

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Ways and Means to which was referred House Bill
3 No. 546 entitled “An act relating to administrative and policy changes to tax
4 laws” respectfully reports that it has considered the same and recommends that
5 the bill be amended by striking out all after the enacting clause and inserting in
6 lieu thereof the following:

7 * * * Per Parcel Fee for Property Reappraisal * * *

8 Sec. 1. 32 V.S.A. § 4041a is amended to read:

9 § 4041a. REAPPRAISAL

10 (a) A municipality shall be paid \$8.50 per grand list parcel per year from
11 the ~~Education~~ General Fund to be used only for reappraisal and costs related to
12 reappraisal of its grand list properties and for maintenance of the grand list.

13 * * *

14 Sec. 2. 32 V.S.A. § 5412 is amended to read:

15 § 5412. REDUCTION OF LISTED VALUE AND RECALCULATION OF
16 EDUCATION TAX LIABILITY

17 (a)(1) If a listed value is reduced as the result of an appeal or court action
18 made pursuant to section 4461 of this title, a municipality may submit a
19 request for the Director of Property Valuation and Review to recalculate its
20 education property tax liability for the education grand list value lost due to a
21 determination, declaratory judgment, or settlement. The Director shall

1 recalculate the municipality’s education property tax liability for each year at
2 issue, in accord with the reduced valuation, provided that:

3 (A) The reduction in valuation is the result of an appeal under chapter
4 131 of this title to the Director of Property Valuation and Review or to a court,
5 with no further appeal available with regard to that valuation, or any judicial
6 decision with no further right of appeal, or a settlement of either an appeal or
7 court action if the Director determines that the settlement value is the fair
8 market value of the parcel. The Director may waive the requirement of
9 continuing an appeal or court action until there is no further right of appeal if
10 the Director concludes that the value determined by an adjudicated decision is
11 a reasonable representation of the fair market value of the parcel.

12 (B) The municipality submits the request on or before January 15 for
13 a request involving an appeal or court action resolved within the previous
14 calendar year.

15 (C) [Repealed.]

16 (D) The Director determines that the municipality’s actions were
17 consistent with best practices published by the Property Valuation and Review
18 in consultation with the Vermont Assessors and Listers Association. The
19 municipality shall have the burden of showing that its actions were consistent
20 with the Director’s best practices.

21 * * *

1 credit of a claimant who was assessed property tax by a town that revised the
2 dates of its fiscal year, however, is the excess of the property tax that was
3 assessed in the last 12 months of the revised fiscal year, over the adjusted
4 property tax of the claimant for the revised fiscal year, as determined under
5 section 6066 of this title, related to a homestead owned by the claimant.

6 * * *

7 (d) ~~For late claims filed after April 15, the property tax credit amount shall~~
8 ~~be reduced by \$15.00 [Repealed.]~~

9 * * *

10 Sec. 7. 32 V.S.A. § 6068 is amended to read:

11 § 6068. APPLICATION AND TIME FOR FILING

12 (a) A property tax credit claim or request for allocation of an income tax
13 refund to homestead property tax payment shall be filed with the
14 Commissioner on or before the due date for filing the Vermont income tax
15 return, without extension, and shall describe the school district in which the
16 homestead property is located and shall particularly describe the homestead
17 property for which the credit or allocation is sought, including the school
18 parcel account number prescribed in subsection 5404(b) of this title. A renter
19 credit claim shall be filed with the Commissioner on or before the due date for
20 filing the Vermont income tax return, without extension.

1 (b) ~~If the claimant fails to file a timely claim, the amount of the property~~
2 ~~tax credit under this chapter shall be reduced by \$15.00, but not below \$0.00,~~
3 ~~which shall be paid to the municipality for the cost of issuing an adjusted~~
4 ~~homestead property tax bill.~~ If the claimant files a claim after October 15 but
5 on or before March 15 of the following calendar year, the property tax credit
6 under this chapter:

7 (1) shall be reduced in amount by \$150.00, but not below \$0.00;

8 (2) shall be issued directly to the claimant; and

9 (3) shall not require the municipality where the claimant's property is
10 located to issue an adjusted homestead property tax bill.

11 (c) No request for allocation of an income tax refund or for a renter credit
12 claim may be made after October 15. No property tax credit claim may be
13 made after March 15 of the calendar year following the due date under
14 subsection (a) of this section.

