her retirement. For purposes of determining average final compensation for group F members, unused annual or sick leave, termination bonuses and any other compensation for service not actually performed shall be excluded. The average final compensation for a state's attorney shall be determined by the state's attorney's highest annual compensation earned during his or her creditable service.

~~(D)~~(E) For purposes of determining average final compensation for a member who has accrued service in more than one group plan within the system, the highest consecutive years of earnings shall be based on the formulas set forth in subdivision (A) or (B) of this subdivision (4) using the earnable compensation received while a member of the system.

Sec. E.141 Tax department -reappraisal and listing payments (B.141, #1140060000)

(a) The amount of \$3,470,000 in education funds appropriated in Sec. B141 of this act in fiscal year 2010 shall be used to implement the provisions of 32 V.S.A. §§ 4041(a), relating to payments to municipalities for reappraisal costs, and 5405(f), relating to payments of \$1.00 per grand list parcel.

(b) Of this appropriation, \$200,000 shall be transferred to the department of taxes, division of property valuation and review and reserved for payment of expenses associated with a reappraisal as of April 1, 2010 of the hydroelectric plants and other property owned by TransCanada Hydro Northeast, Inc. in the state of Vermont. Expenditures for this purpose shall be considered qualified expenditures under 16 V.S.A. § 4025(c).

Sec. E.143 Lottery commission (Sec. B.143, #2310010000)

(a) Of this appropriation, the lottery commission shall transfer \$150,000 to the department of health, office of alcohol and drug abuse programs to support the gambling addiction program.

(b) The Vermont state lottery shall provide assistance and work with the Vermont council on problem gambling on systems and program development.

Sec. E.144 Payments in lieu of taxes (Sec. B.144, #1140020000)

(a) This appropriation is for state payments in lieu of property taxes under subchapter 4 of chapter 123 of Title 32, and the payments shall be calculated in

addition to and without regard to the appropriations for PILOT for Montpelier and for correctional facilities elsewhere in this act.

Sec. E.145 Payments in lieu of taxes - Montpelier (Sec. B.145, #1150800000)

(a) Payments in lieu of taxes under this section shall be paid from the PILOT special fund under 32 V.S.A. § 3709.

Sec. E.146 Payments in lieu of taxes – correctional facilities (Sec. B.146, #1140030000)

(a) Payments in lieu of taxes under this section shall be paid from the PILOT special fund under 32 V.S.A. § 3709.

\* \* \* Protection to Persons and Property \* \* \*

Sec. E.200 Attorney general (Sec. B.200, #2100001000)

(a) Notwithstanding any other provisions of law, the office of the attorney general, Medicaid fraud control unit, is authorized to retain one-half of any civil monetary penalty proceeds from global Medicaid fraud settlements. All penalty funds retained shall be used to finance Medicaid fraud and residential abuse unit activities.

Sec. E.204 Judiciary (Sec. B.204, #2120000000)

(a) For compensation paid from July 1, 2009 to June 30, 2010, the supreme court is authorized to reduce by up to five percent salaries established by statute that are paid by the judicial department appropriation and to reduce by up to five percent the hourly rates of nonbargaining-unit employees earning in excess of \$28.85 per hour.

(b) The court administrator and the executive director of the department of state's attorneys and sheriffs shall enter into a memorandum of understanding to identify which court events require the personal or telephone presence of an individual in state custody. The agreement shall be implemented no later than August 1, 2009.

Sec. E.204.1 Judiciary (Sec. B.204, #2120000000)

4 V. S. A. § 25 is amended to read:

§ 25. JUDICIAL BRANCH; FURLOUGH DAYS; ADMINISTRATIVE LEAVE

(a) The supreme court is authorized to declare up to 12 unpaid judicial branch furlough days in a fiscal year and on those days may close ~~all~~ courts in the state. For purposes of implementing a furlough day, the supreme court is authorized to reduce on a daily or hourly basis all salaries established by



32 V.S.A. §§ 1003(c), 1141, 1142, and 1181, and all other salaries paid by the judicial branch. Furlough days declared under this section shall have the same effect as holidays under 1 V.S.A. § 371 for the purpose of counting time under the rules of court procedure and the Vermont Statutes Annotated.

\* \* \*

Sec. E.207 Sheriffs (Sec. B.207, #2130200000)

(a) Of this appropriation, \$15,000 shall be transferred to the state's attorneys' office as reimbursement for the cost of the executive director's salary.

(b) Notwithstanding any provision of law to the contrary, the executive director of the department of state's attorneys and sheriffs has the authority and shall reassign state paid deputies to achieve greater efficiency and reduced costs in transporting individuals in the custody of the state. The executive director shall take into consideration the location of correctional and detention facilities, use of regional arraignments by the judiciary, availability and use of technology, and other relevant considerations that will reduce costs.

(c) The executive director and the court administrator shall enter into a memorandum of understanding to identify which court events require the personal or telephone presence of an individual in state custody. The agreement shall be implemented no later than August 1, 2009.

Sec. E.209 Public safety - state police (Sec. B.209, #2140010000)

(a) Of this appropriation, \$32,000 shall be used to make a grant to the County of Essex for law enforcement purposes.

(b) Of this appropriation, \$35,000 in special funds shall be available for snowmobile law enforcement activities and \$35,000 in general funds shall be available to the southern Vermont wilderness search and rescue team, which comprises state police, the department of fish and wildlife, county sheriffs, and local law enforcement personnel in Bennington, Windham, and Windsor Counties for snowmobile enforcement.

(c) Of the \$255,000 allocated for local heroin interdiction grants funded in this section, \$190,000 shall be used by the Vermont drug task force to fund three town task force officers. These town task force officers will be dedicated to heroin and heroin-related drug (e.g., methadone, oxycontin, crack cocaine, and methamphetamine) enforcement efforts. Any additional available funds shall remain as a "pool" available to local and county law enforcement to fund overtime costs associated with heroin investigations. Any unexpended funds from prior fiscal years' allocations for local heroin interdiction shall be carried forward.

Sec. E.212 Public safety - fire safety (Sec. B.212, #2140040000)

(a) Of this general fund appropriation, \$55,000 shall be granted to the Vermont rural fire protection task force for the purpose of designing dry hydrants.

Sec. E.214 Public safety - emergency management - radiological emergency response plan (Sec. B.214, #2140080000)

(a) Of this special fund appropriation, up to \$30,000 shall be available to contract with any radio station serving the emergency planning zone for the emergency alert system.

Sec. E.215 Military - administration (Sec. B.215, #2150010000)

(a) Of this appropriation, \$100,000 shall be disbursed to the Vermont student assistance corporation for the national guard educational assistance program established in 16 V.S.A. § 2856.

Sec. E.219 Military - veterans' affairs (Sec. B.219, #2150050000)

(a) Of this appropriation, \$5,000 shall be used for continuation of the Vermont medal program, \$4,800 shall be used for the expenses of the governor's veterans' advisory council, \$7,500 shall be used for the Veterans' Day parade, and \$10,000 shall be used for the military, family, and community network.

Sec. E.220 Center for crime victim services (Sec. B.220, #2160010000)

(a) Of this appropriation, the amount of \$883,000.00 from the victims' compensation fund created by 13 V.S.A. § 5359 is appropriated for the Vermont network against domestic and sexual violence initiative. Expenditures for this initiative shall not exceed the revenues raised from the \$10.00 increase authorized by Sec. 20 of No. 174 of the Acts of 2008 applied to the assessment in 13 V.S.A. § 7282(a)(8)(B), and from the \$20.00 authorized by Sec. 21 of No. 174 of the Acts of 2008 applied to the fee in 32 V.S.A. Sec. 1712(1).

Sec. E.233 Banking, insurance, securities, and health care administration (Sec. B.233, #2210040000)

(a) The department of banking, insurance, securities, and health care administration (BISHCA) shall use the Global Commitment funds appropriated in this section for health care administration for the purpose of funding certain health care-related BISHCA programs, projects, and activities to increase the access of quality health care to uninsured persons, underinsured persons, and Medicaid beneficiaries.

(b) In fiscal year 2010, the commissioner of banking, insurance, securities, and health care administration shall collect the same amount under § 9416(c) of Title 18 as was collected in state fiscal year 2009 for the expenses incurred under that section.

Sec. E.234 Secretary of state (Sec. B.234, #2230010000)

(a) Of this special fund appropriation, \$492,991 represents the corporation division of the secretary of state's office and these funds shall be from the securities regulation and supervision fund in accordance with 9 V.S.A. § 5613.

Sec. E. 235 30 V.S.A. § 203a is amended to read:

§ 203a. FUEL EFFICIENCY FUND

(a) Fuel efficiency fund. There is established the fuel efficiency fund to be administered by a fund administrator appointed by the board. Balances in the fund shall be ratepayer funds, shall be used to support the activities authorized in this subdivision, and shall be carried forward and remain in the fund at the end of each fiscal year. These monies shall not be available to meet the general obligations of the state. Interest earned shall remain in the fund. The fund shall contain such sums as appropriated by the general assembly or as otherwise provided by law, in addition to revenues from the sale of credits under the RGGI cap and trade program ~~established as provided for~~ under section 255 of this title.

\* \* \*

Sec. E. 235.1 30 V.S.A. § 209(d)(8) is added to read:

(8) Effective January 1, 2010, revenues from the sale of carbon credits as provided for under section 255 of this title shall be deposited into the electric efficiency fund established by this section and be used by the entity or entities appointed under subdivision (2) of this subsection to deliver fossil fuel energy efficiency services to Vermont heating and process-fuel consumers to help meet the state's building efficiency goals established by 10 V.S.A. § 581.

Sec. E. 235.2 30 V.S.A. § 255(d) is amended to read:

(d) Appointment of consumer trustees. The public service board, by rule, order, or competitive solicitation, may appoint one or more consumer trustees to receive, hold, bank, and sell tradable carbon credits created under this program. Trustees may include Vermont electric distribution utilities, the fiscal agent collecting and disbursing funds to support the statewide efficiency utility, or a financial institution or other entity with the expertise and financial resources to manage a portfolio of carbon credits for the long-term benefit of Vermont energy consumers. ~~Proceeds~~ Fifty percent of the net proceeds above

costs from the sale of carbon credits shall be deposited into the fuel efficiency fund established under section 203a and fifty percent of the net proceeds above costs shall be deposited in the electric efficiency fund established under subsection 209(d)(2) of this title.

Sec. E.238 Enhanced 9-1-1 board (Sec. B.238, #2260001000)

(a) Of this appropriation, \$1,823,443 shall be transferred to the department of public safety for 911 call-takers at public safety answering points operated by the department of public safety.

Sec. E.250 LAW ENFORCEMENT SERVICES; COORDINATION BETWEEN AGENCIES; UNFILLED POSITIONS

(a) The departments of fish and wildlife, motor vehicles, and liquor control shall establish memorandums of understanding with the department of public safety to continue the improvement in communication, cooperation, and coordination between the departments with respect to the provision of law enforcement services.

(b) The commissioners of the departments of public safety, fish and wildlife, motor vehicles, and liquor control shall report to the senate and house committees on appropriations on or before January 15, 2010 on progress the departments have made implementing the recommendations made in the Independent Evaluation of Law Enforcement Services report submitted to the general assembly by the Public Safety Strategies Group on February 20, 2009.

(c) The departments of fish and wildlife, motor vehicles, and liquor control shall report to the senate and house committees on appropriations by September 15, 2009 on the advisability of not filling positions that are not funded by the general fund or the transportation fund.

\* \* \* Human Services \* \* \*

Sec. E.300 Human services - agency of human services - secretary's office (Sec. B.300, #3400001000)

(a) Notwithstanding 32 V.S.A. § 706, the secretary may transfer funds allocated for the "high risk pool" and costs related to juvenile justice to the departments in the agency of human services designated to provide these services.

(b) Of this appropriation, \$54,000 in tobacco settlement funds shall be used to provide a grant to the project against violent encounters for a statewide program for substance abuse prevention and mentoring for youth.

(c) Of this appropriation, \$143,000 in tobacco funds shall be used for a grant to Lamoille County people in partnership for wrap-around services for at-risk youth.

(d) Of this appropriation, \$85,000 in tobacco funds with any corresponding federal matching funds shall be for comprehensive treatment services and \$15,000 shall be for housing provisions for at-risk youth.

(e) Of the funds appropriated to the secretary, \$100,000 shall be available for the pathways to housing program.

Sec. E.301 Secretary's office – Global Commitment (Sec. B.301, #3400004000)

(a) The agency of human services shall use the funds appropriated in this section for payment of the actuarially certified premium required under the intergovernmental agreement between the agency of human services and the managed care organization in the office of Vermont health access as provided for in the Global Commitment for Health Waiver (“Global Commitment”) approved by the Centers for Medicare and Medicaid Services under Section 1115 of the Social Security Act.

(b) In addition to the state funds appropriated in this section, a total estimated sum of \$29,674,577 is anticipated to be certified as state matching funds under the Global Commitment as follows:

(1) \$12,279,600 certified state match available from local education agencies for eligible special education school-based Medicaid services under the Global Commitment. This amount combined with \$28,220,400 of federal funds appropriated in Sec. B.301 equals a total estimated expenditure of \$40,500,000. An amount equal to the amount of the federal matching funds for eligible special education school-based Medicaid services under Global Commitment shall be transferred from the Global Commitment fund to the Medicaid reimbursement special fund created in 16 V.S.A. § 2959a.

(2) \$8,956,247 certified state match available from local education agencies' school-based health services, including school nurse services, that increase the access of quality health care to uninsured persons, underinsured persons, and Medicaid beneficiaries.

(3) \$3,418,532 certified state match available from local education and social service agencies for eligible services provided to eligible persons through children's collaborative services programs.

(4) \$5,020,198 certified state match available from local designated mental health and developmental services agencies for eligible mental health services provided under the Global Commitment.

Sec. E.301.1 RETAINING ENHANCED FEDERAL MEDICAL ASSISTANCE PERCENTAGE (FMAP)

(a) Notwithstanding 16 V.S.A. § 2959a, to the extent possible, any additional federal funds received as a result of an enhanced FMAP (Federal Medical Assistance Percentage) that are associated with the certified expenditures specified in subdivisions (b)(1) through (4) of Sec. E.301 of this act shall be retained in the Global Commitment fund and shall not be transferred to the certifying entity.

(b) For the period of the enhanced FMAP, the funding allocated from the Catamount fund for Catamount Health care program expenses within the Global Commitment waiver shall be calculated on the base underlying FMAP rate. This allocation may be prorated as necessary to ensure that the fund is in balance at the close of the fiscal year.

Sec. E.306 MEDICAID; OUT-OF-STATE DISPENSING FEES (Sec. B.306, #341001000)

(a) The office of Vermont health access shall reduce the dispensing fees paid to pharmacies located out of state who participate in Medicaid, VHAP, Dr. Dynasaur, VPharm, or VermontRx to \$2.50 per script.

Sec. E.306.1 CHIROPRACTIC COVERAGE IN MEDICAID

(a) Effective on July 1, 2009, the agency of human services shall reinstate chiropractic coverage for adults in the Medicaid and VHAP programs consistent with section 4088a of Title 8 and at rates comparable to payments for care or services by other health care providers not to exceed Medicare rates.

Sec. E.307 Office of Vermont health access – Medicaid Program - Global Commitment (Sec. B.307, #3410015000)

(a) The office of Vermont health access shall limit payment for select drugs used as maintenance treatment to increments of 90-day supplies in Medicaid, the Vermont Health Access Plan, and VermontRx. This limit shall not apply to drugs generally used to treat acute conditions. The drug utilization review boards shall make recommendations to the director on the drugs to be selected. This limit shall not apply when the patient initially fills the prescription in order to provide an opportunity for the patient to try the medication and for the prescriber to determine that it is appropriate for the patient's medical needs.

