

State of Vermont
Department of Information & Innovation
133 State Street, 5th Floor
Montpelier, VT 05633-0210

Agency of Administration

[phone] 802-828-4141

August 5, 2010

The Honorable Governor James Douglas
Pavilion Building
Montpelier, Vermont 05602

Dear Governor Douglas:

DII has worked with the Vermont Information Consortium (VIC) and the Department of Taxes to develop a statement of work to launch an online property transfer tax return service (PTTR), and VIC agreed to make capital investments to launch the site provided a fee structure was put in place that would over time cover the cost of investment into this site, support the Web Portal Project in general, and generate a reasonable return on their investment. The PTTR service will allow Vermont Property buyers and sellers or their representatives to complete and submit a property transfer tax return electronically over the internet. The return will then enter a workflow process and be sent to the appropriate municipality (or municipalities) and the Vermont Department of Taxes (VDT) VIRCS-ETM system.

The proposed PTTR Service will benefit a large group of stakeholders—buyers and sellers or their representatives, Vermont municipal clerks, and VDT employees—by providing more accurate and timely information about properties in the transfer of ownership. The new service will streamline workloads for municipal clerks and attorneys, expedite payment to the State, and provide accurate information more quickly for all stakeholders in the process.

The Web Portal Board met July 1st, 2010 and approved the proposed fee structure for the PTTR system. In accordance with statutory changes that became effective July 1st, the next step in the process is for the Governor to consider whether to recommend to the Joint Fiscal Committee that the fee structure approved by the Web Portal Board should be affirmed. No work can begin on the proposed new system unless and until Joint Fiscal affirms the action of the Web Portal Board. Statute requires us to present to the Governor for his consideration:

- (A) the costs, direct and indirect, for the present and future years related to the charge;
- (B) the department or program which will utilize the charge;
- (C) a brief statement of purpose;
- (D) the impact on existing programs if the charge is not accepted.

Therefore, we submit the following for your consideration:

(A) All costs of this service would be borne by the users. Each filing would incur a \$5 fee for using the system. This system is voluntary but we expect the convenience of the service to attract many users to the online option. There are approximately 30,000 property transfer returns in Vermont annually. Because it will not be mandated, we expect adoption rates will be around 20% and 40% in the first two years, which will provide revenues of \$30,000 and \$60,000 respectively.

Based on the Property Transfer Tax Return baseline of 30,000 average returns/year, with an estimated growth adoption rate of 20% (Year 1), 40% (Year 2), and 80% Years (3-5) with an ePTTR Portal Fee of \$5 per return, the following fees, costs, and cash flow amounts are calculated below.

RECEIVED

AUG 12 2010

JOINT FISCAL OFFICE

	Year 1	Year 2	Year 3	Year 4	Year 5
Forecasted Fees Collected	\$ 30,000	\$ 60,000	\$ 120,000	120,000	120,000
VIC	\$ 172,500	\$ 37,500	\$ 30,000	30,000	30,000
Cumulative Cash flow	\$ (142,500)	\$ (120,000)	\$ (30,000)	\$60,000	\$150,000

(B) This service will be one input into the Vermont Department of Taxes (VDT) VIRCS-ETM system.

(C) The current process is extremely paper- and resource-intensive. Returns pass through the hands of the buyer's attorney, municipal clerks, the revenue accounting division at the VDT, and the tax examiners themselves. Payments are sent to the municipality where they required to be processed in 30 days. Because of this convoluted process VDT has very little control over the timing of the returns or ultimate payment. Municipalities frequently do not process the returns within 30 days due to lack of enforcement. As a consequence the Department often doesn't receive these payments in a timely manner.

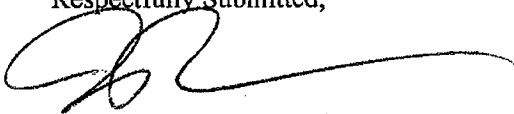
As of January 1, 2011, per Vermont State Act 160 (Adj. Sess.) §§ 16-20, buyers will be required to pay the State directly instead of the municipality. The Department has determined that the best way forward to achieve this goal is through an online service deployed by VIC.