15 * * * Utility Property Valuation * * *

16 Sec. 8. 32 V.S.A. § 4452 is amended to read:

17 § 4452. VALUATIONS

18 (a) On or before May 1 of each year, the Division of Property Valuation
19 and Review of the Department of Taxes shall furnish the listers in each town or
20 city with the valuation of all taxable property of any public utility situated
21 therein as reported by such utility to the Division.

1 (b) Each public utility shall furnish to the Division not later than March 31
2 in each year a sworn inventory of all its taxable property in such form as will
3 show the valuation of its property in each town, city, or other municipality.

4 (c) The Division shall prescribe the form of such report and the officer or
5 officers who shall make oath thereto.

6 (d) The valuations ~~so~~ furnished under this section shall be considered along
7 with any other information as may reasonably be required by ~~such~~ listers in
8 determining and fixing the valuations of ~~such~~ property for the purposes of ~~local~~
9 property taxation. The Division may require that each municipality use certain
10 valuations furnished under this section.

11 * * * Property Tax Exemptions * * *

12 Sec. 9. 32 V.S.A. § 3802(22) is added to read:

13 (22) Real and personal estate owned by a county of this State, except
14 land and buildings outside of a county's territorial limits shall be subject to
15 municipal property tax by the municipality in which the land or buildings are
16 situated. Notwithstanding the preceding provision, the exemption for public,
17 pious, and charitable uses under subdivision (4) of this section shall be
18 available for qualifying county land and buildings outside of the county's
19 territorial limits.

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Sec. 13. LOCAL GOVERNMENT REVENUE; WORKING GROUP;
REPORT

(a) Creation. There is created the Local Government Revenue Working Group to evaluate municipal revenue sources and to make recommendations for State authorization of new revenue generation for municipalities.

(b) Membership. The Working Group shall be composed of the following members:

(1) the Commissioner of Housing and Community Development or designee;

(2) the Commissioner of Taxes or designee;

(3) the Secretary of Administration or designee;

(4) two representatives of local government, appointed by the Vermont League of Cities and Towns; and

(5) the State Treasurer or designee.

(c) Powers and duties. The Working Group shall build on the findings of the Joint Fiscal Report of 2024 entitled “Financing Public Infrastructure in Vermont Municipalities” by considering the following topics:

(1) the authorization of new revenue generation tools, including:

(A) the ability for all municipalities to adopt a local option tax by vote;

1 (B) allocating existing local option tax revenue differently;
2 (C) a local option tax rate that exceeds one percent; and
3 (D) applying a local option tax to new tax bases, such as motor
4 vehicle sales, transportation services, property transfers, cannabis sales, sports
5 betting transactions, and vehicle rentals;

6 (2) how to best implement a municipal revenue sharing program,
7 including:

8 (A) revenue sharing programs in other states;
9 (B) existing State grant and aid programs for municipalities; and
10 (C) new or existing State revenue that could be allocated to a
11 municipal revenue sharing program; and

12 (3) a formula to distribute dedicated municipal revenue sharing,
13 including a system that is based on municipal characteristics, such as
14 population, the income of residents, and municipal tax capacity.

15 (d) Report. On or before December 15, 2024, the Working Group shall
16 submit a written report to the House Committees on Ways and Means and on
17 Government Operations and Military Affairs and the Senate Committees on
18 Finance and on Government Operations with its finding on how best to
19 diversify and increase funding for Vermont municipalities and any
20 recommendations for legislative action.

21 (e) Meetings.

1 (1) The Secretary of Administration, or designee, shall call the first
2 meeting of the Working Group to occur on or before July 15, 2024.

3 (2) The Committee shall select a chair from among its members at the
4 first meeting.

5 (3) A majority of the membership shall constitute a quorum.

6 (4) The Working Group shall cease to exist on July 1, 2025.

7 Sec. 14. WEALTH TAX COMMISSION; REPORT

8 (a) Creation. There is created the Wealth Tax Commission to study the
9 taxation of wealth and investment gains that currently escape income taxation.

10 (b) Membership. The Wealth Tax Commission shall be composed of the
11 following members:

12 (1) one current member of the House of Representatives, who shall be
13 appointed by the Speaker of the House;

14 (2) one current member of the Senate, who shall be appointed by the
15 President Pro Tempore;

16 (3) the Commissioner of the Department of Financial Regulation or
17 designee; and

18 (4) the Commissioner of Taxes or designee.

