

DR 23-0864 TECHNICAL AND ADMINISTRATIVE TAX DRAFT – DRAFT 2.3

Section-by-Section Summary – 3/15/2023

Sec.	Topic	Notes
Annual Link Up		
1	32 V.S.A. § 5824 Annual link to federal income tax statutes in effect as of Dec. 31, 2022 (applied to taxable years 2022 and following in effective dates section)	
2	32 V.S.A. § 7402(8) Annual link to federal estate tax statutes in effect as of Dec. 31, 2022 (applied to taxable years 2022 and following in effective dates section)	
Taxation of Alcoholic Beverages		
3	32 V.S.A. § 9741 Clarifies sales and use tax treatment of alcoholic beverages: <ul style="list-style-type: none"> • Current statute: alcoholic beverages are exempt when taxed or exempted by meals and alcoholic beverages taxes or served for immediate consumption • Proposed language: alcoholic beverages are subject to sales and use tax when produced or manufactured by a licensed restaurant or operator and sold in sealed containers for consumption off premises 	
4	32 V.S.A. § 9202 Clarifies alcoholic beverages are exempt from meals and alcoholic beverages taxes when produced or manufactured by a licensed restaurant or operator and sold in sealed containers for consumption off premises Aligns definition of alcoholic beverages for purposes of meals and alcoholic beverages taxes, with definition of alcoholic beverages in title 7 (title on Alcoholic Beverages, Cannabis, and Tobacco).	
Refunds; Meals and Rooms Tax; Local Option Tax		
5	32 V.S.A. § 9245 – Meals and Rooms Tax Adds requirement for an operator to request a refund of meals and rooms tax paid, like requirement for a vendor to request a refund of sales and use tax paid: tax must be shown to have been or that it will be returned to the purchaser, unless the operator made the overpayment. Purchasers are also authorized to request a refund if meals and rooms tax was erroneously or illegally collected or computed.	
6	24 V.S.A. § 138(c) – Local Option Tax Adds requirement that, if Commissioner of Taxes determines local option tax was erroneously collected in a town without a local option tax, Commissioner either:	

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	<ul style="list-style-type: none"> • Refunds tax collected tax to purchaser or operator (if purchaser was already refunded); or • If purchaser cannot reasonably be determined, deposits erroneously collected tax as required for State sales and use tax (to Education Fund) or State meals and rooms tax (Education Fund, General Fund, Clean Water Fund) 	
Computer Assisted Property Tax Administration Program (CAPTAP) Fee		
7	<p>32 V.S.A. § 3404</p> <p>Repeals Computer Assisted Property Tax Administration Program (CAPTAP), associated per parcel fees, and special fund. Under CAPTAP, Dept. of Taxes provides data processing and support services to municipalities for which Director of Property Valuation and Review is authorized to charge fees.</p>	
8	<p>32 V.S.A. § 3410</p> <p>Repeals requirement that Director of Property Valuation and Review establish and maintain a central file of duplicate municipal grand lists at PVR.</p>	
Current Use		
9	<p>32 V.S.A. § 3756</p> <p>Removes requirement that Director of Property Valuation and Review send current use-related notices by mail as follows:</p> <ul style="list-style-type: none"> • Applicants will no longer receive notice of eligibility to enroll in current use by mail at the applicant’s last and usual place of abode • Enrollees whose land is found ineligible for current use, has been developed and will be subject to the land use change tax, or will be subject to a different appraisal amount, will no longer receive notice of determination by mail at the enrollee’s last and usual place of abode • Municipalities will no longer receive a list of current use properties in the municipality by mail. 	
10	<p>32 V.S.A. § 3757</p> <p>Creates land use change tax exemption for land owned or acquired by a Native American tribe or a nonprofit organization that qualifies for a property tax exemption under 32 V.S.A. § 3802(21). The property tax exemption requires the tribe to have been recognized under Vermont law and the nonprofit must be organized for the tribe’s benefit and controlled by the tribe, and the property must be used for purposes of the tribe and not leased or rented for profit.</p> <p>An exemption from the land use change tax allows the owner to request the release of the current use lien from the Director of Property Valuation and Review.</p>	

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Property Transfer Tax; Controlling Interests; Nonprofits		
11	<p>32 V.S.A. § 9603</p> <p>Creates property transfer tax and clean water surcharge exemption for transfers of property between related 501(c)(3) nonprofit organizations. If related nonprofits transfer exempt property within 5 years of the initial exempt transfer, both the 1st and 2nd transfers will be taxable. Tax will be due 30 days after the 2nd transfer.</p>	
Child and Dependent Care Credit		
12	<p>32 V.S.A. § 5828c</p> <p>Removes requirement that child and dependent care be provided in Vermont to be eligible for a tax credit. Creates a phase-out of the amount of the credit based on the percentage that the individual’s income earned or received while the individual was a Vermont resident bears to the individual’s total income.</p>	
Property Tax Valuation; Qualified Rental Units; VHFA Certificate		
13	<p>32 V.S.A. § 5404a(a)</p> <p>Allows Vermont Housing Finance Agency (VHFA) to renew certificates of exemption for qualified rent-restricted residential rental units every 10 years if VFHA finds that the property continues to meet the exemption requirements.</p>	
Property Tax Credit; Filing Deadlines and Notice to Taxpayers		
14	<p>32 V.S.A. § 6065</p> <p>Requires Commissioner of Taxes to provide every town notices in plain language describing the homestead property tax credit, including the eligibility requirements and deadlines, to be included in property tax bills. Municipalities must provide the Commissioner’s notice in each tax bill and notice of delinquent taxes that it mails to homestead property taxpayers and may additionally distribute the notice in an alternative manner.</p>	
15	<p>32 V.S.A. § 6068</p> <p>Extends homestead property tax credit claim filing deadline from a final date of October 15 to March 15 of the following calendar year. For claims made between October 15 and March 15:</p> <ul style="list-style-type: none"> • \$150 late filing penalty will be charged • Credits will be issued directly to claimants rather than reducing their property tax bill • Municipalities will not be required to reissue a property tax bill 	

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Effective Dates		
16	Effective retroactively on January 1, 2023 and apply to taxable years beginning on and after January 1, 2022: <ul style="list-style-type: none">• Secs. 1–2 (annual link to federal statutes) Effective retroactively on January 1, 2023 and applies to taxable years beginning on and after January 1, 2023: <ul style="list-style-type: none">• Secs. 12 (child and dependent care credit) All other sections take effect on passage.	