

**2009**

**FI\$CAL FACT\$**



**VERMONT LEGISLATIVE**

**JOINT FISCAL OFFICE**



**Joint Fiscal Committee**

**2009 - 2010 Legislative Session**

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**PART I – OVERVIEW OF STATE FINANCES**

## OVERVIEW OF STATE FINANCES

There are three major components to any government's finances. The first is **revenue** – funds coming into government coffers. The second is **debt** – most governments borrow to finance some of their activities, such as major capital expenditures like construction projects. The third is **expenditures** – what government spends money on. The appropriation process provides authority for expenditures. The table below shows all appropriations. It is important to recognize that in some cases, dollars are appropriated from one fund to another, and then to their ultimate destination. To provide a more accurate picture of total state spending, appropriations must be adjusted to count each dollar only once. Adjusted appropriations are shown on page 13.

### Total State Budget: Fiscal Year 2009\* (See page 13 for netted appropriations)

Sources of Funds	Amount
General	1,186,741,398
Transportation	217,486,853
Education	1,324,234,575
Fish & Wildlife	15,385,501
Special	218,664,294
Federal	1,337,780,948
Global Commitment	894,078,440
State Health Care Resources	147,623,246
Catamount	31,467,878
Tobacco	47,080,924
Other	<u>164,831,209</u>
<b>Total</b>	<b>5,585,375,266</b>

Appropriation	Amount
General Government	175,123,849
Protection	253,639,040
Human Services	2,605,277,296
Labor	28,699,549
Education	1,897,982,198
Natural Resources	84,314,537
Commerce/Development	55,772,275
Transportation	403,188,119
Debt Service	71,459,051
Miscellaneous/Other	<u>9,919,352</u>
<b>Total</b>	<b>5,585,375,266</b>

\* Includes rescissions as approved by JFC on 8/27/08 & 12/9/08

Source: Joint Fiscal Office Analysis of Act # 192 of the 2008 Session (Fiscal year 2009 Appropriations) & other bills with appropriations.

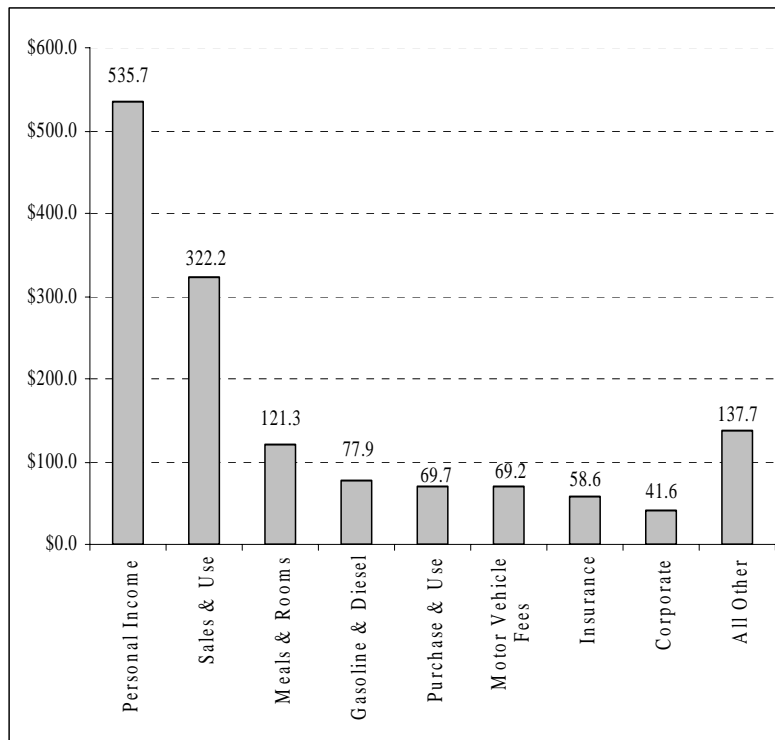


## REVENUE

Well over 95 percent of Vermont's state revenue comes from taxes. In addition to revenue from taxes such as income, sales & use, and rooms & meals, Vermont is the only state to collect significant revenue from a statewide property tax. Revenue from this tax is estimated at \$868.2 million in state fiscal year 2009, making it the largest single source of state revenue. For historical continuity and to enable comparisons with other states, the statewide property tax is excluded from the remainder of this section.

The personal income tax accounts for about one-third of non-property-tax revenue in Vermont, followed by the sales & use and rooms & meals taxes. In addition to tax revenues, the other major source of funding for state programs is federal funds, representing about one-third of state program costs.

**Major Sources of General, Transportation & Education Fund Revenue  
Fiscal Year 2010  
(January 2009 forecast, \$ in millions)  
Does not include Property Tax**



The first step in the creation of the annual state budget is the development of a revenue forecast. The next page contains some history and the forecast that will be used for development of the fiscal year 2010 budget.



**AVAILABLE GENERAL FUND FORECASTS**  
(\$ in millions)

	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
Revenue Source	<i>(Actual)</i>	<i>(Forecast)</i>	<i>(Forecast)</i>	<i>(Forecast)</i>
Personal Income	622.3	551.9	535.7	571.6
Sales and Use	225.6	214.5	214.8	221.4
Corporate	74.6	52.3	41.6	46.5
Meals and Rooms	121.1	120.3	121.3	124.9
Liquor	14.2	14.9	15.4	16.0
Insurance	54.8	57.0	58.6	60.3
Telephone	9.5	9.1	9.0	8.9
Beverage	5.6	5.6	5.7	5.8
Electric Generating	2.7	2.8	2.8	2.8
Estate	15.7	11.3	12.8	8.9
Property Transfer	10.7	8.9	8.7	9.4
Bank Franchise	10.2	16.6	10.7	10.9
Other Tax	3.2	3.1	3.0	3.3
<b>Subtotal Tax Revenue</b>	<b>1,170.3</b>	<b>1,068.3</b>	<b>1,040.1</b>	<b>1,090.7</b>
Business Licenses	2.7	2.9	2.8	2.9
Fees	14.7	19.5	20.1	20.7
Services	1.7	1.8	1.9	2.0
Fines	4.4	8.0	3.8	3.9
Interest	5.3	2.9	2.8	3.2
All Other	0.6	0.6	0.5	0.6
<b>Subtotal Other Revenue</b>	<b>29.5</b>	<b>35.7</b>	<b>31.9</b>	<b>33.3</b>
<b>TOTAL GENERAL FUND</b>	<b>1,199.8</b>	<b>1,104.0</b>	<b>1,072.0</b>	<b>1,124.1</b>

Source: Emergency Board Official Forecast, January 2009

**AVAILABLE TRANSPORTATION FUND FORECASTS**  
(\$ in millions)

Revenue Source	FY 2008 <i>(Actual)</i>	FY 2009 <i>(Forecast)</i>	FY 2010 <i>(Forecast)</i>	FY 2011 <i>(Forecast)</i>
Gasoline	62.6	60.8	61.9	63.2
Diesel	16.6	15.5	16.0	16.6
Purchase and Use [1]	52.7	45.4	46.5	49.1
Motor Vehicle Fees	67.5	66.2	69.2	70.2
Other Revenue	23.7	18.6	19.1	19.8
<b>TOTAL TF</b>	<b>223.1</b>	<b>206.5</b>	<b>212.7</b>	<b>218.9</b>

[1] Includes Motor Vehicle Rental Tax revenue.

**NON-PROPERTY TAX EDUCATION FUND FORECASTS**  
(\$ in millions)

Revenue Source	FY 2008 <i>(Actual)</i>	FY 2009 <i>(Forecast)</i>	FY 2010 <i>(Forecast)</i>	FY 2011 <i>(Forecast)</i>
Sales and Use	112.8	107.3	107.4	110.7
Interest	(1.3)	(1.8)	(1.7)	(1.6)
Lottery	22.7	20.7	20.3	21.7
Purchase and Use	26.3	22.7	23.2	24.5
<b>TOTAL EF</b>	<b>160.5</b>	<b>148.9</b>	<b>149.2</b>	<b>155.3</b>

Source: Emergency Board Official Forecast, January 2009

### Potential Revenue Sources and Options

There are three main ways to increase revenue coming into state coffers:

- 1) increase existing taxes;
- 2) expand existing tax bases; or
- 3) create new taxes.

The following estimates are examples of each of these methods to raise new state revenue. In reverse, reducing rates, creating tax exemptions, and eliminating taxes all reduce state revenue.

*Preliminary Estimates Only - Subject to Revision (\$ in millions)*

Tax Source	FY 2010 Revenue	Tax Rate	Unit of Tax	FY10 New Revenue [1]
<i>Increase Existing Taxes</i>				
Sales & Use	322.2	6%	@1%	53.7
Meals, Rooms and Alcohol	121.3	9% & 10%	@1%	13.5
Cigarette & Tobacco	61.4	\$1.99	@ penny	0.3
Liquor	15.4	25%	@1%	0.6
Bank Franchise	10.7	0.0096%	.0001% increase	0.1
Insurance Premiums	58.6	various	various	N/A
Gasoline	61.9	0.19	@ penny	3.3
Diesel	16.0	0.25	@ penny	0.6
Purchase & Use	69.7	6%	@1%	11.6
Personal Income Tax	535.7	various	1% surcharge	5.4
Corporate Income Tax	41.6	various	1% surcharge	0.4
Property Transfer Tax	8.7	various	1% surcharge	0.1

[1] These are simple yield rates and do not include price elasticity. Elasticity is the decline or increase in demand in response to the price change. This will slightly reduce the new tax revenue for most increases. Elasticity will depend upon many conditions specific to a tax source, such as tax rates in competitive jurisdictions, the size of the tax change, the prior tax level, and the nature of the economic good being taxed. Most effective tax yields fall between about 90% to 100% of an estimated simple yield.

*Preliminary Estimates Only - Subject to Revision (\$ in millions)*

Tax Source	Unit of Tax	Annual Revenue
<i>Expand Income Tax Base</i>		
Eliminate Capital Gains Exemption	Apply ordinary rates	30.0
Eliminate Deductibility of State & Local Taxes	Eliminate deduction	34.0
Eliminate Charitable Contributions Deduction	"	N/A
Eliminate Mortgage Interest Deduction	"	N/A
Apply Corporate Income Tax to Banks	Apply ordinary rates	5.0 m

**Potential Revenue Sources and Options**

(continued)

*Preliminary Estimates Only - Subject to Revision*

Sales Tax	Change	Annual Revenue (\$ Millions)
<i>Expand Sales Tax Base</i>		
Clothing	Include in Sales Tax Base	22.5
Footwear	"	5.8
Soft Drinks	"	3.5
Candy	"	2.5
Gasoline & Diesel	"	71.2
Lottery and Break-open Tickets	"	N/A
<i>Apply Sales Tax to Services (partial list only)</i>		
<u>Professional, scientific, &amp; technical services</u>		
Legal services		15.8
Accounting, tax preparation, bookkeeping, & payroll services		6.7
Architectural, engineering, & related services		17.7
Computer systems design & related services		11.4
Management, scientific, & technical consulting services		12.8
Scientific research & development services		2.8
Advertising & related services		2.5
Other professional, scientific, & technical services		6
<u>Information</u>		
Publishing industries (except Internet)		15.5
Broadcasting (except Internet)		4.2
Internet service providers, web search portals, & data processing		12.4
<u>Administrative &amp; support services</u>		
Office administrative services		2.2
Employment services		2.7
Business support services		4.3
Travel arrangement & reservation services		1.9
Investigation & security services		1.5
Services to buildings & dwellings		8.6
<u>Health care &amp; social assistance</u>		
Offices of physicians		31.0
Offices of dentists		12.1
Offices of other health practitioners		6.1
Medical & diagnostic laboratories		0.3
Home health care services		6.4
Nursing & residential care facilities		20.6
		0
<u>Other Services</u>		
Automotive repair & maintenance		13.4
Electronic & precision equipment repair & maintenance		0.8
Personal & household goods repair & maintenance		1.1
Personal care services		2.8
Dry-cleaning & laundry services		2.4
Pet care (except veterinary) services		0.2

Services estimates based on 2002 Economic Census data

**STATE INDEBTEDNESS**

**Capital Debt Affordability Advisory Committee**

The Capital Debt Affordability Advisory Committee was created by the 1990 Vermont Legislature to estimate annually the maximum amount of new long-term general obligation debt that prudently may be authorized by the state for the next fiscal year. The Committee's estimate is required by law to be based on a number of considerations, historic and projected, including debt service requirements, debt service as a percent of General and Transportation Fund revenues, outstanding debt as a percent of personal income, and per capita debt ratios. As changed by the Legislature in 2008, the Committee is comprised of seven members, three of whom are ex-officio state officials and one of whom is appointed by the Governor from the private sector for a two-year term. The Committee is directed by law to issue a report by September 30 of each calendar year.

In September 2007, the Committee recommended a maximum of \$54.65 million in new debt for FY 2009. The Legislature authorized a total of up to \$64.65 million in new debt issuance for FY 2009 (including \$15 million in additional transportation funding.)

In September 2008, the Committee concurred with the additional transportation funding for FY 2009 and recommended a total of \$69,955 million in new debt issuance for FY 2010, as follows:

2010 General Obligation Debt	\$54,650,000
2010 Transportation Debt	\$10,000,000
2010 Additional General Obligation Debt	\$5,305,000

The Committee also recommended a total of \$69,955,000 per year through 2019.

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**Summary of Outstanding Debt**  
(as of 6/30/2008)

<u>Type of Debt</u>	<u>Total Outstanding Debt</u>
General Fund	\$421,374,000
Transportation Fund	9,088,000
General Fund Supported (SF)	<u>8,120,000</u>
Total	\$438,582,000

Source: Government Finance Associates, Inc., September 2008 report.

**State Indebtedness (continued)**  
**Vermont Debt Burden Comparison**  
**(Moody's Investor Service)**

**Debt as a Percent of Total State Personal Income**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Moody's VT Ratio	2.30%	2.20%	2.10%	2.00%
Moody's Median (Triple A States)	2.50%	2.70%	2.30%	2.80%
Vermont Rank	27	28	30	33

**Debt Per Capita**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Moody's VT Per Capita	\$716	\$707	\$706	\$707
Moody's Median (Triple A States)	\$682	\$765	\$778	\$926
Vermont Rank	25	29	28	32

Fitch Investors Service, Inc. AA+ (upgraded in Oct. 1999 from AA)

Moody's Investors Service AAA (upgraded in Feb. 2007 from Aa1)

Standard and Poor's AA+ (upgraded in Sept. 2000 from AA)

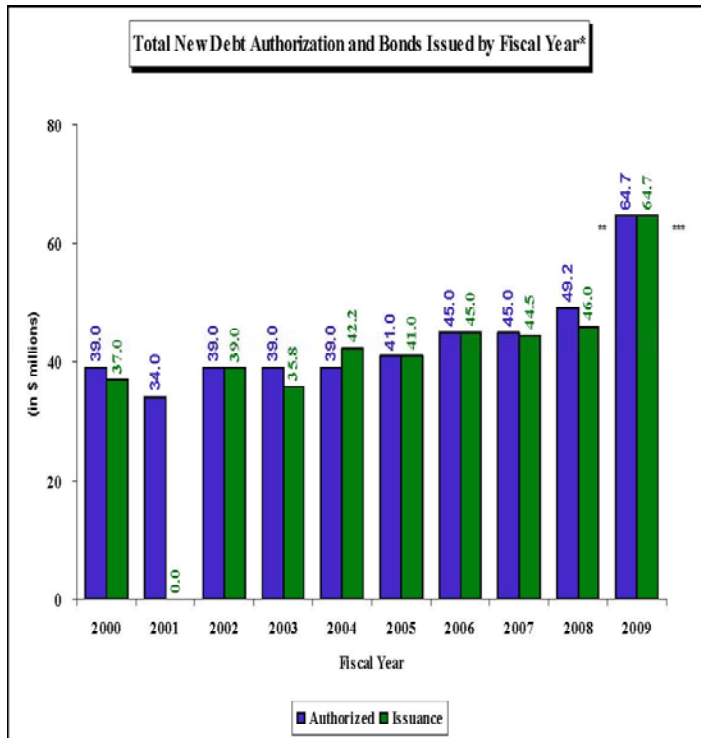
Source: Government Finance Associates report of September 2008



## DEBT AUTHORIZATIONS AND PROJECTION SCENARIOS

### Recent Debt Authorizations

In fiscal year 2008, \$46.0 million of debt was issued, representing all but \$3.2 million of the \$49.2 million authorized for that year. During fiscal year 2009, \$54.65 million of debt is expected to be sold, the total amount of the original 2009 recommended authorization, plus an additional \$10 million for transportation purposes (amortized over ten years). We believe this trend in which the State has annually extinguished all or nearly all of the authorized amount of debt so that there doesn't exist a rising residual amount of authorized but unissued debt has enhanced the State's credit position with favorable responses from the rating agencies. The following chart presents the amounts of G.O. debt that have been authorized and issued by the State since fiscal year 2000.

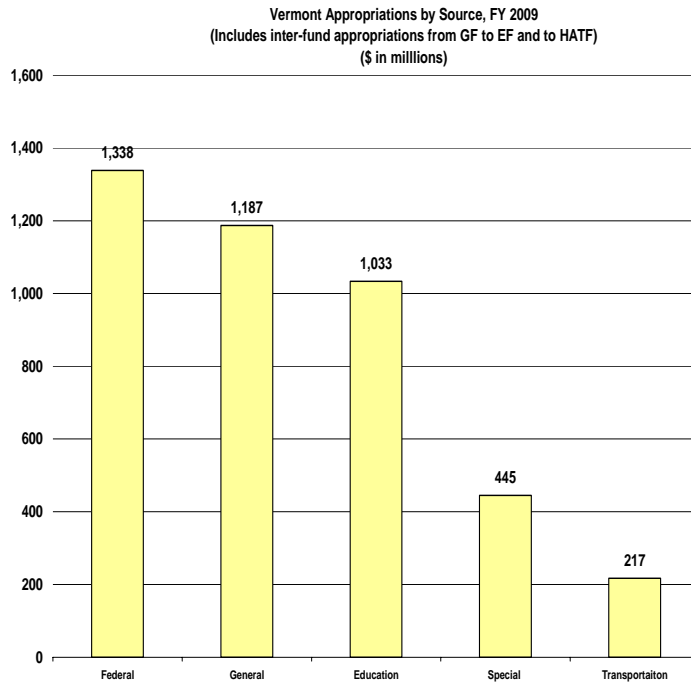


- Authorized but unissued debt has been carried forward and employed in subsequent years' bond issuances. Note: It should be emphasized that a sizeable amount of the \$34 million authorization in fiscal year 2001 was paid down through pay-as-you-go funding and the use of surplus funds. \*\* As approved by CDAAC. \*\*\* Anticipated to be issued. Note: Annual issuances do not include refunding bonds.
- Source: Government Finance Associates report of September 2008.

## EXPENDITURES

It is important to understand that the legislature only has the power to “appropriate” money that the state raises. However, in addition to appropriations, the legislature asserts control over all other funding sources by giving departments and agencies the authority to spend money from other sources, such as grants or federal funds. Without this authority, money cannot be spent. The state’s expenditures are primarily governed by the annual appropriations act. This act includes both appropriations and spending authority, and allocates funds from 15 different sources to 11 major categories of expense. The major sources include the state’s general fund (28%), federal funds (32%), the education fund (24%), special funds (11%), and the transportation fund (5%).

**Note:** Money that is appropriated from one fund into another, and then appropriated again out of the destination fund is included twice in this graph.



The four largest expense categories are K-12 Education (32.5%), Medicaid & related (21.2%), transportation (7.2%) and Corrections (2.4%).

## FY 2009 Appropriations By Category & Source - Adjusted

(prior to budget adjustment, but includes rescissions)

The total appropriations overstate actual state spending. The tables below represents the total appropriations for FY2009 adjusted to exclude appropriations which are duplicative or highly restricted. These include transfers and internal service funds, as well as trust funds, enterprise funds and local match for transportation projects.

### Appropriation - Source of Funds

General Fund	\$ 1,186,741,398	28.0%
Transportation Fund	\$ 217,486,853	5.1%
Education Fund	\$ 1,033,106,775	24.4%
Federal Funds	\$ 1,337,780,948	31.6%
Special Funds	\$ 444,836,342	10.5%
Fish & Wildlife Fund	\$ 15,385,501	0.4%
	<u>\$ 4,235,337,817</u>	

### Appropriation Expense Category

General Government	\$ 88,789,991	2.1%
Protection to Persons & Property	\$ 237,178,217	5.6%
Human Service	\$ 1,705,626,311	40.3%
Department of Labor	\$ 26,296,354	0.6%
General K-12 Education	\$ 1,495,954,874	35.3%
Higher Education	\$ 80,364,162	1.9%
Natural Resources	\$ 81,512,053	1.9%
Commerce & Community Development	\$ 54,782,148	1.3%
Transportation	\$ 383,455,304	9.1%
Debt Service	\$ 71,459,051	1.7%
Other	\$ 10,558,000	0.2%
	<u>\$ 4,235,976,465</u>	

**Summary of Revenue, Expenditures, and Operating Results**  
 General Fund Revenues and Appropriations Summary  
 Fiscal Year 1997 – 2008 est., \$ millions

	1998 /1	1999	2000	2001/2	2002/3	2003	2004 /4	2005	2006	2007	2008	2009 /5
Total Revenue	875.66	840.48	894.17	909.80	852.97	882.11	972.39	1065.36	1131.91	1185.34	1219.53	1137.73
Total Appropriations	793.28	824.82	853.95	869.09	872.14	887.97	915.41	1038.21	1113.41	1175.45	1200.27	1184.06
Operating Surplus/Deficit	82.38	15.66	40.22	40.71	(19.17)	(5.86)	56.98	27.15	18.50	9.89	19.26	(46.33)
Net Transfers Carryforward	(82.38)	(15.66)	(40.22)	(32.31)	10.77	5.86	(41.35)	(23.14)	(16.99)	(20.17)	(11.00)	(0.32)
Balance	0.00	0.00	0.00	0.00	8.40	0.00	0.00	15.63	19.64	21.15	10.87	19.13
<b>Ending Balance</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>8.40</b>	<b>0.00</b>	<b>0.00</b>	<b>15.63</b>	<b>19.64</b>	<b>21.15</b>	<b>10.87</b>	<b>19.13</b>	<b>(27.52)</b>

Note: Reflects caseload reserve transfer for all years

Note 1: FY98 Act 60 transition year.

