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H.471

An act relating to technical and administrative changes to Vermont’s tax laws

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

* * * Annual Link to Federal Statutes * * *

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

§ 5824. ADOPTION OF FEDERAL INCOME TAX LAWS

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the purpose of computing the tax liability under this chapter and shall continue in effect as adopted until amended, repealed, or replaced by act of the General Assembly.

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

(8) “Laws of the United States” means the U.S. Internal Revenue Code of 1986, as amended through December 31, ~~2021~~ 2022. As used in this chapter, “Internal Revenue Code” has the same meaning as “laws of the United States” as defined in this subdivision. The date through which amendments to the U.S. Internal Revenue Code of 1986 are adopted under this subdivision shall continue in effect until amended, repealed, or replaced by act of the General Assembly.

1 (a) Upon application by an operator, if the Commissioner determines that
2 any tax, interest, or penalty has been paid more than once, or has been
3 erroneously or illegally collected or computed, the same shall be credited by
4 the Commissioner on any taxes then due from the operator under this chapter,
5 and the balance shall be refunded to the operator or ~~his or her~~ the operator's
6 successors, administrators, executors, or assigns, together with interest at the
7 rate per annum established from time to time by the Commissioner pursuant to
8 section 3108 of this title. That interest shall be computed from the latest of
9 45 days after the date the return was filed, 45 days after the date the return was
10 due, including any extensions of time thereto, with respect to which the excess
11 payment was made, or, if the taxpayer filed an amended return or otherwise
12 requested a refund, 45 days after the date such amended return or request was
13 filed. Provided, however, no such credit or refund shall be allowed after three
14 years from the date the return was due.

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

17 (1) that the tax was erroneously or illegally collected or computed; and

18 (2) that any erroneously or illegally collected or computed tax is or will
19 be returned to the purchaser, unless the operator made the overpayment.

20 (c) A purchaser may seek a refund from the Department if the purchaser
21 establishes that the tax was erroneously or illegally collected or computed.

1 The Commissioner shall refund a purchaser in the same manner as under
2 subsection (a) of this section.

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

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

15 (2) Notwithstanding any other law or municipal charter to the contrary,
16 if the Commissioner determines that local option tax was collected on a
17 transaction in a municipality not authorized to impose local option tax under
18 this section, the Commissioner shall either refund the erroneously collected tax
19 pursuant to 32 V.S.A. chapter 233 or 225 or, if the purchaser cannot reasonably
20 be determined, deposit the erroneously collected tax as required for State sales
21 and use tax pursuant to 16 V.S.A. § 4025(a)(6) or State meals and rooms tax

1 pursuant to 10 V.S.A. § 1388(a)(4), 16 V.S.A. § 4025(a)(4), and
2 32 V.S.A. § 435(b)(7).

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

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

5 § 3404. ~~CAPTAP FEES~~

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

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

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

13 ~~(3) when the Department performs support, training, or consulting~~
14 ~~services for municipalities using CAPTAP at their own sites: \$350.00 per year~~
15 ~~for municipalities with fewer than 500 parcels; \$450.00 per year for~~
16 ~~municipalities with 500 to 1,000 parcels; \$550.00 per year for municipalities~~
17 ~~with 1,001 to 2,000 parcels; and \$650.00 per year for municipalities with more~~
18 ~~than 2,000 parcels.~~

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

20 ~~(c) The fees collected in subsection (a) of this section shall be credited to~~
21 ~~the CAPTAP fees special fund established and managed pursuant to chapter 7,~~

1 ~~subchapter 5 of this title, and shall be available to offset the costs of providing~~
2 ~~those services. [Repealed.]~~

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

4 § 3410. ~~MAINTENANCE OF DUPLICATE PROPERTY RECORDS~~

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

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

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

13 * * * Current Use * * *

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

15 § 3756. QUALIFICATION FOR USE VALUE APPRAISAL

16 (a) The owner of eligible agricultural land, farm buildings, or managed
17 forestland shall be entitled to have eligible property appraised at its use value,
18 provided the owner shall have applied to the Director on or before September 1
19 of the previous tax year, on a form provided by the Director. A farmer whose
20 application has been accepted on or before December 31 by the Director of the
21 Division of Property Valuation and Review of the Department of Taxes for

1 enrollment for the use value program for the current tax year shall be entitled
2 to have eligible property appraised at its use value if the farmer was prevented
3 from applying on or before September 1 of the previous year due to the severe
4 illness of the farmer.

5 (b) [Repealed.]

