

1 Introduced by House Committee on Ways and Means

2 Referred to Committee on

3 Date:

4 Subject: personal income tax; meals and rooms tax; sales and use tax; property
5 valuation; use value appraisal; property transfer tax

6 Statement of purpose of bill as introduced: This bill proposes to make
7 numerous changes to Vermont’s tax laws, including to personal income tax,
8 meals and rooms tax, sales and use tax, property valuation, use value appraisal,
9 and property transfer tax.

10 An act relating to technical and administrative changes to Vermont's tax
11 laws

12 It is hereby enacted by the General Assembly of the State of Vermont:

13 * * * Annual Link to Federal Statutes * * *

14 Sec. 1. 32 V.S.A. § 5824 is amended to read:

15 § 5824. ADOPTION OF FEDERAL INCOME TAX LAWS

16 The statutes of the United States relating to the federal income tax, as in
17 effect on December 31, ~~2021~~ 2022, but without regard to federal income tax
18 rates under 26 U.S.C. § 1, are hereby adopted for the purpose of computing the
19 tax liability under this chapter and shall continue in effect as adopted until
20 amended, repealed, or replaced by act of the General Assembly.

1 Sec. 2. 32 V.S.A. § 7402(8) is amended to read:

2 (8) “Laws of the United States” means the U.S. Internal Revenue Code
3 of 1986, as amended through December 31, ~~2024~~ 2022. As used in this
4 chapter, “Internal Revenue Code” has the same meaning as “laws of the United
5 States” as defined in this subdivision. The date through which amendments to
6 the U.S. Internal Revenue Code of 1986 are adopted under this subdivision
7 shall continue in effect until amended, repealed, or replaced by act of the
8 General Assembly.

9 * * * Taxation of Alcoholic Beverages * * *

10 Sec. 3. 32 V.S.A. § 9741 is amended to read:

11 § 9741. SALES NOT COVERED

12 Retail sales and use of the following shall be exempt from the tax on retail
13 sales imposed under section 9771 of this title and the use tax imposed under
14 section 9773 of this title:

15 * * *

16 (10) Sales of meals or alcoholic beverages taxed or exempted under
17 chapter 225 of this title, except alcoholic beverages under
18 subdivision 9202(10)(D)(v) or (11)(B)(i) of this title, or any alcoholic
19 beverages ~~provided~~ served for immediate consumption.

20 * * *

21 Sec. 4. 32 V.S.A. § 9202 is amended to read:

1 § 9202. DEFINITIONS

2 As used in this chapter ~~unless the context clearly indicates a different~~
3 ~~meaning:~~

4 * * *

5 (10) “Taxable meal” means:

6 * * *

7 (D) “Taxable meal” ~~shall~~ does not include:

8 * * *

9 (v) Alcoholic beverages produced or manufactured by the
10 restaurant or operator and sold in sealed containers for consumption off
11 premises, provided the restaurant or operator is licensed to sell alcohol by the
12 Department of Liquor and Lottery pursuant to 7 V.S.A. chapter 9.

13 (11)(A) “Alcoholic beverages” ~~means any malt beverages, vinous~~
14 ~~beverages, spirits, or fortified wines~~ shall have the same meaning as defined in
15 7 V.S.A. § 2 and, when served for immediate consumption.

16 (B) “Alcoholic beverages” shall be exempt from the tax imposed
17 under section 9241 of this chapter when:

18 (i) produced or manufactured by a restaurant or operator and sold
19 in sealed containers for consumption off premises, provided the restaurant or
20 operator is licensed to sell alcohol by the Department of Liquor and Lottery
21 pursuant to 7 V.S.A. chapter 9; or

1 (b) An operator must prove the following to be eligible for a refund under
2 this section:

3 (1) that the tax was erroneously or illegally collected or computed; and
4 (2) that any erroneously or illegally collected or computed tax is or will
5 be returned to the purchaser, unless the operator made the overpayment.

6 (c) A purchaser may seek a refund from the Department if the purchaser
7 establishes that the tax was erroneously or illegally collected or computed.
8 The Commissioner shall refund a purchaser in the same manner as under
9 subsection (a) of this section.