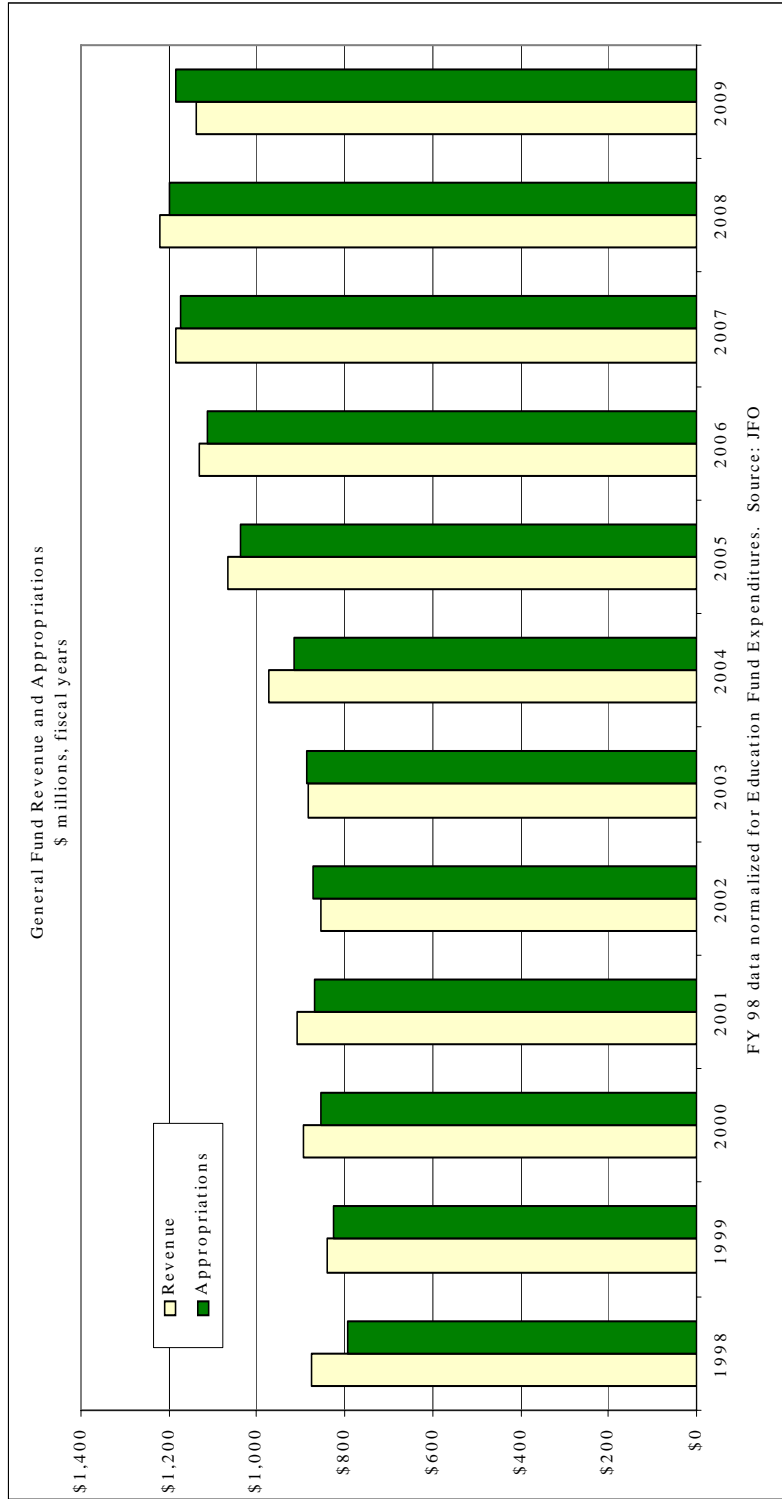
Note 2: FY01 \$12 million of debt reduction handled as a transfer instead of as an appropriation.

Note 3: FY02 utilized \$30.2 million from stabilization reserve.

Note 4: FY04 includes federal funds relief and Act 68 passed revenues.

Note 5: FY09 includes rescissions thru Dec. '08 and Jan '09 revenue forecast update - budget adjustment pending

Source: JFO



**TRANSPORTATION FUND**  
**Summary of Revenues, Appropriations, Transfers & Fund Balance from July 1, 1975**

Fiscal Year	Opening Balance July 1	+ Revenue	+ Misc. Adjustments	+ Transfer* From the General Fund	- Transfer* to the General Fund	- Approps.	+ Reversions	+ Transfer (to)/from TF Reserve	= Fund Balance June 30	Reserve Balance June 30	= Fund Balance June 30
1976	1,197,251	47,064,098	0	0	250,000	43,857,463	449,175	0	4,603,061	0	4,603,061
1977	4,603,061	51,127,179	20,061	0	0	52,687,560	704,962	0	3,767,703	0	3,767,703
1978	3,767,703	53,926,481	14	0	0	55,134,886	617,939	0	3,177,251	0	3,177,251
1979	3,177,251	58,151,899	994	0	0	59,092,069	678,431	0	2,916,506	0	2,916,506
1980	2,916,506	54,400,717	99,822	1,500,000	0	62,323,641	1,371,850	0	(2,034,746)	0	(2,034,746)
1981	(2,034,746)	57,011,051	74,052	6,781,641	0	61,769,086	892,786	0	955,698	0	955,698
1982	955,698	69,903,828	210,336	0	0	69,234,162	1,316,607	0	3,152,307	0	3,152,307
1983	3,152,307	72,189,848	57,083	0	0	74,270,668	793,547	0	1,922,117	0	1,922,117
1984	1,922,117	87,190,356	78,258	869,000	0	85,304,397	1,125,986	0	5,881,320	0	5,881,320
1985	5,881,320	92,411,756	39,216	0	869,000	89,213,396	1,217,063	0	9,466,959	0	9,466,959
1986	9,466,959	98,062,408	(555,989)	2,000,000	2,000,000	94,184,846	845,148	0	13,633,680	0	13,633,680
1987	13,633,680	100,704,523	(482,961)	1,307,324	0	111,675,001	1,092,944	0	4,580,509	0	4,580,509
1988	4,580,509	106,218,300	(108,198)	0	0	112,519,440	152,599	0	(1,676,230)	0	(1,676,230)

**TRANSPORTATION FUND FACTS 1976 - 2008 (continued)**

Fiscal Year	Opening Balance July 1	+ Revenue	+ Misc. Adjustments	+ Transfer* From the General Fund	- Transfer* to the General Fund	- Approps.	+ Reversions	+ Transfer (to)/from TF Reserve	= Fund Balance June 30	Reserve Balance June 30	= Fund Balance June 30
1989	(1,676,230)	109,108,800	(121,996)	0	0	113,272,082	118,216	0	(5,843,292)	0	(5,843,292)
1990	(5,843,292)	126,359,400	127,031	1,650,000	0	126,757,253	420,867	0	(4,043,247)	0	(4,043,247)
1991	(4,043,247)	121,742,045	83,520	1,350,000	0	123,987,766	763,418	0	(4,092,029)	0	(4,092,029)
1992	(4,092,029)	133,446,574	364,837	0	0	124,719,685	63,177	0	5,062,874	0	5,062,874
1993	5,062,874	138,462,397	1,166,189	0	0	121,862,851	0	(21,635,984)	1,192,625	21,635,984	1,192,625
1994	1,192,625	144,664,007	24,010	0	21,409,195	130,590,891	1,100,000	5,019,444	0	16,616,540	(0)
1995	0	149,853,902	(241,890)	0	1,500,000	148,848,924	288,586	448,326	0	15,825,962	(0)
1996	0	155,568,442	(207,688)	0	6,650,000	157,417,030	590,980	8,115,296	0	7,710,667	0
1997	0	152,626,563	209,425	4,900,000	0	158,672,224	233,312	5,602,924	0	7,007,743	4,900,000
1998	0	160,780,230	(141,762)	1,939,836	0	161,313,539	36,656	638,415	0	8,309,164	1,939,836
1999	0	181,356,945	(742,678)	0	143,000	176,058,274	0	0	4,412,993	8,309,164	4,412,993
2000	4,412,993	193,794,708	(1,614,062)	0	0	187,517,434	0	(493,750)	8,582,455	8,802,914	8,582,455
2001	9,751,197	194,169,325	(6,788,741)	6,150,000	0	203,317,934	115,689	(79,536)	0	8,882,450	0

**TRANSPORTATION FUND FACTS 1976 - 2008 (continued)**

Fiscal Year	Opening Balance July 1	+ Revenue	+ Misc. Adjustments	+ Transfer* From the General Fund	- Transfer* to the General Fund	- Approps.	+ Reversions	+ Transfer (to)/from TF Reserve	= Fund Balance June 30	= Fund Balance June 30
2002	0	206,353,600	(1,889,338)	13,850,000	0	212,914,930	1,263,311	(1,007,947)	5,654,696	9,890,397
2003	5,654,696	213,933,232	(3,160,649)	0	6,449,528	210,756,212	44,260	734,201	0	9,156,196
2004	0	218,483,080	(5,376,279)	4,773,000	0	222,135,479	5,640,294	(1,384,616)	0	10,540,812
2005	0	210,699,490	3,108,659	4,774,450	0	225,362,834	7,337,653	(557,418)	0	11,098,230
2006	0	209,819,584	(6,163,300)	10,018,030	0	220,073,685	6,345,128	54,243	0	11,043,987
2007	0	219,970,785	(2,020,000)	8,000,000	0	223,986,116	883,027	373,117	3,220,813	10,670,870
2008	3,220,813	223,080,613	(2,070,000)	0	0	228,952,079	5,836,038	(528,436)	586,949	11,199,306
<b>Total Transfer Between Funds 1976 - 2008:</b>				<b>69,863,281</b>	<b>39,270,723</b>					
<b>Net Transfer General Fund to Transportation Fund 1976-2007:</b>				<b>30,592,558</b>						

\*Note: Limited to formal transfers. Direct appropriations of transportation funds for general government purposes, so called "JTOC" appropriations, are not included.



**Education Fund Outlook**  
(Millions of Dollars)

	<b>FY2006</b>	<b>FY2007</b>	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>
<b>Assumptions</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Projected</b>	<b>Projected</b>
a Base Homestead Tax Rate <sup>1</sup>	\$1.02	\$0.95	\$0.87	\$0.87	\$0.86
b Uniform Nonresidential Tax Rate <sup>1</sup>	\$1.51	\$1.44	\$1.36	\$1.36	\$1.35
c Base Rate on Household Income <sup>1</sup>	1.85%	1.80%	1.80%	1.80%	1.80%
d Household Income Limit	\$75,000	\$85,000	\$90,000	\$90,000	\$90,000
e Housesite Value Limit	\$160,000	\$200,000	\$200,000	\$200,000	\$200,000
f Education Payment Per Pupil	\$6,975	\$7,330	\$7,736	\$8,210	\$8,544
g Equalized Pupil Count	98,606	97,620	95,806	95,676	94,275
h Education Grand List Growth Rate	11.1%	13.5%	12.2%	9.7%	6.9%
i Education Spending Growth Rate	6.0%	5.3%	4.1%	5.0%	4.6%

<sup>1</sup> Statutory base tax rates are \$1.10, \$1.59, and 2%, respectively.

**Sources**

1a Gross Homestead Education Tax	394.5	422.5	440.4	462.5	503.1
1b Property Tax Adjustment <sup>2</sup>	(108.8)	(111.0)	(119.0)	(120.7)	(140.9)
2 Non-Homestead Education Tax	418.1	455.1	477.5	535.2	556.3
3 General Fund Transfer	259.3	282.4	280.2	291.1	297.8
4 Sales Taxes	135.5	138.1	139.1	130.0	130.6
5 Lottery Receipts	22.9	23.3	22.7	20.7	20.3
6 Other Sources	9.1	7.4	8.4	7.2	6.6
<b>7 Total Sources</b>	<b>1,130.6</b>	<b>1,217.8</b>	<b>1,249.3</b>	<b>1,326.0</b>	<b>1,373.8</b>

<sup>2</sup> Includes the homeowner rebate beginning in FY2008.

**Education Fund Outlook (continued)**

Uses	FY2006 Actual	FY2007 Actual	FY2008 Projected	FY2009 Projected	FY2010 Projected
8 Education Payment	966.0	1,017.9	1,058.3	1,111.9	1,162.5
9 Special Education Aid	116.0	125.0	133.6	142.5	148.6
10 Transportation Aid	13.5	14.0	14.5	15.0	15.5
11 State-Placed Students	14.4	14.4	14.8	16.4	19.4
12 Technical Education Aid	9.8	10.6	11.6	12.4	13.1
13 Small Schools Aid	5.3	5.6	6.1	6.6	7.0
14 EEE Block Grant	4.4	4.8	5.2	5.5	5.7
15 Renter Rebates <sup>3</sup>	-	-	5.3	5.6	5.9
16 Other Uses	4.6	8.0	6.4	8.0	8.6
<b>17 Total Uses</b>	<b>1,134.0</b>	<b>1,200.3</b>	<b>1,255.8</b>	<b>1,323.8</b>	<b>1,386.3</b>

<sup>3</sup> Included in property tax adjustment prior to FY2008.

**Fund Balance**

18 Operating Result	(3.4)	17.5	(6.5)	2.3	(12.5)
19 Prior Year Fund Balance <sup>4</sup>	32.9	31.8	48.1	41.5	44.2
<b>20 Total Fund Balance</b>	<b>29.4</b>	<b>49.3</b>	<b>41.6</b>	<b>43.7</b>	<b>31.7</b>

<sup>4</sup> Adjusted for non-operating transfers and spending authority surpluses/(deficits).

**Stabilization Reserve**

22 Stabilization Reserve	24.4	28.3	29.4	25.1	26.4
22 Reserve Percent	4.6%	5.0%	4.3%	5.0%	5.0%
23 Maximum Reserve @ 5.0%	26.8	28.2	29.4	25.1	26.4
24 Minimum Reserve @ 3.5%	18.8	19.8	20.6	17.6	18.4

<b>25 Available for Education Tax Reduction</b>	<b>-</b>	<b>16.1</b>	<b>5.8</b>	<b>15.8</b>	<b>2.5</b>
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Prepared by the Joint Fiscal Office/MSP/Fiscal Facts EF Outlook

**History of Property Tax Relief and Property Tax Adjustment  
1970-2008 (Program Years)**

- 1970 Property tax relief program enacted for residents age 65 and over; credit against income tax liability for amount by which property taxes exceed 7% of household income or 30% of allowable rent, up to maximum credit of \$300 (income cap = \$4,286)
- 1973 Program extended to those under age 65, who receive rebates if money remains in the Property Tax Relief Fund after payment to those age 65 and over; 7% threshold changed to sliding scale, beginning at 4% for those with incomes less than \$4,000 and increasing to 6% for those with incomes of \$16,000 or more; maximum rebate increased to \$500
- 1982 Rebates available to claimants with household income less than \$25,000 and whose property tax paid or 20% of rent paid exceeded a percentage of their household income; six income brackets, ranging from 4% to 7% of household income
- 1985 Income cap raised to \$32,000 and the number of income brackets increased to eight, ranging from 3.5% to 7%; maximum rebate increased to \$750
- 1986 Eight income brackets collapsed to four, and top percentage lowered from 7% to 5%; age limit for rebates to the elderly lowered from age 65 to 62
- 1987 Household income cap and the rebate cap eliminated; rent constituting property tax paid was increased from 20% to 24%
- 1988 Social security tax withheld and/or self-employment tax paid on not more than \$8,000 of household income was excluded from the definition of household income
- 1989 All social security tax paid and/or self-employment tax paid and substantiated amounts paid as child support, were excluded from the definition of household income
- 1990 Household income capped at \$60,000 and rebates capped at \$2,000; credit established against current year property taxes for homeowners 62 years or older and otherwise eligible for a property tax rebate; property tax rebate checks to those under age 62 prorated at 90%

**History of Property Tax Relief and Property Tax Adjustment (continued)**

- 1991 Household income capped at \$45,000; maximum rebate \$1,350; rent percentage reduced from 24% to 20%
- 1992 All claimants unable to pay taxes due but otherwise eligible for rebates can now elect to assign their rebates directly to the town; property tax rebate checks to those under age 62 prorated at 96%
- 1993 Property tax rebate checks to those under age 62 prorated at 79%
- 1995 Household income cap raised to \$47,000; maximum rebate increased to \$1,500, but is reduced by 50 cents for each dollar of income over \$44,000; homeowners under age 62 can apply for credit certificates if their current year taxes are delinquent; renter's rebates now determined based on property tax allocable to the rental unit rather than on the basis of a percentage of rent paid
- 1996 Household income reduced by \$100 for each personal exemption available for the taxable year under IRS code to any member of the household; if claimant's rent is government-subsidized, allocable property tax is reduced in the same proportion as the rent is reduced by the subsidy; owners of rental property need to provide landlord certificates only if there are more than four units in a given building but must furnish them on request to renters in buildings containing fewer units
- 1997 Income of a person who lives with an elderly or disabled claimant for primary purpose of providing care or other services to allow the claimant from being institutionalized may be excluded from household income; age requirement eliminated; credit certificate portion of the rebate program repealed; homestead value basis adjusted if two or more rooms or more than 25% of floor space is used for business purposes
- 1998 Claimant's household income includes the income for a spouse from whom he/she is separated even if that spouse is not a member of the household; the range for percentage of household income to calculate the rebate is adjusted; circuit breaker program extended to municipal taxes; renter rebate now 21% of rent paid or the allocable property tax, whichever is greater; landlord certificate reports amount of rent paid, unless renter requests property tax method; rebate cap eliminated; rebates no longer calculated on basis of property taxes paid during calendar year, but on taxes assessed for property tax year

### History of Property Tax Relief (continued)

- 1999 Household income cap increased to \$75,000 for new school property tax adjustment (prebate); statewide property tax and local share tax capped at smaller of 2% of household income or the tax on the fair market value of the homestead minus \$15,000 (first payment to be made after July 1, 1998); eligibility for a property tax adjustment requires filing a homestead declaration; mobile home owners may include lot rent paid in addition to property taxes paid in calculating adjustment
- 2000 Homestead declaration eliminated; cap on household income removed and claimants with household income of \$75,000 and over receive property tax adjustment on the first \$160,000 of homestead value; prebate amount equals prior year's net property tax income adjustment, including both education tax adjustment and super circuit breaker; definition of "homestead" changed to require exclusion of the business portion of a home only if it exceeds 25% of the total floor space (two room test eliminated); household income does not include income of a spouse at least 62 years of age who does not live in the homestead but has moved on a permanent basis to a nursing home or other care facility; a divorced spouse with possession of the homestead and the obligation to pay the property taxes under the divorce decree may claim the total homestead property tax even if the former spouse's name is still on the deed; in calculating household income, a business capital gain may be netted against a net business loss incurred in the same year and relating to the same business
- 2001 Definition of "homestead" clarified for dwellings owned by a trust; the prebate amount sent prior year is reconciled with actual income and property tax information from current year; if prebate amount exceeds calculated adjustment allowed under current year information, the balance must be repaid
- 2002 Reconciliation continues for 2002 tax filing year but eliminated for 2003 tax filing year; "good check" issued only if a school property tax adjustment application submitted
- 2003 Development of uniform parcel identification system allows Department of Taxes to calculate adjustment payments on the statewide and local property taxes for the homestead based on prior year household income and prior year property value and the school district's current budget; pension and annuity distributions included in household income are limited to the amount included in adjusted gross income in the year of distribution

### **History of Property Tax Relief (continued)**

2004 All resident homeowners must file a homestead declaration; "homestead" is defined as the entire parcel of land surrounding the dwelling regardless of whether a road intersects the land; the declaration must be timely filed to receive the homestead school property tax rate; a declaration is required to be eligible for a property tax adjustment payment, which is not based on the education taxes assessed on the "housesite," defined as the principal residence and up to two acres; adjustment payments now include a \$10 per acre payment for up to five additional acres of land in the homestead parcel for claimants whose income does not exceed \$75,000; the exclusion from "modified adjusted gross income" for income earned by a dependent child or received by a dependent parent is increased from \$4,000 to \$6,500

2005 The \$15,000 exclusion from the housesite's equalized value is limited to claimants with household income of \$47,000 or less

2006 The household income amount increases to \$85,000 and the maximum housesite value that qualifies for property tax adjustments increases to \$200,000

2007 The household income amount increases to \$90,000

The property tax adjustment and the homeowner rebate amounts will be applied as a credit to the education property tax bill. The property tax adjustment will no longer be paid directly to the claimant and the homeowner rebate will no longer be a credit against the income tax. In addition, any taxpayer may opt to have all or a portion of his or her income tax refund applied to the homestead education tax bill

No taxpayer shall receive a total adjustment (property tax adjustment and homeowner rebate) in excess of \$10,000 related to any one property tax year

Homeowner and renter rebates for claimants with household income under \$10,000 are increased. These claimants will receive an adjustment equal to the amount of property tax or rent constituting property tax in excess of 2 percent of household income

### **History of Property Tax Relief (continued)**

The property tax adjustment will be calculated using prior year household income and tax assessment

The percentage of household income that claimant must pay before being entitled to a property tax adjustment will drop no lower than 1.8 percent (adjusted by school district spending and the common level of appraisal)

Gifts received by member of the household in excess of a total of \$6,600 in cash or cash equivalents must be included in household income

The first \$6,500 of income received by a person who qualifies as a dependent of the claimant under the Internal Revenue Code and who is the claimant's disabled adult child may be excluded from household income

For claims filed in 2008 and after, adult foster care payments may be excluded entirely from household income

Claimants who transfer their homestead after March 31, 2007 and before June 21, 2007, may receive their property tax adjustment directly from the Department of Taxes instead of having it credited against the property tax due to the town

The ability of claimants to amend their household income form (HI-144) is extended to claimants who file late but by September 1 of the claim year

With respect to claims filed in 2008 and after, no taxpayer shall receive of total adjustment amount in excess of \$8,000 related to an one property tax year

Source: VT Department of Taxes

## How Does Vermont Compare?

Based on population, Vermont is the second smallest state in the union, so comparisons of total income tax collected or size of the General Fund are meaningless. In order to compare Vermont to other states, statistics are calculated on a per capita, or per person, basis. For example, individual income tax collections in California were approximately \$64.5 billion while Vermont's were \$664.5 million in 2007. On a per capita basis, California collected approximately \$1,459 per person while Vermont collected a comparable \$936 per person.

The table below shows Vermont's per capita value and rank among the 50 states for several revenue and expenditure statistics. The expenditure data and revenue data are from the U.S. Census Bureau. Both state only and state and local tax collections are shown because Vermont, unlike most other states, collects a majority of its revenue at the state level. Therefore, some of these comparisons can be misleading.