## Sec. E.307.1 EMERGENCY RULES

(a) In order to administer the provisions of this act relating to establishing co-payments in VPharm, VermontRx, and VHAP provided for in sections E.309.6, E.309.7, E.309.8, and E.309.12 modifying prescriptions for maintenance drugs to 90-day increments provided for in section E.307, and establishing a therapeutic equivalency generic drug program provided for in E.309.9 in a timely fashion, the agency of human services shall adopt rules pursuant to emergency rulemaking as provided for in 3 V.S.A. § 844.

Sec. E.307.2 33 V.S.A. § 1973 is amended to read:

## § 1973. VERMONT HEALTH ACCESS PLAN

\* \* \*

(e) An individual who is or becomes eligible for Medicare shall not be eligible for the Vermont health access plan.

(f) For purposes of this section, “uninsured” means:

\* \* \*

Sec. E.307.3 32 V.S.A. § 7823 is amended to read:

## § 7823. DEPOSIT OF REVENUE

The revenue generated by the taxes imposed under this chapter shall be credited to the state health care resources fund established by section 1901d of Title 33 and the Catamount fund established by section 1986 of Title 33.

## Sec. E.308 FISCAL YEAR 2010 NURSING HOME INFLATION

(a) Notwithstanding any other provision of law, for state fiscal year 2010, the division of rate setting shall modify its methodology for calculating Medicaid rates for nursing homes by inflating the costs in the cost categories for the director of nursing, resident care, and indirect costs from base year 2005 through state fiscal year 2010 by adding two percentage points to the inflation percentages used to calculate the state fiscal year 2009 rates. The state fiscal year 2009 rates limited the incremental state fiscal year 2009 inflation to one-half of the percentage change in the inflation factors between 2008 and 2009.

(b) For the nursing care cost category, the division shall first calculate the inflation percentage from calendar year 2007 to state fiscal year 2008. The division shall next calculate the inflation percentage from calendar year 2007 to state fiscal year 2009. The difference in inflation between the state fiscal year 2008 and state fiscal year 2009 inflation calculations shall be halved and this one-half difference shall be added to the 2008 inflation percentage

calculation. Two additional percentage points shall be added to this calculation to arrive at the total inflation percentage to be used to inflate nursing care costs from base year 2007 through state fiscal year 2010.

(c) The division of rate setting shall provide an incentive or rate adjustment by rule to nursing homes to install electronic medical records in order to improve quality of care by avoiding medical errors and to achieve savings in health care costs through streamlined administration. The incentive or rate adjustment shall be in addition to any current adjustment for capital costs. The incentive or rate adjustment shall be available to nursing homes who have installed electronic medical records prior to the adoption of the rule.

Sec. E.309 33 V.S.A. § 2072(c) is added to read:

(c) If an individual becomes ineligible for assistance under this subchapter, the secretary shall terminate assistance to the individual.

Sec. E.309.1 33 V.S.A. § 2077(a) is amended to read:

(a) The programs established under this subchapter shall be designed to provide maximum access to program participants, to incorporate mechanisms that are easily understood and require minimum effort for applicants and health care providers, and to promote quality, efficiency, and effectiveness through cost controls and utilization review. Applications may be filed at any time and shall be reviewed annually. OVHA may contract with a fiscal agent for the purpose of processing claims and performing related functions required in the administration of the pharmaceutical programs established under this subchapter.

Sec. E.309.2 33 V.S.A. § 1998(f)(1) and (2) are amended to read:

(f)(1) The drug utilization review board shall make recommendations to the director for the adoption of the preferred drug list. The board's recommendations shall be based upon evidence-based considerations of clinical efficacy, adverse side effects, safety, appropriate clinical trials, and cost-effectiveness. "Evidence-based" shall have the same meaning as in section 4622 of Title 18. The director shall provide the board with evidence-based information about clinical efficacy, adverse side effects, safety, appropriate clinical trials, and shall provide information about cost-effectiveness of available drugs in the same therapeutic class.

(2) The board shall meet at least quarterly. The board shall comply with the requirements of subchapter 2 of chapter 5 of Title 1 (open meetings) and subchapter 3 of chapter 5 of Title 1 (open records), except that the board may go into executive session to discuss drug alternatives and receive information on the relative price, net of any rebates, of a drug under discussion and the



drug price in comparison to the prices, net of any rebates, of alternative drugs available in the same class to determine cost-effectiveness, and in order to comply with subsection 2002(c) of this title to consider information relating to a pharmaceutical rebate or to supplemental rebate agreements, which is protected from disclosure by federal law or the terms and conditions required by the Centers for Medicare and Medicaid Services as a condition of rebate authorization under the Medicaid program.

#### Sec. E.309.3 DUR BOARD EXECUTIVE SESSION

(a) If necessary in order to comply with 33 V.S.A. § 1998(f), the director of the office of Vermont health access shall renegotiate the contract with the pharmacy benefits manager to ensure that the drug utilization review (DUR) board receives information relating to costs of prescription drugs in executive session.

#### Sec. E.309.4 STUDY ON THE PROMOTION OF GENERICS IN MEDICAID

(a) The office of Vermont health access shall determine the impacts of modifying the co-payment structure in Medicaid and VPharm from a three-tiered structure which varies depending on the cost of the drug to a two-tiered structure with a higher co-payment for a brand-name drug than for a generic drug. The office shall analyze the impacts of changing the fee structure on spending in the Medicaid and VPharm programs, on patient utilization of generic drugs and brand-name drugs, and on any access issues.

(b) The office shall report its analysis to the commission on health care reform no later than October 15, 2009. The commission on health care reform shall review the report and make a recommendation to the general assembly on changing the fee structure as part of its annual report.

#### Sec. E.309.5 VPHARM; VERMONT RX; REBATES

(a) As required by sections 2002, 2073(f), and 2074(d) of Title 33, the director of the office of Vermont health access shall require any manufacturer of pharmaceuticals purchased by individuals receiving assistance from VPharm or VermontRx to pay a rebate in an amount at least as favorable as the rebate or price discount paid to the office in connection with the Medicaid program. The director shall negotiate with pharmaceutical companies for the payment of these rebates or price discounts. The department shall explore negotiation strategies taken by other states in order to maximize the rebates or discounts achieved. If the Centers for Medicare and Medicaid Services approve the amendment requested to include VPharm and VermontRx in the Global Commitment to Health Medicaid Section 1115 waiver, the director

shall establish rebates or price discounts for these programs as part of Medicaid.

Sec. E.309.6 33 V.S.A. § 2073(c) is amended to read:

(c) V-Pharm shall provide supplemental benefits by paying or subsidizing:

\* \* \*

(2) any other cost-sharing required by Medicare part D, except for co-payments for individuals eligible for Medicaid and as provided for in subdivision (d)(1) of this section;

Sec. E.309.7 33 V.S.A. § 2073(d)(1) is amended to read:

~~(d)(1) The secretary of the agency of human services shall develop by rule the manner by which an individual shall contribute the individual's cost established in subdivision (2) of this subsection, except that individuals eligible for Medicaid shall only be subject to the cost-sharing requirements established by Medicaid and Medicare. The rule shall seek to minimize the possibility of inadvertent loss of eligibility for Medicare part D and V-Pharm benefits. Prior to filing the rule, the secretary shall submit the proposed rule to the health access oversight committee. The health access oversight committee shall review and advise on the agency rules and policies developed under this subsection and shall submit for consideration any recommendations to the joint legislative committee on administrative rules~~ An individual shall contribute a co-payment of \$1.00 for prescriptions costing \$29.99 or less and a co-payment of \$2.00 for prescriptions costing \$30.00 or more. A pharmacy may not refuse to dispense a prescription to an individual who does not provide the co-payment.

Sec. E.309.8 33 V.S.A. § 2074(c) is amended to read:

(c) Benefits under Vermont-Rx shall be subject to payment of a premium ~~amount~~ and co-payment amounts by the recipient in accordance with the provisions of this section.

\* \* \*

(4) A recipient shall contribute a co-payment of \$1.00 for prescriptions costing \$29.99 or less and a co-payment of \$2.00 for prescriptions costing \$30.00 or more.

Sec. E.309.9 VPHARM; THERAPEUTIC EQUIVALENCY PILOT PROGRAM

(a) No later than July 1, 2009, the office of Vermont health access shall implement a pilot program to maximize the use of over-the-counter (OTC) and

generic drugs used to treat the conditions specified in subsection (b) of this section by individuals enrolled in a Medicare Part D prescription drug plan and VPharm.

(b)(1) The VPharm therapeutic equivalency pilot program shall require the use of an OTC or generic drug in order to receive coverage of the Medicare Part D cost-sharing or of the prescription when the drug would be paid for entirely by VPharm, except that a prescriber may override the substitution of a drug in the same manner and under the same criteria provided for under section 4606 of Title 18 (generic substitutions).

(2) The designated pilot classes are lipotropics, which are statins most commonly used for the treatment of high cholesterol, and gastrointestinal proton pump inhibitors, which are most commonly used to reduce gastric acid. The drug utilization review (DUR) board shall determine the list of OTC and generic drugs that shall be available for coverage in each class and shall ensure that the list of generic drugs includes drugs available on the formularies of 90 percent of the Medicare Part D prescription drug plans available in Vermont. In designing the list, the DUR board shall maximize access to a variety of OTC and generic drugs for consumers.

(c) The office of Vermont health access shall notify prescribers and pharmacists about the pilot program and the requirement for the use of OTC and generics in the pilot classes described in subsection (b) of this section in order to receive coverage for those classes under VPharm.

(d) The office of Vermont health access, in collaboration with the DUR board, shall evaluate the pilot program and provide a report no later than January 15, 2010. The evaluation and report shall include an estimate of the savings from the increased use of OTC and generic drugs, negative impacts on consumer choice, and other positive or negative outcomes of the pilot program.

#### Sec. E.309.10 VPHARM AND VHAP CO-PAYMENTS

(a) Prior to December 5, 2009, the joint fiscal committee may suspend the co-payments in VPharm, VermontRx, and VHAP established under sections E.309.6, E.309.7, E.309.8, and E.309.12 of this act pending further action of the general assembly:

(1) if the Centers for Medicare and Medicaid Services approve the office of Vermont health access' request for an amendment to the Global Commitment for Health Section 1115 Medicaid waiver to include the VPharm program as part of that waiver; or

(2) if the VPharm program is included as a managed care organization (MCO) investment under the Global Commitment for Health.

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**Sec. E.309.11 MEDICAID COST CONTAINMENT STUDY**

(a) The office of Vermont health access shall determine the feasibility of creating a preferred list of or entering into agreements with other states for purchasing medical devices and biologics to maximize the ability of the Medicaid program to ensure high quality products while negotiating favorable prices and containing costs.

(b) No later than January 15, 2010, the office shall report its analysis on the feasibility, including the potential benefits and harms to the senate committees on appropriations and on health and welfare and the house committees on appropriations and on human services.

**Sec. E.309.12 VHAP; PRESCRIPTION DRUG CO-PAYMENTS**

(a) An individual enrolled in the Vermont health access plan (VHAP) with income at or above 100 percent of the federal poverty guideline shall contribute a co-payment of \$1.00 for prescriptions costing \$29.99 or less and a co-payment of \$2.00 for prescriptions costing \$30.00 or more. A pharmacy may not refuse to dispense a prescription to an individual who does not provide the co-payment.

**Sec. E.311 Health – administration and support (Sec. B.311, #3420010000)**

(a) Area health education center: Of this appropriation, \$500,000 shall be granted to the area health education center (AHEC) to support the work and infrastructure of the statewide AHEC network to ensure an adequate and appropriate health care workforce, to bring quality improvement programs to health care professionals, and to create partnerships across community-based health care services to improve health care access and integration. Any funds not expended shall be carried forward to be available for use in subsequent fiscal years. The AHEC will provide the department of health with a final progress report and financial report detailing the unexpended funds to be carried forward at the close of the fiscal year.

(b) Health care provider loan forgiveness and repayment programs:

(1) The department of health may carry forward any unspent portion of funds designated for health professional loan repayment. These funds may be used either alone or to match federal National Health Service Corps loan repayment funds, local funds, or private funds and shall be deposited into the loan repayment fund established under 18 V.S.A. § 10a or for the Vermont student assistance corporation for loan forgiveness programs for health care providers through the dental hygienist incentive loan program, the nursing incentive loan program, and the dental student incentive loan program.

(2) Of this Global Commitment fund appropriation, \$1,295,000 shall be used for the purposes of loan repayment for health care providers and health care educators pursuant to 18 V.S.A. § 10a.

(3) Of this appropriation, \$100,000 is allocated for the Vermont student assistance corporation for loan forgiveness programs for health care providers through the dental hygienist incentive loan program, the nurse incentive loan program, and the dental student incentive loan program.

(c) Vermont academic detailing program:

(1) Of this Global Commitment fund appropriation, \$100,000.00 shall be used for the purposes of supporting the Vermont academic detailing program, a university-based educational outreach program for health care professionals administered by the University of Vermont (UVM), College of Medicine office of primary care. The goal of the Vermont academic detailing program is to promote high-quality, evidence-based, patient-centered, cost-effective medication treatment decisions. This program shall present an objective overview of what evidence from studies shows about various drugs used to treat a medical condition.

(2) The UVM office of primary care may collaborate with other states, countries, or entities that are working on similar programs.

(3) The UVM office of primary care may request information and collaboration from the Vermont department of health, the office of Vermont health access, prescribers, pharmacists, private insurers, hospitals, pharmacy benefit managers, drug utilization review boards, state agencies, and other programs in order to best utilize resources, prevent redundancies of effort, and facilitate appropriate linkages to complementary programs, such as the Vermont Blueprint for Health.

(d) Blueprint: Of this appropriation, \$5,051,400 is allocated to the Vermont Blueprint for Health. \$1,300,000 of the funds shall be used to provide incentive grants and stipends to physician practices and hospitals participating in the pilot projects developed under the Vermont Blueprint for Health established in 18 V.S.A. § 702.

Sec. E.312 Health – public health (Sec. B.312, #3420021000)

(a) AIDS/HIV funding:

(1) The amount of \$335,000 of the general fund/Global Commitment fund appropriation shall be appropriated to the following Vermont AIDS service organizations and peer-support organizations for client-based support services. It is the intent of the general assembly that if Global Commitment

fund monies in this subsection are unavailable, the total funding for Vermont AIDS service organizations and peer-support organizations for client-based support services shall be maintained through the general fund or other state-funding sources. The department of health AIDS program shall meet at least quarterly with the HIV/AIDS Community Advisory Group (CAG) with current information and data relating to service initiatives. The funds shall be allocated as follows:

(A) AIDS Project of Southern Vermont, \$71,863;

(B) ACORN, \$28,745;

(C) IMANI, \$37,985;

(D) VT CARES, \$131,407;

(E) Twin States Network, \$30,000;

(F) People with AIDS Coalition, \$35,000.

(2) Of the federal funds, Ryan White Title II funds for AIDS services and the AIDS Medication Assistance Program shall be distributed in accordance with federal guidelines. These guidelines shall not apply to programming funded by state general funds.

(3) The amount of \$100,000 of this general fund appropriation shall be appropriated to Vermont AIDS service organizations and other Vermont HIV/AIDS prevention providers for community-based HIV prevention programming which is currently not supported by federal funds due to federal restrictions. These funds shall be used for HIV/AIDS prevention purposes, including improving the availability of confidential and anonymous HIV testing; prevention work with at-risk groups such as women, intravenous drug users, and people of color; anti-stigma campaigns; and promotion of needle exchange programs. No more than 15 percent of the funds may be used for the administration of such services by the recipients of these funds. The method by which these prevention funds shall be distributed shall be determined by mutual agreement of the department of health, AIDS service organizations, the community planning group (CPG), and CAG. The department of health AIDS program shall be guided and advised by CPG and CAG on an ongoing basis in prioritizing prevention service needs in the disbursement of these funds.