10 Sec. 6. 24 V.S.A. § 138(c) is amended to read:

11 (c)(1) Any tax imposed under the authority of this section shall be collected
12 and administered by the Department of Taxes, in accordance with State law
13 governing such State tax or taxes and subdivision (2) of this subsection;
14 provided, however, that a sales tax imposed under this section shall be
15 collected on each sale that is subject to the Vermont sales tax using a
16 destination basis for taxation. Except with respect to taxes collected on the
17 sale of aviation jet fuel, a per-return fee of \$5.96 shall be assessed to
18 compensate the Department for the costs of administration and collection, 70
19 percent of which shall be borne by the municipality, and 30 percent of which
20 shall be borne by the State to be paid from the PILOT Special Fund. The fee
21 shall be subject to the provisions of 32 V.S.A. § 605.

1 (2) Notwithstanding any other law or municipal charter to the contrary,
2 if the Commissioner determines that local option tax was collected on a
3 transaction in a municipality not authorized to impose local option tax under
4 this section, the Commissioner shall either refund the erroneously collected tax
5 pursuant to 32 V.S.A. chapter 233 or 225 or, if the purchaser cannot reasonably
6 be determined, deposit the erroneously collected tax as required for State sales
7 and use tax pursuant to 16 V.S.A. § 4025(a)(6) or State meals and rooms tax
8 pursuant to 10 V.S.A. § 1388(a)(4), 16 V.S.A. § 4025(a)(4), and subsection
9 435(b)(7) of this title.

10 * * * Computer Assisted Property Tax Administration Program Fees * * *

11 Sec. 7. 32 V.S.A. § 3404 is amended to read:

12 § 3404. ~~CAPTAP FEES~~

13 ~~(a) The Director is authorized to charge fees for data processing and~~
14 ~~support services rendered to municipalities relative to the Computer Assisted~~
15 ~~Property Tax Administration Program (CAPTAP) as follows:~~

16 ~~(1) when the Department performs routine data processing for a~~
17 ~~municipality, \$1.75 per parcel;~~

18 ~~(2) when the Department performs data processing services in~~
19 ~~connection with a town reappraisal, \$2.00 per parcel; and~~

20 ~~(3) when the Department performs support, training, or consulting~~
21 ~~services for municipalities using CAPTAP at their own sites: \$350.00 per year~~

1 ~~for municipalities with fewer than 500 parcels; \$450.00 per year for~~
2 ~~municipalities with 500 to 1,000 parcels; \$550.00 per year for municipalities~~
3 ~~with 1,001 to 2,000 parcels; and \$650.00 per year for municipalities with more~~
4 ~~than 2,000 parcels.~~

5 ~~(b) Pursuant to subdivision 603(2) of this title, these fees may be adjusted.~~

6 ~~(c) The fees collected in subsection (a) of this section shall be credited to~~
7 ~~the CAPTAP fees special fund established and managed pursuant to chapter 7,~~
8 ~~subchapter 5 of this title, and shall be available to offset the costs of providing~~
9 ~~those services. [Repealed.]~~

10 Sec. 8. 32 V.S.A. § 3410 is amended to read:

11 ~~§ 3410. MAINTENANCE OF DUPLICATE PROPERTY RECORDS~~

12 ~~(a) To supplement and ensure the safekeeping of town records, the Director~~
13 ~~shall establish and maintain a central file of municipal grand lists. These grand~~
14 ~~lists shall be maintained at the office of the Division for a period of two years.~~

15 ~~(b) The town clerks of each town and city shall provide the Director with~~
16 ~~one copy of the grand list at a reasonable charge.~~

17 ~~(c) At a reasonable charge to be established by the Director, the Director~~
18 ~~shall supply to any person or agency a copy of any document contained in the~~
19 ~~file established under this section. [Repealed.]~~

20 * * * Current Use; Form of Notice * * *

21 Sec. 9. 32 V.S.A. § 3756 is amended to read:

1 § 3756. QUALIFICATION FOR USE VALUE APPRAISAL

2 (a) The owner of eligible agricultural land, farm buildings, or managed
3 forestland shall be entitled to have eligible property appraised at its use value,
4 provided the owner shall have applied to the Director on or before September 1
5 of the previous tax year, on a form provided by the Director. A farmer whose
6 application has been accepted on or before December 31 by the Director of the
7 Division of Property Valuation and Review of the Department of Taxes for
8 enrollment for the use value program for the current tax year shall be entitled
9 to have eligible property appraised at its use value if the farmer was prevented
10 from applying on or before September 1 of the previous year due to the severe
11 illness of the farmer.

12 (b) [Repealed.]

