Summary of Miscellaneous Tax Proposals

Sec. 1. Amends the statute that requires PVR to provide lister training by striking several specific lister designations that no longer exist and replacing those references with language that allows the director more flexibility in designating levels of achievement. Revenue neutral.

Secs. 2 – 4. Rewrites special exemption enacted last session for a public beaches in Greensboro owned by the Town of Hardwick and in Fairlee and West Fairlee owned by the Town of Thetford to make the exemption from municipal tax a voted exemption. This provision is included at the request of Sen Kitchell. The Town of West Fairlee had actually been taxing the Thetford property. Revenue neutral.

Sec. 5. Makes two changes to the statutes that provide for appeals from PVR equalization decisions to the Valuation Appeals Board. First, it starts the appeal period running when the notice of decision is mailed instead of when it is received by the town because PVR, which transmits the appeals to the Valuation Appeals Board, doesn't know when receipt occurs. Second, it adds five days to the appeal period to allow for mailing. This would provide for more uniform application of the appeal statute and follows the more common convention (see, for example, § 4461 governing appeals from the board of civil authority to the superior court or the director which provides that the date of mailing of notice of board's decision by town clerk to taxpayer is deemed the date on which the 30-day appeal period commences to run). Revenue neutral.

Sec. 6. Changes the last date on which a homeowner can file a homestead declaration and still receive he homestead tax rate from September 1 to October 15 to harmonize it to the last date for filing a homestead property tax adjustment claim. Revenue neutral.

Sec. 7. Clarifies that issuance of a corrected tax bill as a result of a late-filed declaration does not extend the original payment date. Also, if the original bill (or an installment) is due prior to the issuance of the corrected bill the taxpayer is not relieved from owing the amount shown on the original bill. Any overpayment will be reflected on the corrected bill. Example: Town issues property tax bills on July 1 with the first payment due on August 15. Taxpayer receives his bill at the nonresidential rate and files a homestead declaration on July 30. The Town reissues his bill on August 10 reflecting the homestead tax rate. Taxpayer must pay the corrected amount due *on August 15* – not 30 days from August 10. If the Taxpayer does not file the late declaration in time for the Town to reissue the bill before the first payment is due, Taxpayer must pay the amount due as shown on the original bill by August 15 even if the corrected tax will be lower. When the town reissues the tax bill at the homestead rate after receiving Taxpayer's Declaration, it will reflect his payment. Revenue neutral.

Sec. 8. A Form 1099K is issued by credit card processor to a merchant to report the payments made to the merchant as reimbursement for credit or debit card purchases by customers. Processors must file a copy of Form 1099K with the IRS. This proposal would require processors to file a duplicate 1099K with the Department. The Department receives this payment information from the IRS eventually at part of its regular download but this would allow the Department to identify nonfilers about 18 months sooner. Slightly revenue positive.

Sec. 9. Alters the timing of individual use tax reporting with respect to items that cost $5000 or more. Currently all individual use tax may be reported on the IN-111 (individual income tax return). For example, use tax due on a large item purchased in January, 2013 would not be due until April 15, 2014 (or later if the individual files under extension). This provision requires use tax owed on large purchases to be reported and paid on the 25th day of the month following purchase. Revenue positive.

Sec. 10. A flood relief provision enacted in 2012 allowed individuals to claim a refundable credit on the IN-111 for ten percent of qualified expenditures resulting from flooding in 2011. The total amount of credits authorized by this section is $500,000. This provision authorizes a payment of $88,000 to be made to Lachis Arts, Inc., a nonprofit corporation operated by Lachis Corporation, for expenditures related to flood damage. It is being requested by the Agency of Commerce and Community Development.

Sec. 11. Corporations may elect to file a consolidated Vermont return for members of a federal consolidated filing that have Vermont nexus. This proposes to make the election binding for 5 years to prevent corporate groups from reconfiguring the filing group from year to year to minimize taxes in a way that does not fairly represent the group's ability to pay. Note that the elective consolidated group concept is different that mandatory unitary combined reporting. Revenue positive.

