



VERMONT LEGISLATIVE
Joint Fiscal Office

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Fiscal Note

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H.471 – An act relating to technical and administrative changes to Vermont’s tax laws

As passed by the House of Representatives¹

Bill Summary

This bill makes numerous technical changes to Vermont’s tax laws including to personal income tax, meals and rooms tax, sales and use tax, use value appraisal, property valuation, the homestead property tax credit, and property transfer tax. This bill links Vermont’s income tax codes to the Federal income tax and estate tax statutes as written as of December 31, 2022.

Fiscal Impact

JFO estimates the bill would have a de Minimis fiscal impact in fiscal year 2024 as changes included in the bill are technical and/or administrative.

Background and Details

The following provides a high-level summary of the technical and administrative changes to Vermont tax laws that are included in the bill and are estimated to have a de Minimis impact.

Section 1 and 2

Sections 1 and 2 link Vermont’s income tax code to the Federal income tax and estate tax statute as written as of December 31, 2022. This does not have a fiscal impact.

Section 3 and Section 4

Sections 3 and 4 clarify that Sales and Use Tax applies to alcoholic beverages that are sold in sealed containers for consumption off premises of the establishment where they were purchased. Existing law does not make it clear that sealed to-go items sold at establishments that also sell beverages for immediate consumption (bars and breweries) are subject to Sales and Use Tax, not Meals and Rooms Tax (which applies to alcoholic beverages sold for immediate consumption). It is understood that it is current practice for these establishments to charge Sales and Use Tax on to-go items. As such, this change will likely not have an impact on Sales and Use tax revenues and Meals and Rooms Tax.

Section 5

Section 5 clarifies the process of requesting a refund of Meals and Rooms Taxes incorrectly or erroneously collected. This is estimated to have a de Minimis impact on Meals and Rooms tax revenues.

¹ <https://legislature.vermont.gov/Documents/2024/Docs/BILLS/H-0471/H-0471%20As%20Introduced.pdf>

Section 6

Includes language that would give the Department of Taxes the ability to refund Local Option Taxes incorrectly collected in jurisdictions not authorized to impose a local option tax. This can occur in online sales when mailing addresses and physical addresses do not line up, and an online merchant collects local option tax when it is not warranted. This is estimated to have a de Minimis impact on Meals and Rooms and Sales and Use tax revenues.

Section 7

Section 7 repeals fees for the Computer Assisted Property Tax Administration Program (CAPTAP). The CAPTAP program allows the Department of Taxes to charge towns to use software that was implemented in 1995. The software is no longer used, so the fees are not necessary. This is estimated to have no impact on Special Fund revenues.

Section 8

Repeals the requirement for town clerks to send a copy of their grand list to the Division of Property Valuation and Review (PVR). This is estimated to have minimal savings for PVR and Towns.

Section 9

Allows the Commissioner of Taxes to notify property owners of their use value appraisal through a wider variety of methods. This is estimated to provide minimal savings on costs incurred by the Department of Taxes.

Section 10

This section would exempt land that is already exempt from property tax under the Native American tribe exemption from the land use change tax. JFO estimates this would have a de Minimis impact on the Education Fund.

Section 11

Extends the Property Transfer Tax exemption that applies to c-corporations undergoing a reorganization without a substantial change in ownership to nonprofits. This is estimated to have a de Minimis impact on Property Transfer Tax revenues.

Section 12

Clarifies the apportionment percentage for the Child and Dependent Care tax credit for part-year residents. The amount of the credit would be based on the percentage of income received while an individual was a resident in Vermont compared to their total annual income. This is estimated to have a de Minimis impact on the cost of the tax expenditure.

Section 13

This section extends the property tax exemption for qualified rent-restricted units every 10 years if VHFA finds that the property meets exemption requirements. This is an existing estimated \$250,000 tax expenditure in the Education Fund.

Section 15

Section 15 adjusts the application and timing for filing for a property tax credit. This is estimated to have a de Minimis impact on the Education Fund.