(4) The secretary of human services shall immediately notify the joint fiscal committee if, at any time, there are insufficient funds in AMAP to assist all eligible individuals. The secretary shall work in cooperation with persons living with HIV/AIDS to develop a plan to continue access to AMAP medications until such time as the general assembly can take action.

(5) The secretary of human services shall work in conjunction with the AMAP advisory committee, which shall be composed of no less than 50 percent of members who are living with HIV/AIDS. The committee shall make recommendations regarding the program's formulary of approved medication, related laboratory testing, nutritional supplements, and eligibility for the program.

(6) The amount of \$140,000 general fund carry-forward funds from fiscal year 2009 shall be used for assistance to individuals in the HIV/AIDS Medication Assistance Program (AMAP), including the costs of prescribed medications, related laboratory testing, and nutritional supplements. These funds may not be used for any administrative purposes by the department of health or by any other state agency or department. Any remaining AMAP general funds at the end of the fiscal year shall be distributed to Vermont AIDS service organizations in the same proportions as those outlined under this subsection.

(b) Of these Global Commitment funds, \$750,000 shall be used to support the Vermont coalition of clinics for the uninsured health care and dental services provided by clinics for uninsured individuals and families and for federally qualified health center (FQHC) development, service expansion, and uncompensated care.

(c) Funding for the tobacco programs in fiscal year 2010 shall consist of the \$1,917,516 in tobacco funds and \$1,059,409 in Global Commitment funds appropriated in Sec. B.312 of this act; and \$212,709 of the tobacco funds appropriated in Sec. B.300 of this act. This total \$3,189,634 shall be utilized according to the provisions of 18 V.S.A. chapter 225 as follows:

(1) community-based programs - \$850,300;

(2) media and public education - \$837,200;

(3) tobacco cessation programs - \$1,163,200; these funds may also be used to provide tobacco cessation counseling services to persons incarcerated in Vermont correctional facilities, and \$80,000 shall be used to make nicotine replacement therapies available to all persons enrolled in tobacco cessation counseling, \$91,400 shall be allocated to programs that serve pregnant women, and \$12,500 shall be granted to the Washington County Mental Health Agency, Inc. for a special cessation program;

(4) surveillance and evaluation activities - \$276,600;

(5) statewide provider education - \$62,334.

Sec. E.313 Health - alcohol and drug abuse programs (Sec. B.313, #3420060000)

(a) For the purpose of meeting the need for outpatient substance abuse services when the preferred provider system has a waiting list of five days or more or there is a lack of qualified clinicians to provide services in a region of the state, a state-qualified alcohol and drug abuse counselor may apply to the department of health, division of alcohol and drug abuse programs, for time-limited authorization to participate as a Medicaid provider to deliver clinical and case coordination services, as authorized.

(b)(1) In accordance with federal law, the division of alcohol and drug abuse programs may use the following criteria to determine whether to enroll a state-supported Medicaid and uninsured population substance abuse program in the division's network of designated providers, as described in the state plan:

(A) The program is able to provide the quality, quantity, and levels of care required under the division's standards, licensure standards, and accreditation standards established by the commission of accreditation of rehabilitation facilities, the joint commission on accreditation of health care organizations, or the commission on accreditation for family services.

(B) Any program that is currently being funded in the existing network shall continue to be a designated program until further standards are developed, provided the standards identified in this subdivision (b)(1) are satisfied.

(C) All programs shall continue to fulfill grant or contract agreements.

(2) The provisions of subdivision (1) of this subsection shall not preclude the division's "request for bids" process.

(c) Of the interdepartmental transfer in this section, \$150,000 shall be used to support the program dealing with gambling addiction.

(d) Of this appropriation, \$35,000 shall be used to support the drug court program in Chittenden County, \$25,000 shall be used to support the drug court program in Rutland County, and \$25,000 shall be used for court coordination in Bennington County.

(e) The department of health shall be advised by an executive council of Vermont's recovery center network on an ongoing basis to prioritize service and funding needs for recovery centers, to assist with the review of recovery center funding proposals, and to provide recommendations for disbursement of



funds to the recovery centers and their support needs. The executive council will consist of a board member of each recovery center. The executive council will work with a network coordinator who provides technical assistance and training to recovery centers. The executive council, working with the department of health, will have oversight of the recovery centers.

(f) Of this appropriation, \$45,000 shall be granted to the Vermont recovery center network. \$458,000 of the appropriation is the allocated share of the DETER program for recovery centers and shall be granted to the recovery centers in operation as of June 30, 2008.

(g) It is the intent of the general assembly that Maple Leaf Farm and Serenity House will undergo the rate setting process prior to establishing the fiscal year 2010 budget for the division of alcohol and drug abuse programs. The division of rate setting shall report to the joint fiscal committee at its July 2009 meeting on the status of this rate setting process.

(h) The reduction in residential treatment slots needed to achieve the \$150,000 savings included in this appropriation shall be from the allocation for adolescent treatment only.

(i) Of this appropriation, \$750,000 shall be available for a grant to establish a Chittenden County pilot program to unify existing treatment efforts in the county that will demonstrate savings in hospital expenditures related to detoxification and emergency treatment sufficient to offset the initial start-up investment by the end of the second year of operation and savings that exceed 50 percent of the program operation by the end of the third year of operation. Of this total \$250,000 is for start up expenses of the pilot program.

Sec. E.315 Mental health – Vermont state hospital (Sec. B.315, #3150080000)

(a) The community recovery residential program developed under this section shall be consistent with the goals identified in the existing “futures plan.”

Sec. E.316 Department for children and families – administration and support services (Sec. B.316, #3440010000)

(a) Of this appropriation, \$14,000 in general funds shall be provided as a grant to the Vermont Girl Scouts for a program enabling girl scouts and their siblings to visit their mothers in prison.

Sec. E.317. FISCAL YEAR 2010 PAYMENT RATES FOR PRIVATE NONMEDICAL INSTITUTIONS PROVIDING RESIDENTIAL CHILD CARE SERVICES

(a) Notwithstanding any other provisions of law, for state fiscal year 2010, the division of rate setting shall calculate payment rates for private nonmedical institutions (PNMI) providing residential child care services as provided for under this section.

(b) General rule. The division of rate setting shall calculate PNMI per diem rates for state fiscal year 2010 as 98 percent of each program's final per diem rate in effect on June 30, 2009, with the following exception:

(1) For programs categorized by the placement authorizing departments as crisis-stabilization programs with typical lengths of stay from 0 to 10 days, rates for state fiscal year 2010 shall be set retroactively as follows:

(i) The allowable budget shall be 98 percent of the final approved budget for the rate year which includes June 30, 2009. The monthly allowable budget shall be the allowable budget divided by 12.

(ii) Within five days of the end of each month in state fiscal year 2010, the program shall submit the prior month's census to the division of rate setting. The per-diem rate will be set for the prior month by dividing the monthly allowable budget amount by the total number of resident days for the month just ended.

(b) Providers are not required to submit funding applications pursuant to section 3 of the PNMI rate setting rules for state fiscal year 2010.

(c) Rates set for state fiscal year 2010 shall be issued as final.

(d) For state fiscal year 2010, the three-month waiting provision of section 8.1(b) of the PNMI rate setting rules for the submission of a rate adjustment application is waived.

(e) The division shall ensure that setting rates of new PNMI residential programs does not disadvantage PNMI residential programs effected by subsection (a) of this section.

Sec. E.322 33 V.S.A. § 1701 is amended to read:

§ 1701. ~~FOOD STAMP SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM~~

(a) The state of Vermont may participate in the federal ~~food stamp~~ supplemental nutrition assistance program which is provided for under Public Law 88-525, also known as the Food Stamp Act of 1964, as amended. The

commissioner may adopt, and from time to time amend or repeal, regulations governing the operation of the program in the state.

(b) ~~[Repealed.]~~ An individual domiciled in Vermont shall be exempt from the disqualification provided for in 21 U.S.C. § 862a.

\* \* \*

#### Sec. E.322.1 SCHOOL NUTRITION PROGRAM PILOT PROJECT

(a) No later than August 1, 2009, the department of education shall apply to the Food and Nutrition Service for permission to conduct a pilot project under 42 U.S.C. § 1769i to simplify the certification process for families receiving the earned income tax credit who are categorically eligible for the state nutrition assistance program (SNAP). The pilot project shall be designed to allow families receiving the earned income tax to enroll in the school nutrition programs by providing the school with a receipt of proof of earned income tax credit without having to apply for SNAP. The pilot shall be implemented no earlier than August 1, 2010.

(b) The commissioner of taxes shall provide taxpayers receiving the earned income tax credit a notice, including proof of eligibility of the earned income tax credit, explaining that the notice may be presented to the school district of the dependent's children for enrollment in school nutrition programs pursuant to the school nutrition program pilot project created by this act.

(c) The proof of eligibility issued by the commissioner shall in no way preclude the commissioner from assessing or collecting a tax nor shall such proof be admissible as evidence in any action by the commissioner to assess or collect a tax.

#### Sec. E.322.2 SUPPLEMENTAL NUTRITION ASSISTANCE; AGENCY ERRORS

(a) No later than July 1, 2009, the department for children and families shall submit a cost analysis to the Food and Nutrition Service (FNS) for permission to not establish an overpayment in the supplemental nutrition assistance program, called 3SquaresVt, when the overpayment to the household resulted from agency error and the overpayment amount is \$500 or less.

Sec. E.323 33 V.S.A. § 1103(c)(8) is added to read:

(8) An individual domiciled in Vermont shall be exempt from the disqualification provided for in 21 U.S.C. § 862a.

Sec. E.323.2 33 V.S.A. § 1203a is added to read:

§ 1203a. APPLICATION OF 21 U.S.C. § 862a

An individual domiciled in Vermont shall be exempt from the disqualification provided for in 21 U.S.C. § 862a.

Sec. E.324 Department for children and families – home heating fuel assistance/LIHEAP (Sec. B.324, #3440090000)

(a) Of the funds appropriated for home heating fuel assistance/LIHEAP in this act, no more than \$350,000 shall be expended for crisis fuel direct service/administration exclusive of statewide after-hours crisis coverage.

Sec. E.324.1 HOME HEATING FUEL ASSISTANCE/LIHEAP

(a) For the purpose of a crisis set-aside, for seasonal home heating fuel assistance through December 31, 2009, and for program administration, the commissioner of finance and management shall transfer \$2,550,000 from the home weatherization assistance fund to the home heating fuel assistance fund to the extent that federal LIHEAP or similar federal funds are not available. An equivalent amount shall be returned to the home weatherization fund from the home heating fuel assistance fund to the extent that federal LIHEAP or similar federal funds are received. Should a transfer of funds from the home weatherization assistance fund be necessary for the 2009–2010 crisis set-aside and for seasonal home heating fuel assistance through December 31, 2009, and if LIHEAP funds awarded as of December 31, 2009 for fiscal year 2010 do not exceed \$2,550,000, subsequent payments under the home heating fuel assistance program shall not be made prior to January 30, 2010. Notwithstanding any other provision of law, payments authorized by the office of home heating fuel assistance shall not exceed funds available, except that for fuel assistance payments made through December 31, 2009, the commissioner of finance and management may anticipate receipts into the home weatherization assistance fund.

Sec. E.324.2 33 V.S.A. § 2606 is amended to read:

§ 2606. APPLICATION PERIOD; ASSISTANCE

(a) In order to make a timely determination of benefit levels, there shall be an application period during which all beneficiaries shall apply for home heating fuel assistance for the ensuing heating season. The application period shall be from July 15 through August 31. The secretary shall establish by rule procedures for application, determination of eligibility, and issuance of benefits.

~~(b) The secretary shall accept applications after the application period has closed, but no later than the last day of February. No qualified applicant shall be penalized through a reduction of benefits for a late filed application, except that such applicant shall not be entitled to benefits for any period prior to the month of application.~~

(e) The director of home energy assistance shall supply or contract for staff to carry out application-processing and related tasks including assisting households in applying and providing required information, and locating and contacting fuel suppliers certified under section 2607 of this title.

Sec. E.325 Department for children and families - office of economic opportunity (Sec. B.325, #3440100000)

(a) Of the general fund appropriation in this section, \$792,000 shall be granted to community agencies for homeless assistance by preserving existing services, increasing services, or increasing resources available statewide. These funds may be granted alone or in conjunction with federal McKinney emergency shelter funds. Grant decisions shall be made with assistance from the coalition of homeless Vermonters.

Sec. E.326 Department for children and families - OEO - weatherization assistance (Sec. B.326, #3440110000)

(a) Of the special fund appropriation in this section, \$400,000 is for the replacement and repair of home heating equipment.

(b) As part of the administration's annual budget testimony before the house and senate committees on appropriations, the office of economic opportunity shall report on appropriations utilizing existing resources within state government available in the office of economic opportunity's weatherization data management system that compiles performance data available on households weatherized in the past year to include:

- (1) the number of households weatherized;
- (2) the average program expenditure per household for energy efficiency;
- (3) the average percent in energy savings;
- (4) the energy and non-energy benefits combined;
- (5) the benefits saved for every dollar spent;
- (6) the average savings per unit for heating fuels;
- (7) the gallons of oil saved related to the equivalent number of homes heated;

(8) projected number of households to be weatherized in the current program year; and

(9) the projected program expenditures for the current program year ending March 31.

(c) Appropriations from the weatherization trust fund may be limited based on the revenue forecast for the fund from the gross receipts tax as adopted pursuant to 32 V.S.A. § 305a.

#### Sec. E.326.1 FISCAL YEAR 2010 STATE WEATHERIZATION EFFORTS

(a) The general assembly recognizes the importance of weatherization activities as a key component of housing affordability in Vermont. To this end, for fiscal year 2010, the following state resources shall be targeted to furthering weatherization efforts:

(1) \$5,160,000 of proceeds from the gross receipts tax to the weatherization trust fund to support weatherization activities of the office of economic opportunity;

(2) \$3,496,000 of Regional Greenhouse Gas Initiative (RGGI) funds through the Vermont department of public service and through the electric efficiency fund to deliver fossil fuel energy efficiency services to Vermont heating and process-fuel consumers to help meet the state's building efficiency goals established by 10 V.S.A. § 581.

(b) The Vermont housing conservation board and the Vermont housing finance agency shall carry out its affordable housing activities, to the extent possible, to improve weatherization and building envelope efficiency.

(c) In carrying out its affordable housing activities, to the maximum extent feasible, the Vermont housing and conservation board shall utilize appropriate amounts from the funds authorized in this act together with other available weatherization resources and programs in Vermont to ensure that new construction and rehabilitation of affordable apartments and homes with funding support from the board will achieve increased short and long term energy efficiencies.

#### Sec. E.330 Disabilities, aging, and independent living - advocacy and independent living (Sec. B.330, #3460020000)

(a) Of this appropriation, \$100,000 shall be granted to support a supportive housing demonstration project managed by Cathedral Square Corporation. It is the intent of the general assembly that these funds be used as matching funds for a two-year period for grants to conduct research on cost-efficient and quality services in senior housing. Cathedral Square, in conjunction with the

department of disabilities, aging, and independent living, shall identify the programmatic interventions intended to achieve measurable outcomes including savings from services not needed because of the demonstration project services or improvements in participants' physical and mental well-being. The general assembly recognizes the imperative to develop a long-term care system in Vermont designed to meet the needs of a senior population projected to double by the year 2030. The general assembly endorses this demonstration project as the potential foundation for a home-centered long-term care policy in Vermont. The department and demonstration shall report to the health access oversight committee no less than every six months on the progress of the demonstration project.

(b) Certification of adult day providers shall require a demonstration that the new program is filling an unmet need for adult day services in a given geographic region and does not have an adverse impact on existing adult day services.

(c) Of this appropriation, \$23,655 in general funds shall be allocated for special assistance to adult day service providers. The department shall develop criteria on the use of these funds in consultation with the adult day programs. Funds remaining in this allocation after March 30, 2009 shall be distributed on an equitable basis to adult day programs by the close of the fiscal year.