<b>Statistic</b>	<b>\$ Per Capita</b>	<b>VT Rank (1 is highest)</b>
2006 Total State and Local Taxes	4,435	10
2007 Total State Taxes Only	4,119	2
2006 State and Local Sales Taxes	1,040	22
2007 State Individual Personal Income Tax	936	21
2007 State Corporate Income Tax	134	31
2006 State and Local Property Tax	1,850	6
2006 Direct Government Expenditures [1]	8,671	12
2006 K-12 Education Spending Per Pupil	12,614	4
2004 Public Welfare Expenditures [1]	1,636	6

[1] State and local; includes federal funds

Sources:

U.S. Census Bureau  
Morgan Quitno State Rankings 2007



### 2006 Total State & Local Tax Revenue Per Capita

State	Revenue	Rank	State	Revenue	Rank
Alabama	2,782	50	Montana	3,189	41
Alaska	5,410	5	Nebraska	3,898	21
Arizona	3,234	38	Nevada	3,917	20
Arkansas	3,114	44	New Hampshire	3,443	32
California	4,517	9	New Jersey	5,459	4
Colorado	3,614	28	New Mexico	3,591	29
Connecticut	5,685	3	New York	6,413	1
Delaware	4,243	14	North Carolina	3,384	33
Florida	3,693	26	North Dakota	3,714	24
Georgia	3,321	35	Ohio	3,773	23
Hawaii	4,848	6	Oklahoma	3,147	42
Idaho	3,076	45	Oregon	3,360	34
Illinois	4,081	15	Pennsylvania	3,956	17
Indiana	3,641	27	Rhode Island	4,408	12
Iowa	3,450	31	South Carolina	2,874	46
Kansas	3,793	22	South Dakota	2,842	47
Kentucky	3,225	39	Tennessee	2,838	48
Louisiana	3,706	25	Texas	3,235	37
Maine	4,415	11	Utah	3,211	40
Maryland	4,603	8	<b>Vermont</b>	<b>4,435</b>	<b>10</b>
Massachusetts	4,761	7	Virginia	3,934	19
Michigan	3,565	30	Washington	3,948	18
Minnesota	4,363	13	West Virginia	3,252	36
Mississippi	2,822	49	Wisconsin	4,002	16
Missouri	3,137	43	Wyoming	6,116	2

#### U. S. Average = \$4,001 per capita

Note: Vermont property taxes are overstated by approximately \$210 per capita due to income sensitivity; Vermont rank drops to twelfth if this is adjusted.

Source: U. S. Census Bureau  
<http://www.census.gov/govs/www/estimate06.html>

### 2007 Total State Tax Revenue Per Capita

<u>State</u>	<u>Revenue</u>	<u>Rank</u>	<u>State</u>	<u>Revenue</u>	<u>Rank</u>
Alabama	1,916	44	Montana	2,422	28
Alaska	5,037	1	Nebraska	2,294	33
Arizona	1,956	42	Nevada	2,458	27
Arkansas	2,608	18	New Hampshire	1,651	49
California	3,139	11	New Jersey	3,351	8
Colorado	1,894	45	New Mexico	2,642	16
Connecticut	3,668	5	New York	3,273	9
Delaware	3,360	7	North Carolina	2,496	22
Florida	1,958	41	North Dakota	2,787	12
Georgia	1,953	43	Ohio	2,164	38
Hawaii	3,969	3	Oklahoma	2,462	25
Idaho	2,359	30	Oregon	2,066	39
Illinois	2,297	32	Pennsylvania	2,480	24
Indiana	2,222	35	Rhode Island	2,615	17
Iowa	2,165	37	South Carolina	1,971	40
Kansas	2,483	23	South Dakota	1,578	50
Kentucky	2,333	31	Tennessee	1,843	46
Louisiana	2,530	21	Texas	1,686	48
Maine	2,719	14	Utah	2,226	34
Maryland	2,687	15	<b>Vermont</b>	<b>4,119</b>	<b>2</b>
Massachusetts	3,204	10	Virginia	2,460	26
Michigan	2,368	29	Washington	2,735	13
Minnesota	3,421	6	West Virginia	2,569	20
Mississippi	2,191	36	Wisconsin	2,585	19
Missouri	1,821	47	Wyoming	3,873	4

**U.S. Average = \$2,487 per capita**

Note: Vermont is one of a handful of states that collect and report property taxes at the state level instead of the local level of government. This is a comparison of state-level tax collections only.

Source: U. S. Census Bureau  
<http://www.census.gov//govs/www/statetax07.html>

### 2006 Total State & Local Property Tax Revenue Per Capita

State	Revenue	Rank	State	Revenue	Rank
Alabama	420	50	Montana	1,118	22
Alaska	1,431	12	Nebraska	1,267	17
Arizona	896	35	Nevada	1,007	29
Arkansas	470	49	New Hampshire	2,120	3
California	1,027	28	New Jersey	2,371	1
Colorado	1,106	23	New Mexico	491	48
Connecticut	2,164	2	New York	1,890	5
Delaware	622	43	North Carolina	788	38
Florida	1,276	16	North Dakota	995	31
Georgia	958	33	Ohio	1,099	24
Hawaii	769	39	Oklahoma	504	47
Idaho	846	37	Oregon	998	30
Illinois	1,530	10	Pennsylvania	1,146	20
Indiana	1,334	15	Rhode Island	1,778	7
Iowa	1,141	21	South Carolina	915	34
Kansas	1,188	19	South Dakota	973	32
Kentucky	576	46	Tennessee	679	42
Louisiana	582	45	Texas	1,388	13
Maine	1,681	9	Utah	728	40
Maryland	1,064	26	<b>Vermont</b>	<b>1,850</b>	<b>6</b>
Massachusetts	1,683	8	Virginia	1,208	18
Michigan	1,339	14	Washington	1,084	25
Minnesota	1,036	27	West Virginia	586	44
Mississippi	716	41	Wisconsin	1,440	11
Missouri	854	36	Wyoming	1,921	4

**U. S. Average = \$1,202 per capita**

Note: Vermont property taxes are overstated by approximately \$210 per capita; due to income sensitivity; Vermont rank drops to twelfth if this is adjusted.

Source: U. S. Census Bureau  
<http://www.census.gov/govs/www/estimate06.html>

### 2006 Total State & Local Sales Tax Revenue Per Capita

State	Revenue	Rank	State	Revenue	Rank
Alabama	961	29	Montana	179	49
Alaska	393	46	Nebraska	981	26
Arizona	1,303	12	Nevada	1,993	3
Arkansas	1,384	9	New Hampshire	264	47
California	1,215	13	New Jersey	951	31
Colorado	1,090	20	New Mexico	1,451	8
Connecticut	1,163	17	New York	1,465	6
Delaware	202	48	North Carolina	906	35
Florida	1,332	10	North Dakota	988	25
Georgia	1,109	18	Ohio	853	38
Hawaii	2,088	1	Oklahoma	945	33
Idaho	810	42	Oregon	47	50
Illinois	968	28	Pennsylvania	784	43
Indiana	1,016	23	Rhode Island	979	27
Iowa	904	36	South Carolina	851	39
Kansas	1,092	19	South Dakota	1,319	11
Kentucky	953	30	Tennessee	1,455	7
Louisiana	1,833	4	Texas	1,191	15
Maine	947	32	Utah	1,058	21
Maryland	835	40	<b>Vermont</b>	<b>1,040</b>	<b>22</b>
Massachusetts	764	45	Virginia	780	44
Michigan	930	34	Washington	2,000	2
Minnesota	1,201	14	West Virginia	893	37
Mississippi	1,172	16	Wisconsin	828	41
Missouri	1,002	24	Wyoming	1,617	5

**U. S. Average = \$1,108 per capita**

Note: Data includes general and other selective sales taxes for a more accurate comparison.

Source: U. S. Census Bureau  
<http://www.census.gov/govs/www/estimate06.html>

### 2007 State Personal Income Tax Revenue Per Capita

<u>State</u>	<u>Revenue</u>	<u>Rank</u>	<u>State</u>	<u>Revenue</u>	<u>Rank</u>
Alabama	652	36	Montana	870	26
Alaska	N/A	0	Nebraska	930	22
Arizona	504	39	Nevada	N/A	0
Arkansas	765	29	New Hampshire	82	42
California	1,459	5	New Jersey	1,329	7
Colorado	986	17	New Mexico	584	38
Connecticut	1,809	1	New York	1,792	2
Delaware	1,186	11	North Carolina	1,169	12
Florida	N/A	0	North Dakota	495	40
Georgia	922	23	Ohio	875	25
Hawaii	1,216	9	Oklahoma	944	19
Idaho	938	20	Oregon	1,493	4
Illinois	732	33	Pennsylvania	789	28
Indiana	727	34	Rhode Island	1,026	15
Iowa	892	24	South Carolina	735	32
Kansas	989	16	South Dakota	N/A	0
Kentucky	717	35	Tennessee	36	43
Louisiana	749	31	Texas	N/A	0
Maine	1,031	14	Utah	968	18
Maryland	1,189	10	<b>Vermont</b>	<b>936</b>	<b>21</b>
Massachusetts	1,767	3	Virginia	1,328	8
Michigan	640	37	Washington	N/A	0
Minnesota	1,391	6	West Virginia	751	30
Mississippi	480	41	Wisconsin	1,131	13
Missouri	822	27	Wyoming	N/A	0

**U.S. Average = \$882 per capita**

Note: This is a comparison of state-level tax collections only.

Source: U. S. Census Bureau  
<http://www.census.gov//govs/www/statetax07.html>

### 2007 State Corporate Income Tax Revenue Per Capita

<u>State</u>	<u>Revenue</u>	<u>Rank</u>	<u>State</u>	<u>Revenue</u>	<u>Rank</u>
Alabama	109	38	Montana	187	16
Alaska	1,191	1	Nebraska	120	36
Arizona	156	25	Nevada	N/A	0
Arkansas	128	33	New Hampshire	453	2
California	305	6	New Jersey	331	4
Colorado	99	42	New Mexico	216	13
Connecticut	236	9	New York	281	8
Delaware	349	3	North Carolina	173	21
Florida	134	32	North Dakota	213	14
Georgia	107	41	Ohio	114	37
Hawaii	79	44	Oklahoma	155	27
Idaho	126	35	Oregon	108	40
Illinois	228	11	Pennsylvania	184	17
Indiana	156	26	Rhode Island	169	22
Iowa	109	39	South Carolina	71	45
Kansas	190	15	South Dakota	96	43
Kentucky	233	10	Tennessee	182	18
Louisiana	175	20	Texas	N/A	0
Maine	140	29	Utah	151	28
Maryland	139	30	<b>Vermont</b>	<b>134</b>	<b>31</b>
Massachusetts	327	5	Virginia	166	23
Michigan	177	19	Washington	N/A	0
Minnesota	228	12	West Virginia	298	7
Mississippi	126	34	Wisconsin	165	24
Missouri	66	46	Wyoming	N/A	0

**U.S. Average = \$177 per capita**

Note: This is a comparison of state-level tax collections only.

Source: U. S. Census Bureau  
<http://www.census.gov/govs/www/statetax07.html>

### 2006 Direct Government Expenditures Per Capita

State	Revenue	Rank	State	Revenue	Rank
Alabama	7,678	29	Montana	7,337	34
Alaska	15,918	1	Nebraska	8,664	13
Arizona	6,933	41	Nevada	7,548	32
Arkansas	6,582	49	New Hampshire	6,877	42
California	9,969	4	New Jersey	9,564	7
Colorado	7,778	26	New Mexico	8,442	16
Connecticut	8,999	9	New York	12,466	2
Delaware	9,717	5	North Carolina	7,243	37
Florida	7,782	25	North Dakota	7,723	28
Georgia	6,745	46	Ohio	8,498	15
Hawaii	8,614	14	Oklahoma	6,681	47
Idaho	6,369	50	Oregon	8,271	19
Illinois	7,900	23	Pennsylvania	8,383	17
Indiana	6,981	40	Rhode Island	9,069	8
Iowa	7,732	27	South Carolina	7,900	22
Kansas	7,361	33	South Dakota	6,597	48
Kentucky	7,016	39	Tennessee	7,293	36
Louisiana	8,315	18	Texas	6,852	43
Maine	8,131	20	Utah	7,179	38
Maryland	7,898	24	<b>Vermont</b>	<b>8,671</b>	<b>12</b>
Massachusetts	9,579	6	Virginia	7,304	35
Michigan	7,615	31	Washington	8,870	10
Minnesota	8,688	11	West Virginia	6,838	44
Mississippi	7,622	30	Wisconsin	8,127	21
Missouri	6,764	45	Wyoming	11,642	3

**U. S. Average = \$8,370 per capita**

Source: U. S. Census Bureau  
<http://www.census.gov/govs/www/estimate06.html>





**PART II — GENERAL REFERENCE**

### Vermont Individual Income Tax

Vermont individual income tax begins at federal taxable income, which is adjusted to calculate Vermont taxable income. Vermont established state specific tax brackets and rates beginning in tax year 2002. Prior to 2001, state individual income tax was calculated as a percentage of federal tax liability. All individual income tax revenue is deposited in the General Fund.

#### History of the Individual Income Tax

1931	New tax based on 2.0% of net income after exemptions; 4.0% of interest from stocks & bonds
1937	Increased to 4.0% of net income after exemptions
1949	1.5% - 5.5% of net taxable income
1951	Withholding & estimated payments implemented
1955	2.0% - 7.5% of net taxable income
1968	Restructured; 25.0% of federal tax liability
1969	Increased to 28.75% (25.0% + 15.0% surtax)
1973	Reduced to 28.0% (25.0% + 12.0% surtax)
1974	Reduced to 27.25% (25.0% + 9.0% surtax)
1977	Reduced to 25.0% of federal liability
1979	Reduced to 23.0% of federal liability
1982	Increased to 24.0% of federal liability
1983	Increased to 26.0%
1985	Increased to 26.5%
1986	Reduced to 24.0% effective 1/1/87
1987	25.8% effective 1/1/87; 25.0% effective 1/1/88
1988	23.0% effective 1/1/88; 25.0% effective 1/1/89; Vermont Earned Income Tax Credit (EITC) created at 25% of federal. Effective 1/1/88.
1989	2.5% withholding on real estate sales by nonresidents
1990	28.0% effective 1/1/90; 25.0% effective 1/1/92; 6% withholding on nonqualified deferred compensation
1991	1991 - 1993 Tiered Rates 28.0% if federal liability = \$0 - \$3,399 31.0% if federal liability = \$3,400 - \$13,100 34.0% if federal liability = \$13,101 and higher Tiers eliminated, 25.0% of federal liability effective 1/1/94
1994	Repealed sales tax rebate
1996	Federal armed forces education loan repayments exempt; sunsets 1/1/99
1997	\$1,500 national guard exemption if AGI is less than \$47,000; federal loan repayment sunset repealed

**Vermont Individual Income Tax (continued)**

1998	Nonresident motion picture income subject to the same tax rate in effect in state of residence; sunsets 2000
1999	24.0% effective 1/1/2000
2000	Sunset repealed for nonresident motion picture income subject to the same tax rate in effect in state of residence
2001	Restructured for tax years 2001 and 2002; re-coupled from federal tax liability to federal taxable income; new tax is equal to 24% of federal liability prior to the passage of EGTRRA; sunsets 1/1/2003.
2002	Permanently linked to federal taxable income with five tax brackets: 3.6%, 7.2%, 8.5%, 9.0%, 9.5%. Forty percent of long term capital gains are excluded from taxable income; the balance is taxed at ordinary rates. The Alternative Minimum Tax is eliminated. Effective 1/1/2002  Members of the National Guard and US Reserve may exempt the first \$2,000 of military pay if AGI is less than \$50,000. Effective 1/1/2003
2003	Created new Higher Education Investment Tax Credit equal to 5% of the first \$2,000 of eligible contributions. Effective 1/1/2004
2004	Lottery prize exemption repealed. Effective 1/1/2005
2006	Higher Education Investment Tax Credit is increased to 10% of the first \$2,500 of eligible contributions. Effective 1/1/2007.  Angel incentive, which was a deferral of capital gain taxation, becomes a tax credit. Effective 1/1/2006
2007	Downtown Tax Credit Allocation was increased from \$1.5 to \$1.6 million.
2008	Decoupled from federal bonus depreciation provisions; limited capital gains exclusion to not exceed 40% of federal taxable income; allowed 100% of the VT portion of the business solar energy investment tax credit; extended the wood products manufacturer tax credit sunset from 7/1/08 to 7/1/11; expanded the tax credit for affordable housing.

*Sources: Vermont Department of Taxes, Vermont Statutes Annotated*

**Federal Personal Income Tax Rates  
Tax Year 2008**

<b>Married Filing Jointly</b>		Standard Deduction:		10,900
Taxable Income Bracket over	but not over	Pay	plus % on excess	of amount over
0	16,050	\$ 0	10.0%	0
16,050	65,100	\$ 1,605	15.0%	16,050
65,100	131,450	\$ 8,963	25.0%	65,100
131,450	200,300	\$ 25,550	28.0%	131,450
200,300	357,700	\$ 44,828	33.0%	200,300
357,700	--	\$ 96,770	35.0%	357,700

<b>Married Filing Separately</b>		Standard Deduction:		5,450
Taxable Income Bracket over	but not over	Pay	plus % on excess	of amount over
0	8,025	\$ 0	10.0%	0
8,025	32,550	\$ 803	15.0%	8,025
32,550	65,725	\$ 4,481	25.0%	32,550
65,725	100,150	\$ 12,775	28.0%	65,725
100,150	178,850	\$ 22,414	33.0%	100,150
178,850	--	\$ 48,385	35.0%	178,850

<b>Single Individuals</b>		Standard Deduction:		5,450
Taxable Income Bracket over	but not over	Pay	plus % on excess	of amount over
0	8,025	\$ 0	10.0%	0
8,025	32,550	\$ 803	15.0%	8,025
32,550	78,850	\$ 4,481	25.0%	32,550
78,850	164,550	\$ 16,056	28.0%	78,850
164,550	357,700	\$ 40,052	33.0%	164,550
357,700	--	\$ 103,792	35.0%	357,700

<b>Head of Household</b>		Standard Deduction:		8,000
Taxable Income Bracket over	but not over	Pay	plus % on excess	of amount over
0	11,450	\$ 0	10.0%	0
11,450	43,650	\$ 1,145	15.0%	11,450
43,650	112,650	\$ 5,975	25.0%	43,650
112,650	182,400	\$ 23,225	28.0%	112,650
182,400	357,700	\$ 42,755	33.0%	182,400
357,700	--	\$ 100,604	35.0%	357,700

2008 Personal Exemption: 3,500

**Vermont Personal Income Tax Rates  
Tax Year 2008**

**Married Filing Jointly**

Taxable Income Bracket		Pay	plus % on excess	of amount over
over	but not over			
0	54,400	\$ 0	3.60%	0
54,400	131,450	\$ 3,441	7.20%	54,400
131,450	200,300	\$ 7,505	8.50%	131,450
200,300	357,700	\$ 13,357	9.00%	200,300
357,700	--	\$ 27,523	9.50%	357,700

**Married Filing Separately**

Taxable Income Bracket		Pay	plus % on excess	of amount over
over	but not over			
0	27,200	\$ 0	3.60%	0
27,200	65,725	\$ 979	7.20%	27,200
65,725	100,150	\$ 4,541	8.50%	65,725
100,150	178,850	\$ 6,679	9.00%	100,150
178,850	--	\$ 13,762	9.50%	178,850

**Single Individuals**

Taxable Income Bracket		Pay	plus % on excess	of amount over
over	but not over			
0	32,550	\$ 0	3.60%	0
32,550	78,850	\$ 4,228	7.20%	32,550
78,850	164,550	\$ 4,505	8.50%	78,850
164,550	357,700	\$ 11,790	9.00%	164,550
357,700	--	\$ 29,174	9.50%	357,700

**Head of Household**

Taxable Income Bracket		Pay	plus % on excess	of amount over
over	but not over			
0	43,650	\$ 0	3.60%	0
43,650	112,650	\$ 3,828	7.20%	43,650
112,650	182,400	\$ 6,539	8.50%	112,650
182,400	357,700	\$ 12,468	9.00%	182,400
357,700	--	\$ 28,245	9.50%	357,700

**2007 Vermont Income Tax Statistics by Adjusted Gross Income (AGI) Class**

(Details are for In-State Tax Returns ONLY)

<b>AGI Income Class</b>	<b># Returns</b>	<b>Federal AGI</b>	<b>Vermont TI [1]</b>	<b>Net VT Tax [2]</b>	<b>VT EITC [3]</b>	<b>Average Tax Paid [4]</b>
Neg/None/Missing	3,588	(136,990,549)	31,765	21,961	10,567	3
0.01 - 4,999	29,875	77,396,001	2,931,977	112,062	870,651	(25)
5,000 - 9,999	27,732	205,224,875	18,173,089	640,881	3,145,254	(90)
10,000 - 14,999	23,214	289,144,247	61,326,329	2,116,483	4,692,293	(111)
15,000 - 19,999	22,369	390,746,830	127,302,366	4,378,516	4,703,681	(15)
20,000 - 24,999	21,607	485,890,389	208,595,719	7,213,389	3,511,945	171
25,000 - 29,999	20,187	554,649,420	282,266,864	9,815,327	2,124,994	381
30,000 - 34,999	17,694	573,393,929	318,271,735	11,054,821	896,802	574
35,000 - 39,999	15,464	579,031,177	339,350,407	11,855,580	195,556	754
40,000 - 44,999	13,208	560,306,522	339,024,321	12,043,580	-	912
45,000 - 49,999	11,707	555,639,655	342,653,794	12,681,606	-	1,083
50,000 - 59,999	20,286	1,112,260,294	704,757,324	26,590,086	-	1,311
60,000 - 74,999	24,579	1,650,923,422	1,093,995,542	41,461,362	-	1,687
75,000 - 99,999	27,103	2,335,931,657	1,626,156,787	67,075,278	-	2,475
100,000 - 124,999	13,440	1,488,378,511	1,064,805,917	50,167,558	-	3,733

**2007 Vermont Income Tax Statistics by Adjusted Gross Income (AGI) Class**  
(Continued)

(Details are for In-State Tax Returns ONLY)

AGI Income Class	# Returns	Federal AGI	Vermont TI [1]	Net VT Tax [2]	VT EITC [3]	Average Tax Paid [4]
125,000 - 149,999	6,494	884,795,409	643,014,849	32,744,981	-	5,042
150,000 - 199,999	6,083	1,041,693,780	766,334,999	42,366,341	-	6,965
200,000 - 299,999	4,095	981,585,239	735,647,147	45,684,979	-	11,156
300,000 - 499,999	2,163	815,770,996	628,276,348	43,345,054	-	20,039
500,000 +	1,571	2,270,499,356	1,612,576,209	122,280,484	-	77,836
In-State	312,459	16,716,271,160	10,915,493,488	543,650,329	20,151,743	1,675
Out of State	49,572	29,214,612,431	22,473,778,020	44,685,141	141,761	899
All Returns	362,031	45,930,883,591	33,389,271,507	588,335,469	20,293,504	1,569

[1] Vermont Taxable Income

[2] Net of adjustments and credits

[3] Vermont Earned Income Tax Credit

[4] Net VT Tax less VT EITC divided by the number of returns

SOURCE: Vermont Department of Taxes

### Sales and Use Tax

Vermont has a general tax on retail sales which is primarily directed at commodity transactions. The tax rate is 6%.

