

1 H.541

2 Introduced by Committee on Ways and Means

3 Date:

4 Subject: Taxation; Income taxes; capital gains; estate taxes; exclusion; first

5 time homebuyers program; downtown and village center tax credits;

6 rooms tax; land gains tax; property transfer tax; fuel tax.

7 Statement of purpose of bill as introduced: This bill proposes to make  
8 numerous changes affecting the revenue of the State through reducing the  
9 capital gains exclusion, increasing the estate tax exclusion, increasing the  
10 funding for the first time homebuyers program and the downtown and village  
11 center tax credit, clarifying the scope of the rooms tax collection requirements,  
12 clarifying who pays the property transfer tax, making changes in the land gains  
13 tax and the fuel tax, and extending the sunsets on the health information  
14 technology funding and the home health agency provider tax.

15 An act relating to changes that affect the revenue of the State

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

17 \* \* \* Capital Gains Exclusion \* \* \*

18 ~~Sec. 1. 32 V.S.A. § 5811 is amended to read:~~

19 ~~§ 5811. DEFINITIONS~~

1     ~~The following definitions shall apply throughout this chapter unless the~~  
2     context requires otherwise:

3                                     \* \* \*

4             (21) "Taxable income" means, in the case of an individual, federal  
5     adjusted gross income determined without regard to 26 U.S.C. § 168(k) and:

6                                     \* \* \*

7                     (B) Decreased by the following items of income (to the extent such  
8     income is included in federal adjusted gross income):

9                                     \* \* \*

10                   (ii) with respect to adjusted net capital gain income as defined in  
11     26 U.S.C. § 1(h) reduced by the total amount of any qualified dividend  
12     income: either the first \$5,000.00 of such adjusted net capital gain income; or  
13     40 30 percent of adjusted net capital gain income from the sale of assets held  
14     by the taxpayer for more than three years, except net adjusted net capital gain  
15     income from:

16                   (I) the sale of any real estate or portion of real estate used by  
17     the taxpayer as a primary or nonprimary residence; or

18                   (II) the sale of depreciable personal property other than farm  
19     property and standing timber; or stocks or bonds publicly traded or traded on  
20     an exchange, or any other financial instruments; regardless of whether sold by  
21     ~~an individual or business, and provided that the total amount of decrease under~~

1 ~~this subdivision (21)(B)(ii) shall not exceed 40 30 percent of federal taxable~~  
2 income, or \$450,000.00, whichever is less;

3 \* \* \*

4 (28) "Taxable income" means, in the case of an estate or a trust, federal  
5 taxable income determined without regard to 26 U.S.C. § 168(k) and:

6 \* \* \*

7 (B) decreased by the following items of income:

8 \* \* \*

9 (ii) with respect to adjusted net capital gain income as defined in  
10 26 U.S.C. § 1(h), reduced by the total amount of any qualified dividend  
11 income: either the first \$5,000.00 of such adjusted net capital gain income; or  
12 40 30 percent of adjusted net capital gain income from the sale of assets held  
13 by the taxpayer for more than three years, except not adjusted net capital gain  
14 income from:

15 (I) the sale of any real estate or portion of real estate used by  
16 the taxpayer as a primary or nonprimary residence; or

17 (II) the sale of depreciable personal property other than farm  
18 property and standing timber; or stocks or bonds publicly traded or traded on  
19 an exchange, or any other financial instruments; regardless of whether sold by  
20 ~~an individual or business, and provided that the total amount of decrease under~~

1 ~~this subdivision (28)(B)(ii) shall not exceed 40.30 percent of federal taxable~~  
2 ~~income, or \$450,000.00, whichever is less; and~~

3 \* \* \*

4 \* \* \* Tax Credit for Affordable Housing; Down Payment Assistance \* \* \*

5 Sec. 2. 32 V.S.A. § 5930u is amended to read:

6 § 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

7 (a) As used in this section:

8 (1) “Affordable housing project” or “project” means:

9 (A) a rental housing project identified in 26 U.S.C. § 42(g); or

10 (B) owner-occupied housing identified in 26 U.S.C. § 143 (c)(1) or  
11 that qualifies under Vermont Housing Finance Agency criteria governing  
12 owner-occupied housing.

13 (2) “Affordable housing tax credits” means the tax credit provided by  
14 this subchapter.

15 (3) “Allocating agency” or “Agency” means the Vermont Housing  
16 Finance Agency.

17 (4) “Committee” means the Joint Committee on Tax Credits consisting  
18 of five members: a representative from the Department of Housing and  
19 Community Affairs Development, the Vermont Housing and Conservation  
20 Board, the Vermont Housing Finance Agency, the Vermont State Housing  
21 Authority, and the Office of the Governor.

1       ~~(5) "Credit certificate" means a certificate issued by the allocating~~  
2       agency to a taxpayer that specifies the amount of affordable housing tax credits  
3       that can be applied against the taxpayer's individual or corporate income tax,  
4       or franchise, captive insurance premium, or insurance premium tax liability as  
5       provided in this subchapter.

6       (6) "Eligible applicant" means any municipality, ~~private sector~~  
7       ~~developer~~, State agency as defined in 10 V.S.A. § 6301a, the Vermont Housing  
8       Finance Agency, a for-profit organization, or a nonprofit organization  
9       qualifying under 26 U.S.C. § 501(c)(3) or cooperative housing organization,  
10      the purpose of which is to create and retain affordable housing for Vermonters  
11      with lower income and which has in its bylaws a requirement that the housing  
12      the organization creates be maintained as affordable housing for Vermonters  
13      with lower income on a perpetual basis meeting the application requirements  
14      of the allocation plan.

15      (7) "Eligible cash contribution" means an amount of cash:

16              (A) contributed to the owner, developer, or sponsor of an affordable  
17      housing project and determined by the allocating agency as eligible for  
18      affordable housing tax credits; or

19              (B) paid to the Agency in connection with the purchase of affordable  
20      housing tax credits.

(8) "Section 42 credits" means tax credit provided by 26 U.S.C.

§§ 38 and 42.

(9) "Allocation plan" means the plan recommended by the Committee and approved by the Vermont Housing Finance Agency, which sets forth the eligibility requirements and process for selection of eligible rental housing projects to receive affordable housing tax credits and eligible owner-occupied housing projects to receive loans or grants under this section. The allocation plan shall include:

(A) requirements for creation and retention of affordable housing for persons with low income; and

(B) requirements to ensure that eligible rental housing is maintained as affordable by subsidy covenant, as defined in 27 V.S.A. § 610 on a perpetual basis and that eligible owner-occupied housing or program funds for owner-occupied housing remain as an affordable housing source for future owners or buyers, and meets all other requirements of the Vermont Housing Finance Agency related to affordable housing.

(10) "Taxpayer" means a taxpayer who makes an eligible cash contribution or the assignee or transferee of or successor to such taxpayer as determined by the Department of Taxes.

(b) Eligible tax credit allocations.

(1) Affordable housing credit allocation for rental housing.

1           (A) An eligible applicant may apply to the allocating agency for an  
2 allocation of affordable rental housing tax credits under this section related to  
3 an affordable housing project authorized by the allocating agency under the  
4 allocation plan. In the case of a specific affordable rental housing project,  
5 the eligible applicant shall also be the owner or a person having the right to  
6 acquire ownership of the building and shall apply prior to placement of the  
7 affordable housing project in service. In the case of owner-occupied housing  
8 units, the applicant shall ensure that the allocated housing or program funds  
9 remain as an affordable housing resource for future owners. The allocating  
10 agency shall issue a letter of approval if it finds that the applicant meets the  
11 priorities, criteria, and other provisions of subdivision (B) of this  
12 subdivision (b)(1). The burden of proof shall be on the applicant.

13           (B) Upon receipt of a completed application, the allocating agency  
14 shall award an allocation of affordable housing tax credits with respect to a  
15 project to an applicant, provided the applicant demonstrates to the satisfaction  
16 of the allocating agency all of the following:

17           (i) The owner of the project has received from the allocating  
18 agency a binding commitment for, a reservation or allocation of, or an out-of-  
19 cap determination letter for, Section 42 credits, or meets the requirements of  
20 the allocation plan for development or financing of units to be owner-  
21 occupied.

1 (ii) The project has received community support

2 (2) Affordable housing credit allocation for loans or grants for owner-  
3 occupied housing.

4 (A) The Vermont Housing Finance Agency shall have the authority  
5 to allocate affordable housing tax credits to provide funds to make loans or  
6 grants to eligible applicants for affordable owner-occupied housing. An  
7 eligible applicant may apply to the allocating agency for a loan or grant under  
8 this section related to an affordable owner-occupied housing project authorized  
9 by the allocating agency under the allocation plan. In the case of a specific  
10 affordable owner-occupied housing project, the eligible applicants shall also be  
11 the owner or a person having the right to acquire ownership of the unit and  
12 shall apply prior to sale of the unit to the homeowner.

13 (B) The Agency shall require that the loan or grant recipient use such  
14 funds to maintain the unit as an affordable owner-occupied unit or as an  
15 affordable housing source for future owners or buyers.