The proposed online service will process the returns by providing an online platform for all stakeholders—transferors/transferees or their representatives, municipal clerks, and VDT employees—to enter appropriate information about properties in the transfer of ownership. It will allow these parties to work through the return to its completion and submit to the service by closing, and pay by ACH debit (eCheck). The service will streamline the process and expedite the return and the accompanying payment. The service will provide better information to all parties involved, allowing all stakeholders to utilize their resources in more valuable ways.

(D) If this service is not implemented the VDT will be forced to create a different manual system to replace the current one in order to implement the statutory changes. Rather than relying on users to enter information for a large number of returns this function would fall back onto department staff taking up time better devoted to more value added activities than data entry. Deposit of payments into state accounts will be delayed, which will reduce any interest that may be earned on those deposits.

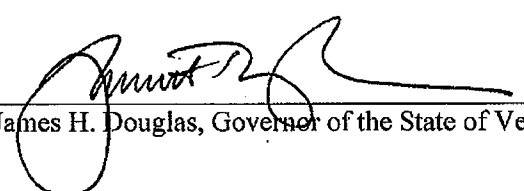
Based on the above description of the need for the system and on knowledge and belief that the fees associated with the system are both necessary and reasonable, I recommend that you approve the fee structure as proposed and forward this letter, along with your approval, to the Joint Fiscal office, so they may consider affirming the approval of the Web Portal Board.

Respectfully Submitted,



David H. Tucker
Commissioner and CIO
DII

Approved



James H. Douglas, Governor of the State of Vermont

8/11/10



STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: James Reardon, Commissioner of Finance & Management
From: Nathan Lavery, Fiscal Analyst
Date: September 22, 2010
Subject: JFO #2454, #2455, #2456

No Joint Fiscal Committee member has requested that the following items be held for review:

JFO #2454 — \$75,000 donation from the American Association of State Highway and Transportation Officials (AASHTO) to the Agency of Transportation (AOT). This donation will be used to perform a field evaluation of crack sealing materials. The donation consists of approximately \$30,000 worth of crack sealing materials and installation expenses, and approximately \$45,000 to reimburse AOT for evaluation of the materials and traffic control for the project.
[JFO received 8/10/10]

JFO #2455 — Request to approve the proposed fee structure for online International Registration Plan. This online service would allow individuals to acquire a 72 hour trip permit authorizing them to travel in Vermont under international agreements.
[JFO received 8/12/10]

JFO #2456 — Request to approve the proposed fee structure for online property transfer tax return service. This online service would allow Vermont property buyers and sellers to submit a property transfer tax return electronically.
[JFO received 8/12/10]

The Governor's approval may now be considered final. We ask that you inform the Secretary of Administration and your staff of this action.

cc: David Dill, Secretary
David Tucker, Commissioner



State of Vermont
Department of Taxes
 133 State Street
 Montpelier, VT 05633-1401

Agency of Administration

August 27, 2010

The Honorable Michael Obuchowski
 Chair, Joint Fiscal Committee
 One Baldwin Street
 Montpelier, VT 05633

Dear Representative Obuchowski:

I am writing in support of a new online service and the associated
 Tax Returns (PTTR) as proposed by the Vermont Department

As you are aware, for a period of nearly two years, the DOT and
 Information Consortium (VIC) has consulted with an array of groups,
 not limited to the Vermont Bar Association, the Clerks and Tax
 Vermont League of Cities and Towns regarding this service that
 creates improvements and efficiencies in the administration of
 time, does so in a way that is consistent with the needs of the

copy
 Received
 Friday for
 JFC mailing.
 Theresa

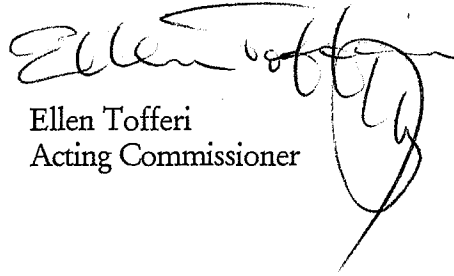
The result of this collaboration is a comprehensive and intuitive online service that will streamline and enhance the process of completing PTTRs and filing the documents with the Department and municipalities. The service, along with the changes to law enacted in the 2010 Session, will enhance revenue collections by sending Transfer Taxes directly to the State, improve the accuracy and completeness of the return information, create administration efficiencies for the Tax Department as well as provide an efficient and user friendly means for the filing of PTTRs and their acknowledgment by municipal clerks.

