

1 H.763

2 Introduced by Committee on Ways and Means

3 Date:

4 Subject: Taxation; education property tax; billing and collection

5 Statement of purpose: This bill proposes to have the department of taxes bill
6 and collect the statewide education property tax.

7 An act relating to the billing and collection of the statewide education
8 property tax by the department of taxes

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

10 Sec. 1. LEGISLATIVE INTENT

11 It is the intent of the general assembly that:

12 (1) The department of taxes shall bill and collect the statewide education
13 property tax in 32 V.S.A. chapter 135 beginning in fiscal year 2015.

14 (2) The billing and collection of the statewide education property tax by
15 the department of taxes will:

16 (A) strengthen the privacy of taxpayer income information;

17 (B) streamline the billing and collection process;

18 (C) simplify the flow of education payments to school districts;

19 (D) increase transparency, uniformity, and consistency for taxpayers
20 and municipal officials;

1 (E) eliminate the need for municipalities to issue corrected tax bills;

2 (F) ease the reconciliation of municipal accounts;

3 (G) mitigate municipal tax losses related to exemptions and share

4 losses and expenses related to valuation appeals;

5 (H) ensure a cost-effective property tax system design and

6 transition; and

7 (I) clarify the connection between local spending decisions and local

8 property tax rates.

9 Sec. 2. ADDENDUM TO DEPARTMENT OF TAXES' FEASIBILITY

10 STUDY

11 The department of taxes shall prepare an addendum to the feasibility study,
12 required by the general assembly by Sec. 45 of No. 160 of the Acts of the 2009
13 Adj. Sess. (2010), as amended by Sec. 6 of No. 45 of the Acts of 2011, that
14 identifies and addresses any outstanding technical issues that need to be
15 resolved with the department's billing and collection of the statewide
16 education property tax. The addendum shall be submitted to the joint fiscal
17 committee, the senate committee on finance, and the house committee on ways
18 and means on or before December 1, 2012. The addendum to the original
19 study shall:

20 (1) assume that the collection of delinquent education taxes shall remain
21 the responsibility of municipal treasurers and tax collectors;

1 (2) consider the feasibility of allowing voluntary withholding of the
2 education tax on wage and tax statements or quarterly payments of the state
3 income tax;

4 (3) consider the feasibility of using current-year household income to
5 determine the tax liability of taxpayers eligible to pay the statewide education
6 property tax based on household income, and determine whether this could
7 simplify the tax bill and restore the link between current-year spending and
8 education tax rates;

9 (4) include an estimate of the fiscal year 2013 appropriation, for
10 inclusion in the fiscal year 2013 budget adjustment act, that would be required
11 to cover the cost of the development of a software system to support the
12 department's billing and collection of the education property tax;

13 (5) include an estimate of the fiscal year 2014 appropriation, as part of
14 the department's budget, that would be required to cover the cost of additional
15 personnel and equipment;

16 (6) recommend dates to use for billing and collection, assuming a
17 single billing date with allowance for two payments of the education
18 property tax;

19 (7) consider the feasibility of clarifying the tax bill by applying the
20 common level of appraisal to either the tax rate or the property value;

1 (8) consider ways to strengthen the connection between local spending
2 decisions and local property tax rates; and

3 (9) present a sample draft tax bill reflecting the changes made by the
4 department of taxes' billing and collection of the statewide education
5 property tax.

6 Sec. 3. WORKING GROUPS

7 The general assembly recognizes that there may be areas for additional
8 legislative action in technical areas affected by the department of taxes' billing
9 and collection of the education property tax. These areas include issues related
10 to bank deposits and escrow agreements, moving the assessment calendar to
11 January 1, customer services provided to taxpayers, and the municipal
12 collection of delinquencies. Individuals and organizations interested in these
13 or other relevant issues are encouraged to form working groups to study these
14 issues and develop potential solutions to any technical problems. They are
15 further encouraged to submit their findings and recommendations to the
16 general assembly by December 1, 2012. These reports shall be submitted to
17 the joint fiscal committee, the senate committee on finance, and the house
18 committee on ways and means.