16 (C) The Agency shall use the proceeds of loans or grants made under  
17 subdivision (b)(2)(A) of this section for future loans or grants to eligible  
18 applicants for affordable owner-occupied housing projects.

19 (D) The Agency may assign its rights under any loan or grant made  
20 under subdivision (b)(2)(A) of this section to any State agency or nonprofit  
21 organization qualifying under 26 U.S.C. § 501(c)(3) so long as such assignee



1 ~~acknowledges and agrees to comply with the provisions of subdivision (b)(2)~~  
2 ~~of this section.~~

3 (5) Down Payment Assistance Program.

4 (A) The Vermont Housing Finance Agency shall have the authority  
5 to allocate affordable housing tax credits to finance down payment assistance  
6 loans that meet the following requirements:

7 (i) the loan is made in connection with a mortgage through an  
8 Agency program;

9 (ii) the borrower is a first-time homebuyer home buyer of an  
10 owner-occupied primary residence; and

11 (iii) the borrower uses the loan for the borrower's down payment  
12 or closing costs, or both.

13 (B) The Agency shall require the borrower to repay the loan upon the  
14 transfer or refinance of the residence.

15 (C) The Agency shall use the proceeds of loans made under the  
16 Program for future down payment assistance.

17 (c) Amount of credit. A taxpayer who makes an eligible cash contribution  
18 shall be entitled to claim against the taxpayer's individual income, corporate,  
19 franchise, captive insurance premium, or insurance premium tax liability a  
20 credit in an amount specified on the taxpayer's credit certificate. The first-

1 ~~year allocation of a credit amount to a taxpayer shall also be deemed an~~

2 allocation of the same amount in each of the following four years.

3 (d) Availability of credit. The amount of affordable housing tax credit

4 ~~allocated with respect to a project~~ set forth on the taxpayer's credit certificate

5 shall be available to the taxpayer every year for five consecutive tax years,

6 beginning with the tax year in which the eligible cash contribution is made.

7 Total tax credits available to the taxpayer shall be the amount of the first-year

8 allocation plus the succeeding four years' deemed allocations.

9 (e) Claim for credit. A taxpayer claiming affordable housing tax credits

10 shall submit with each return on which such credit is claimed ~~a copy of the~~

11 ~~allocating agency's credit allocation to the affordable housing project and the~~

12 ~~taxpayer's credit certificate~~ and with respect to credits issued under

13 subdivision (b)(1), a copy of the allocating agency's credit allocation to the

14 affordable housing project. Any unused affordable housing tax credit may be

15 carried forward to reduce the taxpayer's tax liability for no more than

16 14 succeeding tax years, following the first year the affordable housing tax

17 credit is allowed.

18 ~~(f) [Repealed.]~~

1 ~~(g)(1) In any fiscal year, the allocating agency may award up to:~~

2 (A) \$400,000.00 in total first-year credit allocations to all applicants  
3 for rental housing projects, for an aggregate limit of \$2,000,000.00 over any  
4 given five-year period that credits are available under this subdivision (A);

5 (B) ~~\$300,000.00~~ \$425,000.00 in total first-year credit allocations for  
6 loans or grants for owner-occupied unit financing or down payment loans as  
7 provided in subdivision (b)(2) consistent with the allocation plan, including for  
8 new construction and manufactured housing, for an aggregate limit of  
9 \$1,500,000.00 \$2,125,000.00 over any given five-year period that credits are  
10 available under this subdivision (B).

11 (2) ~~In any fiscal year, total first-year credit allocations under subdivision~~  
12 ~~(1) of this subsection plus succeeding-year deemed allocations shall not exceed~~  
13 ~~\$3,500,000.00~~ If the full amount of first-year credits authorized by an award is  
14 not allocated to a taxpayer, the Agency may reclaim the amount not allocated  
15 and re-award such allocations to other applicants, and such re-awards shall not  
16 be subject to the limits set forth in subdivision (1) of this subsection.

17 (h)(1) In fiscal year 2016 through fiscal year ~~2022~~ 2019, the allocating  
18 agency may award up to \$125,000.00 in total first-year credit allocations for  
19 loans through the Down Payment Assistance Program created in  
20 ~~subdivision (b)(2) of this section.~~

1 ~~(2) In any fiscal year, total first year credit allocations under~~  
2 ~~subdivision (1) of this subsection plus succeeding year deemed allocations~~  
3 ~~shall not exceed \$625,000.00 2020 through fiscal year 2026, the allocating~~  
4 ~~agency may award up to \$250,000.00 in total first-year credit allocations for~~  
5 ~~loans through the Down Payment Assistance Program created in subdivision~~  
6 ~~(b)(3) of this section.~~

7 \* \* \* Downtown Tax Credit Program \* \* \*

8 Sec. 3. 32 V.S.A. chapter 151, subchapter 11J is amended to read:

9 Subchapter 11J. Vermont Downtown and Village Center Tax Credit Program

10 § 5930aa. DEFINITIONS

11 As used in this subchapter:

12 (1) "Qualified applicant" means an owner or lessee of a qualified  
13 building involving a qualified project, but does not include a religious entity  
14 operating with a primarily religious purpose; a State or federal agency or a  
15 political subdivision of either; or an instrumentality of the United States.

16 (2) "Qualified building" means a building built prior to 1983 at least  
17 30 years before the date of application, located within a designated downtown  
18 or village center, which upon completion of the project supported by the tax  
19 credit will be an income-producing building not used solely as a single-family  
20 residence. ~~Churches and other buildings owned by religious organization may~~

1 ~~be qualified buildings, but in no event shall tax credits be used for religious~~  
2 ~~worship.~~

3 (2) "Qualified code ~~or technology~~ improvement project" means a  
4 project:

5 (A)(i) to install or improve platform lifts suitable for transporting  
6 personal mobility devices, limited use/ or limited application elevators,  
7 elevators, sprinkler systems, and capital improvements in a qualified building,  
8 and the installations or improvements are required to bring the building into  
9 compliance with the statutory requirements and rules regarding fire  
10 prevention, life safety, and electrical, plumbing, and accessibility codes as  
11 determined by the Department of Public Safety; ~~or~~

12 (ii) ~~to install or improve data or network wiring, or heating,~~  
13 ~~ventilating, or cooling systems reasonably related to data or network~~  
14 ~~installations or improvements, in a qualified building, provided that a~~  
15 ~~professional engineer licensed under 26 V.S.A. chapter 20 certifies as to the~~  
16 ~~fact and cost of the installation or improvement;~~

17 \* \* \*

18 (7) "Qualified project" means a qualified code ~~or technology~~  
19 improvement, qualified façade improvement, ~~qualified technology~~  
20 infrastructure project, or qualified historic rehabilitation project as defined by  
21 ~~this subchapter.~~

1       ~~(8) "State Board" means the Vermont Downtown Development Board~~  
2       established pursuant to 24 V.S.A. chapter 76A.

3                               \* \* \*

4       § 5930cc. DOWNTOWN AND VILLAGE CENTER PROGRAM TAX

5                       CREDITS

6       (a) Historic rehabilitation tax credit. The qualified applicant of a qualified  
7       historic rehabilitation project shall be entitled, upon the approval of the State  
8       Board, to claim against the taxpayer's State individual income tax, corporate  
9       income tax, or bank franchise or insurance premiums tax liability a credit of  
10      10 percent of qualified rehabilitation expenditures as defined in the Internal  
11      Revenue Code, 26 U.S.C. § 47(c), properly chargeable to the federally  
12      certified rehabilitation.

13      (b) Façade improvement tax credit. The qualified applicant of a qualified  
14      façade improvement project shall be entitled, upon the approval of the State  
15      Board, to claim against the taxpayer's State individual income tax, State  
16      corporate income tax, or bank franchise or insurance premiums tax liability a  
17      credit of 25 percent of qualified expenditures up to a maximum tax credit  
18      of \$25,000.00.

19      (c) Code or technology improvement tax credit. The qualified applicant of  
20      a qualified code or technology improvement project shall be entitled, upon the  
21      approval of the State Board, to claim against the taxpayer's State individual

1 ~~income tax, State corporate income tax, or bank franchise or insurance~~  
2 premiums tax liability a credit of 50 percent of qualified expenditures up to a  
3 maximum tax credit of \$12,000.00 for installation or improvement of a  
4 platform lift, a maximum credit of ~~\$40,000.00~~ \$60,000.00 for the installation  
5 or improvement of a limited use/ or limited application elevator, a maximum  
6 tax credit of ~~\$50,000.00~~ \$75,000.00 for installation or improvement of an  
7 elevator, a maximum tax credit of \$50,000.00 for installation or improvement  
8 of a sprinkler system, ~~a maximum tax credit of \$30,000.00 for the combined~~  
9 ~~costs of installation or improvement of data or network wiring or a heating,~~  
10 ~~ventilating, or cooling system, and a maximum tax credit of \$50,000.00 for the~~  
11 combined costs of all other qualified code improvements.

