Possible Language Regarding Dedication of Portion of Local Option Tax Proceeds to Town Highway Aid

Sec. __. 32 V.S.A. § 3709 is amended to read:

§ 3709. PILOT SPECIAL FUND

(a) There is hereby established a PILOT Special Fund consisting of local option tax revenues paid to the State Treasurer pursuant to 24 V.S.A. § 138. This Fund shall be managed by the Commissioner of Taxes pursuant to chapter 7, subchapter 5 of this title. Notwithstanding subdivision 588(3) of this title, all interest earned on the Fund shall be retained in the Fund for use in meeting future obligations. The Fund shall be exclusively for payments required under ~~chapter 123,~~ subchapters 4 and 4C of this ~~title~~ chapter, ~~and~~ for any additional State payments in lieu of taxes for correctional facilities, and as provided in subsection (c) of this section. The Commissioner of Finance and Management may draw warrants for disbursements from this Fund in anticipation of receipts.

* * *

(c) If the local option tax revenues deposited in the PILOT Special Fund pursuant to 24 V.S.A. § 138 in any State fiscal year exceed the full amount of all payments made under subchapters 4 and 4C of this chapter, one-half of the amount by which the local option tax revenues exceed the payments made under subchapters 4 and 4C of this chapter shall be transferred to the

Transportation Fund in the next fiscal year and allocated to general State aid for town highways as provided pursuant to 19 V.S.A. § 306(a).

Sec. __. 19 V.S.A. § 306 is amended to read:

§ 306. APPROPRIATION; STATE AID FOR TOWN HIGHWAYS

(a) General State aid to town highways.

* * *

(4)(A) In addition to the amounts appropriated pursuant to subdivision (1) of this subsection (a), amounts transferred to the Transportation Fund from the PILOT Special Fund pursuant to 32 V.S.A. § 3709(c) shall be appropriated for class 1, 2, and 3 town highways and shall be apportioned, distributed, and used in the same manner as provided pursuant to subdivision (3) of this subsection (a).

(B) Amounts appropriated pursuant to this subdivision (4) shall not decrease the amount appropriated pursuant to subdivision (1) of this subsection (a) or be subject to the annual inflationary adjustment provided for in subdivisions (1) and (2) of this subsection (a).

* * *

Sec. __. EFFECTIVE DATE

Secs. __ and __ (allocation of excess PILOT Special Fund revenues to State aid for town highways) shall take effect on July 1, 2027 and apply prospectively to the State fiscal year 2029 budget.