Throughout the development process the DOT and VIC have attempted to be responsive to input from the various constituency groups as well as the Legislature. For these reasons, it is my hope that the Joint Fiscal Committee will approve the service and the associated fee as proposed by the Department. With the Committee's approval it is our goal to implement this new service in the upcoming calendar year



Thank you for your consideration regarding this matter, and please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Ellen Tofferi". The signature is fluid and cursive, with a large loop at the end.

Ellen Tofferi
Acting Commissioner

Cc: Jamie Gage, VIC



STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: Joint Fiscal Committee Members
From: Nathan Lavery, Fiscal Analyst
Date: August 19, 2010
Subject: Grant Requests

Enclosed please find three (3) requests that the Joint Fiscal Office has received from the administration.

JFO #2454 — \$75,000 donation from the American Association of State Highway and Transportation Officials (AASHTO) to the Agency of Transportation (AOT). This donation will be used to perform a field evaluation of crack sealing materials. The donation consists of approximately \$30,000 worth of crack sealing materials and installation expenses, and approximately \$45,000 to reimburse AOT for evaluation of the materials and traffic control for the project.
[JFO received 8/10/10]

JFO #2455 — Request to approve the proposed fee structure for online International Registration Plan. This online service would allow individuals to acquire a 72 hour trip permit authorizing them to travel in Vermont under international agreements. This fee request is subject to JFC review in accordance with 22 V.S.A. § 953(c).
[JFO received 8/12/10]

JFO #2456 — Request to approve the proposed fee structure for online property transfer tax return service. This online service would allow Vermont property buyers and sellers to submit a property transfer tax return electronically. This fee request is subject to JFC review in accordance with 22 V.S.A. § 953(c).
[JFO received 8/12/10]

In accordance with the procedures for processing such requests, we ask you to review the enclosed and notify the Joint Fiscal Office (Nathan Lavery at (802) 828-1488; nlavery@leg.state.vt.us) if you have questions or would like an item held for Joint Fiscal Committee review. Unless we hear from you to the contrary by September 2 we will assume that you agree to consider as final the Governor's acceptance of these requests.

cc: James Reardon, Commissioner
David Dill, Secretary
David Tucker, Commissioner



JFO 2456

State of Vermont
Department of Information & Innovation
133 State Street, 5th Floor
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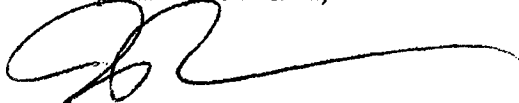
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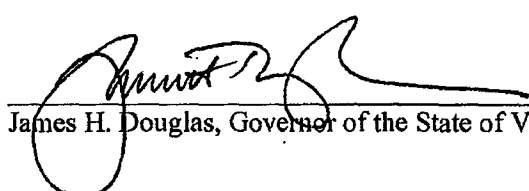
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Respectfully Submitted,



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Commissioner and CIO
DII

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James H. Douglas, Governor of the State of Vermont

8/11/10

No. 146. An act relating to implementation of challenges for change.

(H.792)

Sec. B16. 22 V.S.A. § 953(c) is amended to read:

(c) Any charges created or changed by the board shall be approved ~~by the joint fiscal committee before taking effect~~ as follows:

(1) All such charges shall be submitted to the governor who shall send a copy of the approval or rejection to the joint fiscal committee through the joint fiscal office together with the following information with respect to those items:

(A) the costs, direct and indirect, for the present and future years related to the charge;

(B) the department or program which will utilize the charge;

(C) a brief statement of purpose;

(D) the impact on existing programs if the charge is not accepted.

(2) The governor's approval shall be final unless within 30 days of receipt of the information a member of the joint fiscal committee requests the charge be placed on the agenda of the joint fiscal committee or, when the general assembly is in session, be held for legislative approval. In the event of such request, the charge shall not be accepted until approved by the joint fiscal committee or the legislature. During the legislative session, the joint fiscal committee shall file a notice with the house clerk and senate secretary for publication in the respective calendars of any charge approval requests that are submitted by the administration.