Among the commodities exempt from the sales tax are food, medical equipment, prescriptions, manufacturing equipment, fuel used in manufacturing and residential fuel.

Beginning in FY 2005, 2/3 of the revenues is dedicated to the General Fund and 1/3 is dedicated to the Education Fund.

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#### History of the Sales & Use Tax

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1969	New tax based on 3.0% of retail sale
1982	Increased to 4.0%
1991	Increased to 5.0%; tax extended to wine and tobacco products; 4.0% effective 7/1/93
1993	5.0% rate extended to 6/30/95
1995	5.0% rate extended to 6/30/96
1996	5.0% rate extended to 6/30/97; tax on energy used in manufacturing reduced from 2.0% to 0.0% effective 7/1/96
1997	Sunset repealed; tax rate = 5.0%; 1.0% local option authorized; sale of fresh cut flowers by charitable organizations exempt
1998	Recycled construction materials exempt; railroad construction materials exempt
1999	Articles of clothing valued at less than \$110 each are exempt effective 12/1/99; footwear valued at less than \$110 exempt effective 7/1/2000
2002	Steel toed work boots are exempt regardless of value effective 1/1/2003. Building materials temporarily stored in Vermont are exempt from the Use Tax effective 7/1/2002. Repealed the exemption for fertilizer and pesticides unless used in agriculture effective 7/1/2002
2003	Rate increased from 5% to 6%. In addition, telecommunications tax rate increased from 4.36% to 6.0%. Both effective 10/1/2003. A Use Tax reporting table equal to 0.04% of adjusted gross income will be included in tax year 2004 returns.
2004	Changed the earliest date of membership in the Streamlined Sales & Use Tax Agreement from 1/1/2005 to 4/1/2005. Passed additional technical amendments to comply with streamlined.
2005	The maximum tax on tracked vehicles is increased from \$900 to \$1,100 effective 7/1/2005.
2006	Local option tax sunset repealed. Burlington local option sales tax authorized in City Charter.
2007	The Streamlined Sales and Use Tax Agreement (SSTA) begins in Vermont. South Burlington City Charter amended to authorize 1% local option taxes. Effective 10/1/2007 The exemption for aircraft parts, machinery, and equipment is broadened to include parts installed on private aircraft.
2008	Two-day sales tax holiday on items of \$2,000 or less, one week sales tax holiday on Energy Star appliances. Middlebury is authorized through a charter amendment to impose local option taxes. Sunset on airplane parts, machinery, and equipment is extended from 2011 to 2018.

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Sources: Vermont Department of Taxes, Vermont Statutes Annotated



### Meals, Rooms and Alcohol Tax

A tax of 9% is imposed on taxable meals and the rent of each occupancy less than thirty days in length. The alcohol portion of the meals tax is 10%. All revenues are dedicated to the General Fund.

<b>History of the Meals, Rooms, and Alcohol Tax</b>	
1959	New tax based on 3.0% of gross receipts
1968	Increased to 4.0%
1969	Increased to 5.0%
1984	Increased to 6.0%
1989	Alcoholic beverage component increased to 10.0%
1990	Rooms and meals Increased to 7.0%
1991	Rooms and meals increased to 8.0% - 8.0% - 10.0%; Effective 7/1/93: 7.0% - 7.0% - 10.0%; Effective 7/1/94: 6.0% - 6.0% - 10.0%.
1993	Rooms and meals decreased to 6.0%
1994	Rooms and meals increased to 7.0%
1997	Rooms and meals increased to 9.0% ; 1.0% local option authorized

*Sources: Vermont Department of Taxes, Vermont Statutes Annotated*

**Corporate Income Tax**

The net income of C-corporations is taxed according to the state rate and bracket schedule. The General Fund receives all of the revenue from this source.

**Corporate Income Tax Rates**

<b>Income Bracket</b>	<b>Tax Rate</b>
\$3,751 – \$10,000	6.00%
\$10,000 – \$25,000	7.00%
\$25,000 – \$250,000	8.50%
\$250,000 and over	8.50%

**Corporate Income Tax History**

1931	New franchise tax based on 2.0% of net income
1947	Tax rate increased to 4.0%; \$25 minimum tax
1955	Tax rate increased to 5.0%
1965	Restructured from franchise tax to income tax
1969	6.0% corporate income tax
1974	Restructured to a range of 5.0% to 7.5%; \$50 minimum
1984	6.0% - 9.0%; \$75 minimum until 12/31/87; 5.5% - 8.25%; \$75 minimum effective 1/1/88
1991	Minimum tax increased to \$150; NOL refunds eliminated
1997	7.0 % - 9.75%; minimum \$250
1998	Small investment companies exempt from minimum tax
2002	The federal accelerated ("bonus") depreciation allowance is disallowed. Effective 1/1/2001
2004	Unitary combined reporting is required for all C-corporations with income attributable to Vermont beginning in tax year 2006.  Reduced corporate income tax rates in two phases beginning in tax year 2006 and continuing in 2007.  Changed the apportionment formula for determining corporate income that is allocable to VT from an equal weighted 3-factor formula (property, payroll and sales) to a formula in which the sales factor is double-weighted beginning in tax year 2006.
2006	The Economic Advancement Tax Incentive Program (EATI) with its myriad of credits will be replaced with a single, payroll-based incentive for job creation and capital investment called the Vermont Economic Growth Incentive (VEGI).  Vermont adopted a new net operating loss (NOL) rule that will allow corporate taxpayers to carry forward all Vermont losses for 10 years regardless of whether the federal loss is carried back. There is a transition period between 2007 and 2009.  The Downtown and Village Center tax credit program was consolidated and streamlined. The affordable housing tax credit was increased.
2008	Several modifications were made to the VEGI program including the addition of a grace period for the first year award period, and enhanced incentive for environmental technology businesses, among other changes.

*Sources: Vermont Department of Taxes, Vermont Statutes Annotated*

## **Description of Non-Property Tax Education Fund Revenue Sources**

### General Fund Transfer

The education fund receives a transfer from the general fund equal to the amount transferred in the prior fiscal year adjusted by the percent change in the general fund base spending during the current fiscal year

### Lottery Transfer

All profits from the state lottery are transferred to the education fund. The state lottery was created in 1978. The Tri-State Lottery was introduced in 1986 and Powerball was introduced in 2004

### Electric Generating Plant Education Property Tax

All revenue from the education property tax on electric generating plants is dedicated to the education fund. Vermont Yankee is the only plant currently subject to this tax, which is based on megawatt-hour production

### Purchase & Use Tax

One-third of the revenue from the purchase & use tax is dedicated to the education fund. (See the description of transportation fund revenue sources)

### Sales & Use Tax

One-third of the revenue from the sales & use tax is dedicated to the education fund. (See the description of general fund revenue sources)

### Medicaid Transfer

A portion of the federal Medicaid reimbursements received by the state for medically-related services provided to students who are Medicaid-eligible is transferred to the education fund

Source: 16 V.S.A. §4025

### **Cigarette and Tobacco Products Taxes**

A tax is imposed on all cigarettes held for sale in the State of Vermont, by any person, at a rate of \$1.79 per pack effective July 1, 2006 increasing to \$1.99 effective 7/1/2008.

A tax is imposed on tobacco products at a rate of 41% of the wholesale price. The tobacco products tax was 20% of wholesale price from July 1, 1992 to June 30, 1995.

Cigarettes and other tobacco products are also subject to the sales tax.

Cigarette and tobacco tax revenue is dedicated to health care.

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#### **Cigarette Tax History**

1937	New tax; 1.5 cents per pack of 20 cigarettes
1946	Tax rate increased to 2.0 cents per pack
1949	Tax rate increased to 3.0 cents per pack
1950	Tax rate increased to 4.0 cents per pack
1957	Tax rate increased to 5.0 cents per pack
1959	Tax rate increased to 7.0 cents per pack
1963	Tax rate increased to 9.0 cents per pack
1965	Tax rate increased to 10.0 cents per pack
1969	Tax rate increased to 12.0 cents per pack
1983	Tax rate increased to 17.0 cents per pack
1991	Tax rate increased to 18.0 cents 7/1/91
1992	Tax rate increased to 19.0 cents 1/1/92 and tax rate increased to 20.0 cents 7/1/92
1995	Increased to 44.0 cents per pack effective 7/1/95
2002	Tax rate increased to 93 cents per pack effective 7/1/2002; \$1.19 per pack effective 7/1/2003
2006	Tax rate increased to \$1.79 per pack effective 7/1/2006; tax rate scheduled to increase to \$1.99 effective 7/1/2008. "Little cigars" (cigars weighing 3 lbs per 1000 or less) and roll-your-own (RYO) tobacco tax as cigarettes, instead of other tobacco products effective 7/1/2006. Snuff will be taxed at \$1.49 per ounce effective 7/1/2006 and \$1.69 per ounce effective 7/1/2008. Previously snuff was taxed at 41% of wholesale.

*Sources: Vermont Department of Taxes, Vermont Statutes Annotated*

## Other General Fund Taxes

### Bank Franchise Tax

Banks are taxed separately from other corporations. The bank franchise tax is 0.0096% of average monthly deposits.

### Beverage Taxes

Excise taxes are levied on bottlers and wholesalers of malt and vinous beverages at the rates of 26.5 cents and 55 cents per gallon, respectively. Both beverages are also subject to the 6% sales tax.

### Electrical Energy Tax

Electric generating plants with a name plate generating capacity of 200,000 kilowatts or more, which includes only on facility, the Entergy Vermont Yankee Nuclear Power Plant. This is a graduated tax, based on megawatt-hour production. There is an additional Electric Generating Plant Education Property Tax on this facility, structured in the same manner.

### Estate Tax

Transfers of estates are taxed in an amount equal to the federal state credit amount that was in effect for tax year 2001. Estate taxes are a General Fund revenue source except any revenues greater than 125% of the previous July's forecast are dedicated to the Higher Education Trust Fund.

### Fuel Gross Receipts Tax (33 V.S.A. § 2503)

A tax of 0.5% on fuel including heating oil and kerosene, propane, natural gas, electricity and coal. This revenue is dedicated to the Home Weatherization Assistance Program.

### Insurance Premiums Taxes

Traditional insurance companies are taxed at a rate of 2% per annum on the gross amount of premiums written in the State of Vermont, exclusive of premiums written for reinsurance.

Captive insurance companies are taxed on the volume of premiums written for direct premiums and assumed reinsurance premiums. The rates were lowered in 2003 to the present levels:

**Captive Insurance Premiums Tax Rates**

\$ Millions	Direct Premiums Tax Rate (%)	Reinsurance Tax Rate (%)
0 - 20	0.380	0.214
20 - 40	0.285	0.143
40 - 60	0.190	0.048
60 and over	0.072	0.024

**Land Gains Tax**

This tax is on the gain made from the sale or exchange of land located in VT and held by the seller for less than 6 years. The rate is in inverse proportion to the holding period, between 5% and 80% of the gain.

**Land Use Change Tax**

This tax is assessed if land enrolled in the Vermont Agricultural and Managed Forest Land Use Value Program ("Current Use Program") is developed.

**Liquor Tax**

A tax of 25% of gross revenues is assessed upon the sale of spirituous liquor.

**Lottery**

Vermont has a number of lottery games that raise revenue for the Education Fund. The state lottery was introduced in 1978. The Tri-State Lottery began in 1986 and Powerball was added in 2004.

**Petroleum Distributor Licensing Fee (32 V.S.A. § 1942)**

A fee of one cent per gallon of motor fuel sold by a distributor or dealer (see Gasoline and Diesel Tax descriptions) is assessed.

A second tax of ½ a cent per gallon on heating oil or kerosene became effective 7/1/2004. These revenues are dedicated to the Petroleum Cleanup Fund.

**Railroad Tax**

This tax is assessed annually on the appraised value of property and corporate franchise of each personal or owning or operating a railroad located in whole or in part within Vermont. The revenue is split between the state and the town where the railroad estate is located.

**Real Property Transfer Tax**

A tax is imposed upon the transfer by deed of title to property located within the State of Vermont.

**Property Transfer Tax Rates**

	<b>First \$100k</b>	<b>Over \$100k</b>
Principal Residence	0.5%	1.25%
VHFA	0	1.25%
Farm or Current Use	0.5%	
All Other	1.25%	

The revenue is distributed among the General Fund, the Housing and Conservation Trust Fund, and the Municipal and Regional Planning Fund.

**Telephone Property Tax**

This tax, on all of a company's personal property within the state, is 2.37% of net book value on the preceding December 31st.

**Telephone Company (Gross) Receipts Tax**

This "alternative" tax may be elected in lieu of telephone property tax by companies with less than \$50 million in gross operating receipts in the previous year. The election may not be made by a taxpayer that did not make the election the previous year. The tax is between 2.25% and 5.25% of gross operating revenue.

Note: All tax collections are deposited into the General Fund unless otherwise indicated.

### **Description of Transportation Fund Sources**

The Transportation Fund has five sources of revenue: (1) gasoline tax, (2) diesel fuel tax, (3) motor vehicle purchase & use tax, (4) motor vehicle fees and (5) "other revenue", and various other, small revenue generating, transportation related taxes and fees

#### **Gasoline Tax**

For practical purposes, the gasoline tax is a fixed 20 cents per gallon. Technically, however, this consists of (1) a 19 cent per gallon tax which is allocated among the Transportation Fund, the DUI Enforcement Fund and the Fish & Wildlife Fund and (2) a one cent per gallon fee which is dedicated to the Petroleum Cleanup Fund. The 20 cents per gallon total is allocated as follows:

<b>Allocation of Gasoline Tax and Fee</b>	
<b>Fund</b>	<b>Cents per gallon FY07</b>
Transportation Fund	18.245
DUI Enforcement Fund	0.380
Fish & Wildlife Fund	0.375
Petroleum Cleanup Fund	1.000
Total	20.000

#### **Diesel Fuel Tax**

For practical purposes, the diesel fuel tax is a fixed 26 cents per gallon. Like the gasoline tax, this technically consists of (1) a 25 cent per gallon tax which is allocated to the Transportation Fund and (2) a one cent per gallon fee which is dedicated to the Petroleum Cleanup Fund

#### **Motor Vehicle Purchase and Use Tax**

The motor vehicle purchase & use tax applies (1) to motor vehicle sale transactions and (2) where a sale is not involved, to an owner's initial registration of a vehicle in the state. For sale transactions, the tax is assessed on the vehicle's purchase price less the value of any trade-in which is credited against the purchase price. For non-sale transactions, the tax is assessed on the vehicle's current market value at the time of registration. Sale taxes paid by the owner in another jurisdiction are credited against the tax due. In both cases the tax rate is 6%. For trucks over 10,099 pounds, the tax is capped at \$1,680



**Description of Transportation Fund Sources (continued)**

Vehicles purchased for the short term rental market are exempt from the purchase tax but each rental transaction is subject to a rental tax equal to 7% of the rental charge.

Revenue from the purchase & use tax and short term rental tax is allocated 2/3 to the Transportation Fund and 1/3 to the Education Fund.

**Motor Vehicle Fees**

This category covers a range of fees collected by DMV of which the most important are registration fees and driver license fees. A registration fee is collected on all motor vehicles and trailers. The fee varies depending upon the vehicle type, size, weight and purpose. All motor vehicle fees are deposited in the Transportation Fund.

**Relative Contribution to the Transportation Fund**

In Fiscal Year 2006 the above sources made the following relative contributions to Transportation Fund revenue:

**Transportation Fund Sources**

<b>Source</b>	<b>FY2006</b>	<b>FY2007</b>	<b>FY 2008</b>
Gasoline tax	30.4%	29.0%	28.1%
Diesel tax	27.3%	30.0%	7.4%
Purchase & Use tax	25.7%	24.4%	23.6%
Diesel fuel tax	8.4%	7.8%	30.3%
Other revenue	8.1%	8.8%	10.6%
Total	100.0%	100.0%	100.00%

**Chronological History of Vermont Taxes:  
1882-2008**

**1882**

Commissioner of Taxes position created; taxes in effect in 1882 were:

Railroads	2.0-5.0% of earnings per mile
Insurance	2.0% gross premiums & assessments
Savings Banks	0.5-1.0% of average deposits
Express Companies	3.0% of gross receipts
Telegraph	3.0% of gross receipts + rental of equipment
Telephone	3.0% of gross receipts + rental of equipment
Steamboats	2.0% of gross receipts

----- Changes since 1882 -----

**1890**

Railroads	0.7% appraised value or 2.5% of gross receipts
Sleeping Cars	5.0% of gross receipts
Express Companies	4.0% of gross receipts
Steamboats	0.7% appraised value or 2.0% of gross receipts
Investment Companies	1.0% of amount loaned
Savings Banks	0.7% of average deposits
Trust Companies	0.7% of average deposits

**1896**

Collateral Inheritance (new)	5.0% of legacies & distributive shares > \$2,000
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**1904**

RRs & Steamboats	1.0% of appraised value or 2.5% of gross receipts
Collateral Inheritance	5.0% all net estates/transfer tax - nonresidents
Express Companies	\$8.00 per mile

**1906**

National Bank Tax (new)	0.7% on interest bearing accounts
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**1912**

Railroads	Repealed tax on gross receipts
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**1916**

Federal Inheritance Tax Enacted

**Chronological History of Vermont Taxes: (continued)**

**1917**

Direct Inheritance (new) 1.0-5.0% over \$250,000

**1931**

Electricity (new) 0.5 mill of each kilowatt hour manufactured

Personal Income (new) 2.0% of net income after exemptions; 4.0% of interest from stocks & bonds

Corporate Franchise (new) 2.0% of net income

**1933**

Beverage Tax (new) \$1.00 per barrel (31 gallons) malt beverage 3 cents per gallon fermented beverage

Gross Retail Sales (new) 1.0-4.0% of gross sales

**1934**

Beverage 3.25 cents per gallon; malt & vinous

**1935**

Beverage 5.0 cents per gallon; malt & vinous

Gross Retail Sales repealed (ruled unconstitutional)

**1937**

Beverage 10.0 cents per gallon; malt & vinous

Cigarette Tax (new) 1.5 cents per pack of 20 cigarettes

Personal Income Expanded income taxes to 4%

**1946**

Cigarette 2.0 cents per pack

**1947**

Telephone 1.25-4.25% of gross receipts

Corporate Franchise 4.0% of net income; \$25.00 minimum

**1949**

Personal Income 1.5-5.5% of net taxable income

Cigarette 3.0 cents per pack

**Chronological History of Vermont Taxes: (continued)**

**1950**

Beverage 15.0 cents per gallon; malt & vinous  
Cigarette 4.0 cents per pack

**1951**

Personal Income Withholding & estimated payments implemented  
Amusement & Musical License required; \$100.00 & \$25.00

**1955**

Personal Income 2.0-7.5% of net taxable income  
Corporate Franchise 5.0% of net income

**1957**

Cigarette 5.0 cents per pack  
Beverage 20.0 cents per gallon; malt & vinous

**1959**

Cigarette 7.0 cents per pack  
Tobacco Products (new) 20.0% of price sold to retailers  
Meals & Rooms (new) 3.0% of gross receipts

**1963**

Cigarette 8.0 cents per pack

**1965**

Cigarette 10.0 cents per pack  
Corporate Income Changed from franchise tax to net income

**1968**

Personal Income 25.0% of federal tax liability  
Meals & Rooms 4.00%  
Property Transfer (new) 0.1% of sale price

**Chronological History of Vermont Taxes: (continued)**

**1969**

Cigarette	12.0 cents per pack
Beverage	25.0 cents per gallon; malt & vinous
Meals & Rooms	5.00%
Sales & Use (new)	3.00%
Corporate Income	6.00%
Telephone	2.25%-5.25% of gross receipts
Property Transfer	0.5% of sale price
Personal Income	28.75% (25.0% + 15.0% surtax)

**1970**

Inheritance	Replaced by estate tax
Property Tax Relief (new)	Program created for taxpayers over age 65

**1972**

Electrical Energy	1.9% of appraised value
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**1973**

Land Gains (new)	5.0-60.0% of gain
Property Tax Relief	Expanded to include under age 65; \$500 maximum
Personal Income	28.0% (25.0% + 12.0% surtax)

**1974**

Corporate Income	5.0-7.5%; \$50.00 minimum
Personal Income	27.25% (25.0% + 9.0% surtax)

**1976**

Beverage	50 cents per gallon; vinous
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**1977**

Personal Income	25.0% of federal liability
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**1979**

Personal Income	23.0% of federal liability
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**1980**

Estate	Federal credit for state death taxes
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**1981**

Beverage	55 cents/gal., vinous; 26.5 cents/gal., malt
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**Chronological History of Vermont Taxes: (continued)**

**1982**

Personal Income 24.0% of federal liability  
Sales & Use 4.00%

**1983**

Cigarette 17.0 cents per pack  
Personal Income 26.0% of federal liability  
Sales Tax Rebate Expanded program

**1984**

Meals & Rooms 6.00%  
Corporate Income 6.0-9.0%, \$75.00 minimum until 12/31/87; 5.5-8.25%,  
\$75.00 minimum effective 1/1/88  
Bank Franchise (new) Replaced tax on income with tax equal to 0.00002 times  
average monthly deposits

**1985**

Hazardous Waste (new) 7.0-28.0 cents per gallon liquid; 0.9-3.4 cents per pound  
solid  
Personal Income 26.50%  
Property Tax Relief Expanded program to \$32,000 household income

**1986**

Farm Use Value Appraisal Current program expanded for farmers  
Personal Income 24.0% of federal liability effective 1987  
Property Tax Relief Early payment for over 62 filers authorized

**1987**

Personal Income 25.8% in 1987; 25.0% in 1988  
Solid Waste Franchise (new) \$2.40/cubic yd., \$6.00/ton, \$3.50/person  
Property Tax Relief Removed income and rebate caps  
Land Gains Tax 35.0-80.0% of gain  
Captive Insurance Minimum \$5,000 tax  
Use Value Appraisal Shifted responsibility from local to state government

**Chronological History of Vermont Taxes: (continued)**

**1988**

Use Value Appraisal	Added 1988 Working Farm Reimbursement Program and 1989 Working Farm Tax Abatement Program
Personal Income	23.0% of federal liability in 1988; 25.0% in 1989; added earned income credit
Telephone	Phase out of gross receipts tax; replace with corporate income and property taxes
Property Transfer Tax	1.25% (0.5% for first \$100,000 of principal residence and farm/forest land)