13 (c) The Director shall notify the applicant ~~no~~ not later than April 15 of ~~his~~
14 ~~or her~~ the Director's decision to classify or refusal to classify ~~his or her~~ the
15 applicant's property as eligible for use value appraisal ~~by delivery of such~~
16 ~~notification to him or her in person or by mailing such notification to his or her~~
17 ~~last and usual place of abode~~. In the case of a refusal, the Director shall state
18 the reasons therefor in the notification.

19 * * *

20 (f) Each year the Director shall determine whether previously classified
21 property is still eligible for use value appraisal and whether the amount of the

1 previous appraisal is still valid. If the Director determines that previously
2 classified property is no longer eligible, or that the property has undergone a
3 change in use such that the use change tax may be levied in accordance with
4 section 3757 of this chapter, or that the use value appraisal should be fixed at a
5 different amount than the previous year, ~~he or she~~ the Director shall thereafter
6 notify the property owner of that determination ~~by delivery of the notification~~
7 ~~to him or her in person or by mailing such notification to his or her last and~~
8 ~~usual place of abode.~~

9 * * *

10 (h) ~~By~~ On or before March 15, the Director shall ~~mail~~ provide to each
11 municipality a list of property in the municipality that is to be taxed based on
12 its use value appraisal. The list shall include the owners' names, a grand list
13 number or description of each parcel of land to be appraised at use value, the
14 acreage to be taxed on the basis of use value, the use values to be used for land,
15 and the number and type of farm buildings to be appraised by the assessing
16 officials at use value. The assessing officials shall determine the listed value
17 of the land to be taxed at use value and its estimated fair market value, and fill
18 in these values and the difference between them on the form. This form shall
19 be used by the Treasurer or the collector of current taxes to make up tax bills
20 such that the owner is billed only for taxes due on ~~his or her~~ the owner's
21 property not enrolled in the program, plus taxes due on the use value of

1 property enrolled in the program. The assessing officials shall submit the
2 completed form to the Director ~~by~~ on or before July 5.

3 * * *

4 (2)(A) The Director shall remove from use value appraisal an entire
5 parcel or parcels of agricultural land and farm buildings identified by the
6 Secretary of Agriculture, Food and Markets as being used by a person:

7 * * *

8 (B) The Director shall notify the owner that agricultural land or a
9 farm building has been removed from use value appraisal by ~~mailing~~ providing
10 notification of removal to the owner ~~or operator's last and usual place of~~
11 ~~abode~~. After removal of agricultural land or a farm building from use value
12 appraisal under this section, the Director shall not consider a new application
13 for use value appraisal for the agricultural land or farm building until the
14 Secretary of Agriculture, Food and Markets submits to the Director a
15 certification that the owner or operator of the agricultural land or farm building
16 is complying with the water quality requirements of 6 V.S.A. chapter 215 or an
17 order issued under 6 V.S.A. chapter 215. After submission of a certification by
18 the Secretary of Agriculture, Food and Markets, an owner or operator shall be
19 eligible to apply for enrollment of the agricultural land or farm building
20 according to the requirements of this section.

21 * * *

1 * * * Property Assessor Education and Valuation * * *

2 Sec. 10. 32 V.S.A. § 3436(e) is added to read:

3 (e) A sum not to exceed \$100,000.00 shall be paid each year from the
4 Education Fund to the Division of Property Valuation and Review for the
5 purpose of providing assessment education for municipal assessing officials.
6 The Director is authorized to establish guidelines and requirements for
7 education programs to be provided using the funds described in this
8 subsection. Education programs provided using funds described in this
9 subsection shall be provided at no cost or minimal cost to the municipality,
10 municipal assessing officials, or those pursuing municipal assessment
11 employment as approved by the Director. In addition to providing the annual
12 education programs as described in this section, up to 20 percent of the amount
13 available for education programs may be reserved as a scholarship fund to
14 permit municipal assessing officials to attend national programs providing
15 education opportunities on advanced assessment topics. All applications for
16 scholarships shall be submitted to and approved by the Director.