(d) Of this appropriation, \$109,995 in general funds shall be allocated for base funds to adult day programs in the same proportion as they were allocated in fiscal year 2009.

Sec. E.337 Corrections – correctional education (Sec. B.337, # 3480003000)

(a) The appropriation in this section shall be notwithstanding 28 V.S.A. § 120(g).

Sec. E.338 Corrections – correctional services (Sec. B.338, # 3480004000)

(a) Of this general fund appropriation, \$106,820 shall be used as a grant to Dismas House of Vermont, Inc.

(b) The department of corrections is authorized to institute medical co-payments.

(c) Up to \$8,000 of the funds appropriated shall be for equipment purchased for the “wood warms” program in Bennington.

Sec. E.342 Vermont veterans' home – care and support services (Sec. B.342, #3300010000)

(a) If Global Commitment fund monies are unavailable, the total funding for the Vermont veterans' home shall be maintained through the general fund or other state funding sources.

(b) The Vermont veterans' home will use the Global Commitment funds appropriated in this section for the purpose of increasing the access of quality health care to uninsured persons, underinsured persons, and Medicaid beneficiaries.

\* \* \* Labor \* \* \*

Sec. E.400 DEPARTMENT OF LABOR; AGENCY OF COMMERCE AND COMMUNITY DEVELOPMENT; LEGISLATIVE COMMITTEE

(a) A committee of the following members is created: the speaker of the house shall appoint one member from the house committee on government operations, one member from the house committee on general, housing, and military affairs, one member of the house committee on commerce, and one other member of the house; the president pro tempore of the senate shall appoint two members of the senate committee on government operations and two members from the senate committee on economic development, housing and general affairs. The speaker of the house and the president pro tempore of the senate shall appoint one of these members to serve as chair of the committee.

(b) The committee shall make recommendations for the possible restructuring of the agency of commerce and community development and the department of labor so that these agencies are better able to serve their respective constituencies by:

(1) Identifying areas for enhanced collaboration and increased efficiencies, including combining information technology resources and fiscal and accounting services and sharing regional information and common customer resource and service management.

(2) Reviewing funding sources for the agency and the department, the requirements and limitations for those sources, and evaluating how they will be affected by the restructuring plan.

(3) Examining the likelihood of general fund savings resulting from restructuring.

(4) Identifying staffing and compliance issues resulting from the receipt of federal funding.



(5) Examining management structures, including the duties and responsibilities of commissioners, deputy commissioners, and exempt division directors.

(6) Recommending a new organizational structure, possibly with a focus on grouping divisions or departments around common functions and constituencies.

(7) Examining alternative co-locations for administrative and operational functions located in Montpelier and regionally.

(8) Considering other areas of state government that might appropriately be included in the recommended structure.

(9) Establishing a time line for restructuring that provides the least disruption of essential services, particularly at a time of high unemployment, and that may contemplate a phased implementation plan.

(10) Gathering information on other models in other states.

(c) Prior to making its recommendations, the committee shall meet with, seek input from, and discuss restructuring with potentially affected constituencies, including: the secretary of commerce and community development, the commissioners of the departments of the agency of commerce and community development, the commissioner of labor, employees of the agency of commerce and community development and the department of labor, all state entities connected with these agencies, the Vermont league of cities and towns, municipalities, private planners and community development consultants, regional planning commissions, regional development corporations, chambers of commerce, historic preservationists, workforce investment boards, the Vermont Bar Association's workers' compensation committee, labor unions, training and education providers, housing entities, the Vermont institute on government effectiveness, and the general business community. The committee shall also utilize and build upon existing studies and research.

(d) The committee shall meet with the joint legislative government accountability committee in order to coordinate recommendations.

(e) The committee may meet up to eight times while the legislature is not in session.

(f) The legislative council shall provide professional and administrative support to the committee. Committee members are entitled to compensation and reimbursement of expenses as provided under section 406 of Title 2.

(g) The committee shall submit its recommendations to the legislative committees of jurisdiction no later than January 15, 2010.

Sec. E. 400.1 UNEMPLOYMENT INSURANCE

(a) The general assembly recognizes that Vermont's unemployment insurance trust fund is not funded sufficiently to cover unemployment benefits for fiscal year 2010. In 2008, Vermont paid \$112,300,000 in unemployment benefits while collecting contributions of \$64,500,000. The general assembly intends that current benefits shall be maintained during fiscal year 2010, and the general assembly shall provide funding or adjust fund revenues to ensure sufficient resources are available to make these payments.

Sec. E.401 Labor - programs (Sec. B.401, 4100500000)

(a) The workforce development council shall allocate funding to the workforce investment boards based upon the performance of the local workforce investment boards, measured according to standards established by the council.

Sec. E.401.1 10 V.S.A. § 543(f) is amended to read:

(f) Awards. Based on guidelines set by the council, the commissioner of labor shall make awards to the following:

(1) Training Programs. Public, private, and nonprofit entities for existing or new innovative training programs. There shall be a preference for programs that include training for newly created or vacant positions. Awards may be made to programs that retrain incumbent workers. ~~The department shall ensure there are resources available in each quarter of the fiscal year.~~ Awards under this subdivision shall be made to programs or projects that do all the following:

\* \* \*

\* \* \* K-12 Education \* \* \*

Sec. E.500 Education – finance and administration (Sec. B.500, #5100010000)

(a) The Global Commitment funds appropriated in this section for school health services, including school nurses, shall be used for the purpose of funding certain health-care-related projects. It is the goal of these projects to reduce the rate of uninsured or underinsured persons or both in Vermont and to increase the access of quality health care to uninsured persons, underinsured persons, and Medicaid beneficiaries.

Sec. E.500.1 THE AMERICAN RECOVERY AND INVESTMENT ACT OF 2009; EDUCATION

(a) The American Recovery and Reinvestment Act of 2009.

(1) The American Recovery and Reinvestment Act of 2009 (ARRA) provides billions of dollars in federal funds to stimulate the economy in the short term and to invest in education and other essential public services necessary to ensure the long-term economic health of the nation.

(2) Four principles guide distribution of ARRA funds:

(A) Spend funds quickly to save and create jobs.

(B) Improve student achievement through school reform.

(C) Ensure transparency, reporting, and accountability.

(D) Invest one-time ARRA funds thoughtfully to minimize unsustainable recurring costs in the future.

(b) Title VIII of the ARRA. In Title VIII, the ARRA appropriates additional funding to supervisory unions and school districts through existing federal programs, such as Title I of the Elementary and Secondary Education Act (Title I) and the Individuals with Disabilities Education Act (IDEA), to enhance and develop educational practices and outcomes for students who are disadvantaged or disabled, to provide supports for the lowest performing schools, and to promote innovation and improvement in education for all students.

(c) Department of education. The general assembly recognizes that, if it has the capacity, the department of education shall help supervisory unions and school districts to use IDEA, Title I, and other federal stimulus funds, both within and among these entities, in coordinated, fiscally prudent ways that advance the educational purposes of the ARRA. Therefore, it is the intent of the general assembly to ensure that the department has the positions and funding that it needs to help supervisory unions and school districts. Examples of departmental assistance include:

(1) Developing, coordinating, or providing professional development models to assist implementation of evidence-based strategies to:

(A) Increase student participation and achievement levels, such as through responsiveness to intervention (RTI), positive behavioral supports (PBS), differentiated instruction (DI), the Vermont integrated instructional model (VIIM), and the formative assessment project.

(B) Provide effective prevention and intervention strategies to support students at risk of not completing high school.

(C) Promote secondary school transformation.

(D) Support early intervention and early childhood education.

(2) Coordinating early intervention and early education services statewide.

(3) Aiding school districts to provide assistive technology equipment not otherwise available to them through existing funding sources.

(d) Supervisory unions and school districts. It is the intent of the general assembly that federal IDEA, Title I, and any other federal stimulus funds received by supervisory unions or school districts are used in fiscally prudent ways to advance the purposes of the ARRA as it relates to education without creating unsustainable recurring costs, such as:

(1) To provide intensive professional development opportunities in special education and general education that focus on implementing innovative, evidence-based, schoolwide strategies in reading, math, and science and in the use of positive behavioral interventions and supports.

(2) To establish a system to identify and train highly effective teachers to serve as instructional leaders and mentors.

(3) To implement innovative, flexible, evidence-based programs and practices to identify and support students who are at risk of not completing high school.

(4) To implement student progress monitoring systems to assist teachers and administrators to collect and use data to improve instruction and learning for all students.

(5) To provide intensive training and coaching to teachers, administrators, and para-educators to improve services provided to students with disabilities, including autism and emotional behavioral disorders.

(6) To provide additional intervention services for children with disabilities who are eligible for early childhood education as that term is defined in 16 V.S.A. § 11(a)(31).

(7) To support the training and certification of early childhood educators working in a program offered by or through a school district.

(8) To increase the federal share of special education costs.

Sec. E.500.2 FIVE LIMITED SERVICE POSITIONS WITHIN THE DEPARTMENT OF EDUCATION

(a) Five limited service positions are authorized within the department of education to support implementation of Sec. E.500.1 of this act, including one exempt attorney position to specialize in special education law, one program coordinator I position, and three education consultant II positions.

(b) The sum of \$325,000 is appropriated to the department of education from the special fund created in subsection 2959a(b) of Title 16 through an allocation made pursuant to subsection 2959a(f) of that title.

Sec. E.501 Education – education services (Sec. B.501 #510003000)

(a) In fiscal year 2010 and fiscal year 2011, \$1,131,751 is added to the education fund for early education initiative grants for at-risk preschoolers. In fiscal year 2012, these expenses shall revert to the general fund, and the general fund transfer shall be adjusted accordingly.

Sec. E 501.1 EDUCATIONAL TRANSFORMATION

(a) The general assembly is committed to promote the flexibility needed to transform Vermont's educational structure and authorizes the commissioner of education to provide waivers for compliance with any rules authorized by 16 V.S.A. § 165, the standards of quality for public schools, promulgated under the Administrative Procedures Act or any other rule that might be authorized by Title 16 of the Vermont Statutes Annotated that the commissioner can demonstrate is duplicative or impedes the efficient operation of the district or supervisory union or the use of innovative and effective methods to promote learning through which a student may achieve or exceed the expectations of the Vermont Framework of Standards and Learning Opportunities.

(b) The commissioner shall present a report on the reasons and results of any such waivers to the house and senate committees on education and on appropriations by March 1, 2010 and options for increasing flexibility in the statutory and policy framework for Vermont's education system.

Sec. E.502 Education-special education formula grants (Sec. B.502, #5100040000)

(a) The education fund appropriated in this section shall be notwithstanding 16 V.S.A. §§ 2963(c)(3) and 2967(b).

Sec. E.503 Education – state-placed students (Sec. B.503, #5100050000)

(a) The independence place program of the Lund Family Center shall be considered a 24-hour residential program for the purposes of reimbursement of education costs.

Sec. E.504 Education-adult education and literacy (Sec. B.504, #5100060000)

(a) Of this appropriation, the amount from the education fund shall be distributed to school districts for reimbursement of high school completion services pursuant to 16 V.S.A. 1049a(c).

Sec. E.505 COMMUNITY HIGH SCHOOL OF VERMONT GRANT

(a) From the education funds appropriated in Sec. B.505 in fiscal year 2010 and fiscal year 2011, a base education payment shall be paid to the community high school of Vermont for full-time equivalent students studying high school equivalency coursework. For fiscal year 2010, this total grant shall be set at the base education payment for 355 full-time equivalent pupils. This amount shall be transferred from the funds appropriated in Sec. B.505 to the department of corrections - correctional education program. These payments shall be made notwithstanding 16 V.S.A. § 4025(b)(1). In fiscal year 2012, these expenses shall revert to the general fund, and the general fund transfer shall be adjusted accordingly

Sec. E.506 TRANSPORTATION GUIDELINES

(a) The commissioner of education, in consultation with the board of education, shall establish guidelines and recommendations for school transportation services and policies. Establishment of these guidelines shall take into account the safety of passengers and other persons, relevant costs, and environmental impacts.

Sec. E.511 Education-technical education (Sec. B.511, #5100200000)

(a) The appropriation in this section shall be authorized, notwithstanding 16 V.S.A. Sec. 1564.

Sec. E.511.1 REPEAL

(a) 16 V.S.A. § 1564 (equipment replacement fund) is repealed.

Sec. E.512 Education – No. 117 of the Acts of 2000 – cost containment (Sec. B.512, #5100310000)

(a) Notwithstanding any other provisions of law, expenditures made from this section shall be counted under 16 V.S.A. § 2967(b) as part of the state's 60 percent of the statewide total special education expenditures of funds which are not derived from federal sources.

Sec. E.513 EDUCATION FUND TRANSFER ADJUSTMENT FOR ARRA FUND OFFSET

(a) Notwithstanding 16 V.S.A. § 4025(2), for fiscal year 2010 the general fund transfer to the education fund shall be \$259,203,945.

(b) It is the intent of the general assembly that the fiscal year 2011 general fund transfer shall be as required in 16 V.S.A. § 4025(2) less any offset for federal state fiscal stabilization funds.

(c) Any calculations required to identify funding levels for the education fund budget stabilization reserve under 16 V.S.A. § 4026(b) shall be calculated as if in fiscal year 2010 those revenues and expenditures included \$38,575,036 in additional revenues and \$38,575,036 in additional expenditures.

Sec. E.513.1 16 V.S.A. § 4025(b) is amended to read:

(b) Moneys in the education fund shall be used for the following:

(1) To make payments to school districts and supervisory unions for the support of education in accordance with the provisions of section 4028 of this title, other provisions of this chapter, and the provisions of chapter 135 of Title 32.

(2) To cover the cost of fund auditing, accounting and of short term borrowing to meet fund cash flow requirements.

(3) To make payments required under subdivisions 6066(a)(1) and (2) of Title 32 and only that portion attributable to education taxes, as determined by the commissioner of taxes, of payments required under subdivisions 6066(a)(3) and 6066(b) of Title 32.

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Sec. E.514 State teachers' retirement system (Sec. B.514, #1265010000)

(a) In accordance with 16 V.S.A. § 1944(g)(2), the amount of annual contribution to the Vermont state teachers' retirement system shall be \$41,503,002 in fiscal year 2010.

(b) In accordance with 16 V.S.A. § 1944(c)(2), of the annual contribution, \$19,821,109 is the "normal contribution," and \$21,681,893 is the "accrued liability contribution."

(c) The general assembly is proposing that a combination of \$40,303,002 in general funds and an estimated \$1,200,000 of Medicare Part D reimbursement funds be utilized to achieve funding at the actuarially recommended level.

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\* \* \* Higher Education \* \* \*

Sec. E.600 University of Vermont (Sec. B.600, #1110006000)

(a) The commissioner of finance and management shall issue warrants to pay one-twelfth of this appropriation to the University of Vermont on or about the 15th day of each calendar month of the year.

(b) Of this appropriation, \$396,115 shall be transferred to EPSCoR (Experimental Program To Stimulate Competitive Research) for the purpose of complying with state matching fund requirements necessary for the receipt of available federal or private funds or both.

(c) If Global Commitment fund monies are unavailable, the total grant funding for the university of Vermont shall be maintained through the general fund or other state funding sources.

(d) The university of Vermont will use the Global Commitment funds appropriated in this section to support Vermont physician training. The university of Vermont prepares students, both Vermonters and out-of-state, and awards approximately 100 medical degrees annually. Graduates of this program, currently representing a significant number of physicians practicing in Vermont, deliver high quality health care services to Medicaid beneficiaries and to the uninsured or underinsured persons or both in Vermont and across the nation.

Sec. E.602 Vermont state colleges (Sec. B.602, #1110009000)

(a) The commissioner of finance and management shall issue warrants to pay one-twelfth of this appropriation to the Vermont state colleges on or about the 15th day of each calendar month of the year.

(b) Of this appropriation, \$446,652 shall be transferred to the Vermont manufacturing extension center for the purpose of complying with state matching fund requirements necessary for the receipt of available federal or private funds or both.