19 (c)(1) Assistance. The Wealth Tax Commission shall have the
20 administrative and technical assistance of the Joint Fiscal Office, which shall
21 contract with a facilitator who has knowledge of wealth taxes, mark-to-market

1 income tax reform, or other reforms for taxing wealth and investment gains
2 that currently escape income taxation.

3 (2) The facilitator contracted pursuant to subdivision (1) of this
4 subsection shall coordinate with the following institutions for participation
5 with the Wealth Tax Commission:

6 (A) legislative members and staff from other states;

7 (B) administrators and staff from the revenue agencies of other states;

8 (C) national academic and legal experts on wealth and income
9 taxation; and

10 (D) the Multistate Tax Commission.

11 (d)(1) Powers and duties. The Wealth Tax Commission shall study the
12 policy considerations surrounding the taxation of wealth and investment gains
13 that currently escape taxation, implementation issues, and coordinating with
14 other states to uniformly tax forms of wealth and investment gains.

15 (2) The Wealth Tax Commission shall report on the following issues
16 relating to the implementation of a wealth tax:

17 (A) addressing taxpayers who move into and away from a state
18 during a tax year and identifying the best approach for residency criteria for
19 subjecting individuals to a tax on wealth and investments gains that currently
20 escape income taxation;

1 (B) valuing nonpublic assets, including a functional mechanism for
2 taxpayers to contest a state’s value and alternative mechanisms for valuing
3 difficult-to-value assets;

4 (C) addressing losses in taxpayers’ net worth, including whether
5 losses should be carried over in future tax years;

6 (D) addressing situations where wealth is primarily held in real
7 estate, such as farmers and other taxpayers who may lack the funds needed to
8 pay the tax without selling real estate;

9 (E) determining whether legislative changes are needed to require
10 nonpublic information be made public for purposes of asset valuation, such as
11 adding transparency to private business valuations; and

12 (F) determining the best practices of other states by conducting a
13 survey of other states’ experiences with key components of taxing wealth and
14 investment gains that currently escape taxation, including valuing businesses,
15 using financial accounting information, and withholding the income of
16 nonresident individuals.

17 (3) The Wealth Tax Commission shall report on the following issues
18 relating to coordinating with other states to enact a wealth tax:

19 (A) identifying and addressing legal considerations across states,
20 such as federal preemption, the ability to form an interstate compact for state
21 taxation, constitutional differences between states that could affect the

1 coordination of enacting uniform tax laws, and the plausibility of developing a
2 uniform approach or provisions for taxation of wealth and investment gains
3 that currently escape income taxation;

4 (B) identifying the best approach for multiple states to enact a wealth
5 tax contingent on passage or enactment in other states;

6 (C) identifying the components of a wealth tax that are most
7 desirable to be uniform across and the components that can be left to the
8 discretion of individual states;

9 (D) addressing how to best coordinate residency requirements, basis
10 adjustments, crediting taxes paid in other states on wealth and investment gains
11 that currently escape income taxation, enforcement, and information reporting
12 across states; and

13 (E) determining whether interstate cooperation or a compact requires
14 wealth tax categories to be uniform across states, including an examination of
15 the differences between mark-to-market taxation and other forms of wealth
16 taxation.

17 (e) Report. On or before November 1, 2025, the Wealth Tax Commission
18 shall submit a written report to the House Committee on Ways and Means and
19 the Senate Committee on Finance with its findings and recommendations.

20 (f) Meetings.

1 Working Group), and 14 (Wealth Tax Commission) shall take effect on
2 passage.

3 (b) Notwithstanding 1 V.S.A. § 214, Secs. 3–4 (link to federal income tax
4 laws) shall take effect retroactively on January 1, 2024 and apply to taxable
5 years beginning on and after January 1, 2023.

6 (c) Sec. 5 (renter credit expansion) shall take effect on passage and apply to
7 claim years 2025 and after.

8 (d) Secs. 6–7 (repeal of property tax credit late fee) shall take effect on
9 passage and apply to claim years 2024 and after.

10 (e) Sec. 8 (utility property valuation) shall take effect on passage and apply
11 to grand lists filed on or after April 1, 2025.

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15 (Committee vote: _____)

16 _____

17 Representative _____

18 FOR THE COMMITTEE