**1989**

Personal & Corp. Income	2.5% withholding on real estate sales by nonresidents
Corporate Income	Investment and holding companies limited to \$75.00
Meals & Rooms	10.0% tax on alcoholic beverages
Captive Insurance	0.7-0.1% graduated tax for each \$20 million of direct premiums

**1990**

Personal Income	28% 1990 and 1991, (25% 1992); 6% withholding on nonqualified deferred compensation
Fuel Gross Receipts (new)	0.5% of receipts from heating oil, kerosene, propane, gas, electricity and coal
Meals & Rooms	7% (6% effective July 1, 1992)
Hazardous Waste	Increased rates by approximately 57%

**1991**

Personal Income	28.0-31.0-34.0% (25.0% effective 1/1/94)
Sales & use	5.0% (4.0% effective 7/1/93); tax extended to wine and tobacco products
Meals/Rooms/Liquor	8.0-8.0-10.0% (7.0-7.0-10.0% effective 7/1/93, 6.0-6.0-10.0% effective 7/1/94)
Cigarette	18 cents 7/1/91, 19 cents 1/1/92, 20 cents 7/1/92
Bank Franchise	0.000040 x average monthly deposits
Corporate Income	\$150.00 minimum; eliminate NOL refunds
Telephone Gross Receipts	Extended to 6/30/92
Electrical Energy	3.5% of appraised value

**Chronological History of Vermont Taxes: (continued)**

**1993**

Sales & Use 5.0% extended to 6/30/95

**1994**

Meals & Rooms 7.0-7.0-10.0% made permanent

Personal Income Repealed sales tax rebate

**1995**

Sales & Use 5.0% extended to 6/30/96

Telephone Gross Receipts Extended to 6/30/96

Cigarette 44 cents per pack 7/1/95

**1996**

Sales & Use 5.0% extended to 6/30/97 (sales tax on energy used in manufacturing sunset from 2.0% to 0.0% - 7/1/96)

Utility Gross Receipts Extended to 6/30/98

Personal Income Federal armed forces education loan repayments exempt (sunsets 1/1/99)

Limited Liability Co. (new) Formation authorized

**1997**

Sales & Use Sunset repealed, tax rate = 5.0%; 1.0% local option authorized; sale of fresh cut flowers by charitable organizations exempt

Telecommunications Sales (new) 4.36%; first \$20 of monthly residential telephone bill is exempt; max. annual tax liability = \$10,000

Bank Franchise Increased 0.0056% to 0.0096% of monthly deposits

Corporate Income Minimum increased \$100 to \$250; sliding scale increased 1.5%; new max. tax rate = 9.75%

Meals & Rooms Increased 2.0% to 9.0%; liquor remains 10.0%; 1.0% local option authorized;

Gasoline Increased 4 cents to 19 cents (20 cents with Petroleum Cleanup Fund tax)

Purchase & Use Increased 1.0% to 6.0%; tracked vehicles now subject to the sales & use tax

Personal Income \$1,500 national guard exemption if AGI is less than \$47,000.00; federal education loan repayment sunset repealed

Statewide Property Tax (new) \$1.10 per \$100.00 assessed value



**Chronological History of Vermont Taxes:** (continued)

**1998**

Electric RRs, Steamboat, Express, Telegraph Companies	Business franchise taxes repealed; now subject to corporate income tax
Sales & Use	Recycled construction materials exempt; railroad construction materials exempt
Telecommunications	Prepaid calling cards taxed at 5.0%
Fuel Gross Receipts	Extended to 7/1/2003
Corporate Income	Small investment companies exempt from minimum tax
Personal Income	Non-resident motion picture income subject to the same tax rate in effect in state of residence (sunsets in 2000)

**1999**

Personal Income	24.0% of federal liability effective 1/1/2000
Sales & Use	Articles of clothing valued at less than \$110.00 each are exempt effective 12/1/1999; footwear valued at less than \$110.00 becomes exempt 7/1/2001
Earned Income Credit	25% or equal to tax rate, whichever is greater; effective 1/1/2000
Electric Generating	2.75% of appraised value effective 1/1/2000

**2000**

Purchase & Use	Tax cap for trucks increased from \$700 to \$1,100 effective 7/1/2000
Earned Income Credit	32% or equal to tax rate, whichever is greater, effective 1/1/2000
Diesel Fuel	25 cents per gallon, collected at the distributor level, for vehicles registered or weighing less than 25,001 pounds; all other vehicles pay 25 cents per gallon multiplied by the number of gallons used in Vermont. Effective 7/1/2000
Personal Income	Sunset repealed for non-resident motion picture income subject to the same tax rate in effect in state of residence

**Chronological History of Vermont Taxes: (continued)**

**2001**

Personal Income Restructured for tax years 2001 and 2002; re-coupled from federal tax liability to federal taxable income; new tax is equal to 24% of federal liability prior to the passage of EGTRRA; sunsets 1/1/2003.

**2002**

Personal Income Permanently linked to federal taxable income with five tax brackets: 3.6%, 7.2%, 8.5%, 9.0%, 9.5%. Forty percent of long term capital gains are excluded from taxable income; the balance is taxed at ordinary rates. The Alternative Minimum Tax is eliminated. Effective 1/1/2002

Members of the National Guard and US Reserve may exempt the first \$2,000 of military pay if AGI is less than \$50,000. Effective 1/1/2003

Corporate Income The federal accelerated depreciation allowance is disallowed. Effective 1/1/2001

Estate Tax The state tax credit allowed by federal law is adopted at tax year 2001 rates. Eliminates the estate tax on farms. Effective 1/1/2002

Sales & Use Steel toed work boots are exempt regardless of value effective 1/1/2003. Building materials temporarily stored in Vermont are exempt from the Use Tax effective 7/1/2002. Repealed the exemption for fertilizer and pesticides unless used in agriculture effective 7/1/2002

Cigarette 93 cents per pack effective 7/1/2002; \$1.19 per pack effective 7/1/2003

Motor Vehicle Rental Increased from 5% to 7% effective 7/1/2002

**Chronological History of Vermont Taxes: (continued)**

**2003**

Personal income	Created new Higher Education Investment tax credit equal to 5% of the first \$2,000 of eligible contributions. Effective 1/1/2004
Electric generating	Restructured from a property tax to a tax based on the amount of power generated. Effective 1/1/2004
Fuel gross receipts	Tax extended until 6/30/2008
Sales & Use	Rate increased from 5.0% to 6.0%. In addition, telecommunications tax rate increased from 4.36% to 6.0%. Both effective 10/1/2003. A Use Tax reporting table equal to 0.04% of adjusted gross income was included in 2004. Several provisions will be effective the 1st day of the 2nd quarter following membership in the Streamlined Sales & Use Tax Agreement, but in no case before 1/1/2005. These are 1) repeal of the \$20 monthly exclusion from the telecommunications tax, 2) elimination of the tax on clothing greater than \$110, and 3) inclusion of malt beverages in the sales tax.
Telecommunications	Rate increased from 4.36% to 6%. Effective 10/1/2003.  \$20.00 monthly exclusion repealed. Effective 1st day of the 2nd quarter following membership in the Streamlined Sales & Use Tax Agreement (but not before 1/1/2005)
Land use change tax	Restructured from municipal revenue to state revenue. Effective 7/1/2003
Captive Insurance	Captive Insurance companies are taxed on the volume of premiums written for direct premiums and assumed reinsurance premiums. The rates were lowered in 2003.

**Chronological History of Vermont Taxes: (continued)**

**2004**

Personal Income	Lottery prize exemption repealed. Effective 1/1/2005
Corporate Income	Unitary combined reporting is required for all C-Corporations with income attributable to Vermont beginning in tax year 2006.  Reduced corporate income tax rates in two phases beginning in tax year 2006 and continuing in 2007.  Changed the apportionment formula for determining corporate income that is allocable to VT from an equal weighted 3-factor formula (property, payroll and sales) to a formula in which the sales factor is double-weighted beginning in tax year 2006.
Sales & Use Tax	Changed the earliest date of membership in the Streamlined Sales & Use Tax Agreement from 1/1/2005 to 4/1/2005. Passed additional technical amendments to comply with streamlined.
Bank Franchise Tax	Eliminated the tax liability limitation to no more than a bank's federal taxable income.
Freight Line Tax	Repealed on all car and transportation companies.
Telephone Gross Receipts Tax	Repealed the option for new telephone companies to elect a gross receipts tax instead of a property and income tax.
Amusement Machine License Fee	Repealed and exempts coin-operated machines from the sales tax.

**2005**

Sales and Use Tax	Increased the cap for tracked vehicles from \$900 to \$1,100 effective July 1, 2005.
Corporate Income	A new tax credit, equal to 25% of wages, was created for wood products manufacturing in specific regions of the state.
Property Transfer	Eliminated the sunset on the Vermont Housing Finance Agency (VHFA) tax exemption.

**Chronological History of Vermont Taxes:** (continued)

**2006**

Motor Vehicle Purchase & Use	Cap on tax for trucks over 10,099 pounds raised from \$1,100 to \$1,680
Cigarette and Other Tobacco Products Taxes	Tax increased to \$1.79 per pack; "Little cigars" and RYO added. New tax structure for snuff—\$1.49 per ounce. All other tobacco products taxed at 41% of wholesale (7/1/06).  Tax schedule to increase to \$1.99 per pack; snuff to \$1.69 per ounce (7/1/08).

**2007**

Sales & Use Tax	The Streamlined Sales and Use Tax Agreement (SSTA) begins in Vermont. Several significant changes are 1) the elimination of sales tax on all clothing and footwear, 2) taxation of beer, 3) repeal of the exemption of the first \$20 of monthly residential telephone charges, 4) change from origin to destination sourcing rules, 5) delivery and shipping charges subject to tax when associated with taxable sales, among other changes.
Tax Credits	The Economic Advancement Tax Incentive Program and the associated credits are replaced with a single payroll-based incentive for job creation and capital investment known as the Vermont Economic Growth Incentive or VEGI.
Corporate Income Tax	New NOL rules are adopted.

**2008**

Income Tax	VT decoupled from bonus depreciation; the capital gains exclusion may not exceed 40% of federal taxable income; 100% pass-thru of the VT-property portion of the federal business solar energy investment tax credit; wood products manufacturer tax credit sunset extended from 2008 to 2011; and the affordable housing tax credit was expanded.
Sales & Use Tax	Exemption for aircraft parts, machinery and equipment is broadened to include parts installed on private aircraft.  Local option tax authority for the City of South Burlington and the Town of Middlebury.
Tax Credits	Downtown Tax Credit Allocation increased from \$1.5 to \$1.6 million.
Other Incentives	An enhanced VEGI growth incentive was added for environmental technology businesses, along with other modifications.  Tax Increment Financing (TIF) statutes substantially changed; allows for 6 new districts in a 5-year period beginning 7/1/2008.

### Tax Credits by Date of Enactment

- 1967 Credit for the Elderly or Disabled  
Investment Tax Credit
- 1976 Credit for Child and Dependent Care
- 1988 Earned Income Tax Credit  
Alternative Minimum Tax Credit
- 1990 Charitable Housing Tax Credit
- 1996 Financial Services Tax Credit (Expired in 2007)
- 1998 Economic Advancement Tax Incentive (EATI)
  - EATI Payroll Tax Credit
  - EATI Research and Development Tax Credit
  - EATI Capital Investment Tax Credit
  - EATI Workforce Development Tax Credit
  - EATI Export Tax Credit
  
  - Commercial Film Production Credit
  - Qualified Sale of Mobile Home Park Credit
  - Employee Training Credit
  - Rehabilitation of Certified Historic Buildings Credit
  - Older or Historic Building Rehabilitation Credit
- 2000 Affordable Housing Tax Credit
- 2002 Low Income child and Dependent Care Credit  
EATI High-Tech Business Credit  
Platform Lifts, Elevators and Sprinkler System Credit  
Commercial Code Improvement Credit  
Vermont Farm Income Averaging
- 2003 EATI Sustainable Technology R&D Credit  
EATI Sustainable Technology Export Credit  
Angel Venture Capital Deferral
- 2005 Wood Products Manufacturer Tax Credit
- 2006 Angel Venture Capital Deferral changed to a Tax Credit
- 2007 Vermont Economic Growth Incentive (VEGI) Payroll Incentive  
Downtown Credit Allocation increased from \$1.5 to \$1.6 million
- 2008 Substantial modification to Tax Increment Financing  
Business Solar Energy Investment Tax Credit  
Wood Products Manufacturer Tax Credit sunset extended  
Affordable Housing Tax Credit expanded  
Enhanced VEGI incentive for environmental technology businesses

**STATE TEACHERS' RETIREMENT SYSTEM**

<b>Fiscal Year</b>	<b>Final Actuarial Request*</b>	<b>Actual Funding</b>	<b>Percent of Request</b>	<b>Market Value of Assets</b>	<b>Actuarial Value of Assets (AV)</b>	<b>AV % of Mkt Value</b>	<b>Pension Benefit Obligation</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>% Funded Market Value/PBO GASB 5 (MKT/PBO)</b>	<b>% Funded Actuarial value GASB 25 (AV/AAL)</b>
2010	41,503,002									
2009	39,612,723	37,049,000	93.5%	1,501,320,179	1,605,461,728	106.9%	1,869,805,187	1,984,967,000	80.3%	80.9%
2008	41,204,051	40,749,097	98.9%	1,647,057,577	1,541,859,000	93.6%	1,734,182,847	1,816,650,000	95.0%	84.9%
2007	38,929,729	38,446,000	98.8%	1,430,282,999	1,427,393,070	99.8%	1,603,243,522	1,686,502,000	89.2%	84.6%
2006	56,627,046	24,446,282	43.2%	1,333,532,418	1,354,006,143	101.5%	1,551,210,118	1,492,150,000	86.0%	90.7%
2005	47,714,318	24,446,282	51.2%	1,245,650,105	1,284,832,664	103.1%	1,431,107,667	1,424,662,000	87.0%	90.2%
2004	41,658,946	24,446,282	58.7%	1,099,109,824	1,218,000,794	110.8%	1,306,864,372	1,358,822,000	84.1%	89.6%
2003	28,279,810	20,446,282	72.3%	1,065,978,943	1,169,294,000	109.7%	1,178,063,357	1,307,202,000	90.5%	89.5%
2002	22,146,880	20,446,282	92.3%	1,138,548,007	1,116,846,000	98.1%	1,087,419,007	1,254,341,000	104.7%	89.0%
2001	20,970,278	19,143,827	91.3%	1,190,498,179	1,037,465,880	87.1%	1,014,994,651	1,174,087,000	117.3%	88.4%
2000	19,936,345	18,586,240	93.2%	1,110,214,000	931,056,000	83.9%	935,311,000	1,066,400,000	118.7%	87.3%
1999	20,723,874	18,080,000	87.2%	1,006,493,000	821,977,000	81.7%	842,124,000	955,694,000	119.5%	86.0%
1998	26,927,205	18,106,000	67.2%	865,856,000	717,396,000	82.9%	802,481,000	849,179,000	107.9%	84.5%
1997	30,721,768	18,080,000	58.9%	703,392,000	570,776,000	81.1%	710,049,000	700,377,000	99.1%	81.5%
1996	28,711,597	11,480,000	40.0%	601,100,000	520,850,000	86.6%	630,889,000	648,052,000	95.3%	80.4%
1995	27,451,926	18,080,000	65.9%							

\*FY 2009 is an actuarial projection and governor's January recommend

**STATE EMPLOYEES' RETIREMENT SYSTEM**

<b>Fiscal year</b>	<b>Actuarial Request</b>	<b>Actual Funding</b>	<b>Percent of Request</b>	<b>Market Value of Assets</b>	<b>Actuarial Value of Assets (AV)</b>	<b>AV% of Mkt Value</b>	<b>Pension Benefit Obligation</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>% Funded Market Value (MKT/PBO) (AV/AAL)</b>	<b>% Funded Actuarial value (AV/AAL)</b>
2010	59,013,894									
2009	52,289,316	46,792,369	89.5%	\$1,282,493,872	\$1,377,101,471	107.4%	\$1,438,415,791	\$1,464,202,000	89.2%	94.1%
2008	42,375,068	39,193,942	92.5%	\$1,392,327,467	\$1,318,686,844	94.7%	\$1,284,274,919	\$1,307,643,000	108.4%	100.8%
2007	40,189,812	39,297,002	97.8%	\$1,219,616,872	\$1,223,322,954	100.3%	\$1,201,278,850	\$1,232,367,000	101.5%	99.3%
2006	38,214,704	36,866,451	96.5%	\$1,120,247,149	\$1,148,907,597	102.6%	\$1,123,617,264	\$1,174,796,000	99.7%	97.8%
2005	36,019,056	36,493,435	101.3%	\$1,040,927,987	\$1,081,358,637	103.9%	\$1,034,491,775	\$1,107,634,000	100.6%	97.6%
2004	29,023,431	26,645,619	91.8%	\$917,711,810	\$1,025,469,088	111.7%	\$968,014,164	\$1,052,004,000	94.8%	97.5%
2003	24,715,309	24,394,934	98.7%	\$892,221,769	\$990,450,000	111.0%	\$893,863,866	\$1,017,129,000	99.8%	97.4%
2002	24,189,000	23,788,282	98.3%	\$962,944,449	\$954,821,000	99.2%	\$882,725,301	\$1,026,993,000	109.1%	93.0%
2001	19,679,398	19,548,598	99.3%	\$1,058,889,568	\$895,150,880	84.5%	\$835,491,792	\$967,064,000	126.7%	92.6%
2000	19,548,817	19,012,608	97.3%	\$963,971,000	\$804,970,000	83.5%	\$745,531,000	\$876,412,000	129.3%	91.8%
1999	23,268,000	22,956,000	98.7%	\$914,960,000	\$733,716,000	80.2%	\$679,751,000	\$804,501,000	134.6%	91.2%
1998	22,598,000	23,426,000	103.7%	\$779,308,000	\$639,128,000	82.0%	\$634,794,000	\$753,883,000	122.8%	84.8%
1997	24,098,000	23,973,000	99.5%	\$638,674,000	\$560,659,000	87.8%	\$578,158,000	\$664,173,000	110.5%	84.4%
1996	24,222,000	21,442,000	88.5%	\$538,671,000	\$480,049,000	89.1%	\$541,597,000	\$679,427,000	99.5%	70.7%
1995	29,245,000	20,383,000	69.7%							



## Overview of Medicaid

The Medicaid program was created by Congress in 1965. Medicaid is structured as a partnership between individual states and the federal government. The rules of this partnership address eligibility (who is covered), services (what is covered) and financing (how funding is shared). At the federal level, Medicaid is administered by the Centers for Medicare and Medicaid Services (CMS). In Vermont, the Medicaid program is administered by the Office of Vermont Health Access (OVHA), part of the Agency of Human Services.

Medicaid funding is shared between the states and the federal government. In Vermont, for every state or local dollar spent, the state receives on average 60 cents from the federal government.

The original Medicaid program was designed for two groups: “aged, blind, and disabled” (ABD) and low income families. ABD eligibility was extended to those receiving supplemental social security. Low income families were receiving “aid for needy families with children” (ANFC). These are referred to as categorical eligibles. Within basic Medicaid law, there are mandatory populations (primarily the two groups above) and optional populations. Optional eligibility factors usually are age (e.g. covering older children) or income (e.g. covering to a higher percent of poverty). There is also an eligibility category called spend-down. Spend-down occurs when people who do not otherwise qualify have their incomes reduced by high medical expenses.

In Vermont, Medicaid eligibility has been expanded three ways. The first is the State Children’s Health Insurance Program” (SCHIP) program (1998). This was a Congressional initiative to encourage states to expand eligibility for children. Under SCHIP, states receive a higher match rate than under regular Medicaid. The second is an “1115 waiver” (1115 refers to a section of the Social Security Act). Under 1115 waivers, CMS is permitted to waive certain Medicaid requirements in the interests of expanding coverage. The Vermont Health Access Plan (VHAP) program, which provides full coverage for uninsured low-income adults and pharmacy coverage for low-income Medicare beneficiaries, is the result of an 1115 waiver.

Finally, Catamount Health was designed to help provide coverage for the uninsured above Medicaid eligibility and has two main parts: a specified private health insurance product offered by private health insurers, and a premium assistance program. Enrollment for Catamount began October 1, 2007.

During state fiscal year 2007, there were two major changes to Vermont's Medicaid program. The first was a result of the federal Medicare Modernization Act (MMA). Medicare is the national health care program that provides coverage for people over 65. MMA expanded Medicare benefits to include pharmacy coverage. Prior to MMA, the state Medicaid program paid for pharmacy coverage for low-income seniors. The state continues to provide coverage that supplements the federal program.

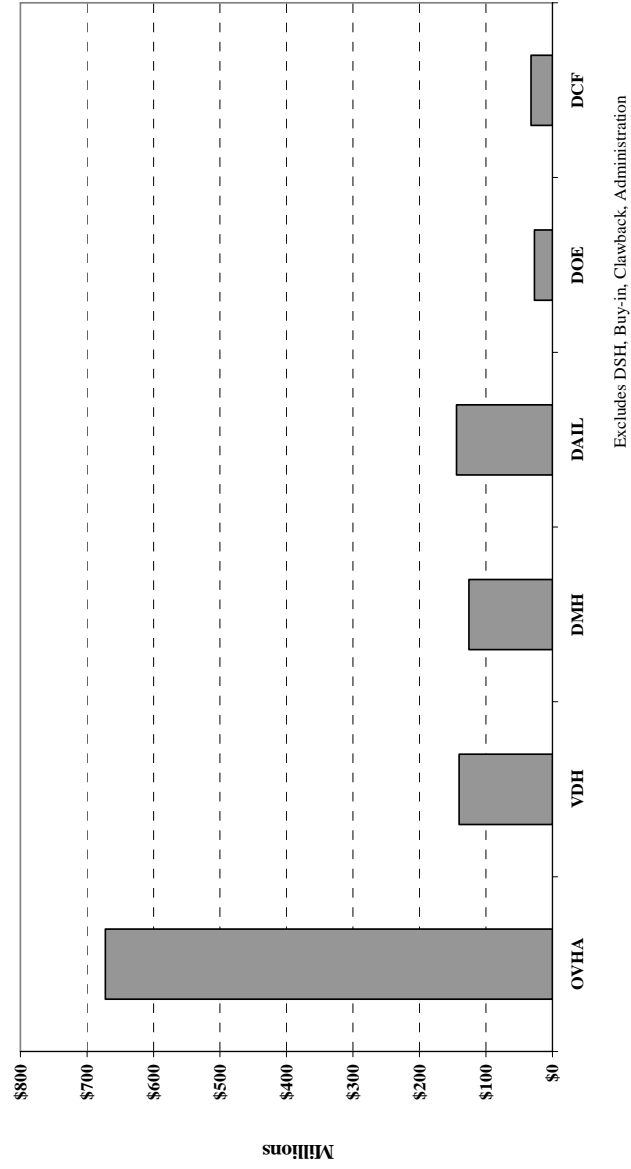
The second major change was the implementation of the state's "Global Commitment for Health" waiver. Global Commitment substantially restructured the financing and organization of the state's Medicaid program. Most notably, it turned the Office of Vermont Health Access into a public managed care organization. While there have been no substantial changes in benefits received, a goal of this model is to improve coordination of care received by Medicaid beneficiaries.