Sec. E.603 Vermont state colleges – allied health (Sec. B.603, #1110010000)

(a) If Global Commitment fund monies are unavailable, the total grant funding for the Vermont state colleges shall be maintained through the general fund or other state funding sources.

(b) The Vermont state colleges shall use the Global Commitment funds appropriated in this section to support the dental hygiene, respiratory therapy, and nursing programs which graduate approximately 250 health care providers



annually. These graduates deliver direct, high quality health care services to Medicaid beneficiaries and uninsured or underinsured persons or both.

Sec. E.605 Vermont student assistance corporation (Sec. B.605, #1110012000)

(a) Of this appropriation, \$25,000 is appropriated from the general fund to the Vermont student assistance corporation to be deposited into the trust fund established in 16 V.S.A. § 2845.

(b) Except as provided in subsection (a) of this section, not less than 100 percent of grants shall be used for direct student aid.

(c) Of state funds available to the Vermont student assistance corporation pursuant to Sec. E.215(a) and E.1100(a)(3)(B) of this act, \$242,500 shall be used for the purposes of 16 V.S.A. § 2856. Any unexpended funds from these allocations shall carry forward for this purpose.

\* \* \* Natural Resources \* \* \*

Sec. E.700 Natural Resource – Agency of Natural Resources - Administration

(a) Of the funds appropriated on Sec. B 700, \$25,000 is for water management typing for the White River basin and the West, Williams, and Saxons river basin.

(1) \$12,500 shall be granted to the Two Rivers Ottaquechee Regional Commission for the purpose developing recommended water management type designations for the White River Basin. In adopting its recommendations, the Two Rivers Ottaquechee Regional Commission shall consult with the agency of natural resources watershed coordinator for the White River basin and shall consider the most recent information for the watershed available from the agency of natural resources and other sources.

(2) \$12,500 shall be granted to the Windham Regional Commission for the purpose of developing recommended water management type designations for the West, Williams and Saxons River Basin. In adopting its recommendations, the Windham Regional Commission shall consult with the agency of natural resources watershed coordinator for the White River basin and shall consider the most recent information for the watershed available from the agency of natural resources and other sources.

Sec. E.700.1 REPORT AND RULEMAKING ON WATER MANAGEMENT TYPING FOR THE WHITE RIVER BASIN AND THE WEST, WILLIAMS, AND SAXONS RIVER BASIN

(a) On or before January 31, 2011, the Two Rivers Ottaquechee Regional Commission and the Windham Regional Commission shall submit to the agency of natural resources and the natural resources board the recommended water management type designations required under Sec. E. 700(a)(1) and (2) of this act. Upon receipt of the recommended water management type designations required under subsections (a) and (b), the agency of natural resources shall post the recommended water management type designations to its website and shall make the recommendations available to any person upon request.

(b) Within three months of receipt of the recommended water management type designations under this section, the natural resources board shall initiate rulemaking to amend the Vermont water quality standards in order to consider the recommended water management type designations for the White River basin and the West, Williams and Saxons River Basin.

Sec. E.705 FUNDING GOALS FOR FISH & WILDLIFE

(a) It is the intent of the general assembly that the department of fish and wildlife be able to sustain services and seek the federal funds eligible to the state in the future through the generation of revenue and state funding.

(b) The department shall seek to access to the maximum amount the state may be eligible for of Pittman-Robertson, Dingell-Johnson and other federal revenues. The department shall establish and administer a grant program for Vermont organizations and citizens to utilize the Pittman-Robertson funds for the construction of new public sport shooting ranges and the improvement or modification of existing sport shooting ranges. Sport shooting ranges are defined as per 10 V.S.A. § 5227.

Sec. E.707 FUNDING GOALS FOR FORESTS, PARKS AND RECREATION

(a) It is the intent of the general assembly that the department of forests, parks and recreation be able to sustain services and seek the federal funds eligible to the state in the future through the generation of revenue and state funding.

Sec. E.717 Natural resources board (Sec. B.717, #6215000000)

(a) It is the intent of the general assembly that should the level of funding provided in Sec. B.717 of this act require reductions in personal service

expenses in fiscal year 2010, any such reductions shall apply only to exempt positions supported by this appropriation.

\* \* \* Commerce and Community Development \* \* \*

Sec. E.800 COMMUNITY DEVELOPMENT PROGRAM; FUND CONSOLIDATION PLAN; IMPLEMENTATION

(a) Consistent with the requirements of subchapter 1 of chapter 29 of Title 10, a committee consisting of the executive directors of the Vermont housing finance agency, Vermont economic development authority, and the secretary of the agency of commerce and community development shall develop a proposal for consolidating community development grants funded through the community development block grant (CDBG) program authorized by Title I of the federal Housing and Community Development Act of 1974, as amended, 42 U.S.C. § 5301 et. seq. The purpose of the proposal is to maximize the availability of CDBG funding for economic development and housing programs offered through Vermont's municipalities. The proposal shall include criteria and processes for standardizing the administration and oversight of CDBG funds, while preserving a municipality's ability to access funds.

(b) The consolidation proposal developed under subsection (a) of this section shall be developed with input from the Vermont housing and conservation board, the regional development corporations, the Vermont league of cities and towns, the Vermont bankers association, and any other entity deemed appropriate by the committee.

(c) The committee is authorized to implement the consolidation proposal prior to January 1, 2010, provided it meets the approval of each of the entities referenced in subsection (b) of this section, and subject to the approval of the joint fiscal committee.

Sec. E.800.1 CFED; INTERIM STUDY COMMITTEE; SUSPENSION

(a) The chair of the commission on the future of economic development (CFED), as established in 10 V.S.A. § 1, shall convene and chair an interim study committee composed of seven members. In addition to the current CFED chair, members of the study committee shall include the commissioner of commerce and economic development, three other current members of CFED appointed by the chair, and the existing legislative members.

(b) The committee may meet no more than seven times during the 2009 legislative interim. The committee shall cease to exist December 15, 2009.

(c) The committee shall receive reasonable administrative, fiscal, and legal support from the joint fiscal office, the Vermont state economists, and the legislative council.

(d) Legislative members of the committee shall be entitled to per diem compensation and reimbursement of necessary expenses as provided in 2 V.S.A. § 406; other members shall be entitled to per diem compensation and reimbursement of necessary expenses as provided in 32 V.S.A. § 1010.

(e) The committee shall:

(1) Determine the best model for an entity responsible for developing and overseeing economic planning in Vermont. The entity's responsibilities would include: establishing a statewide, comprehensive economic development plan; making policy recommendations to the general assembly and governor; analyzing existing programs and policies in terms of the benchmarks and the four principal goals established by CFED; amending and updating the plan, benchmarks, and goals as necessary; and reporting annually to the general assembly and governor on the status of economic development in Vermont.

(2) Study models of economic development used in other states, such as the private-public-nonprofit coordinating board used in Arizona (Arizona Economic Resource Organization) and the North Carolina economic development board.

(3) Propose ways of improving the value and usefulness of the unified economic development budget required under 10 V.S.A. § 2.

(4) Work with the state economists to refine the benchmarks set by CFED for the purpose of measuring the state's position and specific program outcomes relative to Vermont's economic development goals.

(f) The committee shall report its findings and recommendations to the senate committee on economic development, housing and general affairs, the house committee on commerce and economic development, and the governor no later than December 1, 2009.

(g) CFED, notwithstanding its responsibilities as provided in 10 V.S.A. § 1, shall suspend its activities until January 1, 2010.

Sec. E.801 Housing and community affairs (Sec. B.801, #7110010000)

(a) Of this appropriation, \$60,000 shall be granted to the First Stop Program.

Sec. E.804 Community development block grants (Sec. B.804, #7110030000)

(a) Community development block grants shall carry forward until expended.

(b) Community development block grant (CDBG) funds shall be expended in accordance with and in the order of the following priorities:

(1) The greatest priority for the use of CDBG funds will be the creation and retention of affordable housing and jobs.

(2) The overarching priority and fundamental objective in the use of funds for all affordable housing is to achieve perpetual affordability through the use of mechanisms that produce housing resources that will continue to remain affordable over time. It is the goal of the state to maintain at least 45 to 55 percent of CDBG funds for affordable housing applications.

(3) Among affordable housing applications, the highest priorities are to preserve and increase the supply of affordable family housing, to reduce and strive to eliminate childhood homelessness, and to serve families and individuals at or below 30 percent of HUD Area Median Income and people with special needs as described in the Consolidated Plan. Housing for seniors should be considered a priority when it meets clear unmet needs in the region for the lowest income seniors.

(4) Projects which address the ongoing deterioration of the existing housing stock through acquisition, preservation, and rehabilitation of units shall comply with housing quality standards with priority given to lead hazard reduction and energy efficiency.

(5) Preference shall be given to projects that maintain the historic settlement pattern of compact village and downtown centers separated by a rural working landscape. Funds generally should not be awarded to projects that promote or constitute sprawl, defined as dispersed development outside compact urban and village centers, along highways, and in rural countryside.

(c) No less than 50 percent of CDBG-generated loan repayments shall remain available to municipalities awarded community development block grant funds.

(d) The department of housing and community affairs may not restrict CDBG applications for housing to projects which have been previously awarded federal low income housing tax credits.

Sec. E.813 10 V.S.A. § 311 is amended to read:

§ 311. CREATION OF THE VERMONT HOUSING AND CONSERVATION BOARD

(a) There is created and established a body politic and corporate to be known as the "Vermont housing and conservation board" to carry out the provisions of this chapter. The board is constituted a public instrumentality exercising public and essential governmental functions, and the exercise by the board of the powers conferred by this chapter shall be deemed and held to be the performance of an essential governmental function of the state. The board is exempt from licensure under chapter 73 of Title 8.

~~(b) The board shall consist of nine members, including ex officio the secretary of agriculture, food and markets, the secretary of commerce and community development, the secretary of natural resources and the executive director of the Vermont housing finance agency, or their designees, and five public members who shall be residents of the state and who shall in the opinion of the governor be experienced in creating affordable housing or conserving and protecting Vermont's agricultural land, historic properties, important natural areas or recreational lands. At least one member shall be a representative of lower income Vermonters and one member shall be a farmer as defined in 32 V.S.A. § 3752(7). The public members shall be appointed by the governor with the advice and consent of the senate for three year terms beginning on February 1 of the year in which the appointment is made, except that the first members appointed by the governor to the board shall be appointed, one for a term of one year, two for a term of two years and two for a term of three years. Vacancies shall be filled in the same manner as the original appointment for the unexpired portion of the term vacated.~~

The board shall consist of the following 11 members:

- (1) The secretary of agriculture, food and markets or his or her designee.
- (2) The secretary of human services or his or her designee.
- (3) The secretary of natural resources or his or her designee.
- (4) The executive director of the Vermont housing finance agency or his or her designee.
- (5) Three public members appointed by the governor who shall be residents of the state and who shall be experienced in creating affordable housing or conserving and protecting Vermont's agricultural land, historic properties, important natural areas or recreational lands, one of whom shall be

a representative of lower income Vermonters and one of whom shall be a farmer as defined in subdivision 3752(7) of Title 32.

(6) One public member appointed by the speaker of the house, who may not be a member of the general assembly at the time of appointment.

(7) One public member appointed by the senate committee on committees, who shall not be member of the general assembly at the time of appointment.

(8) Two public members appointed jointly by the speaker of the house and the president pro tempore of the senate as follows:

(A) One member from the nonprofit affordable housing organizations that qualify as eligible applicants under subdivision 303(4) of this title who shall not be an employee or board member of any of those organizations at the time of appointment.

(B) One member from the nonprofit conservation organizations that qualify as eligible applicants under subdivision 303(4) of this title who shall not be an employee or member of the board of any of those organizations at the time of appointment.

(c) The public members shall serve terms of three years beginning July 1 of the year of appointment. However, two of the public members first appointed by the governor shall serve initial terms of one year; and the public members first appointed by the speaker and committee on committees shall serve initial terms of two years. A vacancy occurring among the public members shall be filled by the respective appointing authority for the balance of the unexpired term. A member may be reappointed.

~~(e)~~(d) Annually, the board shall elect from among its public members a chair and vicechair. The board may elect ~~such~~ officers as it may determine. Meetings shall be held at the call of the chair or at the request of three members. A majority of the sitting members shall constitute a quorum and action taken by the board under the provisions of this chapter may be authorized by a majority of the members present and voting at any regular or special meeting.

~~(d)~~(e) Members other than ex officio members shall be entitled to per diem authorized under 32 V.S.A. § 1010 for each day spent in the performance of their duties and each ~~such~~ member shall be reimbursed from the fund for his or her reasonable expenses incurred in carrying out his or her duties under this chapter.

~~(e)~~(f) The board shall employ an executive director to administer, manage and direct the affairs and business of the board, subject to the policies, control and direction of the members. The board may employ technical experts and ~~such~~ other officers, agents and employees as are necessary to effect the purposes of this chapter, and may fix their qualifications, duties and compensation. The board shall use the office of the attorney general for legal services.

Sec. E.813.1 10 V.S.A. § 321 is amended to read:

§ 321. GENERAL POWERS AND DUTIES

(a) The board shall have all the powers necessary and convenient to carry out and effectuate the purposes and provisions of this chapter, including without limitation those general powers provided to a business corporation by section 1852 of Title 11 and including, without limiting the generality of the foregoing, the power to:

(1) upon application from an eligible applicant in a form prescribed by the board, provide funding in the form of grants or loans for eligible activities;

(2) enter into cooperative agreements with private organizations or individuals or with any agency or instrumentality of the United States or of this state to carry out the purposes of this chapter;

(3) issue rules in accordance with 3 V.S.A. chapter 25 for the purpose of administering the provisions of this chapter;

(4) transfer funds to the department of housing and community affairs to carry out the purposes of this chapter.

(b) The board shall seek out and fund not-for-profit organizations and municipalities that can assist any region of the state which has high housing prices, high unemployment and low per capita incomes in obtaining grants and loans under this chapter for perpetually affordable housing. The board shall administer the "HOME" affordable housing program which was enacted under Title II of the Cranston-Gonzalez National Affordable Housing Act (Title II, P.L. 101-625, 42 U.S.C. 12701-12839). The state of Vermont, as a participating jurisdiction designated by Department of Housing and Urban Development, shall enter into a written memorandum of understanding with the board, as subrecipient, authorizing the use of HOME funds for eligible activities in accordance with applicable federal law and regulations. HOME funds shall be used to implement and effectuate the policies and purposes of this chapter related to affordable housing. The memorandum of understanding shall include performance measures and outcomes that the board will annually report on to the Vermont department of housing and community affairs.



(c) On behalf of the state of Vermont, the board shall be the exclusive designated entity to seek and administer federal affordable housing funds available from the Department of Housing and Urban Development under the national Housing Trust Fund which was enacted under HR 3221, Title 1, Subtitle B, Section 1228 of the Federal Housing Finance Regulatory Reform Act of 2008 to increase perpetually affordable rental housing and home ownership for low and very low income families.

~~(c)~~(d) On behalf of the state of Vermont, the board shall seek and administer federal farmland protection funds to facilitate the acquisition of interests in land to protect and preserve in perpetuity important farmland for future agricultural use. Such funds shall be used to implement and effectuate the policies and purposes of this chapter.

~~(d)~~(e) The board shall inform all grant applicants and recipients of funds derived from the annual capital appropriations and state bonding act of the following: "The Vermont Housing and Conservation Trust Fund is funded by the taxpayers of the State of Vermont, at the direction of the General Assembly, through the annual Capital Appropriation and State Bonding Act." An appropriate placard shall, if feasible, be displayed at the location of the proposed grant activity.