17 Sec. 11. 32 V.S.A. § 4041a is amended to read:

18 § 4041a. REAPPRAISAL

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

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* * *

~~(d) A sum not to exceed \$100,000.00 each year shall be paid from the Education Fund to the Division of Property Valuation and Review for the purpose of providing assessment education for municipal assessing officials. The Director is authorized to establish guidelines and requirements for education programs to be provided using the funds described in this section. Education programs provided using funds described in this section shall be provided at no cost or minimal cost to the municipal assessing officials. In addition to providing the annual education programs as described in this section, up to 20 percent of the amount available for education programs may be reserved as a scholarship fund to permit municipal assessing officials to attend national programs providing education opportunities on advanced assessment topics. All applications for scholarships shall be submitted to and approved by the Director. [Repealed.]~~

* * *

Sec. 12. 32 V.S.A. § 4052 is amended to read:

§ 4052. ~~CONTRACT APPRAISALS; CERTIFICATION~~ ASSESSOR APPROVAL

(a) No municipality shall employ or contract with a person, firm, or corporation shall be employed by a municipality to perform reappraisals or individual appraisals of real property for the purpose of property taxation

1 unless approved by the Director of Property Valuation and Review as qualified
2 under this section.

3 (b) No person shall conduct the work of an assessor contracted or
4 employed by a municipality pursuant to 17 V.S.A. § 2651c(b) unless they meet
5 the training requirements established by the Director of Property Valuation and
6 Review under this section.

7 (c) The Director shall establish by rule reasonable qualifications for
8 approval and training requirements, which shall include successful completion
9 of educational and training courses approved by the Director and, in the case of
10 an appraiser hired to do a townwide reappraisal, at least one year's experience
11 with an appraiser who has satisfactorily completed townwide reappraisals.

12 ~~(e)~~(d) This section shall not apply to elected or appointed officials of any
13 town, but shall apply to assessors employed or contracted by a municipality
14 pursuant to 17 V.S.A. § 2651c(b).

15 Sec. 13. 17 V.S.A. § 2651c is amended to read:

16 § 2651c. LACK OF ELECTED LISTER; APPOINTMENT OF LISTER;
17 ELIMINATION OF OFFICE; ASSESSOR

18 * * *

19 (b)(1) A town may vote by ballot at an annual meeting to eliminate the
20 office of lister.

1 liabilities as those imposed on listers or the board of listers under the
2 provisions of Title 32.

3 Sec. 14. 32 V.S.A. § 5406 is amended to read:

4 § 5406. NOTICE OF FAIR MARKET VALUE AND COEFFICIENT OF
5 DISPERSION

6 * * *

7 (b) Not later than April 1 of each year, the Director shall ~~certify~~ report to
8 the Secretary of Education the equalized education property value and
9 coefficient of dispersion for the prior year of every municipality of the State.

10 (c) If the Director of Property Valuation and Review certifies that a
11 municipality has completed a ~~townwide~~ reappraisal, the common level of
12 appraisal for that municipality shall ~~be equal to~~ incorporate its new grand list
13 value for the reappraised properties, divided by ~~its~~ the most recent equalized
14 grand list value for the reappraised properties, for purposes of determining
15 education property tax rates.

16 * * * Property Transfer Tax; Controlling Interests; Nonprofits * * *

17 Sec. 15. 32 V.S.A. § 9603 is amended to read:

18 § 9603. EXEMPTIONS

19 The following transfers are exempt from the tax imposed by this chapter:

20 * * *

1 (ii) Notwithstanding subdivision (i) of this subdivision (C), if the
2 transferee organization receives property in a transaction exempt under
3 subdivision (i) of this subdivision (C) and subsequently transfers any portion
4 of the property not more than five years after the date of the first transfer, the
5 transferee organization shall pay the tax imposed under this chapter on the
6 value of the property transferred at the time of the first transfer. The tax
7 imposed under this subdivision (ii) shall be due not later than 30 days after the
8 second transfer and shall apply in addition to any tax due under this chapter on
9 the second transfer.

10 * * * * * Refundable Income Tax Credit * * *

11 Sec. 16. 32 V.S.A. § 5828c is amended to read:

12 § 5828c. CHILD AND DEPENDENT CARE CREDIT

13 A resident or part-year resident of this State shall be eligible for a
14 refundable credit against the tax imposed under section 5822 of this title. The
15 credit shall be equal to 72 percent of the federal child and dependent care
16 credit allowed to the taxpayer for the taxable year for child or dependent care
17 services provided in this State. The amount of the credit for a part-year
18 resident shall be multiplied by the percentage that the individual's income that
19 is earned or received during the period of the individual's residency in this
20 State bears to the individual's total income.