12 § 5930dd. CLAIMS; AVAILABILITY

13 (a) A taxpayer claiming credit under this subchapter shall submit to the  
14 Department of Taxes with the first return on which a credit is claimed a copy  
15 of the State Board's tax credit allocation.

16 (b) A credit under this subchapter shall be available for the first tax year in  
17 which the qualified project is complete. In the alternative, the State Board  
18 may allocate the credit available under this subchapter and make an allocation  
19 available upon completion of any distinct phase of a qualified project. The  
20 allocation and distinct phases of the qualified project shall be identified in the  
21 ~~application package approved by the State Board.~~

1 ~~(c) If within five three years after the date of the credit allocation to the~~  
2 applicant no claim for tax credit has been filed, the tax credit allocation shall  
3 be rescinded, unless the project has an approved federal application for a  
4 phased (60 month) project pursuant to Treasury Regulation 1.48-12(b)(2)(v),  
5 in which case the credit will not be rescinded until five years from the date of  
6 the credit allocation.

7 \* \* \*

8 § 5930ee. LIMITATIONS

9 Beginning in fiscal year 2010 and thereafter, the State Board may award tax  
10 credits to all qualified applicants under this subchapter, provided that:

11 (1) the total amount of tax credits awarded annually, together with sales  
12 tax reallocated under section 9819 of this title, does not exceed \$2,400,000.00  
13 \$2,600,000.00;

14 \* \* \*

15 \* \* \* Estate Tax; Exclusion Amount \* \* \*

16 Sec. 4. 32 V.S.A. § 7442a(b) is amended to read:

17 (b) The tax shall be computed as follows. The following rates shall be  
18 applied to the Vermont taxable estate:

19 Amount of Vermont Taxable Estate	Rate of Tax
20 <del>Under \$2,750,000.00</del>	<del>None</del>



<del>\$2,750,000.00 or more</del>	<del>16 percent of the excess</del>
	<del>over \$2,750,000.00</del>
<del><u>Under \$4,250,000.00</u></del>	<del><u>None</u></del>
<del><u>\$4,250,000.00 or more</u></del>	<del><u>16 percent of the excess</u></del>
	<del><u>over \$4,250,000.00</u></del>

The resulting amount shall be multiplied by a fraction not greater than one, where the numerator of which is the value of the Vermont gross estate plus the value of gifts under 32 V.S.A. § 7402(14)(C) with a Vermont situs, and the denominator of which is the federal gross estate plus the value of gifts under subdivision 7402(14)(C) of this title.

Sec. 5. 32 V.S.A. § 7442a(b) is amended to read:

(b) The tax shall be computed as follows. The following rates shall be applied to the Vermont taxable estate:

Amount of Vermont Taxable Estate	Rate of Tax
<del><u>Under \$4,250,000.00</u></del>	<del><u>None</u></del>
<del><u>\$4,250,000.00 or more</u></del>	<del><u>16 percent of the excess</u></del>
	<del><u>over \$4,250,000.00</u></del>
<del><u>Under \$5,000,000.00</u></del>	<del><u>None</u></del>
<del><u>\$5,000,000.00 or more</u></del>	<del><u>16 percent of the excess</u></del>
	<del><u>Over \$5,000,000.00</u></del>

1 ~~The resulting amount shall be multiplied by a fraction not greater than one,~~  
2 where the numerator of which is the value of the Vermont gross estate plus the  
3 value of gifts under 32 V.S.A. § 7402(14)(C) with a Vermont situs, and the  
4 denominator of which is the federal gross estate plus the value of gifts under  
5 subdivision 7402(14)(C) of this title.

6 \* \* \* Rooms Tax; Booking Agents \* \* \*

7 Sec. 6. 32 V.S.A. § 9202 is amended to read:

8 § 9202. DEFINITIONS

9 The following words, terms, and phrases when used in this chapter shall  
10 have the meanings ascribed to them in this section unless the context clearly  
11 indicates a different meaning:

12 \* \* \*

13 (4) "Operator" means any person, or his or her agent, operating a hotel,  
14 whether as owner or proprietor or lessee, sublessee, mortgagee, licensee, or  
15 otherwise; and any person, or his or her agent, charging for a taxable meal or  
16 alcoholic beverage; and any person, or his or her agent, engaged in both of the  
17 foregoing activities. The term "operator" shall include booking agents. In the  
18 event that an operator is a corporation or other entity, the term "operator" shall  
19 include any officer or agent of such corporation or other entity who, as an  
20 officer or agent of the corporation, is under a duty to pay the gross receipts tax  
21 ~~to the Commissioner as required by this chapter.~~

\* \* \*

(8) "Rent" means the consideration received for occupancy valued in money, whether received in money or otherwise, including all receipts, cash, credits, and property or services of any kind or nature, and also any amount for which the occupant is liable for the occupancy without any deduction therefrom whatsoever, and any monies received in payment for time-share rights at the time of purchase; provided, however, that such money received shall not be considered rent and thus not taxable if a deeded interest is granted to the purchaser for the time-share rights. The term "rent" shall include all amounts collected by booking agents except the tax required to be collected under this chapter. The term "rent" shall not include rental charges for living quarters, sleeping, or household accommodations to any student necessitated by attendance at a school as defined herein.

\* \* \*

(20) "Booking agent" means a person who facilitates the rental of an occupancy and collects rent for an occupancy and who has the right, access, ability, or authority, through an Internet transaction or any other means, to offer, reserve, book, arrange for, remarket, distribute, broker, resell, or facilitate an occupancy that is subject to the tax under this chapter.

1 ~~Sec. 7-32 V.S.A. § 9271 is amended to read:~~

2 § 9271. LICENSES REQUIRED

3       Each operator prior to commencing business shall register with the  
4 Commissioner each place of business within the State where he or she operates  
5 a hotel or sells taxable meals or alcoholic beverages; provided, however, that  
6 an operator who sells taxable meals through a vending machine shall not be  
7 required to hold a license for each individual machine, and a booking agent  
8 shall not be required to hold a separate license for each property the rental of  
9 that it facilitates. Upon receipt of an application in such form and containing  
10 such information as the Commissioner may require for the proper  
11 administration of this chapter, the Commissioner shall issue without charge a  
12 license for each such place in such form as he or she may determine, attesting  
13 that such registration has been made. No person shall engage in serving  
14 taxable meals or alcoholic beverages or renting hotel rooms without the license  
15 provided in this section. The license shall be nonassignable and  
16 nontransferable and shall be surrendered to the Commissioner if the business is  
17 ~~sold or transferred or if the registrant ceases to do business at the place named.~~

\* \* \* Property Transfer Tax; Controlling Interest \* \* \*

Sec. 8. 32 V.S.A. § 9601 is amended to read:

§ 9601. DEFINITIONS

The following definitions shall apply throughout this chapter unless the context requires otherwise:

\* \* \*

(2) "Person" means every natural person, association, trust, or corporation, partnership, or limited liability company.

\* \* \*

(5) "Transfer" includes a grant, assignment, conveyance, will, trust, decree of court, transfer or acquisition of a direct or indirect controlling interest in any person with title to property, or any other means of transferring title to property or vesting title to property in any person.

(6) "Value" means:

(A) ~~in~~ In the case of any transfer of title to property ~~which~~ that is not a gift and ~~which~~ that is not made for a nominal consideration, the amount of the full actual consideration for such transfer, paid or to be paid, including the amount of any liens or encumbrances on the property existing before the transfer and not removed thereby;

(B) ~~in~~ In the case of a gift, or a transfer for nominal consideration,

~~value~~ means the fair market value of the property transferred.

1 (C) In the case of a controlling interest in any person that has title to  
2 property, the fair market value of the property, apportioned based on the  
3 percentage of the ownership interest transferred or acquired in the person.

4 (D) "Value" shall not include the fair market value of private  
5 alternative energy sources as defined in section 3845 of this title.

6 \* \* \*

7 (12) "Controlling interest" means:

8 (A) In the case of a corporation, either 50 percent or more of the  
9 total combined voting power of all classes of stock of such corporation, or  
10 50 percent or more of the capital, profits, or beneficial interest in such voting  
11 stock of such corporation.

12 (B) In the case of a partnership, association, trust, or other entity,  
13 50 percent or more of the capital, profits, or beneficial interest in such  
14 partnership, association, trust, or other entity.

15 (C) For purposes of the tax imposed pursuant to section 9602 of this  
16 title, all acquisitions of persons acting in concert are aggregated for purposes  
17 of determining whether a transfer or acquisition of a controlling interest has  
18 taken place; provided, however, interests in any partnership, association, or  
19 other entity originally purchased in connection with the federal low-income  
20 housing tax credit program under 26 U.S.C. § 42 shall not be counted in  
21 determining a change in the "controlling interest." The Commissioner shall

~~adopt standards by regulation to determine when persons are acting in concert~~

In adopting a regulation for this purpose, the Commissioner shall consider the following:

(i) Persons must be treated as acting in concert when they have a relationship with each other such that one person influences or controls the actions of another through common ownership.