### **Figures**

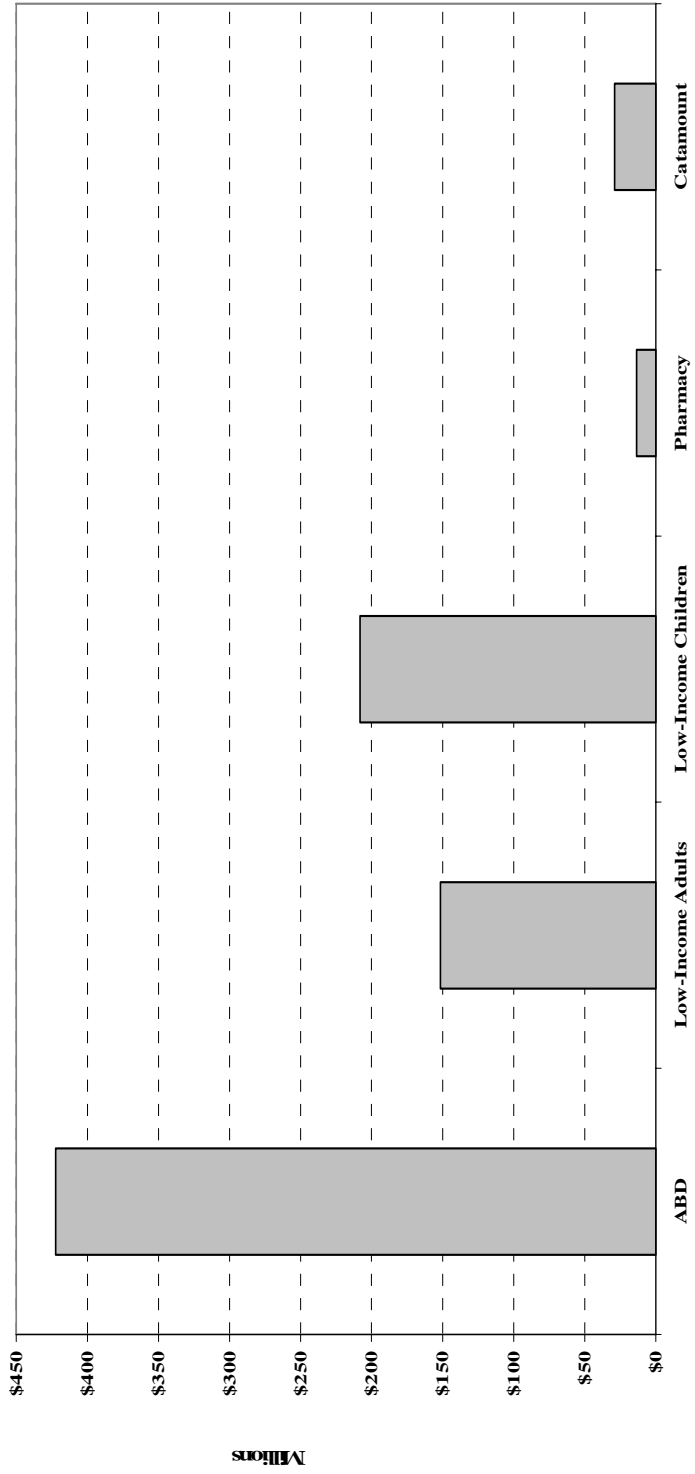
The tables on the next several pages analyze Vermont's Medicaid program in two different ways. One way to look at Medicaid is by eligibility category. Information is presented on estimated enrollment, total spending, and spending per person per month (PMPM) in five large categories: Aged, Blind, and Disabled (ABD); Low-income children; Low-income adults; Pharmacy programs; and Catamount Health. ABD primarily includes individuals who have qualified for Medicaid as a result of having a serious illness or other health condition. Low-income children, including Dr. Dynasaur and the State Children's Health Insurance Program, are children whose eligibility is a function of their family income. Low-income adults, including the Vermont Health Access Plan (VHAP) are adults who qualify on the basis of income. Pharmacy programs include individuals who qualify for limited benefits. This category includes such programs as VPharm and the Healthy Vermonters Plan. Finally, Catamount Health includes uninsured adults, who do not otherwise qualify for Medicaid. The benefits are administered through private insurers and premiums are based on income.

The second way of looking at Medicaid spending in Vermont is by Department. Several different departments are involved in the Medicaid program, including the Office of Vermont Health Access (OVHA); the Department of Disabilities, Aging, and Independent Living (DAIL); the Department for Children and Families (DCF), the Department of Health (VDH), the Department of Mental Health (DMH) and the Department of Education (DOE).

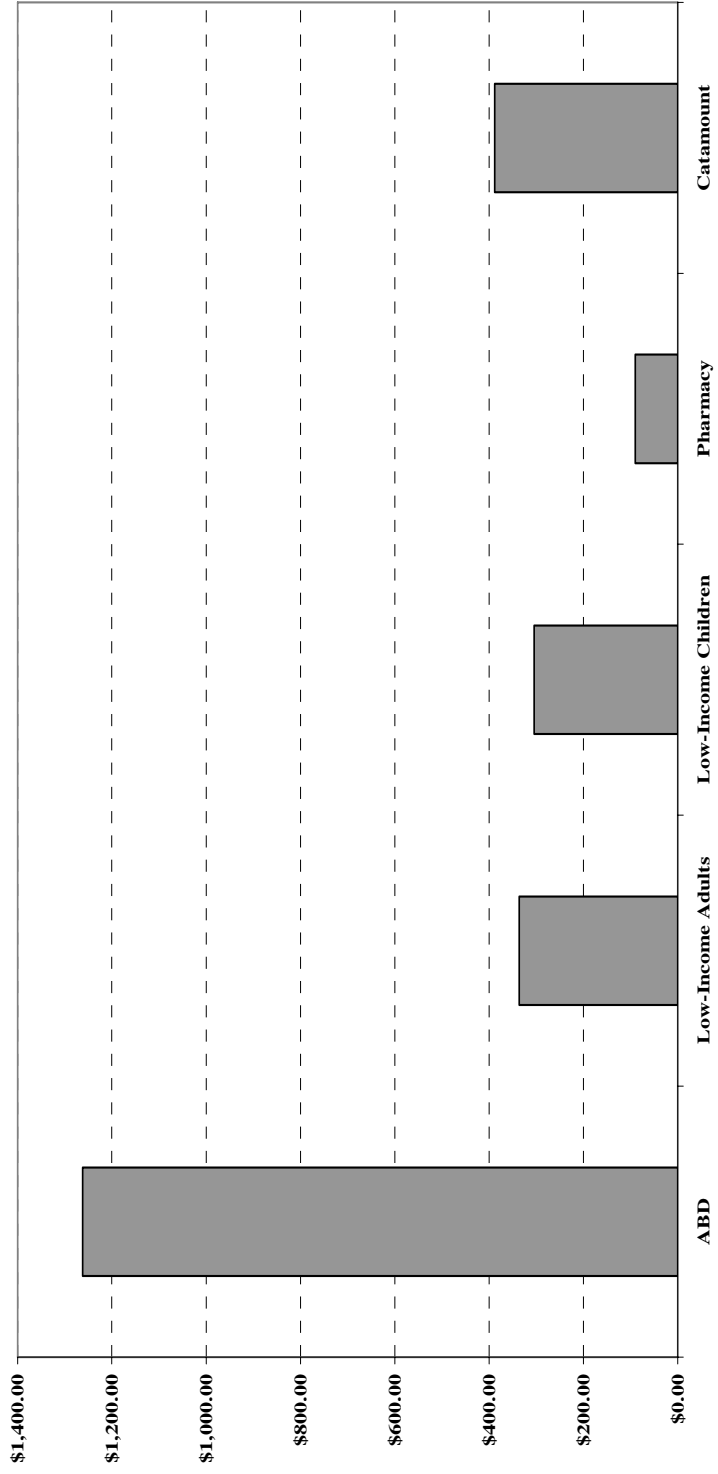
Estimated Spending by Department, Vermont Medicaid, 2009



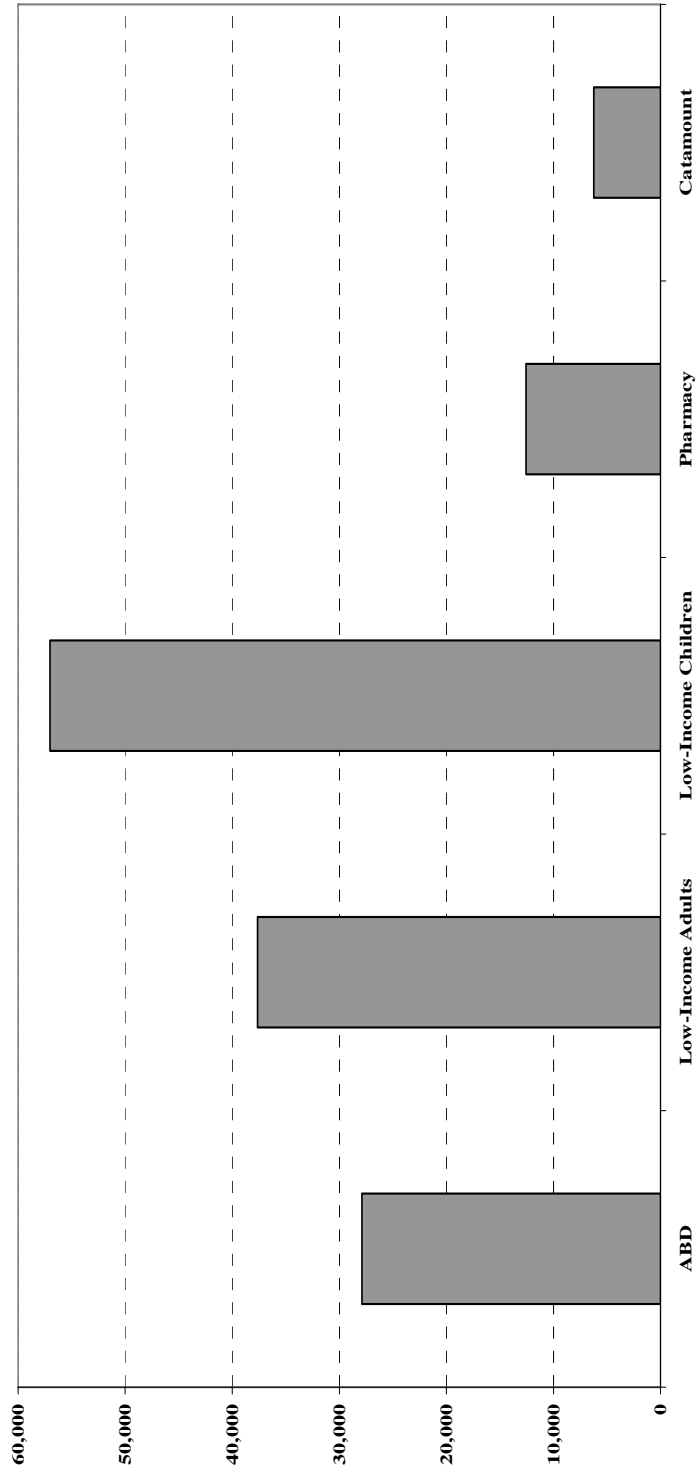
Estimated Total Spending by Eligibility Type, Vermont Medicaid, 2009



Estimated Per Member per Month Spending by Eligibility Category, Vermont Medicaid, 2009



Estimated Enrollment by Eligibility Type, Vermont Medicaid, 2009



## **A Guide to Vermont State Government Appropriations**

Vermont state government is organized into nine functions of government. These are:

- General Government
- Protection to Persons and Property
- Human Services
- Labor
- General Education and Higher Education
- Natural Resources
- Commerce and Community Development
- Transportation
- Debt Service

These definitions are not unique to Vermont. All of the states use similar definitions. This makes it possible to compare apples to apples between state appropriations. Briefly, the functions of government listed above include the following activities:

### **General Government:**

This function of government contains the Executive Branch of government including the Secretary of Administration, Finance and Management, Personnel, Tax Department, Buildings and General Services, and the Executive Office. These departments provide centralized services to state government.

This function of government also includes the State Auditor, State Treasurer, Lieutenant Governor, Sergeant at Arms, Joint Fiscal Committee, Legislative Council and the Legislature.

### **Protection to Persons and Property:**

This function of government contains the appropriations relating to regulation and law enforcement. This includes the Attorney General, Department of Public Safety, the Defender General, the State's Attorneys and Sheriffs, the Agency of Agriculture, Food and Markets, Labor and Industry, Liquor Control, Secretary of State and the Judiciary, among others.

### **Human Services:**

This function of government contains the appropriations which provide social services. Included are the Office of Health Access, the Department of Health, the Department for Children and Families, the Department of Corrections and the Department of Disabilities, Aging and Independent Living.

**Labor:**

This function of government is primarily federally funded and is concerned with job placement for the unemployed. Also, the Department of Labor gathers vital statistics concerning employment/unemployment, average hourly wages, gross

**General Education and Higher Education:**

This function of government contains the appropriations for K-12 education, and the operation of the Department of Education. Higher Education appropriations are for the Vermont Student Assistance Corp. (VSAC), UVM and the Vermont

**Natural Resources:**

This function of government is concerned with natural resources and includes the Department of Fish and Wildlife, the Department of Forest, Parks and Recreation, the Department of Environmental Conservation, the Environmental Board and District Commissions and the Water Resources Board.

**Commerce and Community Development:**

This function of government contains appropriations relating to the promotion of economic development and the creation of affordable housing. Included in this function of government is the Department of Economic Development, the Vermont Training Program, Community Development Block Grants, Tourism and Marketing, Vermont Life, Vermont Symphony Orchestra, Vermont Historical Society and the Vermont Housing and Conservation Board, among others.

**Transportation:**

This function of government contains appropriations which support the state's highway and local road infrastructure including the Agency of Transportation with the Department of Motor Vehicles, Maintenance, Policy and Planning, Rail and surface transportation activities and Town Highway Grants. This includes the

**Debt Service:**

This function of government contains the appropriations necessary to make the required, annual principal and interest payments on the state's bonded indebtedness.



A function of government will contain all the appropriations for an **agency** of the executive branch, e.g., General Government contains the appropriations for the Agency of Administration. Three functions of government have no agency super structure; these are Protection, Education, and Debt Service. All other functions of government contain appropriations for an agency and miscellaneous related or-

Within a function/agency, appropriations are organized into **departments**. Commissioners of departments of state government, also known as the "appointing authority," have duties and powers described in Vermont Statutes. A small department of government may have a single appropriation; however, departments generally have multiple missions and responsibilities. Therefore, a department will typically have several discrete appropriations specific to each **division** of the de-

A division may operate several **programs**. The general assembly does not appropriate to the program level of government. Details of intended program expenditures are given in the Governor's budget submission to the general assembly. This submission, numbers in the hundreds of pages, and contains a description of each program's basis in statute, the past year's accomplishments, the upcoming year's goals, staffing levels, and expenditure targets. [A more in depth treatment of the Governor's budget submission is beyond the scope of this discussion. The Joint Fiscal Office provides a complete set of budget documents for use by the members.] Suffice it to say that, while the Legislature does not appropriate to this level of government, it expects and requires the Executive Branch to fulfill the

The expenditure categories are as follows:

**Personal Services:**

If an appropriation supports employees who are paid through state government's payroll system, there will be a personal services expenditure category. This category will provide funding for wages and the employer's share of benefits. Also, if the department or division intends to contract for non-employee personal services,

**Operating Expense:**

This contains funding for two basic types of expenditures: consumables like paper, electricity, subscriptions, telephone, etc.; and durables like computers and copy machines. The operating expense budget for each unit of government is unique to that department or division. Items included in the budget will vary greatly depending upon whether the division occupies rented quarters or a state owned building and the condition (age) of the equipment.

**Grants:**

This expenditure category contains the funds that will be disbursed in pursuit of a department or division's program mission. Grants may be made to individuals, e.g., Medicaid, and general assistance, to municipalities, e.g., town highway grants and special education formula grants, or non-profit organizations.

**Other:**

This is an unrestricted expenditure category. As the name implies, funds contained in this category are not otherwise classifiable. Generally, the other category is used for disbursements that support a program, but which do not quite fit the grants definition. An example is the Municipal Current Use Program. Another example is the Legislature's own budget.

The sources of funds which support appropriations are:

**General:** Unrestricted general state revenue.

**Transportation:** Earmarked state revenue from specific sources.

**Education:** Earmarked state revenue from specific sources.

**Fish and Wildlife:** Earmarked state revenue from specific sources.

**Federal:** Federal revenue, typically distributed according to a formula and usually earmarked for specific programs.

**Global Commitment:** This is a specific internal service fund used to pay Medicaid expenditures of the public Managed Care Organization (MCO) under the Global Commitment Waiver in Medicaid. The revenue for the fund is provided by the Global Commitment appropriation in the Agency of Human Services.

**State Health Care Resources:** This is special fund that supports the Vermont's Medicaid program. Revenues dedicated to this fund are health care related providers taxes, state shares of program beneficiary premiums and most of the cigarette and tobacco products taxes

**Catamount Fund:** This special fund that supports the Vermont's health insurance subsidy program named the Catamount program, immunization activities and health care quality improvement through the Blueprint for Health program. Revenues dedicated to this fund include a portion of the state cigarette tax, Catamount program beneficiary premiums and the employer assessment.

**Special:** State revenue, typically derived from fees and often earmarked.

**Bond:** State revenue derived from the issuance of general obligation bonds and restricted as to use.

**Trust:** Highly restricted state revenue from sources such as the state employee retirement trust fund.

**Internal service:** These are bookkeeping entities created to track certain kinds of costs. An example would be an internal service fund for the photocopy center of an agency. Funds are appropriated to different departments of the agency which then “purchase” photocopy services from the center as needed. The internal service fund provides an accounting mechanism for estimating for budget purposes and for keeping track of the actual costs of operating the photocopy center. Internal service funds, however, do involve a double counting of funds. In the example, the agency department spends \$1 of appropriated funds buying photocopy services which the center books as \$1 of internal service fund revenue. When the center buys supplies, the same \$1 is booked as an internal service fund expenditure.

**Revolving:** Funds which are not new revenue from any source. These “funds” represent an expenditure authority which may or may not be adequately financed in any given fiscal year. If successful, payments into the revolving fund will equal disbursements from the fund. In any event, expenditures in support of this unit of government may be made, up to the limit of the appropriation, even if it results in a deficit or surplus in the fund.

**Enterprise:** Funds that provide money for services to the general public through programs that are expected to recover their full costs, primarily through user charges. Examples include the Lottery Fund, the Liquor Control Fund and Vermont Life Magazine.

**Tobacco Litigation Settlement Fund:** This is a special fund established by section 435a of Title 32. All receipts received by the state under the Master Tobacco Settlement Agreement. Funds are appropriated by the legislature for the purposes of Chapter 225 of Title 18 of the Vermont Statutes Annotated.

**Transfer:** Funds which are not new revenue from any source. These “funds” represent a transfer from one unit of government to another. The original source may be general, transportation, federal, etc. An example is the Fire Service Training Council which receives transfer funds from the Department of Public Safety.

**Direct Applications:** Unanticipated funds and expenditure recoveries from other funds that are deposited to the general fund with Legislative authorization.