Sec. E.813.2 GRANT STATUS; JFO #2370

(a) In accordance with the legislature's authority under 32 V.S.A. § 5, the U.S. Department of Housing and Urban Development Neighborhood Stabilization Program (NSP) grant (JFO #2370) is not accepted. The grant, as submitted, failed to incorporate priorities outlined in the November 24, 2008 letter from the joint fiscal committee to the secretary of administration. The agency of commerce and community development is hereby instructed to request modification of the grant terms as follows and then resubmit the grant for acceptance under the above statute. The specific requested modifications are as follows:

(1) \$2,000,000 of the \$19,600,000 shall be transferred to the Vermont housing and conservation board (VHCB) for direct administration in a manner consistent with the provisions and intent of the U.S. Department of Housing and Urban Development Neighborhood Stabilization Program (NSP).

(2) The VHCB shall have full authority to commit NSP funds in accordance with the provisions of chapter 15 of Title 10 of the Vermont Statutes Annotated and the state consolidated plan. VHCB may replace or add to existing project commitments. VHCB may also award funds in communities that receive municipal NSP awards.

## \* \* \* Transportation \* \* \*

Sec. E.900 19 V.S.A. § 11a is amended to read:

§ 11a. TRANSPORTATION FUNDS APPROPRIATED FOR SUPPORT OF GOVERNMENT THE DEPARTMENT OF PUBLIC SAFETY

(a) ~~The maximum amount of~~ No transportation funds that may shall be appropriated for the support of government; other than for the agency of transportation, the transportation board, transportation pay act funds, construction of transportation capital facilities used by the agency of transportation, ~~and transportation debt service shall not exceed \$32,852,807.00,~~ and the department of public safety. The amount of transportation funds appropriated to the department of public safety shall:

(1) in fiscal year 2010 not exceed \$30,850,000.00;

(2) in fiscal year 2011 not exceed \$28,350,000.00; and

(3) in fiscal year 2012 not exceed \$25,250,000.00.

Sec. E.910 Transportation – central garage (Sec. B.910, #8110000200)

(a) Of this appropriation, \$6,216,757 is appropriated from the transportation equipment replacement account within the central garage fund for the purchase of equipment as authorized in 19 V.S.A. § 13(b).

Sec. E.916 Transportation – town highway aid program (Sec. B.916, #810003000)

(a) This appropriation is authorized notwithstanding 19 V.S.A. § 306(a).

## \* \* \* Debt Service \* \* \*

Sec. E.1000 DEBT SERVICE – BOND PREMIUM APPLICATION

(a) In addition to funds appropriated in Sec. B.1000 of this act, \$1,176,792 of the funds available in the general fund bond premium reserve will be appropriated and applied to the state's long-term bonded debt service expenses in fiscal year 2010.

## \* \* \* Miscellaneous \* \* \*

Sec. E.1100 FISCAL YEAR 2010 NEXT GENERATION FUND ALLOCATIONS (Sec. B.1100(a))

(a) The \$7,293,000 appropriated in Sec. B.1100(a) of this act from the next generation initiative fund created in 16 V.S.A. § 2887 shall be as follows:

(1) Workforce development, \$3,220,500, as follows:

(A) Workforce education training fund (WETF). The sum of \$1,472,500 is appropriated to the Vermont workforce education and training fund, which is administered by the department of labor, for workforce development. Up to seven percent of the funds may be used for administration of the program.

(B) Vermont training program. The sum of \$712,500 is appropriated to the agency of commerce and community development. This appropriation is for the Vermont training program for the issuance of grants pursuant to 10 V.S.A. § 531.

(C) Career and alternative workforce education. The amount of \$387,500 is appropriated to the department of labor. This appropriation shall be to support out-of-school youth, youth at risk, and youth at risk of remaining unemployed with outcomes that lead to employment or continued education to provide:

(i) Grants to regional technical centers, comprehensive high schools, and other programs for career exploration programs for students entering grades 7 through 12.

(ii) Grants to regional technical centers, comprehensive high schools, the community high school of Vermont, and nonprofit organizations, designated by the workforce development council, for alternative and intensive vocational/academic programs for secondary students in order to earn necessary credits toward graduation.

(D) Adult technical education programs. The amount of \$410,500 is appropriated to the department of labor, working with the workforce development council. This appropriation is for the purpose of awarding grants to regional technical centers and comprehensive high schools to provide adult technical education, as that term is defined in 16 V.S.A. § 1522, to unemployed and underemployed Vermont adults.

(E) UVM technology transfer program. The amount of \$237,500 is appropriated to the University of Vermont. Of this appropriation, \$180,000 shall be transferred to the Vermont center for emerging technologies to enhance development of high technology businesses and next generation employment opportunities throughout Vermont. The remainder is for patent development and commercialization of technology created at the university for the purpose of creating employment opportunities for Vermont residents.

(2) Loan repayment \$475,000 as follows:

(A) The sum of \$475,000 is appropriated to the agency of human services-Global Commitment for the department of health to use for health

care loan repayment. The department shall use these funds for a grant to the area health education centers (AHEC) for repayment of commercial or governmental loans for postsecondary health care-related education or training owed by persons living and working in Vermont in the health care field.

(3) Scholarships and grants \$3,597,500 as follows:

(A) Nondegree VSAC grants. The amount of \$712,500 is appropriated to the Vermont student assistance corporation. This appropriation shall be for the purpose of providing nondegree grants to Vermonters to improve job skills and increase overall employability, enabling them to enroll in a postsecondary education or training program, including adult technical education that is not part of a degree or accredited certificate program. A portion of this appropriation shall be used for grants for indirect educational expenses to students enrolled in training programs. The grants shall not exceed \$3,000 per student. None of this appropriation shall be used for administrative overhead.

(B) The sum of \$2,600,000 is appropriated for awarding need-based scholarships to Vermont residents. The first \$142,500 shall be distributed to the Vermont student assistance corporation to fund the national guard educational assistance program established in 16 V.S.A. § 2856. The amount of \$819,166 shall be distributed to the university of Vermont, \$819,166 to the Vermont state colleges, and \$819,168 to the Vermont student assistance corporation. The Vermont student assistance corporation shall reserve these funds for students attending institutions other than the university of Vermont or the Vermont state colleges. The university of Vermont and the Vermont state colleges shall each reserve \$12,000 of the funds allocated in this subdivision for the state "2+2" agricultural scholarship program in fiscal year 2010. None of the \$2,600,000 appropriation shall be used for administrative overhead.

(C) Dual enrollment programs. The sum of \$285,000 is appropriated to the Vermont state colleges for dual enrollment programs. The state colleges shall develop a voucher program that will allow Vermont students to attend programs at a postsecondary institution other than the state college system when programs at the other institution are better suited academically or geographically to student need.

#### Sec. E.1103. COST REDUCTION AUTHORIZATION

(a) Due to the current and continuing fiscal stress that will be impacting the Vermont state budget and a desire to avert unnecessary layoffs, 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 \$14,700,000 in general fund savings and \$1,400,000 in transportation fund savings as well as other reductions in special funds and federal funds consistent with any contract modification agreed to between the Vermont state employees' association and the state of Vermont in fiscal year 2010.

(b) The general assembly recommends the parties consider the following in achieving a contract modification to produce the savings sought in subsection (a) of this section:

(1) Acceptance of the union proposals to:

(i) Forego the fiscal year 2010 cost of living increase.

(ii) Postpone any steps eligibility 12 months from when it would otherwise occur.

(iii) Eliminate the employee wellness program

(iv) Extend the contract one year with no cost of living increase in fiscal year 2011.

(2) Inclusion of the following additional proposals:

(i) Reduce general fund contracted expenditures for fiscal year 2010 by \$1,260,000.

(ii) The application of 10 furlough days per year.

(iii) The elimination of five executive branch exempt positions at salary levels in excess \$60,000 per year.

(3) The recommendations in subdivisions (b)(1) and (2) of this section shall apply to all state employees in all branches of government. Agency or department heads may adjust the salaries or furloughs of exempt employees who have already taken furloughs or salary reductions in excess of these amounts to make them consistent with the reductions outlined above.

(4) As part of this proposal, the cost of living adjustment for members of the general assembly shall be treated in accordance with the contract revision.

(5) For fiscal year 2010, notwithstanding existing pay plans, no bonuses, salary increases, or pay plan adjustments shall be made for nonbargaining unit employees, nor shall employees who change positions or take on added responsibilities receive increases in salaries accompanying this change.

(c) In the event that no agreement is reached, the secretary of administration shall not have the authority to reduce appropriations and positions to achieve the savings in subsection (a) of this section unless the

secretary has submitted the reduction plan to the house and senate committees on appropriations by May 1, 2009 and that plan is enacted by the general assembly.

(d) The secretary of administration shall not plan to close or significantly reduce operations at any correctional facility unless approval to proceed with such closing or reduction plans is granted by both the joint committee on corrections oversight and the joint fiscal committee.

Sec. E.1104 APRIL 24, 2009 REVENUE REVISION

(a) The senate recognizes this fiscal year 2010 budget proposal is being developed and approved just prior to the April 24, 2009 official revenue forecast revision. It is extremely likely that this revision will result in a general fund and transportation fund revenue downgrade for fiscal years 2009 and 2010.

(b) To the extent that a general fund downgrade does result, the budget conference committee is directed to look to the following among options to address the general fund shortfall:

(1) Potential reduction in the general fund transfer to the education fund not to exceed the administration's \$23,000,000 cost shift.

(2) Potential K-12 expense reallocations to the education fund and a limited version of the administration's proposed cost shift of the teachers' retirement obligation to the education fund, including a potential transfer of current liabilities and current retiree or new employee health care obligations, and limitations to the base education payment.

(3) Further reductions to health care provider payments, including Medicaid reimbursement for cross-over claims.

(4) Possible Medicaid or Medicaid waiver program benefit changes or elimination of any eligibility expansions to Catamount health assistance.

(5) To the extent that no agreement is reached on state employee reductions in accordance with the legislative intent under section E.1103 of this act, further position reductions.

(6) Addition of agency of natural resources' costs to the pilot special fund.

(7) Elimination of tax expenditures.

(8) Reductions of other state programmatic support.

(c) To the extent that a transportation fund downgrade does result, the transportation conference committee is directed to consider the following

principles in addressing the transportation fund shortfall. Expenditure reductions:

(1) Shall not disproportionately impact town highway aid.

(2) Shall preserve Vermont's ability to maximize the draw down of federal funds.

(3) Shall be consistent with the legislature priority setting and transportation planning process.

#### Sec. G.100 EFFECTIVE DATES

(a) This section and Secs. C.101, C.102, C.104, C.105, D.103, D.105, D.106, D.108, D.109, E.102.1, E.209(c), E.307.1, E.322.2, and E.330(c) shall take effect on passage.

\* \* \* 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, two collectors, and one desk audit supervisor.

(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. 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.

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\* \* \* 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."

\* \* \* Blue Ribbon Tax Structure Study Committee \* \* \*

#### Sec. H.8 TAX STRUCTURE STUDY

(a) Composition of committee. There is hereby established a tax structure study committee 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 tax structure study committee shall be appointed as soon as possible after the effective date of this act. The panel shall elect a chair and vice chair from among its members.

(c) Purpose and goals. The tax structure study committee shall study the state's revenue system with the goal of determining whether the current system:

(1) Raises enough revenue to sustain spending needs now and in the future;

(2) Provides equity among the state's diverse taxpayers;

(3) Provides incentives that further the state's goals; and

(4) Enhances the state's competitiveness by attracting labor, capital, and entrepreneurs.

(d) Tax incidence study. As a first step in fulfilling its goals, the tax structure study committee shall hire one or more consultants to conduct a thorough and independent review and analysis of tax incidence in Vermont. The consultants shall report to the tax structure study committee by October 15, 2009. The consultants shall have the assistance of the department of taxes. Specifically, the report to the tax structure study committee shall provide information regarding the distribution of state and local taxes, including income taxes, sales and use taxes, and property taxes, in relation to taxpayer income and provide the tax structure study committee information on the equity of the overall distribution. Additionally, the report shall include information on how the total state and local tax burden on Vermont households varies by income range and how the burden of each component of the overall state and local tax system is distributed across Vermont households. The report shall also include information on taxes with an initial impact on businesses, such as the corporate franchise tax and the sales tax on business purchases.

(e) Report to committee; follow-up. The tax structure study committee shall have the assistance of the department of taxes and shall meet as needed to evaluate the tax incidence study and oversee the hiring of additional consultants, as needed, to evaluate the tax incidence study required by subsection (d) of this section and provide recommendations regarding the sustainability and stability of the state's revenue system to the general assembly no later than January 15, 2010. The tax structure study committee and any independent consultants it hires shall develop proposals for changes to the state's revenue system, if any, and provide the legislature with plans for implementation of any proposed changes.

(f) In preparation for the study required by subsection (d) of this section, the department of taxes shall provide data to the consultants, which shall prepare reports on the following:

(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.

(f) For attendance at a meeting of the tax structure study committee members shall be entitled to per diem compensation and reimbursement of expenses as allowed by state law.

#### Sec. H.9 APPROPRIATION

In addition to any other funds appropriated to the department of taxes, there is appropriated from the general fund \$200,000.00 in fiscal year 2010 for the purposes outlined in Sec. 8 of this act.

\* \* \* Tax Expenditure Reporting Requirement \* \* \*

Sec. H.10 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 for appropriations or other authorizations for expenditures from the state treasury appropriating tax expenditures as contained in the report provided for in section 312 of this chapter. The tax expenditure budget shall be provided to the members of the house committee on ways and means and the senate committee on finance, which committees will review the tax expenditures and recommend appropriations for the tax expenditures to their respective committees on appropriations.

Sec. H.11 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 section 306(b) of this chapter, all requests and proposals for new, amended, or continued tax expenditures as reported under section 312 of this chapter.

\* \* \*

\* \* \* Repeal of Certain Tax Credits \* \* \*

#### Sec. H.12 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.

\* \* \* Vermont State-Sponsored Credit Card Program \* \* \*

Sec. H.13 32 V.S.A. § 584 is added to read:

#### § 584. VERMONT STATE-SPONSORED CREDIT CARD PROGRAM

(a) The state treasurer is hereby authorized to sponsor and participate in a financial institution credit 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 residents of this state. In selecting a credit card issuer, the treasurer shall consider the issuer's record of investments in the state and shall take into consideration credit card features which will enhance the promotion of the state-sponsored credit 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 generated by this program shall be transmitted to the state and shall be deposited in a state-sponsored credit 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 Vermont credit card holders 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 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 credit card program.

\* \* \* Government Licenses and Employment \* \* \*

Sec. H.14 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.15 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.16 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.17 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.18 32 V.S.A. § 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.~~

\* \* \* Declaration of Homestead \* \* \*

Sec. H.19 32 V.S.A. § 5410 is amended to read:

§ 5410. DECLARATION OF HOMESTEAD

(a) A homestead owner shall declare ownership of a homestead for purposes of education property tax.

(b) Annually on or before the due date for filing the Vermont income tax return, without extension, each homestead owner shall, on a form prescribed by the commissioner, which shall be verified under the pains and penalties of perjury, declare his or her homestead, if any, as of, or expected to be as of, April 1 of the year in which the declaration is made for property that was acquired by the declarant or was made the declarant's homestead during the previous year. The declaration of homestead shall remain in effect until the earlier of:

(1) the transfer of title of all or any portion of the homestead; or

(2) that time that the property ceases to qualify as a homestead.

(c) In the event that an unsigned but otherwise completed homestead declaration is filed at the same time as 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.20 32 V.S.A. § 5811(3) is 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.~~

Sec. H.21 32 V.S.A. § 5811(18) is amended to read:

(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.22 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.

\* \* \* Digital Business Entities \* \* \*

#### Sec. H.23 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.24 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.25 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.26 32 V.S.A. § 5911 is amended to read:

§ 5911. TAXATION OF AN S CORPORATION AND ITS SHAREHOLDERS

(a) An S corporation shall not be subject to the tax imposed by section 5832 of this title, except to the extent of income taxable to the corporation under the provisions of the Internal Revenue Code.