(ii) When persons are not commonly owned or controlled, they must be treated as acting in concert only when the unity with which the purchasers have negotiated and will consummate the transfer of ownership interest supports a finding that they are acting as a single person. If the acquisitions are completely independent, with each purchaser buying without regard to the identity of the other purchasers, the acquisitions must be considered separate acquisitions.

Sec. 9. 32 V.S.A. § 9602 is amended to read:

§ 9602. TAX ON TRANSFER OF TITLE TO PROPERTY

A tax is hereby imposed upon the transfer ~~by deed~~ of title to property located in this State. The amount of the tax equals one and one-quarter percent of the value of the property transferred, or \$1.00, whichever is greater, except as follows:

1 ~~Sec. 10. 32 V.S.A. § 9603 is amended to read:~~

2 § 9603. EXEMPTIONS

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

4 \* \* \*

5 (6) Transfers to effectuate a mere change of identity or form of  
6 ownership or organization where there is no change in beneficial ownership;

7 \* \* \*

8 (25) Transfer made by a limited liability company to a member in  
9 connection with a complete dissolution of the limited liability company,  
10 pursuant to which transfer no gain or loss is recognized under the Internal  
11 Revenue Code, except where the Commissioner finds that a major purpose of  
12 such dissolution is to avoid the property transfer tax;

13 (26) Transfers of controlling interests in a person with a fee interest in  
14 property if the transfer of the property would qualify for exemption if  
15 accomplished by deed of the property between the parties to the transfer of the  
16 controlling interest.

17 Sec. 11. 32 V.S.A. § 9606(a) is amended to read:

18 (a) A property transfer return complying with this section shall be  
19 delivered to a town clerk;

20 (1) In the case of property transfer by deed, at the time a deed  
21 evidencing a transfer of title to property is delivered to the clerk for recording.



\* \* \*

## § 9607. ACKNOWLEDGMENT OF RETURN AND TAX PAYMENT

Sec. 13. 32 V.S.A. § 9608(a) is amended to read:

(a) Except as to transfers ~~which~~ that are exempt pursuant to subdivision 9005(17) of this title, no town clerk shall record, or receive for recording, any

1 ~~deed or document evidencing the transfer or acquisition of a direct or indirect~~  
2 ~~controlling interest in any person with title to property to which is not attached~~  
3 ~~a properly executed transfer tax return, complete and regular on its face, and a~~  
4 ~~certificate in the form prescribed by the Natural Resources Board and the~~  
5 ~~Commissioner of Taxes that the conveyance of the real property and any~~  
6 ~~development thereon by the seller is in compliance with or exempt from the~~  
7 ~~provisions of 10 V.S.A. chapter 151. The certificate shall indicate whether or~~  
8 ~~not the conveyance creates the partition or division of land. If the conveyance~~  
9 ~~creates a partition or division of land, there shall be appended the current "Act~~  
10 ~~250 Disclosure Statement," required by 10 V.S.A. § 6007. A town clerk who~~  
11 ~~violates this section shall be fined \$50.00 for the first such offense and~~  
12 ~~\$100.00 for each subsequent offense. A person who purposely or knowingly~~  
13 ~~falsifies any statement contained in the certificate required is punishable by~~  
14 ~~fine of not more than \$500.00 or imprisonment for not more than one year, or~~  
15 ~~both.~~

16 Sec. 14. 32 V.S.A. § 9618 is amended to read:

17 § 9618. DUTY TO REPORT STOCK ACQUISITIONS

18 Each person who acquires a controlling interest in a corporation, whether  
19 by one or more than one transfer of stock, shall, if the fair market value of all  
20 real property held in this State by the corporation exceeds \$500,000.00, report  
21 ~~to the Commissioner of Taxes, within 30 days after the acquisition, the fair~~

1 ~~market value of all real property held in this State by the corporation at the~~  
2 ~~time of the acquisition of the controlling interest. As used in this section, a~~  
3 ~~“controlling interest” means 50 percent or more of the total combined voting~~  
4 ~~power of all classes of stock of the corporation.~~

5 \* \* \* Land Gains Tax \* \* \*

6 Sec. 15. 32 V.S.A. § 10002 is amended to read:

7 § 10002. LAND AND RESIDENCES

8 (a) “Land” means all land, whether or not improved, ~~but does not include~~  
9 ~~land not exceeding 10 acres, necessary for the use of a dwelling used by the~~  
10 ~~seller of such land as his or her principal residence that has been purchased and~~  
11 ~~subdivided by the transferor within the six years prior to the sale or exchange~~  
12 ~~of the land. Buildings or other structures are not included in this definition of~~  
13 ~~land. “Land” also means timber or rights to timber when that timber or those~~  
14 ~~timber rights are sold within six years of their purchase, provided the~~  
15 ~~underlying land is also sold within six years. “Underlying land” means the~~  
16 ~~land from which timber or timber rights have been separated, whether~~  
17 ~~subdivided or not. As used in this subsection, the term “subdivision” means a~~  
18 ~~subdivision under local zoning bylaws, or, in a municipality which does not~~  
19 ~~have duly adopted permanent zoning and subdivision bylaws, “subdivision”~~  
20 ~~means a tract or tracts of land, owned or controlled by a person, that the person~~  
21 ~~has partitioned or divided for the purpose of sale or transfer. Subdivision shall~~

1 ~~be deemed to have occurred on the conveyance of the first lot or the filing of a~~  
2 plat, plan, or deed in the town records, whichever first occurs. A subdivision  
3 shall not include a boundary adjustment between adjacent parcels.

4 \* \* \*

5 (p) Also excluded from the definition of "land" is a transfer of  
6 undeveloped land in a Vermont neighborhood or neighborhood development  
7 area, a downtown development district, a village center, a growth center, or a  
8 new town center development district designated under 24 V.S.A. chapter 76A  
9 which is the first transfer of that parcel following the original designation of  
10 the Vermont neighborhood or neighborhood development area.

11 \* \* \*

12 Sec. 16. 32 V.S.A. § 10006(d) is added to read:

13 (d) If the property does not qualify as "land" under subsection 10002(a) of  
14 this chapter, the parties to the transaction are relieved of any obligation to pay  
15 the tax, file a return, or withhold the tax imposed by this chapter. If the  
16 property qualifies as "land" under subsection 10002(a) of this chapter, but an  
17 exclusion is claimed under any of the remaining subsections of section 10002,  
18 the parties to the transaction must still comply with the obligations to pay, file,  
19 and withhold, as specified under this chapter.

\* \* \* Fuel Tax \* \* \*

Sec. 17. 33 V.S.A. § 2503 is amended to read:

§ 2503. FUEL TAX

(a)(1) There is imposed a tax on the retail sale of heating oil, propane, kerosene, and other dyed diesel fuel delivered to a residence or business in Vermont, at the rate of \$0.02 per gallon.

\* \* \*

(d) No tax under this section shall be imposed for any month ending after June 30, 2019 2024.

\* \* \* Healthcare Provisions \* \* \*

Sec. 18. EXTENSION OF HIT-FUND PORTION OF HEALTH CARE

CLAIMS TAX

Notwithstanding any provision of law to the contrary, the health care claims tax established in 32 V.S.A. § 10402 shall remain at 0.999 of one percent of all health insurance claims until July 1, 2020, with the revenue collected in fiscal year 2020 from 0.199 of one percent of the claims being deposited in the Health IT-Fund established in 32 V.S.A. § 10301 and the revenue collected from 0.8 of one percent of the claims being deposited in the General Fund.

1 ~~Sec. 19. 2017 Acts and Resolves No. 73, Sec. 18d is amended to read:~~

2       Sec. 18d. REPEAL

3       33 V.S.A. § 1955a (home health agency assessment) is repealed on July 1,  
4 2019 2021.

5                               \* \* \* Effective Dates \* \* \*

6       Sec. 20. EFFECTIVE DATES

7       This act shall take effect on passage, except for:

8               (1) Secs. 1 (capital gains exclusion), 3 (downtown and village center tax  
9 credit), 4 (estate tax rates), 6–7 (rooms tax), 8–14 (property transfer tax), and  
10 17 (fuel tax) shall take effect on July 1, 2019.

11               (2) Secs. 4 (estate tax exclusion at \$4,250,000.00) and 15–16 (land  
12 gains tax) shall take effect January 1, 2020.