**General Fund Appropriations: Five Year Detailed History**  
**FY 2009 Appropriations from Act 192 of the 2008 Session (Prior to Budget Adjustment, but Includes Rescissions, etc.)**

AGENCY/DEPARTMENT/PROGRAM	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Secretary's Office	381,798	856,821	984,985	920,232	705,759
General Fund Reduction	0	0	0	-155,814	0
Exempt Position Reduction & Vacancy Savings	0	0	0	-235,982	0
Information & Innovation - Communications & Information	0	0	0	114,873	100,144
VT Information Technology Larders (VITL)	0	0	0	395,000	255,730
Emergency Relief & Assistance Fund	0	100,000	0	0	0
In-State Travel Reduction (Executive Branch)	0	(300,000)	0	0	0
Single Audit Revolving Fund - Administration	400,000	0	0	0	0
Finance & Management	772,314	816,881	1,100,479	977,919	892,998
Human Resources	1,747,729	2,068,561	2,887,442	2,460,080	2,086,923
Buildings & General Services	3,974,015	3,984,617	9,047,542	9,331,336	7,862,891
Tax Department	12,678,572	13,192,874	13,814,744	14,078,687	13,376,052
Municipal Tax Homeowner Rebate	0	0	0	11,206,140	0
Libraries	2,331,998	2,328,186	2,535,514	2,543,581	2,465,376
Auditor of Accounts	453,732	468,742	519,905	524,025	489,679
State Treasurer	833,409	837,580	1,028,043	1,143,904	1,049,106
State Labor Relations Board	171,697	187,100	198,492	205,272	187,593
Executive Office	1,141,866	1,206,200	1,426,328	1,477,957	1,345,270
National & Community Service	56,528	56,528	56,180	56,353	52,974
VOSHA Review Board	20,097	20,097	19,998	23,327	23,033
Payment in Lieu of Taxes - Montpelier	184,000	184,000	184,000	184,000	0
Payment in Lieu of Taxes - Correctional Facilities	40,000	40,000	40,000	40,000	0
Payment in Lieu of Taxes (PILOT)	800,000	600,000	400,000	50,000	0
Use Tax Reimbursement - Municipal Current Use	3,889,280	4,569,542	8,113,944	8,861,267	9,850,000
Renter Rebate	0	0	0	0	2,386,756
Homeowner Rebate	0	0	0	0	12,921,868
Lt Governor	115,517	117,089	146,747	155,032	155,318
Legislature	3,935,297	5,059,316	7,199,906	7,510,430	8,133,585
Legislative Council	1,974,477	2,152,114	2,590,627	2,125,647	2,273,533
Sergeant-at-Arms	456,405	461,044	600,801	617,701	612,014
Joint Fiscal Office	831,789	982,901	1,256,470	1,270,579	1,276,947
<b>Function Total - General Government</b>	<b>37,190,520</b>	<b>39,990,193</b>	<b>54,152,147</b>	<b>66,273,342</b>	<b>68,503,549</b>

**General Fund Appropriations: Five Year Detailed History**  
(Continued)

AGENCY/DEPARTMENT/PROGRAM	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Attorney General	2,550,429	2,826,355	3,248,360	4,883,914	3,925,235
Court Diversion	957,238	981,093	1,204,534	1,204,534	1,158,740
State's Attorneys	6,670,635	6,856,903	7,876,042	8,382,752	8,935,657
Sheriffs	2,313,344	2,489,576	3,093,503	3,353,439	3,436,166
Defender General	7,286,984	7,649,359	8,941,336	9,451,883	10,554,933
Military	3,100,631	3,082,446	3,270,409	3,381,936	3,359,523
Labor & Industry	913,722	836,000	0	0	0
Criminal Justice Training Council	647,358	902,574	1,339,615	1,404,264	1,367,457
Racing Commission	5,000	5,000	1,000	1,000	0
Secretary of State	928,352	583,525	672,907	1,038,479	1,513,873
Banking & Insurance	466,993	3,666	708,753	315,444	269,193
Public Safety	17,260,749	20,191,722	11,968,242	12,955,720	15,755,102
Fire Service Training Council	464,860	0	0	0	0
Agriculture	3,806,724	5,206,093	5,763,707	5,670,894	5,113,581
State Stipend	175,000	175,000	175,000	175,000	175,000
Public Service Department	100,000	0	0	0	0
Judiciary	23,018,570	24,818,705	29,556,690	31,227,564	30,744,943
Center for Crime Victims' Services	963,878	1,043,644	1,125,253	1,314,809	47,165
Human Rights Commission	273,225	278,014	285,925	311,382	267,764
<b>Function Total - Protection to Persons &amp; Property</b>	<b>71,903,692</b>	<b>77,929,675</b>	<b>79,231,276</b>	<b>85,073,014</b>	<b>86,624,332</b>
<b>Human Services</b>					
Secretary's Office	3,872,236	3,826,168	3,699,368	4,015,872	4,156,591
Global Commitment	0	107,493,758	124,205,456	119,908,716	124,103,862
Appropriation and Transfer to HATF	88,139,252	78,104,989	0	0	0
Human Services Board	121,082	32,423	49,283	50,977	49,395
Administration	1,166,438	0	386,295	47,333	75,246
Waiver	0	0	69,092,869	77,796,413	78,964,974
Medicaid Matched Nonwaiver Expenses	0	0	24,496,854	21,516,111	16,068,046
Medicaid Program - State Only	0	0	27,249,932	32,771,132	35,376,640
Corrections Department	99,189,994	108,665,313	109,415,075	115,967,691	124,715,313
Health Department	58,728,315	28,098,134	30,118,505	29,380,281	23,115,227
Department for Children & Families	100,616,779	86,257,727	76,033,469	82,778,635	82,028,452
Disabilities, Aging & Independent Living	56,216,464	25,101,482	18,494,612	18,505,693	18,494,193
Children's' Trust Fund	100,651	0	0	0	0
Commission on Women	231,777	250,421	255,201	262,552	273,243
RSVP	131,096	131,096	131,096	131,096	131,096
Veterans Home	969,037	165,495	0	0	0
<b>Function Total - Human Services</b>	<b>409,483,121</b>	<b>438,127,006</b>	<b>483,628,015</b>	<b>503,132,502</b>	<b>507,552,278</b>

**General Fund Appropriations: Five Year Detailed History**  
(Continued)

AGENCY/DEPARTMENT/PROGRAM	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
<b>Labor</b>					
Administration	0	0	190,408	221,806	176,803
Programs	1,103,541	1,395,248	2,113,276	2,131,170	1,879,543
<b>Function Total - Labor</b>	<b>1,103,541</b>	<b>1,395,248</b>	<b>2,303,684</b>	<b>2,352,976</b>	<b>2,056,346</b>
Education Department	13,113,425	13,021,004	14,244,278	13,858,936	12,213,479
Fund Appropriations & Transfers	249,300,000	259,300,000	268,720,000	280,200,000	291,127,800
Teachers Retirement	20,446,282	24,446,282	24,446,729	39,549,097	33,549,097
Renter Rebate	0	0	0	2,277,149	0
Property Tax Assistance	8,680,000	7,988,056	2,250,000	0	0
<b>Function Total - General Education &amp; Property Taxes</b>	<b>291,539,707</b>	<b>304,755,342</b>	<b>309,661,007</b>	<b>335,885,182</b>	<b>336,890,376</b>
University of Vermont	37,937,512	36,473,096	36,971,519	38,265,688	36,740,473
Morgan Horse Farm	5,000	5,000	5,200	5,500	0
Vermont Public Television	563,832	573,832	596,785	605,737	564,620
Vermont State Colleges	21,867,742	22,532,878	23,330,193	24,146,750	23,155,213
Allied Health	620,661	710,372	641,570	664,025	663,130
Vermont Interactive Television	795,331	815,331	847,944	858,163	769,119
Vermont Student Assistance Corporation	17,142,609	17,771,050	18,481,892	19,128,758	18,387,607
New England Higher Education Compact	88,840	80,000	80,000	84,000	84,000
<b>Function Total - Higher Education</b>	<b>79,021,527</b>	<b>78,961,559</b>	<b>80,955,103</b>	<b>83,758,621</b>	<b>80,364,162</b>
<b>Total Education &amp; Higher Education</b>	<b>370,561,234</b>	<b>383,716,901</b>	<b>390,616,110</b>	<b>419,643,803</b>	<b>417,254,538</b>
<b>Natural Resources</b>					
Administration	2,914,400	4,574,943	4,729,582	4,910,434	4,687,728
Connecticut River Watershed Advisory Comm.	22,500	22,500	38,000	60,000	38,000
State Land Local Property Tax Assessment	756,377	1,067,548	1,312,500	1,312,500	1,707,233
Citizens' Advisory Comm on Lake Champlain's Future	7,500	7,500	7,500	7,409	7,500
Forests, Parks, & Recreation	5,539,878	5,640,064	6,738,787	7,020,629	6,476,065
Environmental Conservation	7,587,540	8,072,188	9,248,831	9,155,319	7,904,197
Fish & Wildlife	1,531,009	1,726,853	2,096,314	2,128,649	1,192,216
Natural Resources Board	880,992	1,065,127	1,052,712	1,053,106	840,366
Water Resources Board	324,515	0	0	0	0
Green - Up	6,036	6,646	6,948	5,057	5,550
<b>Function Total - Natural Resources</b>	<b>19,570,747</b>	<b>22,183,369</b>	<b>25,231,174</b>	<b>25,653,103</b>	<b>22,858,855</b>

**General Fund Appropriations: Five Year Detailed History**  
(Continued)

AGENCY/DEPARTMENT/PROGRAM	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
<b>Commerce and Community Development</b>					
Administration	1,874,906	1,922,819	2,184,996	2,894,771	2,529,911
Historic Sites Operations	465,717	479,352	512,236	540,560	538,219
Housing & Community Affairs	1,531,188	1,531,188	1,702,396	1,439,925	1,262,079
Economic Development	3,164,403	3,467,184	3,568,076	4,069,781	3,049,917
Tourism & Marketing (Travel)	4,678,637	4,209,458	4,338,938	4,108,213	3,765,138
Vermont Training Program	1,707,700	1,607,700	1,606,509	1,607,543	1,599,683
Vermont Council on the Arts	519,618	494,618	529,618	545,618	507,607
Vermont Symphony Orchestra	101,960	101,960	118,780	122,343	113,821
VT Historical Society	597,660	630,653	733,393	828,342	770,635
VT Housing & Conservation Board	0	0	0	700,000	0
VT Council on the Humanities	150,599	160,599	180,599	185,599	172,670
<b>Function Total - CCD</b>	<b>14,792,388</b>	<b>14,605,531</b>	<b>15,475,541</b>	<b>17,042,695</b>	<b>14,309,680</b>
Transportation - Public Transit	0	0	69,000	0	0
<b>Function Total - Transportation</b>	<b>0</b>	<b>0</b>	<b>69,000</b>	<b>0</b>	<b>0</b>
Principal	62,587,361	62,723,384	64,547,179	64,205,317	67,048,726
<b>Function Total - Debt Service</b>	<b>62,587,361</b>	<b>62,723,384</b>	<b>64,547,179</b>	<b>64,205,317</b>	<b>67,048,726</b>
FY2008 Contingent Appropriations	0	0	0	5,000,000	0
One Time Appropriations	0	0	0	1,695,000	1,025,000
FY2009 GF Appropriations Reductions	0	0	0	0	(60,000)
Settlement Contingent Approp (Teachers' Retirement Fd)	0	0	0	0	2,300,000
FY2007 Funds Reserved for FY2008	0	0	0	2,672,000	0
FY2007 GF Balance	0	0	8,244,685	0	0
Contractual Agreement; Exempt Pay Plans	5,743,862	4,019,782	0	0	0
FY07 Contingent Approp, State Teachers' Retirement System	0	0	5,000,000	0	0
Corrections, Reestablish Appropriation	0	0	8,900,000	0	0
Bennington Office Building	0	0	820,717	0	0
Pay Act, Up to This Amount	0	3,415,000	0	0	0
Transfer to Health Access Trust Fund	0	17,000,000	0	0	0
Tax Dept., Property Tax Assistance, Income Sensitivity	0	3,400,000	0	0	0
Medical Plan Premium Savings	0	(3,327,304)	0	0	0
<b>Total - Miscellaneous</b>	<b>5,743,862</b>	<b>24,507,478</b>	<b>22,965,402</b>	<b>9,367,000</b>	<b>3,265,000</b>

**General Fund Appropriations: Five Year Detailed History  
(Continued)**

AGENCY/DEPARTMENT/PROGRAM	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Pay Act	0	0	3,800,000	0	(3,051,906)
Health Care Reform (UVM & Health Dept.)	0	0	0	0	140,000
Miscellaneous Tax Amendments (Tax Dept)	0	0	0	0	150,000
VT Neighborhoods (Public Safety)	0	0	0	0	30,000
Health Care Reform Health Dept.	0	0	0	100,000	0
Attorney General Legal Costs	0	0	0	900,000	0
Reestablish Corrections Services	0	0	0	6,477,655	0
VT Housing Finance Agency - Credit Counseling	0	0	0	50,000	0
Education Finance Simplification	0	0	14,742,000	0	0
Precursor Drugs of Methamphetamine	0	0	20,000	0	0
Dairy Industry Interim Assistance	0	0	3,200,000	0	0
FY2006 Designated GF Balance (Waterfall)	0	23,721,008	0	0	0
FY2006 GF Approp & Transfer	0	9,906,000	0	0	0
Orphan Program, Agency of Natural Resources	0	50,000	0	0	0
VT Film Production Incentive Fund	0	1,000,000	0	0	0
ANR, Restructured Agency; Consultant	0	50,000	0	0	0
Blueprint for Health	0	1,872,623	0	0	0
Prescription Drugs, Medicare Part D	0	7,000,000	0	0	0
Prescription Drugs, Extension of above	0	4,000,000	0	0	0
Family Counseling Services, VT National Guard	0	250,000	0	0	0
Legislature (Time)	0	400,000	0	0	0
	8,819,000	0	0	0	0
FY05 Designated Balance (Waterfall) Act 71 Sec. 263	34,605,000	0	0	0	0
VSAC, Students in SRS Trust Fund	25,000	0	0	0	0
Judiciary, Permit Reform	335,000	0	0	0	0
ANR, Stormwater Impaired Water Quality Remediation	200,700	0	0	0	0
Public Safety, Sex Offender Registry	95,000	0	0	0	0
Corrections	330,000	0	0	0	0
Legislature	800,000	0	0	0	0
Corrections, Psychosexual Presentence Evaluations	50,000	0	0	0	0
<b>Total - Other Bills</b>	<b>45,259,700</b>	<b>48,249,631</b>	<b>21,762,000</b>	<b>7,527,655</b>	<b>(2,731,906)</b>
<b>GRAND TOTAL - GENERAL FUNDS</b>	<b>1,038,196,166</b>	<b>1,113,428,416</b>	<b>1,159,912,528</b>	<b>1,200,271,407</b>	<b>1,186,741,398</b>



**Transportation Fund Appropriations: Five Year Detailed History**  
**FY 2009 Appropriations from Act 192 of the 2008 Session (Prior to Budget Adjustment, but Includes Rescissions, etc.)**

AGENCY/DEPARTMENT/PROGRAM	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Administration - Secretary	49,704	50,102	0	0	0
Finance & Management	110,428	111,313	0	0	0
Human Resources	543,132	556,705	0	0	0
Buildings & General Services	4,627,513	5,331,748	0	0	0
Tax - Administration/Collection	211,902	213,601	0	0	0
Use Tax Reimbursement Fund	2,310,390	2,328,913	0	0	0
Auditor of Accounts	58,845	59,317	0	0	0
State Treasurer	103,208	104,035	0	0	0
State Labor Relations Board	4,560	4,597	0	0	0
Executive - Governor's Office	156,230	157,483	0	0	0
Lieutenant Governor	19,130	19,283	0	0	0
Legislature	697,017	702,605	0	0	0
Legislative Council	231,924	233,783	0	0	0
Sergeant at Arms	40,411	40,735	0	0	0
Joint Fiscal Office	134,395	135,472	0	0	0
<b>Function Total - General Government</b>	<b>9,298,789</b>	<b>10,049,692</b>	<b>0</b>	<b>0</b>	<b>0</b>
Attorney General	69,061	69,615	0	0	0
Public Safety	22,440,455	22,801,328	34,944,709	34,879,736	32,725,324
VT Court Diversion	142,833	143,978	0	0	0
State's Attorneys	366,373	369,310	0	0	0
Sheriffs	565,704	570,239	0	0	0
Agriculture	38,553	38,862	0	0	0
Judiciary	3,004,507	3,028,595	0	0	0
Criminal Justice Training Council	279,677	281,919	0	0	0
Defender General	728,626	734,468	0	0	0
VT Fire Service Training Council	80,320	0	0	0	0
<b>Function Total - Protection to Persons &amp; Property</b>	<b>27,716,109</b>	<b>28,038,314</b>	<b>34,944,709</b>	<b>34,879,736</b>	<b>32,725,324</b>
Aging & Disabilities - Advocacy	419,330	422,692	0	0	0
Corrections - Correctional Services	1,144,483	1,153,658	0	0	0
Dept. for Children and Families (was SRS)	60,249	60,732	0	0	0
<b>Function Total - Human Services</b>	<b>1,624,062</b>	<b>1,637,082</b>	<b>0</b>	<b>0</b>	<b>0</b>
Education Department	520,672	524,846	127,483	127,483	127,483
Property Tax Assistance	3,520,000	2,728,220	0	0	0
<b>Function Total - Education</b>	<b>4,040,672</b>	<b>3,253,066</b>	<b>127,483</b>	<b>127,483</b>	<b>127,483</b>

**Transportation Fund Appropriations: Five Year Detailed History**  
(Continued)

AGENCY/DEPARTMENT/PROGRAM	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Forests, Parks & Recreation	504,513	508,558	0	0	0
State Land Local Property Tax Assessment	211,123	212,816	0	0	0
Environmental Conservation	183,709	185,182	0	0	0
Fish & Wildlife	365,000	367,926	0	0	0
<b>Function Total - Natural Resources</b>	<b>1,264,345</b>	<b>1,274,482</b>	<b>0</b>	<b>0</b>	<b>0</b>
Principal	2,356,088	2,146,286	2,087,951	1,996,862	1,914,650
<b>Function Total - Debt Services</b>	<b>2,356,088</b>	<b>2,146,286</b>	<b>2,087,951</b>	<b>1,996,862</b>	<b>1,914,650</b>
Pay Act	1,458,637	1,248,449	0	0	1,210,258
Motor Vehicles, Reestablish Appropriation	0	0	1,500,000	0	0
Medical Plan Premium Savings	0	(1,382,304)	0	0	0
<b>Total - Miscellaneous</b>	<b>1,458,637</b>	<b>(133,855)</b>	<b>1,500,000</b>	<b>0</b>	<b>1,210,258</b>
Transportation and Arbitration Board	78,400	83,400	84,600	87,106	89,802
Finance & Administration	9,606,306	9,671,292	10,477,965	10,824,152	10,956,148
Interstate Rest Areas	0	25,000	83,117	91,760	367,300
Policy & Planning	1,742,221	1,806,692	2,584,458	2,054,198	1,857,610
Maintenance-State System	52,678,459	54,104,586	56,223,459	59,515,691	59,161,213
Buildings	1,304,000	1,297,548	637,000	1,449,000	1,246,000
Rail Program	6,413,236	8,196,929	8,599,050	8,252,309	8,518,646
Public Transit	6,379,376	5,796,599	6,055,523	6,639,462	6,618,063
Aviation Program	3,024,775	2,222,416	1,988,721	1,918,841	2,009,615
Highway Central Garage Fund	2,600,000	0	0	0	0
Program Development	33,473,081	26,420,110	34,781,780	35,241,175	26,704,302
Motor Vehicles - Customer Service	19,112,258	20,586,370	19,315,280	24,588,202	23,196,373
Town Highways - Aid Program	24,982,744	24,982,744	24,982,744	24,982,744	24,982,744
Town Highways - Structures	3,944,500	3,494,500	3,494,500	3,494,500	3,833,500
Town Highways - Bridges	6,679,406	3,892,314	3,493,170	3,461,667	2,148,868
Town Highways - Emergency Fund	749,170	57,129	2,461,220	60,000	250,000
Town Highways - Class 1 Supplemental	128,750	128,750	128,750	128,750	128,750
Class 2 Resurfacing Program (2 for 1					
Match)	4,248,750	4,748,750	5,748,750	5,748,750	6,448,750
Vermont Local Roads Program	435,600	333,867	235,000	235,000	235,000
Bridge Maintenance Program	0	959,622	1,748,959	1,734,495	2,508,456
Municipal Mitigation Grant Program	0	0	196,707	247,998	247,998
<b>Function Total - Transportation</b>	<b>177,581,032</b>	<b>168,808,618</b>	<b>183,320,753</b>	<b>190,755,800</b>	<b>181,509,138</b>
Pay Act	0	0	2,005,219	1,192,197	0
DMV, Abandoned Motor Vehicles	5,000	0	0	0	0
Contingency GF Transfer, TF	0	5,000,000	0	0	0
<b>Total - Other Bills</b>	<b>5,000</b>	<b>5,000,000</b>	<b>2,005,219</b>	<b>1,192,197</b>	<b>0</b>
<b>GRAND TOTAL - TRANSPORTATION FUND</b>	<b>225,344,734</b>	<b>220,073,685</b>	<b>223,986,115</b>	<b>228,952,078</b>	<b>217,486,853</b>

**Education Fund Appropriations: Five Year Detailed History**  
**FY 2009 Appropriations from Act 192 of the 2008 Session (Prior to Budget Adjustment, but Includes Rescissions, etc.)**

<b>AGENCY/DEPARTMENT/PROGRAM</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>
Tax Department - Property Tax Assistance	92,311,600	108,800,000	116,200,000	0	0
Tax Department - Renter Rebate	0	0	0	5,347,674	5,569,096
Tax Department - Reappraisal & Listing					
Payments	2,266,000	3,210,000	3,213,378	3,228,945	3,240,112
Education Programs	9,656,923	9,836,396	10,598,329	11,633,000	0
Special Education Formula Grants	105,256,030	115,996,845	125,050,000	133,564,159	142,457,975
Technical Education	0	0	0	0	12,466,259
State Placed Students	11,642,880	14,400,000	14,416,000	14,750,000	15,767,500
Adjusted Education Payment	910,971,994	966,000,000	1,018,388,625	1,058,295,808	1,115,678,827
Transportation	13,190,788	13,496,399	13,978,220	14,453,479	15,002,711
Small School Grants	5,213,383	5,250,000	5,360,000	6,093,552	6,565,714
Capital Debt Service Aid	459,546	450,355	380,000	224,407	218,540
Adult Education Literacy	499,999	250,000	0	0	0
Essential Early Education Grant	4,273,279	4,379,337	4,838,045	5,199,124	5,517,841
Council on Education Governance	0	75,000	0	0	0
Education Dept., Capitol Construction Aid	932,000	0	0	0	0
Adult Education & Literacy Services	0	0	1,000,000	1,750,000	1,750,000
<b>GRAND TOTAL - EDUCATION FUND</b>	<b>1,156,674,422</b>	<b>1,242,144,332</b>	<b>1,313,422,597</b>	<b>1,254,540,148</b>	<b>1,324,234,575</b>

**FISCAL YEAR 2009 APPROPRIATIONS**  
**By Object Code, All Funds, Prior to Budget Adjustment; Includes Rescissions & Other Reductions**

APPROPRIATION	PERSONAL SERVICES	OPERATING EXPENSES	GRANTS	OTHER	TOTAL
Secretary Of Administration - Administration	806,824	51,788	75,000	0	933,612
Information & Innovation - Communications & Information Technology	4,832,410	1,007,251	400,000	0	6,239,661
VT Information Technology Leaders (VITL)	0	0	821,404	0	821,404
Finance & Management - Budget & Management	953,563	117,776	0	0	1,071,339
Financial Operations	3,353,008	1,261,734	0	0	4,614,742
Human Resources - Operations	2,270,298	570,073	0	0	2,840,371
Technical Services	811,108	493,521	0	0	1,304,629
Employee Benefits & Wellness	1,441,674	433,486	0	0	1,875,160
Libraries	1,980,050	1,492,549	62,500	0	3,535,099
Tax - Administration/Collection	11,982,765	2,595,338	0	0	14,578,103
Buildings & General Services - Administration	2,181,833	353,689	0	0	2,535,522
Engineering	1,635,281	497,149	0	0	2,132,430
Information Centers	3,438,280	1,267,477	45,450	0	4,751,207
Purchasing	677,987	313,250	0	0	991,237
Postal Services	670,777	190,650	0	0	861,427
Copy Center	641,378	230,250	0	0	871,628
Fleet Management Services	561,469	152,558	0	0	714,027
Federal Surplus Property	68,567	77,525	0	0	146,092
State Surplus Property	63,768	63,840	0	0	127,608
Property Management	1,137,721	2,941,099	0	0	4,078,820
Workers' Compensation Insurance	1,234,823	375,173	0	0	1,609,996
General Liability Insurance	299,547	132,820	0	0	432,367
All Other Insurance	98,919	28,388	0	0	127,307
Fee For Space	11,986,168	12,110,142	0	0	24,096,310
<b>Total - Agency Of Administration</b>	<b>53,128,218</b>	<b>26,757,526</b>	<b>1,404,354</b>	<b>0</b>	<b>81,290,098</b>
Geographic Information Systems	0	0	408,700	0	408,700
Executive - Governor's Office	1,215,264	322,758	0	0	1,538,022
National & Community Service	199,203	122,172	1,835,463	0	2,156,838
Legislative Council	2,112,692	160,841	0	0	2,273,533
Legislature	3,994,859	3,256,005	0	0	7,250,864
Legislative Information Technology	387,751	494,970	0	0	882,721
Joint Fiscal Office	1,190,211	86,736	0	0	1,276,947
Sergeant At Arms	541,207	70,807	0	0	612,014
Lieutenant Governor	141,954	13,364	0	0	155,318