21 * * * Property Tax Valuation; Qualified Rental Units; VHFA Certificate * * *

1 Sec. 17. 32 V.S.A. § 5404a(a) is amended to read:

2 (a) A tax agreement or exemption shall affect the education property tax
3 grand list of the municipality in which the property subject to the agreement is
4 located if the agreement or exemption is:

5 * * *

6 (6) An exemption of a portion of the value of a qualified rental unit
7 parcel. An owner of a qualified rental unit parcel shall be entitled to an
8 exemption on the education property tax grand list of 10 percent of the grand
9 list value of the parcel, multiplied by the ratio of square footage of
10 improvements used for or related to residential rental purposes to total square
11 footage of all improvements, multiplied by the ratio of qualified rental units to
12 total residential rental units on the parcel. “Qualified rental units” means
13 residential rental units that are subject to rent restriction under provisions of
14 State or federal law, but excluding units subject to rent restrictions under only
15 one of the following programs: Section 8 moderate rehabilitation, Section 8
16 housing choice vouchers, or Section 236 or Section 515 rural development
17 rental housing. A municipality shall allow the percentage exemption under
18 this subsection upon presentation by the taxpayer to the municipality, by April
19 1, of a certificate of education grand list value exemption obtained from the
20 Vermont Housing Finance Agency (VHFA). VHFA shall issue a certificate of
21 exemption upon presentation by the taxpayer of information that VHFA and

1 the Commissioner shall require. A certificate of exemption issued by VHFA
2 under this subsection shall expire upon transfer of the building, upon
3 expiration of the rent restriction, or after 10 years, whichever first occurs.~~The;~~
4 provided, however, that the certificate of exemption may be renewed ~~one~~ after
5 10 years and every 10 years thereafter if VHFA finds that the property
6 continues to meet the requirements of this subsection.

7 * * * Property Tax Credit; Filing Deadlines and Notice to Taxpayers* * *

8 Sec. 18. 32 V.S.A. § 6068 is amended to read:

9 § 6068. APPLICATION AND TIME FOR FILING

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

19 (b) If the claimant fails to file a timely claim, the amount of the property
20 tax credit under this chapter shall be reduced by \$15.00, but not below \$0.00,
21 which shall be paid to the municipality for the cost of issuing an adjusted

1 homestead property tax bill. ~~No benefit shall be allowed in the calendar year~~
2 ~~unless the claim is filed with the Commissioner on or before October 15.~~ If the
3 claimant files a claim after October 15 but on or before March 15 of the
4 following calendar year, the property tax credit under this chapter:

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

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

7 (3) shall not alter the grand list of the municipality where the claimant's
8 property is located.

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

13 Sec. 19. 32 V.S.A. § 6065 is amended to read:

14 § 6065. FORMS; TABLES; NOTICES

15 (a) In administering this chapter, the Commissioner shall provide suitable
16 claim forms with tables of allowable claims, instructions, and worksheets for
17 claiming a homestead property tax credit.

18 (b) Prior to June 1, the Commissioner shall also prepare and supply to each
19 town in the State notices in plain language describing the homestead property
20 tax credit, including the eligibility requirements and deadlines, for inclusion in
21 property tax bills. A town shall include ~~such~~ the Commissioner's notice in

1 each tax bill and notice of delinquent taxes that it mails to taxpayers who own
2 in that town a homestead as defined in subdivision 5401(7) of this title. In
3 addition to including the Commissioner’s notice in mailings as prescribed in
4 this subsection, towns may distribute the Commissioner’s notice in an
5 alternative manner to ensure the widest distribution of the Commissioner’s
6 notice to as many homestead taxpayers in the town as possible.

7 (c) ~~Notwithstanding the provisions of subsection (b) of this section, towns~~
8 ~~that use envelopes or mailers not able to accommodate notices describing the~~
9 ~~homestead tax credit may distribute such notices in an alternative manner.~~

10 [Repealed.]

11 * * * Effective Dates * * *

12 Sec. 20. EFFECTIVE DATES

13 This act shall take effect on passage, except:

14 (1) Notwithstanding 1 V.S.A. § 214, Secs. 1–2 (annual link to federal
15 statutes) shall take effect retroactively on January 1, 2023 and shall apply to
16 taxable years beginning on and after January 1, 2022; and

17 (2) Notwithstanding 1 V.S.A. § 214, Secs. 7–8 (refundable income tax
18 credits) shall take effect retroactively on January 1, 2023 and shall apply to
19 taxable years beginning on and after January 1, 2023.