19 Sec. 4. REQUEST FOR PROPOSALS

20 The department of taxes shall develop the technical requirements that will
21 form the basis of a request for proposals for a software system to support the

1 department's billing and collection of the education tax. It is the intent of the
2 general assembly that if an appropriation for software development is included
3 in the fiscal year 2013 budget adjustment act, the department shall publish the
4 request for proposals under this section within 30 days of the date that the
5 budget adjustment act takes effect.

6 Sec. 5. 32 V.S.A. § 4041 is amended to read:

7 § 4041. EXAMINATION OF PROPERTY; APPRAISAL

8 On ~~April 1~~ January 1, the listers shall proceed to take up such inventories
9 and make such personal examination of the property which they are required to
10 appraise as will enable them to appraise it at its fair market value. When a
11 board of listers ~~are~~ is of the opinion that expert advice or assistance is needed
12 in making any appraisal required by law, ~~they~~ it may, with approval of
13 selectboard or by vote of the town, employ such assistance.

14 Sec. 6. REPORT ON REQUIRED CHANGES

15 The office of legislative council shall, with the assistance of the joint fiscal
16 office, the department of taxes, and any other relevant executive agency, make
17 recommendations in bill form for additional changes required in statute as a
18 result of having the department of taxes bill and collect the statewide property
19 tax, as well as changes made by moving the annual assessment calendar in
20 32 V.S.A. chapters 129 and 133 under this act from April 1 to January 1. The
21 office of legislative council shall report its recommendations to the senate

1 committee on finance and house committee on ways and means no later than
2 January 15, 2013.

3 Sec. 7. APPROPRIATION

4 There is appropriated in fiscal year 2013 the amount of \$250,000.00 to the
5 department of taxes from the general fund to contract with a consultant for the
6 development of the technical requirements that will form the basis of the
7 request for proposals in Sec. 4 (request for proposals) of this act.

8 Sec. 8. 32 V.S.A. § 6066a(f) is amended to read:

9 (f) Property tax bills.

10 (1) For individuals and amounts stated in the notice to towns on July 1,
11 municipalities shall ~~include on the~~ create and send to taxpayers a homestead
12 property tax bill notice to the taxpayer of, separate from the bill required under
13 subdivision 5402(b)(1) of this title, providing the total amount allocated to
14 payment of homestead education property tax liabilities and notice of the
15 balance due. Municipalities shall apply the amount allocated under this
16 chapter to current-year property taxes in equal amounts to each of the
17 taxpayers' property tax installments that include education taxes.

18 * * *

19 Sec. 9. 32 V.S.A. § 3102(j) and (k) are added to read:

20 (j) Tax bills prepared by a municipality under subdivision 5402(b)(1) of
21 this title, showing only the amount of total tax due, shall not be considered

1 confidential return information under this section. For the purposes of
2 calculating adjustments under chapter 154 of this title, information provided by
3 the commissioner to a municipality under subsection 6066a(a) of this title and
4 information provided by the municipality to a taxpayer under subsection
5 6066a(f) shall be considered confidential return information under this section.

6 (k) Notwithstanding subsection (j) of this section, the commissioner or a
7 municipal official acting as his or her agent may provide the information in
8 subsection 6066a(f) of this title to the following people without incurring
9 liability under this section:

10 (1) an escrow agent, the owner of the property to which the adjustment
11 applies, a town auditor, or a person hired by the town to serve as an auditor;

12 (2) a lawyer, including a paralegal or assistant of the lawyer, an
13 employee or agent of a financial institution, as that term is defined in 8 V.S.A.
14 § 11101, or a certified public accountant, as that term is defined in 26 V.S.A.
15 § 13(12), who represents that he or she has a need for the information as it
16 pertains to a real estate transaction or to a client or customer relationship; and

17 (3) any other person as long as the taxpayer has filed a written consent
18 to such disclosure with the municipality.

19 Sec. 10. EFFECTIVE DATES

20 This act shall take effect on passage, except for Sec. 5 (appraisal date)
21 which shall take effect on January 1, 2014.