FISCAL YEAR 2009 APPROPRIATIONS (Continued)

APPROPRIATION	PERSONAL SERVICES	OPERATING EXPENSES	GRANTS	OTHER	TOTAL
Auditor Of Accounts	2,694,659	134,602	0	0	2,829,261
State Treasurer	2,329,997	345,656	6,484	0	2,682,137
Unclaimed Property	766,310	252,226	0	0	1,018,536
VT State Retirement System	26,178,487	787,519	0	0	26,966,006
Municipal Employees' Retirement System	1,827,822	410,209	0	0	2,238,031
State Labor Relations Board	159,087	34,376	0	0	193,463
Vishay Review Board	36,408	9,669	0	0	46,077
Homeowner Rebate	0	0	12,921,868	0	12,921,868
Renter Rebate	0	0	7,955,852	0	7,955,852
Tax Dept - Reappraisal And Listing Payments	0	0	3,240,112	0	3,240,112
Use Tax Reimbursement Fund - Municipal Current Use	0	0	9,850,000	0	9,850,000
Lottery Commission	1,519,873	1,093,578	0	0	2,613,451
Payment In Lieu Of Taxes (Pilot)	0	0	4,500,000	0	4,500,000
Payments In Lieu Of Taxes - Montpelier	0	0	184,000	0	184,000
Pilot - Correctional Facilities	0	0	40,000	0	40,000
<b>Total - General Government</b>	<b>98,424,002</b>	<b>34,353,014</b>	<b>42,346,833</b>	<b>0</b>	<b>175,123,849</b>
Attorney General	7,011,473	1,007,881	0	0	8,019,354
VT Court Diversion	0	0	1,724,534	0	1,724,534
Defender General - Public Defense	6,970,260	881,541	0	0	7,851,801
Assigned Counsel	3,251,287	77,847	0	0	3,329,134
Judiciary	27,347,273	8,430,227	70,000	0	35,847,500
State's Attorneys	9,392,320	1,219,151	0	0	10,611,471
Special Investigative Unit	0	0	620,000	0	620,000
Sheriffs	3,161,318	274,848	0	0	3,436,166
Public Safety - Administration	1,718,565	154,111	0	0	1,872,676
Homeland Security	4,404,761	4,998,766	1,050,000	0	10,453,527
State Police	38,966,689	8,059,380	582,087	0	47,608,156
Criminal Justice Services	5,708,438	3,071,526	3,046,453	0	11,826,417
Emergency Management	1,695,478	1,244,111	819,400	0	3,758,989
Radiological Emergency Response Plan	728,365	233,666	736,703	0	1,698,734
Fire Safety	4,357,417	1,545,593	55,000	0	5,958,010
Military - Administrative	559,224	180,770	200,000	0	939,994
Air Service Contract	4,543,491	1,530,678	0	0	6,074,169
Army Service Contract	3,939,774	9,174,011	0	0	13,113,785
Building Maintenance	981,884	437,796	0	0	1,419,680
Veterans' Affairs	404,741	157,595	177,815	0	740,151
Center For Crime Victim Services	1,404,168	315,631	9,624,834	0	11,344,633
Criminal Justice Training Council	1,123,003	1,034,856	0	0	2,157,859
Agriculture - Administration	751,901	377,346	393,151	0	1,522,398
Food Safety & Consumer Protection	1,937,882	348,512	0	0	2,286,394

FISCAL YEAR 2009 APPROPRIATIONS (Continued)

APPROPRIATION	PERSONAL SERVICES	OPERATING EXPENSES	GRANTS	OTHER	TOTAL
Agricultural Development	608,248	456,668	291,677	0	1,356,593
Laboratories, Agricultural Resource Management & Environmental Stewardship	3,709,458	609,632	4,774,950	0	9,094,040
State Stipend Fund	0	0	175,000	0	175,000
Mosquito Control	19,383	60,000	0	0	79,383
Banking, Insurance, Securities & Health Care Administration - Administration	1,776,158	43,195	0	0	1,819,353
Banking	1,097,886	271,733	0	0	1,369,619
Insurance	2,806,852	532,483	0	0	3,339,335
Captive	3,083,508	506,991	0	0	3,590,499
Securities	504,613	157,690	0	0	662,303
Health Care Administration	4,284,928	368,186	0	0	4,653,114
Secretary Of State	4,877,699	2,048,704	1,000,000	0	7,926,403
Public Service - Regulation & Energy	4,916,880	690,524	5,770,007	0	11,377,411
Purchase & Sale Of Power	18,484	1,516	0	0	20,000
Public Service Board	2,517,349	300,000	0	0	2,817,349
Enhanced 9-1-1 Board	1,733,852	1,925,191	1,823,443	0	5,482,486
Human Rights Commission	379,519	58,396	0	0	437,915
Liquor Control - Administration	1,470,448	422,089	0	0	1,892,537
Enforcement & Licensing	1,818,624	393,848	0	0	2,212,472
Warehousing & Distribution	746,888	370,808	0	0	1,117,696
<b>Total - Protection To Persons &amp; Property</b>	<b>166,730,489</b>	<b>53,973,497</b>	<b>32,935,054</b>	<b>0</b>	<b>253,639,040</b>
Human Services - Secretary's Office	6,966,660	2,983,924	3,394,903	0	13,345,487
Global Commitment	0	0	891,163,348	0	891,163,348
Rate Setting	776,648	76,959	0	0	853,607
Developmental Disabilities Council	207,538	45,452	245,000	0	497,990
Human Services Board	284,240	64,950	0	0	349,190
Office Of Vermont Health Access - Administration	28,734,442	2,691,061	1,196,000	0	32,621,503
Medicaid Program - Global Commitment	0	0	458,284,966	0	458,284,966
Medicaid - Long-Term Care Waiver	0	0	194,255,729	0	194,255,729
Medicaid - Non-Waiver Matched	0	0	44,448,317	0	44,448,317
Medicaid Program - State Only	0	0	55,086,870	0	55,086,870
Health - Administration & Support	6,363,930	2,571,579	2,902,000	0	11,837,509
Public Health	35,795,591	7,268,658	33,789,247	0	76,853,496
Alcohol & Drug Abuse Prgs	3,344,455	811,106	27,100,849	0	31,256,410
Mental Health - Mental Health	4,614,348	543,858	125,136,570	0	130,294,776
Vermont State Hospital	19,922,915	1,754,089	3,000	0	21,680,004
Dept For Children & Families - Administrative & Support Services	33,082,203	6,597,864	1,156,465	0	40,836,532
Family Services	21,435,577	3,249,807	63,337,283	0	88,022,667
Child Development	3,281,424	829,408	50,298,583	0	54,409,415
Child Support Office	8,759,859	3,875,423	0	0	12,635,282

FISCAL YEAR 2009 APPROPRIATIONS (Continued)

APPROPRIATION	PERSONAL SERVICES	OPERATING EXPENSES	GRANTS	OTHER	TOTAL
Economic Opportunity Office	235,441	80,026	4,877,562	0	5,193,029
OEO - Weatherization Assistance	164,613	129,658	8,735,000	0	9,029,271
Woodside Rehabilitation Center	2,899,574	646,569	0	0	3,546,143
Disability Determination Services	3,330,894	573,898	0	0	3,904,792
Aid To Aged, Blind & Disabled	1,801,009	9,989,580	0	0	11,790,589
General Assistance	0	0	4,401,516	0	4,401,516
Reach Up	0	0	39,398,530	0	39,398,530
Lineup Fuel	20,000	90,000	11,502,664	0	11,612,664
Food Stamp Cash Out	0	0	10,710,133	0	10,710,133
Children's Trust Fund	0	0	345,891	0	345,891
Disabilities, Aging, & Independent Living - Administration & Support	24,079,529	3,550,519	0	0	27,630,048
Advocacy & Independent Living	0	0	21,453,911	0	21,453,911
Blind & Visually Impaired	0	0	1,486,457	0	1,486,457
Vocational Rehabilitation	0	0	5,921,471	0	5,921,471
Toby Home & Community Based Waiver	0	0	4,127,448	0	4,127,448
Developmental Services	0	0	133,710,712	0	133,710,712
Corrections - Administration	2,014,928	314,604	0	0	2,329,532
Parole Board	315,509	58,121	0	0	373,630
Correctional Education	4,032,390	340,279	0	0	4,372,669
Correctional Services	77,255,843	32,042,405	1,695,800	0	110,994,048
Correctional Services - Out Of State Beds	0	11,900,416	0	0	11,900,416
Correctional Facilities - Recreation	603,012	523,986	0	0	1,126,998
Vermont Offender Work Program	1,372,913	1,909,635	0	0	3,282,548
Veterans' Home - Care & Support Services	14,197,833	3,294,580	0	0	17,492,413
Commission On Women	216,854	61,389	0	0	278,243
Retired Senior Volunteer Program	0	0	131,096	0	131,096
<b>Total - Human Services</b>	<b>306,110,172</b>	<b>98,869,803</b>	<b>2,200,297,321</b>	<b>0</b>	<b>2,605,277,296</b>
Labor - Administration	2,443,317	726,457	0	0	3,169,774
Programs	19,249,628	4,783,005	1,482,142	0	25,514,775
Transitional Employment	0	0	15,000	0	15,000
<b>Total - Labor</b>	<b>21,692,945</b>	<b>5,509,462</b>	<b>1,497,142</b>	<b>0</b>	<b>28,699,549</b>
Finance And Administration	4,931,053	1,505,858	10,757,117	0	17,194,028
Education Services	12,151,979	1,708,246	111,100,142	0	124,960,367
Technical Education	0	0	12,466,259	0	12,466,259
Special Education: Formula Grants	0	0	142,687,975	0	142,687,975
State-Placed Students	0	0	15,767,500	0	15,767,500
Adult Education & Literacy	0	0	5,213,656	0	5,213,656
Adjusted Education Payment	0	0	1,115,678,827	0	1,115,678,827
Essential Early Education Grant	0	0	5,517,841	0	5,517,841
Transportation	0	0	15,002,711	0	15,002,711
Small School Grants	0	0	6,565,714	0	6,565,714
Capital Debt Service Aid	0	0	218,540	0	218,540

FISCAL YEAR 2009 APPROPRIATIONS (Continued)

APPROPRIATION	PERSONAL SERVICES	OPERATING EXPENSES	GRANTS	OTHER	TOTAL
Tobacco Litigation	142,062	18,114	835,402	0	995,578
Act 117 Cost Containment	1,029,472	121,307	91,000	0	1,241,779
Appropriation & Transfer - Education Fd	0	0	0	291,127,800	291,127,800
State Teachers' Retirement	24,127,088	891,713	33,549,097	0	58,567,898
<b>Total - General Education And Property Tax Support</b>	<b>42,381,654</b>	<b>4,245,238</b>	<b>1,475,451,781</b>	<b>291,127,800</b>	<b>1,813,206,473</b>
University Of Vermont	0	0	40,746,629	0	40,746,629
Morgan Horse Farm	0	0	0	0	0
Vermont Public Television	0	0	564,620	0	564,620
Vermont State Colleges	0	0	23,155,213	0	23,155,213
Allied Health	0	0	1,068,537	0	1,068,537
Vermont Interactive Television	0	0	769,119	0	769,119
Vermont Student Assistance Corporation	0	0	18,387,607	0	18,387,607
New England Higher Education Compact	0	0	84,000	0	84,000
<b>Total - Higher Education And Other</b>	<b>0</b>	<b>0</b>	<b>84,775,725</b>	<b>0</b>	<b>84,775,725</b>
Natural Resources - Administration	4,712,133	1,664,120	0	0	6,376,253
Cl. River Watershed Advisory Comm.	0	0	38,000	0	38,000
Citizens' Advisory Comm On Lake Champlain's Future	3,600	3,900	0	0	7,500
State Land Local Property Tax Assessment	0	1,968,733	0	0	1,968,733
Green Up	5,550	10,550	0	0	16,100
Fish & Wildlife - Support & Field Svcs..	11,731,342	4,193,375	800,000	0	16,724,717
Watershed Improvement	0	0	100,000	0	100,000
Forests, Parks & Recreation - Administration	1,057,944	616,268	1,871,600	0	3,545,812
Forestry	4,639,269	541,661	393,000	0	5,573,930
State Parks	5,273,005	2,103,853	7,000	0	7,383,858
Lands Administration	435,660	1,214,718	0	0	1,650,378
Youth Conservation Corps	296,073	6,000	450,000	0	752,073
Forest Highway Maintenance	216,095	33,171	0	0	249,266
Env. Cons. - Management & Support Services	2,977,814	835,848	81,524	0	3,895,186
Air & Waste Management	7,633,283	6,177,517	1,411,000	0	15,221,800
Office Of Water Programs	13,727,337	2,193,804	2,097,666	0	18,018,807
Tax Loss - Connecticut River Flood Control	0	40,000	0	0	40,000
Natural Resources Board	2,411,347	340,777	0	0	2,752,124
<b>Total - Natural Resources</b>	<b>55,120,452</b>	<b>21,944,295</b>	<b>7,249,790</b>	<b>0</b>	<b>84,314,537</b>



FISCAL YEAR 2009 APPROPRIATIONS (Continued)

APPROPRIATION	PERSONAL SERVICES	OPERATING EXPENSES	GRANTS	OTHER	TOTAL
C.C.D. - Administration	1,779,569	521,452	1,128,890	0	3,429,911
Housing & Community Affairs	2,178,026	375,018	3,584,697	0	6,137,741
Historic Sites - Operations	610,229	294,792	2,850	0	907,871
Historic Sites - Special Improvements	304,537	153,242	0	0	457,779
Community Development Block Grants	0	0	7,446,530	0	7,446,530
Downtown Transp & Capital Improvement Fd	70,035	0	329,965	0	400,000
Economic Development	1,652,474	669,451	1,503,342	0	3,825,267
VT Training Program (VTP)	125,474	25,588	1,483,621	0	1,634,683
Tourism And Marketing	1,568,723	1,984,465	217,950	0	3,771,138
Vermont Life	664,516	100,900	0	0	765,416
Vermont Council On The Arts	0	0	507,607	0	507,607
Vermont Symphony Orchestra	0	0	113,821	0	113,821
Vermont Historical Society	0	0	770,635	0	770,635
Vermont Housing & Conservation Board	0	0	25,431,206	0	25,431,206
VT Council On The Humanities	0	0	172,670	0	172,670
<b>Total - Commerce &amp; Community Development</b>	<b>8,953,583</b>	<b>4,124,908</b>	<b>42,693,784</b>	<b>0</b>	<b>55,772,275</b>
Finance & Administration	9,095,861	2,360,287	0	0	11,456,148
Aviation	1,923,024	7,097,591	160,000	0	9,180,615
Buildings	72,000	1,174,000	0	0	1,246,000
Program Development	34,926,429	103,259,884	23,370,050	0	161,556,363
Rest Areas	100,000	3,800,000	0	0	3,900,000
Maintenance State System	31,463,796	31,046,663	316,020	0	62,826,479
Policy And Planning	4,355,252	1,136,689	5,404,744	0	10,896,685
Rail	7,569,304	9,205,342	0	0	16,774,646
Bridge Maintenance	0	11,948,348	0	0	11,948,348
Public Transit	642,242	53,003	18,964,142	0	19,659,387
Central Garage	3,305,508	9,462,746	0	0	12,768,254
Motor Vehicles Department	17,137,267	7,791,360	339,000	0	25,267,627
Town Highway Structures	0	0	3,833,500	0	3,833,500
Town Highway - Emergency Fund	0	0	250,000	0	250,000
Town Highway - Vermont Local Roads	0	0	375,000	0	375,000
Town Highway - Class 2 Roadway	0	0	6,448,750	0	6,448,750
Town Highway Bridges	3,650,000	13,253,823	382,200	0	17,286,023
Town Highway Aid Program	0	0	24,982,744	0	24,982,744
Town Highway - Class 1 Supplemental	0	0	128,750	0	128,750
Municipal Mitigation Grant Program	0	0	2,112,998	0	2,112,998
Public Assistance Grant Program	0	0	200,000	0	200,000
Transportation Board	78,185	11,617	0	0	89,802
<b>Total - Transportation</b>	<b>114,318,868</b>	<b>201,601,353</b>	<b>87,267,898</b>	<b>0</b>	<b>403,188,119</b>

FISCAL YEAR 2009 APPROPRIATIONS (Continued)

APPROPRIATION	PERSONAL SERVICES	OPERATING EXPENSES	GRANTS	OTHER	TOTAL
Debt Service - General	0	0	0	71,459,051	71,459,051
<b>Total Debt Service</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>71,459,051</b>	<b>71,459,051</b>
<b>Miscellaneous</b>					
Fy2009 Next Generation Appropriations	0	0	0	7,293,000	7,293,000
Fy2009 One-Time Appropriations*	0	0	0	1,025,000	1,025,000
Fy2009 Go Appropriations Reductions	0	(60,000)	-222,724	0	(60,000)
Settlement Contingent Appropriations**	0	0	0	2,300,000	2,300,000
<b>Total Miscellaneous Appropriations</b>	<b>0</b>	<b>(60,000)</b>	<b>0</b>	<b>10,618,000</b>	<b>10,558,000</b>
<b>Grand Total - All Functions</b>	<b>813,732,165</b>	<b>424,561,570</b>	<b>3,974,515,328</b>	<b>373,204,851</b>	<b>5,586,013,914</b>
<b>General Government</b>	<b>98,424,002</b>	<b>34,353,014</b>	<b>42,346,833</b>	<b>0</b>	<b>175,123,849</b>
<b>Protection To Persons &amp; Property</b>	<b>166,730,489</b>	<b>53,973,497</b>	<b>32,935,054</b>	<b>0</b>	<b>253,639,040</b>
<b>Human Services</b>	<b>306,110,172</b>	<b>98,869,803</b>	<b>2,200,297,321</b>	<b>0</b>	<b>2,605,277,296</b>
<b>Employment And Training</b>	<b>21,692,945</b>	<b>5,509,462</b>	<b>1,497,142</b>	<b>0</b>	<b>28,699,549</b>
<b>General Education &amp; Property Tax Support</b>	<b>42,381,654</b>	<b>4,245,238</b>	<b>1,475,451,781</b>	<b>291,127,800</b>	<b>1,813,206,473</b>
<b>Higher Education &amp; Other</b>	<b>0</b>	<b>0</b>	<b>84,775,725</b>	<b>0</b>	<b>84,775,725</b>
<b>Natural Resources</b>	<b>55,120,452</b>	<b>21,944,295</b>	<b>7,249,790</b>	<b>0</b>	<b>84,314,537</b>
<b>Development &amp; Community Affairs</b>	<b>8,953,583</b>	<b>4,124,908</b>	<b>42,693,784</b>	<b>0</b>	<b>55,772,275</b>
<b>Transportation</b>	<b>114,318,868</b>	<b>201,601,353</b>	<b>87,267,898</b>	<b>0</b>	<b>403,188,119</b>
<b>Debt Service</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>71,459,051</b>	<b>71,459,051</b>
<b>Miscellaneous</b>	<b>0</b>	<b>(60,000)</b>	<b>0</b>	<b>10,618,000</b>	<b>10,558,000</b>
<b>TOTAL - FISCAL YEAR 2009</b>	<b>813,732,165</b>	<b>424,561,570</b>	<b>3,974,515,328</b>	<b>373,204,851</b>	<b>5,586,013,914</b>
Pay Act	(1,841,648)	0	0	0	(1,841,648)
Health Care Reform (Act 203 Sec. 23(e) & Sec. 26(b), H.887) UVM & Health Dept.	0	0	140,000	0	140,000
Misc Tax Amendments (Act 190 Sec. 73(e), H. 888) Tax Dept.	0	0	150,000	0	150,000
VT Neighborhoods (Act 176, H.863, Sec. 22(f)) Public Safety	0	0	30,000	0	30,000
Domestic Violence (Act 174, S.357 Sec. 26) Ctr for Crime Victim Services	0	0	883,000	0	883,000
<b>Total - Other Bills</b>	<b>(1,841,648)</b>	<b>0</b>	<b>1,203,000</b>	<b>0</b>	<b>(638,648)</b>
<b>Grand Total</b>	<b>811,890,517</b>	<b>424,561,570</b>	<b>3,975,718,328</b>	<b>373,204,851</b>	<b>5,585,375,266</b>

**FISCAL YEAR 2009 APPROPRIATIONS (Continued)**

**\*One Time Appropriations (Sec. 2.802)**

(1) Legislature, Council of State Govts NE Regional Meeting in VT	100,000
(2) Tourism & Marketing, VT Quadricentennial	50,000
(3) Economic Development, Regional Development Corps	75,000
(4) Education, Science Assessments	300,000
(5) VEDA, Emergency Finance Assistance	500,000
	1,025,000

**\*GF Appropriations Reductions (Sec. 2.802.1)**

(a) Commerce & Community Development (Distributed throughout line items above)	(500,000)
(b) Discretionary spending (logos, printing)	(60,000)
(c) Travel (Distributed throughout line items above)	(998,627)
	(1,558,627)

**\*\* NOT PART OF TOTAL EXCEPT (c)**

**\*\*Settlement Contingent Appropriations (Sec. 2.803)**

(a) VT Housing & Conservation Board (per Sec. 5.802(a)(1)) (Rescission reduction)	1,000,000
(b) Higher Education Institutions (per Sec. 5.802(a)(2)) (Rescission reduction)	2,266,045
(c) VT State Teachers' Retirement Fund (per Sec. 5.802(a)(3))	2,300,000
	5,566,045

**Reductions included in line items above.**

General & Auto Liability Insurance Reduction  
Salary Reduction Distribution - 5%  
Contractual Services & Temporary Position Reduction Act 206 (Sec. 4(b))

## Useful Internet Sites

Bureau of Economic Analysis.....[www.bea.doc.gov/beahome.html](http://www.bea.doc.gov/beahome.html)

Bureau of Labor Statistics.....<http://stats.bls.gov>

Federal Reserve Bank of Boston.....<http://www.frb.org>

Federation of Tax Administrators.....[http://sso.org/fta/tax\\_stru.html](http://sso.org/fta/tax_stru.html)

IRS.....[www.irs.ustreas.gov/prod/cover.html](http://www.irs.ustreas.gov/prod/cover.html)

National Conference of State Legislatures.....<http://www.ncsl.org>

Social Security Administration.....<http://www.ssa.gov>

State & Federal Government Pages.....<http://www.state.vt.us/govs.htm>

State of Vermont.....<http://www.vermont.gov>

TaxWeb.....<http://www.taxweb.com>

Transportation Research Board.....[www.nas.edu/trb/index.html](http://www.nas.edu/trb/index.html)

U.S. Legislative Information.....<http://thomas.loc.gov>