13               (3) Sec. 5 (estate tax exclusion at \$5,000,000.00) shall take effect on  
14 January 1, 20

15       Sec. 1. 32 V.S.A. § 5811 is amended to read:

16       § 5811. DEFINITIONS

17       The following definitions shall apply throughout this chapter unless the  
18 context requires otherwise:

19                               \* \* \*

(21) “Taxable income” means, in the case of an individual, federal adjusted gross income determined without regard to 26 U.S.C. § 168(k) and:

\* \* \*

(B) Decreased by the following items of income (to the extent such income is included in federal adjusted gross income):

\* \* \*

(ii) with respect to adjusted net capital gain income as defined in 26 U.S.C. § 1(h) reduced by the total amount of any qualified dividend income: either the first \$5,000.00 of such adjusted net capital gain income; or 40 percent of adjusted net capital gain income from the sale of assets held by the taxpayer for more than three years, except not adjusted net capital gain income from:

(I) the sale of any real estate or portion of real estate used by the taxpayer as a primary or nonprimary residence; or

(II) the sale of depreciable personal property other than farm property and standing timber; or stocks or bonds publicly traded or traded on an exchange, or any other financial instruments; regardless of whether sold by an individual or business; and provided that the total amount of decrease under this subdivision (21)(B)(ii) shall not exceed 40 percent of federal taxable income or \$350,000.00, whichever is less;

\* \* \*

(28) “Taxable income” means, in the case of an estate or a trust, federal taxable income determined without regard to 26 U.S.C. § 168(k) and:

\* \* \*

(B) decreased by the following items of income:

\* \* \*

(ii) with respect to adjusted net capital gain income as defined in 26 U.S.C. § 1(h), reduced by the total amount of any qualified dividend income: either the first \$5,000.00 of such adjusted net capital gain income; or 40 percent of adjusted net capital gain income from the sale of assets held by the taxpayer for more than three years, except not adjusted net capital gain income from:

(I) the sale of any real estate or portion of real estate used by the taxpayer as a primary or nonprimary residence; or

(II) the sale of depreciable personal property other than farm property and standing timber; or stocks or bonds publicly traded or traded on an exchange, or any other financial instruments; regardless of whether sold by an individual or business; and provided that the total amount of decrease under this subdivision (28)(B)(ii) shall not exceed 40 percent of federal taxable income or \$350,000.00, whichever is less; and



\* \* \* Medical Deduction \* \* \*

\* \* \*

(II) for taxpayers whose filing status under section 5822 of this chapter is head of household, \$9,000.00;

1 (III) for taxpayers whose filing status under section 5822 of  
2 this chapter is married filing joint return or surviving spouse, \$12,000.00;

3 (iii) an additional deduction of \$1,000.00 for each federal  
4 deduction under 26 U.S.C. § 63(f) that the taxpayer qualified for and received;  
5 and

6 (iv) an amount equal to the itemized deduction for medical  
7 expenses taken at the federal level by the taxpayer, under 26 U.S.C. § 213:

8 (I) minus the amount of the Vermont standard deduction  
9 and Vermont personal exemptions taken by the taxpayer under this  
10 subdivision (C); and

11 (II) minus any amount deducted at the federal level that is  
12 attributable to the payment of an entrance fee or recurring monthly payment  
13 made to a continuing care retirement community regulated under 8 V.S.A.  
14 chapter 151, which exceeds the deductibility limits for premiums paid during  
15 the taxable year on qualified long-term care insurance contracts under 26  
16 U.S.C. 213(d)(10)(A).

17 (D) ~~the~~ The dollar amounts of the personal exemption allowed under  
18 subdivision (i) of ~~this subdivision (21)(C)~~ of this subdivision (21), the standard  
19 deduction allowed under subdivision (ii) of ~~this subdivision (21)(C)~~ of this  
20 subdivision (21), and the additional deduction allowed under subdivision (iii)

1 of ~~this~~ subdivision ~~(21)(C)~~ of this subdivision (21) shall be adjusted annually  
2 for inflation by the Commissioner of Taxes beginning with taxable year 2018  
3 by using the Consumer Price Index and the same methodology as used for  
4 adjustments under 26 U.S.C. § 1(f)(3); provided, however, that as used in this  
5 subdivision, “consumer price index” means the last Consumer Price Index for  
6 All Urban Consumers published by the U.S. Department of Labor.

7 \* \* \* Tax Credit Affordable Housing; Down Payment Assistance \* \* \*

8 Sec. 3. 32 V.S.A. § 5930u is amended to read:

9 § 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

10 (a) As used in this section:

11 (1) “Affordable housing project” or “project” means:

12 (A) a rental housing project identified in 26 U.S.C. § 42(g); or

13 (B) owner-occupied housing identified in 26 U.S.C. § 143 (c)(1) or  
14 that qualifies under Vermont Housing Finance Agency criteria governing  
15 owner-occupied housing.

16 (2) “Affordable housing tax credits” means the tax credit provided by  
17 this subchapter.

18 (3) “Allocating agency” or “Agency” means the Vermont Housing  
19 Finance Agency.

1           (4) “Committee” means the Joint Committee on Tax Credits consisting  
2           of five members: a representative from the Department of Housing and  
3           Community Affairs Development, the Vermont Housing and Conservation  
4           Board, the Vermont Housing Finance Agency, the Vermont State Housing  
5           Authority, and the Office of the Governor.

6           (5) “Credit certificate” means a certificate issued by the allocating  
7           agency to a taxpayer that specifies the amount of affordable housing tax credits  
8           that can be applied against the taxpayer’s individual or corporate income tax,  
9           or franchise, captive insurance premium, or insurance premium tax liability as  
10          provided in this subchapter.

11          (6) “Eligible applicant” means any municipality, ~~private-sector~~  
12          ~~developer~~, State agency as defined in 10 V.S.A. § 6301a, the Vermont Housing  
13          Finance Agency, a for-profit organization, or a nonprofit organization  
14          qualifying under 26 U.S.C. § 501(c)(3) or cooperative housing organization,  
15          the purpose of which is to create and retain affordable housing for Vermonters  
16          with lower income and ~~which~~ that has in its bylaws a requirement that the  
17          housing the organization creates be maintained as affordable housing for  
18          Vermonters with lower income on a perpetual basis or that meets the  
19          application requirements of the allocation plan.

20          (7) “Eligible cash contribution” means an amount of cash;

1           (A) contributed to the owner, developer, or sponsor of an affordable  
2           housing project and determined by the allocating agency as eligible for  
3           affordable housing tax credits; or

4           (B) paid to the Agency in connection with the purchase of affordable  
5           housing tax credits.

6           (8) “Section 42 credits” means tax credit provided by 26 U.S.C.  
7           §§ 38 and 42.

8           (9) “Allocation plan” means the plan recommended by the Committee  
9           and approved by the Vermont Housing Finance Agency, which sets forth the  
10          eligibility requirements and process for selection of eligible rental housing  
11          projects to receive affordable housing tax credits and eligible owner-occupied  
12          housing projects to receive loans or grants under this section. The allocation  
13          plan shall include:

14          (A) requirements for creation and retention of affordable housing for  
15          persons with low income; and

16          (B) requirements to ensure that eligible rental housing is maintained  
17          as affordable by subsidy covenant, as defined in 27 V.S.A. § 610 on a  
18          perpetual basis and that eligible owner-occupied housing or program funds for  
19          owner-occupied housing remain as an affordable housing source for future

1 owners or buyers, and meets all other requirements of the Vermont Housing  
2 Finance Agency related to affordable housing.

3 (10) “Taxpayer” means a taxpayer who makes an eligible cash  
4 contribution or the assignee or transferee of or successor to such taxpayer as  
5 determined by the Department of Taxes.

6 (b) Eligible tax credit allocations.

7 (1) Affordable housing credit allocation for rental housing.

8 (A) An eligible applicant may apply to the allocating agency for an  
9 allocation of affordable rental housing tax credits under this section related to  
10 an affordable housing project authorized by the allocating agency under the  
11 allocation plan. In the case of a specific affordable rental housing project,  
12 the eligible applicant shall also be the owner or a person having the right to  
13 acquire ownership of the building and shall apply prior to placement of the  
14 affordable housing project in service. ~~In the case of owner-occupied housing~~  
15 ~~units, the applicant shall ensure that the allocated housing or program funds~~  
16 ~~remain as an affordable housing resource for future owners.~~ The allocating  
17 agency shall issue a letter of approval if it finds that the applicant meets the  
18 priorities, criteria, and other provisions of subdivision (B) of this  
19 subdivision (b)(1) The burden of proof shall be on the applicant.

1           (B) Upon receipt of a completed application, the allocating agency  
2           shall award an allocation of affordable housing tax credits with respect to a  
3           project to an applicant, provided the applicant demonstrates to the satisfaction  
4           of the allocating agency all of the following:

5                   (i) The owner of the project has received from the allocating  
6           agency a binding commitment for, a reservation or allocation of, or an out-of-  
7           cap determination letter for, Section 42 credits, or meets the requirements of  
8           the allocation plan ~~for development or financing of units to be owner-~~  
9           ~~occupied.~~

10                   (ii) The project has received community support.

11           (2) Affordable housing credit allocation for loans or grants for owner-  
12           occupied housing.

13           (A) The Vermont Housing Finance Agency shall have the authority  
14           to allocate affordable housing tax credits to provide funds to make loans or  
15           grants to eligible applicants for affordable owner-occupied housing. An  
16           eligible applicant may apply to the allocating agency for a loan or grant under  
17           this section related to an affordable owner-occupied housing project authorized  
18           by the allocating agency under the allocation plan. In the case of a specific  
19           affordable owner-occupied housing project, the eligible applicants shall also be

1 the owner or a person having the right to acquire ownership of the unit and  
2 shall apply prior to sale of the unit to the homeowner.

3 (B) The Agency shall require that the loan or grant recipient use such  
4 funds to maintain the unit as an affordable owner-occupied unit or as an  
5 affordable housing source for future owners or buyers.