(b) For the purposes of section 5823 of this title, each shareholder’s pro rata share of the S corporation’s income attributable to Vermont and each resident shareholder’s pro rata share of the S corporation’s income not attributable to Vermont shall be taken into account by the shareholder in the manner provided in Section 1366 of the Code.

(c) An S corporation and its shareholders shall not be subject to the tax imposed by section 5832 of this title or to the provisions of this subchapter if the S corporation qualifies as and elects to be taxed as a digital business for the taxable year; but such corporation shall be subject to the reporting requirements of this chapter, and its shareholders shall file a report of income received from such S corporation during the taxable year with the commissioner at the same time as returns are due under section 5861 of this chapter.

Sec. H.27 32 V.S.A. § 5921a is added to read:

§ 5921a. DIGITAL BUSINESS ENTITY ELECTION

A partnership or limited liability company and its partners or members shall not be subject to the tax imposed by section 5832 of this title or to provisions of this subchapter if the partnership or company qualifies as and elects to be taxed as a digital business entity for the taxable year; but such partnership shall be subject to the reporting requirements of this chapter, and its partners shall file a report of income received from such partnership during the taxable year with the commissioner at the same time as returns are due under section 5861 of this chapter.

Sec. H.28 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 report its income to the commissioner as provided in section 5862 of this chapter.

\* \* \* Trustee Process \* \* \*

Sec. H.29 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.

\* \* \* Property Tax Adjustments \* \* \*

Sec. H.30 32 V.S.A. § 6067 is amended to read:

§ 6067. CREDIT LIMITATIONS

Only one individual per household per taxable year shall be entitled to a benefit under this chapter. An individual who received a homestead exemption

or adjustment with respect to property taxes assessed by another state for the taxable year shall not be entitled to receive an adjustment under this chapter. No taxpayer shall receive total adjustments under this chapter in excess of ~~\$8,000.00~~ \$10,000.00 related to any one property tax year.

Sec. H.31 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.

\* \* \*

\* \* \* Estate Tax \* \* \*

Sec. H.32 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.33 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.34 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.35 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.36 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.

\* \* \* Tobacco Tax \* \* \*

Sec. H.37a 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) “Moist 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 cigars; 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 sweepings 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.37b 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.37c 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.38 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~~ \$0.24 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 August 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.

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

Sec. H.39 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.

\* \* \*

\* \* \* 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.41a 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.~~

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

~~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.42 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 Clothing Costing \$110.00 or More \* \* \*

Sec. H.42a 32 V.S.A. § 9741(45) is amended to read:

(45) ~~Clothing~~ Each article of clothing with a purchase price of \$110.00 or less; but clothing shall not include clothing accessories or equipment, protective equipment, or sport or recreational equipment.

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\* \* \* Returns Upon Business Closing \* \* \*

Sec. H.43 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.44 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.



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\* \* \* Education Property Tax Rates \* \* \*

Sec. H.45 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 \$1.34 per \$100.00; and

(2) the tax rate for homestead property shall be \$0.85 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.

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

Sec. H.46 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.47 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.48 REPEAL

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

Sec. H.49 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.50 SAVINGS CLAUSE

Nothing in Sec. 49 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 on Spirituous Liquor \* \* \*

Sec. H.51 7 V.S.A. § 422 is amended to read:

§ 422. TAX ON SPIRITUOUS LIQUOR

A tax of ~~25~~ 35 percent of the gross revenues is hereby assessed on the sale of spirituous liquor as defined in section 2 of this title other than fortified wine, sold by or through the liquor control board in accordance with the provisions of this title. A tax of ~~25~~ 35 percent of the gross revenues is hereby assessed on the sale of fortified wine so sold.

\* \* \* Flavored Malt Beverages \* \* \*

Sec. H.52 7 V.S.A. § 2(33) is added to read:

(33) "Flavored malt beverage" a beverage that complies with all the following:

(A) The beverage contains at least 0.5 percent alcohol.

(B) The beverage is processed by filtration or another method of manufacture that is not generally recognized as a traditional process in the production of a beer as defined in 27 C.F.R. Sec. 25.55.

(C) A flavoring or other ingredient additive that contains alcohol, except for a hop extract, has been added to the beverage.

(D) The producer is required to file a formula for approval with the U.S. Alcohol and Tobacco Trade and Tax Bureau pursuant to 27 C.F.R. Sec. 25.55, or the beverage is not exempt under 27 C.F.R. Sec. 25.55(f).

Sec. H.53 7 V.S.A. § 421 is amended to read:

§ 421. TAX ON MALT ~~AND BEVERAGES~~, VINOUS BEVERAGES, AND FLAVORED MALT BEVERAGES

(a) Every bottler and wholesaler shall pay to the commissioner of taxes the following amounts for beverages sold to retailers:

(1) For malt beverages containing not more than six percent of alcohol by volume at 60 degrees Fahrenheit, the sum of 26 and one-half cents per gallon for every gallon or its equivalent ~~of malt beverage containing not more~~

than six percent of alcohol by volume at 60 degrees Fahrenheit sold by them to retailers in the state and .

(2) For malt beverages containing more than six percent of alcohol by volume at 60 degrees Fahrenheit and for vinous beverages, the sum of 55 cents per gallon for each gallon of malt beverage containing more than six percent of alcohol by volume at 60 degrees Fahrenheit and each gallon of vinous beverages sold by them to retailers in the state and shall also pay to the liquor control board all fees for bottler's and wholesaler's licenses.

(3) For flavored malt beverages, the sum of \$1.54 per gallon.

\* \* \*

\* \* \* Capital Gains Tax Exemption \* \* \*

Sec. H.54 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:

\* \* \*

(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) the first \$5,000.00 of adjusted net capital gain income as defined in Section 1(h) of the Internal Revenue Code ~~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.~~

\* \* \* Reduction of Income Tax Rates \* \* \*

Sec. H.55 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:

For taxable income which, without this amendment, would be subject to tax at the following rate:

3.60%

7.20%

8.50%

That taxable income shall instead be taxed at the following rate:

3.50%

7.10%

8.25%

9.00%8.75%9.50%8.95%

\* \* \* Satellite Television Tax \* \* \*

Sec. H.56 32 V.S.A. chapter 242 is added to read:

CHAPTER 242. TAX ON SATELLITE TELEVISION PROGRAMMING

Subchapter 1. General Provisions

§ 10401. DEFINITIONS

Unless otherwise provided, the following terms when used in this chapter have the following definitions:

(1) "Distributor" means any person engaged in the business of making satellite programming available for purchase by subscribers.

(2) "Satellite programming" means radio and television audio and video programming services distributed or broadcast by satellite directly to the subscriber's receiving equipment.

§ 10402. GENERAL POWERS OF THE COMMISSIONER

In addition to other powers granted in this chapter, the commissioner may:

(1) Prescribe methods for determining the amount of gross receipts subject to tax.

(2) Require any person required to pay the tax imposed under this chapter to keep detailed records of all receipts received, charged, or accrued, including those claimed to be nontaxable, and of other facts relevant in determining the amount of tax due and to furnish that information upon request to the commissioner.

§ 10403. LIABILITY FOR TAX

Every distributor required by this chapter to pay the tax imposed by this chapter shall be personally and individually liable for the amount of such tax together with such interest and penalty as has accrued under the provisions of section 3202 of this title; and if the distributor is a corporation or other entity, the personal liability shall extend and be applicable to any officer or agent of the corporation or entity who as an officer or agent of the same is under a duty to collect the tax and transmit it to the commissioner as required in this chapter.



§ 10404. RECORDS TO BE KEPT

Every person required to collect any tax imposed by this chapter shall keep records of its gross receipts and of the tax payable thereon in such form as the commissioner may by regulation require. The records shall be available for inspection and examination at any time upon demand by the commissioner or his or her duly authorized agent or employee and shall be preserved for a period of three years, except that the commissioner may consent to their destruction within that period or may require that they be kept longer.

Subchapter 2. Exemptions§ 10441. TRANSACTIONS NOT COVERED

This chapter shall not cover the following transactions:

- (1) Transactions that are not within the taxing power of this state under the Constitution of the United States.
- (2) The provision of satellite programming to a person for resale in the ordinary course of business.

Subchapter 3. Imposition, Rate, and Payment of Tax§ 10471. IMPOSITION OF TAX

Except as otherwise provided in this chapter, there is imposed a tax on the provision of satellite programming to a subscriber located in this state. The tax shall be paid by the distributor at the rate of five percent of all gross receipts derived by the distributor from the provision of satellite programming to the subscribers within this state.

§ 10472. RETURNS

(a) Except as otherwise provided in this section, every distributor subject to taxation under section 10471 of this title shall file a return with the commissioner stating the gross receipts derived by the distributor during each calendar quarter on or before the 25th day of the calendar month following such calendar quarter.

(b) The commissioner may permit or require returns to be made covering other periods and upon such dates as he or she may specify. In addition, the commissioner may require payments of tax liability at the intervals and based upon the classifications as he or she may designate. In prescribing the other periods to be covered by the return or intervals or classifications for payment of tax liability, the commissioner may take into account the dollar volume of tax involved as well as the need for ensuring the prompt and orderly collection of the taxes imposed.

(c) The form of returns shall be prescribed by the commissioner and shall contain such information as he or she may deem necessary for the proper administration of this chapter. The commissioner may require returns and amended returns to be filed within 20 days after notice and to contain the information specified in the notice.

(d) Upon the failure of a taxpayer to file any return required under this chapter within 20 days of the date of a notice to the taxpayer under subsection (c) of this section, the commissioner may petition a judge of the superior court in the county wherein the taxpayer has a place of business or, if the taxpayer has no place of business in this state, the commissioner may petition the Washington superior court, and upon the petition of the commissioner and a hearing, the judge shall issue a citation requiring the taxpayer and, if the taxpayer is a corporation, any principal officer of such corporation to file a proper return in accordance with this chapter upon pain of contempt. The order of notice upon the petition shall be returnable not later than 20 days after the filing of the petition. The petition shall be heard and determined on the return day or on a day thereafter as the court shall fix, having regard to the speediest possible determination of the case consistent with the rights of the parties. The judgment shall include costs in favor of the prevailing party. The commissioner's authority to petition under this subsection is in addition to the commissioner's authority under subsection 10475(a) of this chapter to compute the tax liability of a taxpayer who fails to file a required return or files an incorrect or insufficient return.

#### § 10473. PAYMENT OF TAX

Every person required to file a return under this chapter shall, at the time of filing the return, pay to the commissioner the tax imposed by this chapter. The commissioner may require payment by electronic funds transfer from any taxpayer who is required by federal tax law to pay any federal tax in that manner or from any taxpayer who has submitted to the tax department two or more protested or otherwise uncollectible checks with regard to any state tax payment in the prior two years. All the taxes for the period for which a return is required to be filed or for such lesser interval as shall have been designated by the commissioner shall be due and payable to the commissioner on the date limited for the filing of the return for that period or on the date limited for such lesser interval as the commissioner has designated, without regard to whether a return is filed or whether the return which is filed correctly shows the amount of gross receipts or the taxes due thereon.

§ 10474. DETERMINATION OF TAX OR PENALTY

(a) If a return required by this chapter is not filed or if a return when filed is incorrect or insufficient, the amount of tax due shall be determined by the commissioner from any information available. Notice of the determination shall be given to the person liable for the payment of the tax. The determination shall finally and irrevocably fix the tax within 60 days after giving notice of the determination unless the person against whom it is assessed shall apply in writing to the commissioner for a hearing or unless the commissioner of his or her own motion shall redetermine the tax. After the hearing the commissioner shall give notice of his or her determination to the person against whom the tax is assessed.

(b) Notwithstanding the provisions of subsection (a) of this section, the commissioner, if he or she believes the collection from a taxpayer of any deficiency, penalty, or interest to be in jeopardy, may demand in writing that the taxpayer pay the deficiency, penalty, or interest forthwith. The demand may be made concurrently with or after the notice of deficiency or the assessment of penalty or interest given to the taxpayer under subsection (a) of this section. The amount of deficiency, penalty, or interest shall be collectible by the commissioner on the date of the demand unless the taxpayer files with the commissioner a bond in an amount equal to the deficiency, penalty, or interest sought to be collected as security for such amount as finally may be determined.

§ 10475. REFUNDS

(a) As provided in this section, the commissioner shall refund or credit any tax, penalty, or interest erroneously, illegally, or unconstitutionally paid if application to the commissioner for the refund shall be made within three years from the date the return was required to be filed; provided that the application is made within three years of the payment. The commissioner may, in lieu of any refund, allow credit on payments due from the applicant.

(b) A person shall not be entitled to a revision, refund, or credit under this section of a tax, interest, or penalty which had been determined to be due pursuant to the provisions of section 10474 of this title where he or she has had a hearing or an opportunity for a hearing as provided in that section or has failed to avail himself or herself of the remedies therein provided. No refund or credit shall be made of a tax, interest, or penalty paid after a determination by the commissioner made under section 10474 unless it is found that the determination was erroneous, illegal, or unconstitutional or otherwise improper pursuant to law, in which event refund or credit shall be made of the tax, interest, or penalty found to have been overpaid.

(c) If the commissioner determines on a petition for refund or otherwise that a taxpayer has paid an amount of tax under this chapter which, as of the date of the determination, exceeds the amount of tax liability owing from the taxpayer to the state with respect to the current and all preceding taxable periods under any provision of this title, the commissioner shall forthwith refund the excess amount to the taxpayer together with interest at the rate per annum established from time to time by the commissioner pursuant to section 3108 of this title. That interest shall be computed from 45 days after the date the return was filed or from 45 days after the date the return was due, including any extensions of time thereto, with respect to which the excess payment was made, whichever is the later date.

#### Subchapter 4. Enforcement and Penalties

##### § 10511. PROCEEDINGS TO RECOVER TAX

(a) Whenever any person required to pay a tax under this chapter shall fail to pay any tax, penalty, or interest imposed by this chapter, the attorney general shall, upon the request of the commissioner, enforce the payment thereof on behalf of the state in any court of the state or of any other state of the United States.

(b) As an additional or alternate remedy, the commissioner may issue a warrant, directed to the sheriff of any county commanding him or her to levy upon and sell the real and personal property of any person liable for the tax, which may be found within his or her county, for the payment of the amount thereof with any penalties and interest and the cost of executing the warrant and to return the warrant to the commissioner and to pay to him or her the money collected by virtue thereof within 60 days after the receipt of the warrant. The sheriff shall within five days after the receipt of the warrant file with the county clerk a copy thereof, and thereupon the clerk shall enter in the judgment docket the name of the person mentioned in the warrant and the amount of the tax, penalties, and interest for which the warrant is issued and the date on which the copy is filed. Thereupon the amount of the warrant so docketed shall become a lien upon the title to and interest in real and personal property of the person against whom the warrant is issued. The sheriff shall then proceed upon the warrant in the same manner and with like effect as that provided by law in respect to executions issued against property upon judgments of a court of record, and, for services in executing the warrant, he or she shall be entitled to the same fees which he or she may collect in the same manner. If a warrant is returned not satisfied in full, the commissioner may from time to time issue new warrants and shall also have the same remedies to

enforce the amount due as if the state had recovered judgment therefor and execution had been returned unsatisfied.

#### § 10512. ACTIONS FOR COLLECTION OF TAX

Action may be brought by the attorney general at the instance of the commissioner in the name of the state to recover the amount of taxes, penalties, and interest due from a distributor, provided such action is brought within six years after the same are due. Such action shall be returnable in the county where the distributor has a place of business or, if the distributor has no place of business in this state, the action shall be returnable to Washington County. The limitation of six years in this section shall not apply to a suit to collect taxes, penalties, interest, and costs when the distributor filed a fraudulent return or failed to file a return when due.

#### § 10513. PRESUMPTIONS AND BURDEN OF PROOF

(a) For the purpose of the proper administration of this chapter and to prevent evasion of the tax hereby imposed, it shall be presumed that all gross receipts from the provision of satellite programming are subject to tax until the contrary is established, and the burden of proving that any receipt or amusement charge is not taxable hereunder shall be upon the person required to collect tax.