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

12 * * *

13 (f) Each year the Director shall determine whether previously classified
14 property is still eligible for use value appraisal and whether the amount of the
15 previous appraisal is still valid. If the Director determines that previously
16 classified property is no longer eligible, or that the property has undergone a
17 change in use such that the use change tax may be levied in accordance with
18 section 3757 of this chapter, or that the use value appraisal should be fixed at a
19 different amount than the previous year, ~~he or she~~ the Director shall thereafter
20 notify the property owner of that determination ~~by delivery of the notification~~

1 ~~to him or her in person or by mailing such notification to his or her last and~~
2 ~~usual place of abode.~~

3 * * *

4 (h) ~~By~~ On or before March 15, the Director shall ~~mail~~ provide to each
5 municipality a list of property in the municipality that is to be taxed based on
6 its use value appraisal. The list shall include the owners' names, a grand list
7 number or description of each parcel of land to be appraised at use value, the
8 acreage to be taxed on the basis of use value, the use values to be used for land,
9 and the number and type of farm buildings to be appraised by the assessing
10 officials at use value. The assessing officials shall determine the listed value
11 of the land to be taxed at use value and its estimated fair market value, and fill
12 in these values and the difference between them on the form. This form shall
13 be used by the Treasurer or the collector of current taxes to make up tax bills
14 such that the owner is billed only for taxes due on ~~his or her~~ the owner's
15 property not enrolled in the program, plus taxes due on the use value of
16 property enrolled in the program. The assessing officials shall submit the
17 completed form to the Director ~~by~~ on or before July 5.

18 * * *

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

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

* * *

Sec. 10. 32 V.S.A. § 3757(m) is added to read:

(m) Land owned or acquired by a Native American tribe or a nonprofit organization that qualifies for an exemption under subdivision 3802(21) of this title shall be exempt from the levy of a land use change tax under this section.

1 “related organizations” means one organization holds 50 percent or more of the
2 membership interest of the other organization or one organization appoints or
3 elects, including the power to remove and replace, 50 percent or more of the
4 members of the other organization’s governing body.

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

14 * * *

15 * * * Child and Dependent Care Credit * * *

16 Sec. 12. 32 V.S.A. § 5828c is amended to read:

17 § 5828c. CHILD AND DEPENDENT CARE CREDIT

18 A resident or part-year resident of this State shall be eligible for a
19 refundable credit against the tax imposed under section 5822 of this title. The
20 credit shall be equal to 72 percent of the federal child and dependent care
21 credit allowed to the taxpayer for the taxable year for child or dependent care

1 services ~~provided in this State.~~ The amount of the credit for a part-year
2 resident shall be multiplied by the percentage that the individual's income that
3 is earned or received during the period of the individual's residency in this
4 State bears to the individual's total income.

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

6 Sec. 13. 32 V.S.A. § 5404a(a) is amended to read:

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

10 * * *

11 (6) An exemption of a portion of the value of a qualified rental unit
12 parcel. An owner of a qualified rental unit parcel shall be entitled to an
13 exemption on the education property tax grand list of 10 percent of the grand
14 list value of the parcel, multiplied by the ratio of square footage of
15 improvements used for or related to residential rental purposes to total square
16 footage of all improvements, multiplied by the ratio of qualified rental units to
17 total residential rental units on the parcel. "Qualified rental units" means
18 residential rental units that are subject to rent restriction under provisions of
19 State or federal law, but excluding units subject to rent restrictions under only
20 one of the following programs: Section 8 moderate rehabilitation, Section 8
21 housing choice vouchers, or Section 236 or Section 515 rural development

1 rental housing. A municipality shall allow the percentage exemption under
2 this subsection upon presentation by the taxpayer to the municipality, by April
3 1, of a certificate of education grand list value exemption obtained from the
4 Vermont Housing Finance Agency (VHFA). VHFA shall issue a certificate of
5 exemption upon presentation by the taxpayer of information that VHFA and
6 the Commissioner shall require. A certificate of exemption issued by VHFA
7 under this subsection shall expire upon transfer of the building, upon
8 expiration of the rent restriction, or after 10 years, whichever first occurs.—~~The;~~
9 provided, however, that the certificate of exemption may be renewed ~~one~~ after
10 10 years and every 10 years thereafter if VHFA finds that the property
11 continues to meet the requirements of this subsection.

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

13 Sec. 14. 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 Sec. 15. 32 V.S.A. § 6068 is amended to read:

12 § 6068. APPLICATION AND TIME FOR FILING

13 (a) A property tax credit claim or request for allocation of an income tax
14 refund to homestead property tax payment shall be filed with the
15 Commissioner on or before the due date for filing the Vermont income tax
16 return, without extension, and shall describe the school district in which the
17 homestead property is located and shall particularly describe the homestead
18 property for which the credit or allocation is sought, including the school
19 parcel account number prescribed in subsection 5404(b) of this title. A renter
20 credit claim shall be filed with the Commissioner on or before the due date for
21 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. ~~No benefit shall be allowed in the calendar year~~
5 ~~unless the claim is filed with the Commissioner on or before October 15.~~ If the
6 claimant files a claim after October 15 but on or before March 15 of the
7 following calendar year, the property tax credit under this chapter:

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

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

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

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

16 * * * Effective Dates * * *

17 Sec. 16. EFFECTIVE DATES

18 This act shall take effect on passage, except, notwithstanding 1 V.S.A.

19 § 214:

1 (1) Secs. 1–2 (annual link to federal statutes) shall take effect
2 retroactively on January 1, 2023 and shall apply to taxable years beginning on
3 and after January 1, 2022.

4 (2) Sec. 12 (child and dependent care credit) shall take effect
5 retroactively on January 1, 2023 and shall apply to taxable years beginning on
6 and after January 1, 2023.