6 (C) The Agency shall use the proceeds of loans or grants made under  
7 subdivision (b)(2)(A) of this section for future loans or grants to eligible  
8 applicants for affordable owner-occupied housing projects.

9 (D) The Agency may assign its rights under any loan or grant made  
10 under subdivision (b)(2)(A) of this section to the Vermont Housing and  
11 Conservation Board or any State agency or nonprofit organization qualifying  
12 under 26 U.S.C. § 501(c)(3) provided such assignee acknowledges and agrees  
13 to comply with the provisions of subdivision (b)(2) of this section.

14 (3) Down Payment Assistance Program.

15 (A) The Vermont Housing Finance Agency shall have the authority  
16 to allocate affordable housing tax credits to finance down payment assistance  
17 loans that meet the following requirements:

18 (i) the loan is made in connection with a mortgage through an  
19 Agency program;



1                   (ii) the borrower is a first-time ~~homebuyer~~ home buyer of an  
2 owner-occupied primary residence; and

3                   (iii) the borrower uses the loan for the borrower's down payment  
4 or closing costs, or both.

5                   (B) The Agency shall require the borrower to repay the loan upon the  
6 transfer or refinance of the residence.

7                   (C) The Agency shall use the proceeds of loans made under the  
8 Program for future down payment assistance.

9                   (c) Amount of credit. A taxpayer ~~who makes an eligible cash contribution~~  
10 shall be entitled to claim against the taxpayer's individual income, corporate,  
11 franchise, captive insurance premium, or insurance premium tax liability a  
12 credit in an amount specified on the taxpayer's credit certificate. The first-  
13 year allocation of a credit amount to a taxpayer shall also be deemed an  
14 allocation of the same amount in each of the following four years.

15                   (d) Availability of credit. The amount of affordable housing tax credit  
16 ~~allocated with respect to a project~~ set forth on the taxpayer's credit certificate  
17 shall be available to the taxpayer every year for five consecutive tax years,  
18 beginning with the tax year in which the eligible cash contribution is made.  
19 Total tax credits available to the taxpayer shall be the amount of the first-year  
20 allocation plus the succeeding four years' deemed allocations.

1 (e) Claim for credit. A taxpayer claiming affordable housing tax credits  
2 shall submit with each return on which such credit is claimed ~~a copy of the~~  
3 ~~allocating agency's credit allocation to the affordable housing project and the~~  
4 taxpayer's credit certificate and with respect to credits issued under  
5 subdivision (b)(1), a copy of the allocating agency's credit allocation to the  
6 affordable housing project. Any unused affordable housing tax credit may be  
7 carried forward to reduce the taxpayer's tax liability for no more than  
8 14 succeeding tax years, following the first year the affordable housing tax  
9 credit is allowed.

10 (f) [Repealed.]

11 (g)(1) In any fiscal year, the allocating agency may award up to:

12 (A) \$400,000.00 in total first-year credit allocations to all applicants  
13 for rental housing projects, for an aggregate limit of \$2,000,000.00 over any  
14 given five-year period that credits are available under this subdivision (A);

15 (B) ~~\$300,000.00~~ \$425,000.00 in total first-year credit allocations for  
16 loans or grants for owner-occupied unit financing or down payment loans as  
17 provided in subdivision (b)(2) of this section consistent with the allocation  
18 plan, including for new construction and manufactured housing, for an  
19 aggregate limit of ~~\$1,500,000.00~~ \$2,125,000.00 over any given five-year  
20 period that credits are available under this subdivision (B).

1           (2) ~~In any fiscal year, total first-year credit allocations under subdivision~~  
2           ~~(1) of this subsection plus succeeding-year deemed allocations shall not exceed~~  
3           ~~\$3,500,000.00~~ If the full amount of first-year credits authorized by an award  
4           are not allocated to a taxpayer, the Agency may reclaim the amount not  
5           allocated and re-award such allocations to other applicants, and such re-awards  
6           shall not be subject to the limits set forth in subdivision (1) of this subsection.

7           (h)(1) In fiscal year 2016 through fiscal year ~~2022~~ 2019, the allocating  
8           agency may award up to \$125,000.00 in total first-year credit allocations for  
9           loans through the Down Payment Assistance Program created in  
10          subdivision (b)(2) of this section.

11          (2) In any fiscal year, ~~total first-year credit allocations under~~  
12          ~~subdivision (1) of this subsection plus succeeding-year deemed allocations~~  
13          ~~shall not exceed \$625,000.00~~ 2020 through fiscal year 2026, the allocating  
14          agency may award up to \$250,000.00 in total first-year credit allocations for  
15          loans through the Down Payment Assistance Program created in subdivision  
16          (b)(3) of this section.

17                               \* \* \* Downtown Tax Credit Program \* \* \*

18          Sec. 4. 32 V.S.A. chapter 151, subchapter 11J is amended to read:

19               Subchapter 11J. Vermont Downtown and Village Center Tax Credit Program

20          § 5930aa. DEFINITIONS

1 As used in this subchapter:

2 (1) “Qualified applicant” means an owner or lessee of a qualified  
3 building involving a qualified project, but does not include a religious entity  
4 ~~operating with a primarily religious purpose~~; a State or federal agency or a  
5 political subdivision of either; or an instrumentality of the United States.

6 (2) “Qualified building” means a building built ~~prior to 1983~~ at least  
7 30 years before the date of application, located within a designated downtown  
8 or village center, which upon completion of the project supported by the tax  
9 credit will be an income-producing building not used solely as a single-family  
10 residence. Churches and other buildings owned by religious organization may  
11 be qualified buildings, but in no event shall tax credits be used for religious  
12 worship.

13 (3) “Qualified code ~~or technology~~ improvement project” means a  
14 project:

15 (A)(i) to install or improve platform lifts suitable for transporting  
16 personal mobility devices, limited use/ or limited application elevators,  
17 elevators, sprinkler systems, and capital improvements in a qualified building,  
18 and the installations or improvements are required to bring the building into  
19 compliance with the statutory requirements and rules regarding fire

1 prevention, life safety, and electrical, plumbing, and accessibility codes as  
2 determined by the Department of Public Safety; or

3 ~~(ii) to install or improve data or network wiring, or heating,~~  
4 ~~ventilating, or cooling systems reasonably related to data or network~~  
5 ~~installations or improvements, in a qualified building, provided that a~~  
6 ~~professional engineer licensed under 26 V.S.A. chapter 20 certifies as to the~~  
7 ~~fact and cost of the installation or improvement;~~

8 \* \* \*

9 (7) “Qualified project” means a qualified code or technology  
10 improvement, qualified façade improvement, ~~qualified technology~~  
11 ~~infrastructure project,~~ or qualified historic rehabilitation project as defined by  
12 this subchapter.

13 (8) “State Board” means the Vermont Downtown Development Board  
14 established pursuant to 24 V.S.A. chapter 76A.

15 \* \* \*

16 § 5930cc. DOWNTOWN AND VILLAGE CENTER PROGRAM TAX

17 CREDITS

18 (a) Historic rehabilitation tax credit. The qualified applicant of a qualified  
19 historic rehabilitation project shall be entitled, upon the approval of the State  
20 Board, to claim against the taxpayer’s State individual income tax, corporate

1 income tax, or bank franchise or insurance premiums tax liability a credit of  
2 10 percent of qualified rehabilitation expenditures as defined in the Internal  
3 Revenue Code, 26 U.S.C. § 47(c), properly chargeable to the federally  
4 certified rehabilitation.

5 (b) Façade improvement tax credit. The qualified applicant of a qualified  
6 façade improvement project shall be entitled, upon the approval of the State  
7 Board, to claim against the taxpayer's State individual income tax, State  
8 corporate income tax, or bank franchise or insurance premiums tax liability a  
9 credit of 25 percent of qualified expenditures up to a maximum tax credit  
10 of \$25,000.00.

11 (c) Code or technology improvement tax credit. The qualified applicant of  
12 a qualified code or technology improvement project shall be entitled, upon the  
13 approval of the State Board, to claim against the taxpayer's State individual  
14 income tax, State corporate income tax, or bank franchise or insurance  
15 premiums tax liability a credit of 50 percent of qualified expenditures up to a  
16 maximum tax credit of \$12,000.00 for installation or improvement of a  
17 platform lift, a maximum credit of ~~\$40,000.00~~ \$60,000.00 for the installation  
18 or improvement of a limited use/ or limited application elevator, a maximum  
19 tax credit of ~~\$50,000.00~~ \$75,000.00 for installation or improvement of an  
20 elevator, a maximum tax credit of \$50,000.00 for installation or improvement  
21 of a sprinkler system, a ~~maximum tax credit of \$30,000.00 for the combined~~

1 ~~costs of installation or improvement of data or network wiring or a heating,~~  
2 ~~ventilating, or cooling system,~~ and a maximum tax credit of \$50,000.00 for the  
3 combined costs of all other qualified code improvements.