(b) The certificate of the commissioner to the effect that a tax has not been paid, that a return has not been filed, or that information has not been supplied under this chapter shall be presumptive evidence thereof.

#### § 10514. CRIMINAL PENALTIES

(a) Failure to file; failure to remit. Any person who knowingly fails to file a return or fails to remit a tax required under this subchapter shall be imprisoned not more than three years or fined not more than \$10,000.00 or both.

(b) Any person who knowingly makes, signs, verifies, or files with the commissioner a false or fraudulent tax return shall be imprisoned not more than one year or fined not more than \$1,000.00 or both. Any person who with intent to evade a tax liability makes, signs, verifies, or files with the commissioner a false or fraudulent tax return shall, if the amount of tax evaded is in excess of \$500.00, be imprisoned not more than three years or fined not more than \$10,000.00 or both.

#### § 10515. NOTICE AND LIMITATIONS OF TIME

(a) Any notice under this chapter may be given by mailing it to the person for whom it is intended in a postpaid envelope addressed to that person at the

address given in the last return filed by him or her under this chapter or in any application made by him or her or, if no return has been filed or application made, then to any address obtainable. The mailing of the notice shall be presumptive evidence of its receipt by the person to whom it is addressed. Any period of time which is determined under this chapter by the giving of notice shall commence to run from the date of mailing of the notice.

(b) The provisions of law relating to limitations of time for the enforcement of a civil remedy shall not apply to any proceeding or action taken by the state or the commissioner to levy, appraise, assess, determine, or enforce the collection of any tax or penalty under this chapter. However, except in the case of a willfully false or fraudulent return with intent to evade the tax, no assessment of additional tax shall be made after the expiration of more than three years from the later of the date of the filing of a return or the date a return is due; provided, however, that when no return has been filed as provided by law, the tax may be assessed at any time and further provided that where tax collected under this chapter has been underreported by 20 percent or more, such tax may be assessed at any time before the expiration of six years from the date of the filing of the return.

(c) When, before the expiration of the period prescribed herein for the assessment of an additional tax, a taxpayer has consented in writing that the period be extended, the amount of the additional tax due may be determined at any time within the extended period. The period so extended may be further extended by subsequent consents in writing made before the expiration of the extended period. If a taxpayer has consented in writing to the extension of the period for assessment, the period for filing an application for credit or refund pursuant to section 10476 of this title shall not expire prior to six months after the expiration of the period within which an assessment may be made pursuant to the consent to extend the time for assessment of additional tax.

#### § 10516. REVIEW OF COMMISSIONER'S DECISION

(a) Any aggrieved taxpayer may, within 30 days after any decision, order, finding, assessment, or action of the commissioner made under this chapter, appeal to the superior court. The appellant shall give security, approved by the commissioner, conditioned to pay the tax levied, if it remains unpaid, with interest and costs, as set forth in subsection (c) of this section.

(b) The appeal provided by this section shall be the exclusive remedy available to any taxpayer for review of a decision of the commissioner determining the liability of the taxpayer for the taxes imposed.

(c) Notwithstanding any restrictions on the assessment and collection of deficiencies, the commissioner may assess a deficiency after the expiration of

the period specified in subsection (a) of this section, notwithstanding that a notice of appeal regarding the deficiency has been filed by the taxpayer unless the taxpayer, prior to the time the notice of appeal is filed, has paid the deficiency, has deposited with the commissioner the amount of the deficiency, or has filed with the commissioner a bond, which may be a jeopardy bond, in the amount of the portion of the deficiency including interest and other amounts in respect of which review is sought and all costs and charges which may accrue against the taxpayer in the prosecution of the proceeding, including costs of all appeals, and with surety approved by the county court conditioned upon the payment of the deficiency including interest and other amounts as finally determined and all costs and charges. If, as a result of a waiver of the restrictions on the assessment and collection of a deficiency, any part of the amount determined by the commissioner is paid after the filing of the appeal bond, the bond shall, at the request of the taxpayer, be proportionately reduced.

#### § 10517. LIENS

If any person required to pay a tax under this chapter neglects or refuses to pay the same after demand, the amount, together with all penalties and interest provided for in this chapter and together with any costs that may accrue in addition thereto, shall be a lien in favor of the state of Vermont upon all property and rights to property, whether real or personal, belonging to such person. Such lien shall arise at the time demand is made by the commissioner of taxes and shall continue until the liability for such sum with interest and costs is satisfied or becomes unenforceable. Such lien shall have the same force and effect as the lien for taxes under chapter 151 of this title as provided in section 5895 of this title, and notice of such lien shall be recorded as is provided in that section. Certificates of release of such lien shall also be given by the commissioner as in the case of the aforesaid tax liens.

\* \* \* Limitation on Use Value Property Tax Reduction \* \* \*

Sec. H.57 32 V.S.A. § 3764 is added to read:

#### § 3764. LIMITATION ON USE VALUE PROPERTY TAX REDUCTION

Notwithstanding any other provision of law, if the per-acre fair market value of the total enrolled acres in any one parcel exceeds \$4,000.00, then the owner shall, in addition to the tax otherwise paid on the use value of the parcel, pay municipal and education property taxes on the amount per acre in excess of \$4,000.00, subject to any property tax adjustment available to the owner under chapter 154 of this title; and the payment to any municipality under section 3760 of this chapter shall be adjusted accordingly.

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Sec. H.58 EFFECTIVE DATES

This act shall take effect upon passage, except:

(1) Sec. H.17 (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.18 (repealing tax information insert) shall apply to homestead property tax bills mailed in 2009 and after.

(3) Sec. H.19 (homestead declaration) shall apply to homestead declarations filed for tax year 2008 and after.

(4) Secs. H.20 and H.21 (taxation of unrelated business income of nonprofit corporations) shall take effect for taxable years beginning on and after January 1, 2010.

(5) Sec. H.22 (update of link to federal income tax laws) shall apply to taxable years beginning on and after January 1, 2008.

(6) Secs. H.24–H.28a (digital business entities) shall take effect on January 1, 2010.

(7) Sec. H.30 (income sensitivity adjustment limit) shall apply to income sensitivity adjustments made in 2009 and after.

(8) Sec. H.31 (deadline for notice from department to towns regarding adjustment amounts) shall apply to homestead declarations filed in 2009 and after.

(9) Secs. H.32–H.36 (estate taxes) shall apply to estates of individuals dying on or after January 1, 2009.

(10) Secs. H.37–H.38 (tobacco tax) shall take effect July 1, 2009.

(11) Secs. H.40–H.42 (sales and use tax on digital downloads) shall take effect on July 1, 2009.

(12) Sec. H.43 (cancellation of sales and use tax account) shall take effect with respect to cancellations on or after July 1, 2009.

(13) Sec. H.51 (tax on spirituous liquor) shall take effect on July 1, 2009.

(14) Secs. H.52 and H.53 (flavored malt beverages) shall take effect on July 1, 2009.;

(15) Sec. H.54 (capital gains exemption ) shall take effect for taxable years beginning on or after January 1, 2009.



(16) Sec. H.56 (satellite television tax) shall take effect on July 1, 2009.

(17) Sec. H.57 (limitation on use value property tax reduction) shall apply to property tax bills issued in calendar 2010 and thereafter.

And by renumbering all of the sections of the bill to be numerically correct (including internal references) and adjusting all of the totals to be arithmetically correct.

And that the bill ought to pass in concurrence with such proposals of amendment.

Thereupon, the bill was read the second time by title only pursuant to Rule 43, and pending the question, Shall the Senate propose to the House to amend the bill as recommended by the Committee on Appropriations?, Senator Mullin moved to amend the proposal of amendment of the Committee on Appropriations by adding Secs. F.100 through F.110 to read as follows:

Sec. F.100. BALANCED BUDGET WITH NO TAX INCREASES

The purpose of the adjustments in this section is to present a balanced budget for fiscal year 2010 without raising taxes, with two exceptions being a reduction of the household income eligibility cap for property tax adjustments from \$90,000 to \$80,000, and a cap on the current use subsidy for very high-valued property. The additional education tax revenue from the lowered household income cap would be used to fund an additional portion of teacher retirement; and the current use savings in the education fund is used to reduce the general fund transfer to the education fund. In addition, \$5 million is cut from Vermont housing and conservation board funding, with their remaining funding to be used only for housing purposes. And finally, these adjustments allow for balancing the budget without the tax increases which have been proposed for fiscal year 2010, by cutting spending provisions as shown in the following sections.

Sec. F.101. 32 V.S.A. § 6066(a) is amended to read:

(a) An eligible claimant who owned the homestead on April 1 of the year in which the claim is filed shall be entitled to an adjustment amount determined as follows:

(1)(A) For a claimant with household income of ~~\$90,000.00~~ \$80,000.00 or more:

(i) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year;

(ii) minus (if less) the sum of:

(I) the applicable percentage of household income for the taxable year; plus

(II) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year in excess of \$200,000.00.

(B) For a claimant with household income of less than ~~\$90,000.00~~ \$80,000.00 but more than \$47,000.00, the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year, minus the applicable percentage of household income for the taxable year.

(C) For a claimant whose household income does not exceed \$47,000.00, the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year, minus the lesser of:

(i) the applicable percentage of household income for the taxable year; or

(ii) the statewide education tax rate, multiplied by the equalized value of the housesite in the taxable year reduced by \$15,000.00.

(D) A claimant whose household income does not exceed ~~\$90,000.00~~ \$80,000.00 shall also be entitled to an additional adjustment amount under this section of \$10.00 per acre, up to a maximum of five acres, for each additional acre of homestead property in excess of the two-acre housesite. The adjustment amount under this section shall be shown separately on the notice of property tax adjustment to the claimant.

Sec. F.102. By increasing education fund sources for teachers' retirement by \$5.9 million

In Sec. B.514, by striking out the following: "40,303,002" and inserting in lieu thereof the following: 34,403,002, and by adding under Source of funds: Education fund \$5,900,000

Sec. F. 103. 32 V.S.A. § 3764 is added to read:

§ 3764. LIMITATION ON USE VALUE PROPERTY TAX REDUCTION

Notwithstanding any other provision of law, if the listed value, divided by the most recent common level of appraisal, of the total enrolled acres in any one parcel exceeds \$4,000.00 per acre, then the owner shall, in addition to the tax otherwise paid on the use value of the parcel, pay municipal and education property taxes on the amount per acre in excess of \$4,000.00, subject to any property tax adjustment available to the owner under chapter 154 of this title. Beginning in fiscal year 2011, the payment to any municipality under section

3760 of this chapter shall be adjusted to take into account the limitation in this section.

Sec. F.104. Reduce the general fund transfer to the education fund by \$2.5 million (the education fund saves \$2.5 million through the current use cap in Sec. 103)

In B.513, by striking out the following: “297,778,980” in both instances and inserting in lieu thereof the following: 295,278,980 and by striking out the following: “274,778,980” and inserting in lieu thereof the following: 272,278,980

Sec. F.105. Vermont Housing and Conservation Board appropriation reduced by \$5 million

In Sec. B.813, by striking out the following “22,933,436” in both instances and inserting in lieu thereof the following 17,933,436 and by striking out the following: “11,326,662” and inserting in lieu thereof the following: 6,326,662; and by inserting the following: Vermont housing and conservation funding in fiscal year 2010 shall be used only for housing purposes.

Sec. F.106. Property transfer tax dedicated to the VHCB trust fund reduced by \$5 million, and excess amounts flow to general fund

In Sec. D.100, by inserting the following:

(a) This act contains the following amounts appropriated from special funds that receive revenue from the property transfer tax. Expenditures from these appropriations shall not exceed available revenues.

(1) The sum of \$314,503 is appropriated from the property valuation and review administration special fund to the department of taxes for administration of the use tax reimbursement program. Notwithstanding 32 V.S.A. § 9610(c), amounts above \$314,503 from the property transfer tax that are deposited into the property valuation and review administration special fund shall be transferred into the general fund.

(2) The sum of ~~\$9,101,662~~ \$4,101,662 is appropriated from the Vermont housing and conservation trust fund to the Vermont housing and conservation trust board. Notwithstanding 10 V.S.A. § 312, amounts above ~~\$9,101,662~~ \$4,101,662 from the property transfer tax that are deposited into the Vermont housing and conservation trust fund shall be transferred into the general fund.

\* \* \*

Sec. F.107. Cut tobacco cessation funding by \$714,000

In Sec. B.312, by striking out the following: “74,842,314” in both instances and inserting in lieu thereof the following: 74,128,314 and by striking out the following: “1,906,916” and inserting in lieu thereof the following: 1,192,916

In Sec. B.301, by striking out the following: “70,206,046” and inserting in lieu thereof the following: 69,492,046 and by striking out the following: “34,911,760” and inserting in lieu thereof the following: 35,625,760

Sec. F.108. Move \$714,000.00 saved from tobacco cessation funding to Global Commitment, allowing reduction of general fund monies to Global Commitment

In Sec. E.312, by inserting the following:

(c) Funding for the tobacco programs in fiscal year 2010 shall consist of the ~~\$1,917,516~~ \$1,203,516 in tobacco funds and \$1,059,409 in Global Commitment funds appropriated in Sec. B.312 of this act; and \$212,709 of the tobacco funds appropriated in Sec. B.300 of this act. This total ~~\$3,189,634~~ \$2,475,634 shall be utilized according to the provisions of 18 V.S.A. chapter 225 as follows:

(1) community-based programs - \$850,300;

(2) media and public education - \$837,200;

(3) tobacco cessation programs - ~~\$1,163,200~~ \$449,200; these funds may also be used to provide tobacco cessation counseling services to persons incarcerated in Vermont correctional facilities, and \$80,000 shall be used to make nicotine replacement therapies available to all persons enrolled in tobacco cessation counseling, \$91,400 shall be allocated to programs that serve pregnant women, and \$12,500 shall be granted to the Washington County Mental Health Agency, Inc. for a special cessation program;

(4) surveillance and evaluation activities - \$276,600;

(5) statewide provider education - \$62,334.

Sec. F.109. Cut legislative budget \$200,000 by reduction in funding of Health Care Reform Commission

In Sec. B.127, by striking out the following: “7,301,391” in both instances and inserting in lieu thereof the following: 7,101,391, and by striking out the following: “3,872,884” and inserting in lieu thereof the following: 1,192,916.

In Sec. E.127 by adding:

\* \* \*

(b) The director of the commission on health care reform shall reduce expenditures on contracts and personal services by \$200,000.”

Sec. F.110. Full family sanctions for those on TANF for 60 months unless good cause shown

In Sec. B.323, by striking out the following: “49,842,356” in both instances and inserting in lieu thereof the following: 48,594,356 and by striking out the following: “16,124,726” and inserting in lieu thereof the following: 14,876,726, and by inserting the following: “Full family sanctions shall be imposed for those on TANF for 60 months unless good cause is shown.”

Thereupon, pending the question, Shall the proposal of amendment of the Committee on Appropriations be amended as recommended by Senator Mullin?, Senator Mullin requested and was granted leave to withdraw his proposal of amendment.

Thereupon, the pending question Shall the Senate propose to the House to amend the bill as recommended by the Committee on Appropriations?, was agreed to on a roll call, Yeas 27, Nays 3.

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

#### **Roll Call**

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

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

Thereupon, third reading of the bill was ordered.

#### **Rules Suspended; Bill Committed**

##### **H. 438.**

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

An act relating to the state’s transportation program.

Was taken up for immediate consideration.

Thereupon, pending the reading of the reports of the Committees on Transportation and on Finance, Senator Shumlin moved that Senate Rule 49 be

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suspended in order to commit the bill to the Committee on Appropriations with the reports of the Committees on Transportation and on Finance *intact*,

Which was agreed to.

### **Adjournment**

On motion of Senator Shumlin, the Senate adjourned until nine o'clock and thirty minutes in the morning.