Sec. 12. Clarifies rules around filing of VEGI claims as follows: the claim must be filed by the last day of April for the prior year's utilization period and; if the business fails to file a claim, authorization for the incentive may be revoked. This addresses the situation in which a claimant company, after receiving authorization to claim an incentive, ignores the annual reporting requirements. Revenue neutral.

Sec. 13. Increases the maximum annual downtown credit allocation from $1.7 million to $2.2 million. Credits are available under this program for historic rehabilitation, façade improvement and code improvements. This expansion is requested by the Agency of Commerce and Community Affairs.

Sec. 14. Allows the Commissioner to electronically distribute to towns the annual notice describing the homestead property tax adjustment program. This notice is included in tax bills by towns or in some cases printed on the back side of bills. Slightly revenue positive.

Sec. 15. Clarifies that filing of a late property tax adjustment claim does not extend the time for paying the original property tax bill or change the amount due on the payment date if the due date fall before the issuance of the corrected bill. See Sec. 7. These are parallel provisions, addressing corrected bills resulting from late late-filed declarations (Sec. 7) and adjustment claims (Sec. 15). Revenue neutral.

Sec. 16 – 30. Makes housekeeping changes to cigarette and tobacco tax to conform to language and definitional amendments enacted in 2013, Act 14. Specifically, these sections change the term "distributor" and "stamping agent" to "licensed wholesale dealer"; strike "retail dealer" in stamping sections; add references to more recent products like roll-your-own tobacco and snuff in §7734 to conform to the rest of the chapter. Revenue neutral.

Sec. 31 – 34. Amends uniform capacity tax and related provisions as follows:

- Removes a limitation on the exemption of solar energy plant in §3802 making it a blanket exemption from both education and municipal property tax;
- Removes solar facilities from list of properties municipalities may vote to exempt in light of blanket exemption above;
- Removes solar plant from list of exemptions from the definition of “nonresidential property” in § 5401(10) in light of blanket exemption above; and
- Increases the uniform capacity tax from $4.00 per kW plant capacity to $8.00 per kW plant capacity while increasing the exemption for plants with capacity equal to or less than 10 kW to plants with capacity of 150 kW or more.
- Provides that 50 percent of the uniform capacity tax collected by the State will be paid to the host town.

Revenue loss of $121,493 for State; unknown revenue loss for municipalities.

Sec. 35. Updates meals and rooms tax statute by replacing term “food stamps” with “USDA Supplemental Nutrition Assistance Program (SNAP)”. Revenue neutral.

Sec. 36. This section prohibits town clerks from recording deeds if a property transfer tax return with the seller’s signature of has not been filed. This deletes the signature requirement to conform to the amendment of §9606 last session, which eliminated the signature requirement on the property transfer tax return. This was done to allow for electronic filing of property transfer tax returns (the EPTTR system). Revenue neutral.

Sec. 37. Imposes a use tax on telecommunications service. Until recently there was no need for a use tax on telecommunications charges. Because Telecommunications companies need a physical presence in the state to provide services via landlines, Vermont has nexus with any business charging Vermont customers for telecommunications. Now technology has allowed for the provision of telecommunications services remotely through services such as Voice over Internet Protocol (VOIP). Many VOIP providers do not have Vermont nexus so Vermont cannot require collection of sales tax on those transactions. This amendment would ensure that all Vermont recipients of telecommunications services are taxed equally and provide a level playing field for Vermont providers. Revenue positive.

Sec. 38. Increases the rate of the health care claims tax from 0.999 of one percent to 1.799 percent effective July 1, 2014 and increases the deposit into the State Health Care Resources Fund from 0.8 of one percent to 1.6 percent of all health insurance claims, also effective July 1, 2014.

Sec. 39. 2013, No. 73, Sec. 53 prospectively increased the health care claims tax (effective July 1, 2017). This amendment makes the rate shown in Sec. 53 consistent with the change made in sec. 38.

Sec. 40. Effective dates.

Department of Taxes
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