4 § 5930dd. CLAIMS; AVAILABILITY

5 (a) A taxpayer claiming credit under this subchapter shall submit to the  
6 Department of Taxes with the first return on which a credit is claimed a copy  
7 of the State Board's tax credit allocation.

8 (b) A credit under this subchapter shall be available for the first tax year in  
9 which the qualified project is complete. In the alternative, the State Board  
10 may allocate the credit available under this subchapter and make an allocation  
11 available upon completion of any distinct phase of a qualified project. The  
12 allocation and distinct phases of the qualified project shall be identified in the  
13 application package approved by the State Board.

14 (c) If within ~~five~~ three years after the date of the credit allocation to the  
15 applicant no claim for tax credit has been filed, the tax credit allocation shall  
16 be rescinded, unless the project has an approved federal application for a  
17 phased (60 month) project pursuant to Treasury Regulation 1.48-12(b)(2)(v),  
18 in which case the credit will not be rescinded until five years from the date of  
19 the credit allocation.

1 § 5930ee. LIMITATIONS

2 Beginning in fiscal year 2010 and thereafter, the State Board may award tax  
3 credits to all qualified applicants under this subchapter, provided that:

4 (1) the total amount of tax credits awarded annually, together with sales  
5 tax reallocated under section 9819 of this title, does not exceed ~~\$2,400,000.00~~  
6 \$2,600,000.00;

7 \* \* \*

8 \* \* \* Estate Tax; Exclusion Amount \* \* \*

9 Sec. 5. 32 V.S.A. § 7442a(b) is amended to read:

10 (b) The tax shall be computed as follows. The following rates shall be  
11 applied to the Vermont taxable estate:

12	Amount of Vermont Taxable Estate	Rate of Tax
13	<del>Under \$2,750,000.00</del>	<del>None</del>
14	<del>\$2,750,000.00 or more</del>	<del>16 percent of the excess</del>
15		<del>over \$2,750,000.00</del>
16	<u>Under \$4,250,000.00</u>	<u>None</u>
17	<u>\$4,250,000.00 or more</u>	<u>16 percent of the excess</u>
18		<u>over \$4,250,000.00</u>



The resulting amount shall be multiplied by a fraction not greater than one, where the numerator of which is the value of the Vermont gross estate plus the value of gifts under 32 V.S.A. § 7402(14)(C) with a Vermont situs, and the denominator of which is the federal gross estate plus the value of gifts under subdivision 7402(14)(C) of this title.

Sec. 6. 32 V.S.A. § 7442a(b) is amended to read:

(b) The tax shall be computed as follows. The following rates shall be applied to the Vermont taxable estate:

Amount of Vermont Taxable Estate	Rate of Tax
<del>Under \$4,250,000.00</del>	<del>None</del>
<del>\$4,250,000.00 or more</del>	<del>16 percent of the excess</del>
	<del>over \$4,250,000.00</del>
<u>Under \$5,000,000.00</u>	<u>None</u>
<u>\$5,000,000.00 or more</u>	<u>16 percent of the excess</u>
	<u>over \$5,000,000.00</u>

The resulting amount shall be multiplied by a fraction not greater than one, where the numerator of which is the value of the Vermont gross estate plus the value of gifts under 32 V.S.A. § 7402(14)(C) with a Vermont situs, and the denominator of which is the federal gross estate plus the value of gifts under subdivision 7402(14)(C) of this title.

\* \* \* Rooms Tax; Booking Agents \* \* \*

Sec. 7. 32 V.S.A. § 9202 is amended to read:

§ 9202. DEFINITIONS

The following words, terms, and phrases when used in this chapter shall have the meanings ascribed to them in this section unless the context clearly indicates a different meaning:

\* \* \*

(4) “Operator” means any person, or his or her agent, operating a hotel, whether as owner or proprietor or lessee, sublessee, mortgagee, licensee, or otherwise; and any person, or his or her agent, charging for a taxable meal or alcoholic beverage; and any person, or his or her agent, engaged in both of the foregoing activities. The term “operator” shall include booking agents. In the event that an operator is a corporation or other entity, the term “operator” shall include any officer or agent of such corporation or other entity who, as an officer or agent of the corporation, is under a duty to pay the gross receipts tax to the Commissioner as required by this chapter.

\* \* \*

(8) “Rent” means the consideration received for occupancy valued in money, whether received in money or otherwise, including all receipts, cash, credits, and property or services of any kind or nature, and also any amount for

1 which the occupant is liable for the occupancy without any deduction  
2 therefrom whatsoever; and any monies received in payment for time-share  
3 rights at the time of purchase; provided, however, that such money received  
4 shall not be considered rent and thus not taxable if a deeded interest is granted  
5 to the purchaser for the time-share rights. The term “rent” shall include all  
6 amounts collected by booking agents except the tax required to be collected  
7 under this chapter. The term “rent” shall not include rental charges for living  
8 quarters, sleeping, or household accommodations to any student necessitated  
9 by attendance at a school as defined herein.

10 \* \* \*

11 (20) “Booking agent” means a person who facilitates the rental of an  
12 occupancy and collects rent for an occupancy and who has the right, access,  
13 ability, or authority, through an Internet transaction or any other means, to  
14 offer, reserve, book, arrange for, remarket, distribute, broker, resell, or  
15 facilitate an occupancy that is subject to the tax under this chapter.

16 Sec. 8. 32 V.S.A. § 9271 is amended to read:

17 § 9271. LICENSES REQUIRED

18 Each operator prior to commencing business shall register with the  
19 Commissioner each place of business within the State where he or she operates  
20 a hotel or sells taxable meals or alcoholic beverages; provided, however, that

1 an operator who sells taxable meals through a vending machine shall not be  
2 required to hold a license for each individual machine, and a booking agent  
3 shall not be required to hold a separate license for each property the rental of  
4 that it facilitates. Upon receipt of an application in such form and containing  
5 such information as the Commissioner may require for the proper  
6 administration of this chapter, the Commissioner shall issue without charge a  
7 license for each such place in such form as he or she may determine, attesting  
8 that such registration has been made. No person shall engage in serving  
9 taxable meals or alcoholic beverages or renting hotel rooms without the license  
10 provided in this section. The license shall be nonassignable and  
11 nontransferable and shall be surrendered to the Commissioner if the business is  
12 sold or transferred or if the registrant ceases to do business at the place named.

13 \* \* \* Property Transfer Tax; Controlling Interest \* \* \*

14 Sec. 9. 32 V.S.A. § 9601 is amended to read:

15 § 9601. DEFINITIONS

16 The following definitions shall apply throughout this chapter unless the  
17 context requires otherwise:

18 \* \* \*

19 (2) "Person" means every natural person, association, trust, ~~or~~  
20 corporation, partnership, limited liability company, or other legal entity.

\* \* \*

(5) “Transfer” includes a grant, assignment, conveyance, will, trust, decree of court, transfer or acquisition of a direct or indirect controlling interest in any person with title to property, or any other means of transferring title to property or vesting title to property in any person.

(6) “Value” means:

(A) ~~in~~ In the case of any transfer of title to property ~~which~~ that is not a gift and ~~which~~ that is not made for a nominal or no consideration, the amount of the full actual consideration for such transfer, paid or to be paid, including the amount of any liens or encumbrances on the property existing before the transfer and not removed thereby;

(B) ~~in~~ In the case of a gift, or a transfer for nominal or no consideration, “value” means the fair market value of the property transferred.

(C) In the case of a controlling interest in any person that has title to property, the fair market value of the property, apportioned based on the percentage of the ownership interest transferred or acquired in the person.

(D) “Value” shall not include the fair market value of private alternative energy sources as defined in section 3845 of this title.

\* \* \*

(12) “Controlling interest” means:

1           (A) In the case of a corporation, either 50 percent or more of the  
2           total combined voting power of all classes of stock of such corporation, or  
3           50 percent or more of the capital, profits, or beneficial interest in such voting  
4           stock of such corporation.

5           (B) In the case of a partnership, limited liability company,  
6           association, trust, or other entity, 50 percent or more of the capital, profits, or  
7           beneficial interest in such partnership, limited liability company, association,  
8           trust, or other entity.

9           (C) For purposes of the tax imposed pursuant to section 9602 of this  
10          title, all acquisitions of persons acting in concert are aggregated for purposes  
11          of determining whether a transfer or acquisition of a controlling interest has  
12          taken place; provided, however, interests in any partnership, limited liability  
13          company, association, or other entity originally purchased in connection with  
14          the federal low-income housing tax credit program under 26 U.S.C. § 42 shall  
15          not be counted in determining a change in the “controlling interest.” The  
16          Commissioner shall adopt standards by regulation to determine when persons  
17          are acting in concert. In adopting a regulation for this purpose, the  
18          Commissioner shall consider the following:

19               (i) Persons must be treated as acting in concert when they have a  
20               relationship with each other such that one person influences or controls the  
21               actions of another through common ownership.

(ii) When persons are not commonly owned or controlled, they must be treated as acting in concert only when the unity with which the purchasers have negotiated and will consummate the transfer of ownership interest supports a finding that they are acting as a single person. If the acquisitions are completely independent, with each purchaser buying without regard to the identity of the other purchasers, the acquisitions must be considered separate acquisitions.

Sec. 10. 32 V.S.A. § 9602 is amended to read:

## § 9602. TAX ON TRANSFER OF TITLE TO PROPERTY

A tax is hereby imposed upon the transfer by deed of title to property located in this State, or a transfer or acquisition of a controlling interest in any person with title to property in this State. The amount of the tax equals one and one-quarter percent of the value of the property transferred, or \$1.00, whichever is greater, except as follows:

\* \* \*

Sec. 11. 32 V.S.A. § 9603 is amended to read:

## § 9603. EXEMPTIONS

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

\* \* \*





1 return complying with this section shall be delivered to the Commissioner  
2 within 30 days after the transfer or acquisition.

3 \* \* \*

4 (e)(1) In the case of property transferred by deed, The the Commissioner of  
5 Taxes is authorized to disclose to any person any information appearing on a  
6 property transfer tax return, including statistical information derived  
7 therefrom, and such information derived from research into information  
8 appearing on property transfer tax returns as is necessary to determine if the  
9 property being transferred is subject to 10 V.S.A. chapter 151, except the  
10 Commissioner shall not disclose the Social Security number, federal  
11 identification number, e-mail address, or telephone number of any person  
12 pursuant to this subsection.

13 (2) In the case of transfer or acquisition of a controlling interest in a  
14 person with title to property for which a deed is not given, the return submitted  
15 to the Commissioner shall be treated as a tax return and tax return information  
16 under 32 V.S.A. § 3102.

17 Sec. 13. 32 V.S.A. § 9607 is amended to read:

18 § 9607. ACKNOWLEDGMENT OF RETURN AND TAX PAYMENT

19 Upon the receipt by a town clerk of a property transfer return and certificate  
20 and the fee required under subdivision 1671(a)(6) of this title, the clerk shall

1       forthwith mail or otherwise deliver to the transferee of title to property with  
2       respect to which such return was filed a signed and written acknowledgment of  
3       the receipt of that return and certificate. A copy of that acknowledgment, or  
4       any other form of acknowledgment approved by the Commissioner, shall be  
5       affixed to the deed evidencing the transfer of property or the document  
6       evidencing the transfer or acquisition of a direct or indirect controlling interest  
7       in any person with title to property with respect to which the return and  
8       certificate was filed. The acknowledgment so affixed to a deed or document,  
9       however, shall not disclose the amount of tax paid with respect to any return or  
10      transfer.

11      Sec. 14. 32 V.S.A. § 9608(a) is amended to read:

12           (a) Except as to transfers ~~which~~ that are exempt pursuant to subdivision  
13      9603(17) of this title, no town clerk shall record, or receive for recording, any  
14      deed or document evidencing the transfer or acquisition of a direct or indirect  
15      controlling interest in any person with title to property to which is not attached  
16      a properly executed transfer tax return, complete and regular on its face, and a  
17      certificate in the form prescribed by the Natural Resources Board and the  
18      Commissioner of Taxes that the conveyance of the real property and any  
19      development thereon by the seller is in compliance with or exempt from the  
20      provisions of 10 V.S.A. chapter 151. The certificate shall indicate whether or  
21      not the conveyance creates the partition or division of land. If the conveyance

1 creates a partition or division of land, there shall be appended the current  
2 “Act 250 Disclosure Statement,” required by 10 V.S.A. § 6007. A town clerk  
3 who violates this section shall be fined \$50.00 for the first such offense and  
4 \$100.00 for each subsequent offense. A person who purposely or knowingly  
5 falsifies any statement contained in the certificate required is punishable by  
6 fine of not more than \$500.00 or imprisonment for not more than one year, or  
7 both.

8 Sec. 15. 32 V.S.A. § 9618 is amended to read:

9 § 9618. DUTY TO REPORT STOCK ACQUISITIONS

10 Each person who acquires a controlling interest in a corporation, whether  
11 by one or more than one transfer of stock, shall, if the fair market value of all  
12 real property held in this State by the corporation exceeds \$500,000.00, report  
13 to the Commissioner of Taxes, within 30 days after the acquisition, the fair  
14 market value of all real property held in this State by the corporation at the  
15 time of the acquisition of the controlling interest. ~~As used in this section, a~~  
16 ~~“controlling interest” means 50 percent or more of the total combined voting~~  
17 ~~power of all classes of stock of the corporation.~~

18 \* \* \* Land Gains Tax \* \* \*

19 Sec. 16. 32 V.S.A. § 10002 is amended to read:

20 § 10002. LAND AND RESIDENCES

(p) Also excluded from the definition of “land” is a transfer of undeveloped land in a Vermont neighborhood or neighborhood development area, a downtown development district, a village center, a growth center, or a new town center development district designated under 24 V.S.A. chapter 76A

1 ~~which is the first transfer of that parcel following the original designation of~~  
2 ~~the Vermont neighborhood or neighborhood development area.~~

3 \* \* \*

4 Sec. 17. 32 V.S.A. § 10006(d) is added to read:

5 (d) If the property does not qualify as “land” under subsection 10002(a) of  
6 this chapter, the parties to the transaction are relieved of any obligation to pay  
7 the tax, file a return, or withhold the tax imposed by this chapter. If the  
8 property qualifies as “land” under subsection 10002(a) of this chapter, but an  
9 exclusion is claimed under any of the remaining subsections of section 10002,  
10 the parties to the transaction must still comply with the obligations to pay, file,  
11 and withhold, as specified under this chapter.

12 \* \* \* Fuel Tax \* \* \*

13 Sec. 18. 33 V.S.A. § 2503 is amended to read:

14 § 2503. FUEL TAX

15 (a)(1) There is imposed a tax on the retail sale of heating oil, propane,  
16 kerosene, and other dyed diesel fuel delivered ~~to a residence or business in~~  
17 Vermont, at the rate of \$0.02 per gallon.

18 \* \* \*

1 (d) No tax under this section shall be imposed for any month ending after  
2 June 30, ~~2019~~ 2024.

3 \* \* \* Healthcare Provisions \* \* \*

4 Sec. 19. 2019 Acts and Resolves No. 6, Sec. 105 is amended to read:

5 Sec. 105. EFFECTIVE DATES

6 \* \* \*

7 (b) Sec. 73 (further amending 32 V.S.A. § 10402) shall take effect on  
8 July 1, ~~2019~~ 2021.

9 \* \* \*

10 Sec. 20. REPEAL OF ORIGINAL HEALTH CARE CLAIMS TAX

11 HEALTH IT-FUND REVENUE SUNSET

12 2013 Acts and Resolves No. 73, Sec. 53 (Health IT-Fund sunset) is  
13 repealed.

14 Sec. 21. 2013 Acts and Resolves No. 73, Sec. 60(10), as amended by  
15 2017 Acts and Resolves No. 73, Sec. 14 and 2018 Acts and Resolves No. 187,  
16 Sec. 5, is further amended to read:

17 (10) Secs. 48–51 (health claims tax) shall take effect on July 1, 2013  
18 and Sec. 52 and 53 (health claims tax revenue; Health IT-Fund; sunset) shall  
19 take effect on July 1, ~~2019~~ 2021.

\* \* \* Repeal \* \* \*

Sec. 22. 2017 Acts and Resolves No. 73, Sec. 18d is amended to read:

Sec. 18d. REPEAL

33 V.S.A. § 1955a (home health agency assessment) is repealed on July 1,  
~~2019~~ 2021.

\* \* \* Outreach \* \* \*

Sec. 23. OUTREACH ON ISSUES RELATED TO TAXING PREWRITTEN  
SOFTWARE ACCESSED REMOTELY

The Tax Department shall develop and implement a program of outreach  
and education for the technology sector to focus on information related to the  
current sales tax exemption for prewritten software accessed remotely and on  
industry responsibilities under current law and under a possible repeal of the  
exemption.

\* \* \* Effective Dates \* \* \*

Sec. 24. EFFECTIVE DATES

This act shall take effect on passage, except for:

(1) Sec. 1 (capital gains exclusion) shall take effect on July 1, 2019 and  
apply to the sales of assets on or after that date.

1           (2) Notwithstanding 1 V.S.A. § 214, Sec. 2 (medical deduction) shall  
2           take effect retroactively on January 1, 2019 and apply to taxable year 2019 and  
3           after.

4           (3) Secs. 4 (downtown and village center tax credit), 7–8 (rooms tax),  
5           9–15 (property transfer tax), and 18 (fuel tax) shall take effect on July 1, 2019.

6           (4) Sec. 5 (estate tax exclusion at \$4,250,000.00) shall take effect on  
7           January 1, 2020 and apply to estates of decedents with a date of death on or  
8           after that date.

9           (5) Sec. 6 (estate tax exclusion at \$5,000,000.00) shall take effect on  
10          January 1, 2021 and apply to estates of decedents with a date of death on or  
11          after that date.

12          (6) Secs. 16–17 (land gains tax) shall take effect on January 1, 2020 and  
13          apply to gains from sales made on or after that date.