

**Sec. 56.** Sec. 282 of No. 65 of the Acts of 2007, as amended by Sec. C.103 of No. 63 of the Acts of 2011, as amended by Sec. 65 of No. 1 of the Acts of 2013, is further amended to read:

**Sec. 282. TAX COMPUTER SYSTEM MODERNIZATION FUND**

(a) Creation of fund.

(1) There is established the tax computer system modernization special fund to consist of:

(A) The tax receipts received as a direct result of the data warehouse project initiated by the department of taxes beginning in calendar year 2011; and

(B) Eighty percent of tax receipts received as a direct result of the data sharing and comparison project between the Vermont department of labor and the department of taxes relative to entity and employee filings at both departments and/or lack thereof; and

(C) The tax receipts received as a direct result of the implementation of any new integrated tax system solution (including any additional data warehouse modules). Baseline receipts from which to measure such results shall be approved by the Commissioner of Finance and Management.

(2) Balances in the fund shall be administered by the department of taxes and used for the exclusive purposes of funding: A) ancillary development of information technology systems necessary for implementation and continued operation of the data warehouse project; B) payments due to the vendor under the data warehouse project contract; C) enhanced compliance costs related to the data warehouse project; D) planning for an integrated tax system solution, including present-day analysis of business case and business requirements, requests for proposals and due diligence; ~~and E) the next phase implementation of tax types and any additional data warehouse modules~~ into the selected integrated tax system solution; and F) a micro-simulation model for use by the department of taxes and the joint fiscal office. All balances in the fund at the end of any fiscal year shall be carried forward and remain part of the fund. Interest earned by the fund shall be deposited into the fund. This fund is established in the state treasury pursuant to 32 V.S.A. chapter 7, subchapter 5.

(b) Appropriation.

(1) There is appropriated in fiscal year 2008 from the special fund the sum of up to \$7,800,000 to the department of taxes for the purposes described in subdivision (a)(2) of this section. The commissioner shall anticipate receipts in accordance with 32 V.S.A. § 588(4)(C).

(c) Transfer.

(1) Twenty percent of the tax receipts received pursuant to subdivision (a)(1)(A) of this section after payment to the vendor under the data warehouse contract shall be transferred to the general fund annually for the duration of that contract. Thereafter, 20 percent of the tax receipts received pursuant to subdivision (a)(1)(A) shall be transferred to the general fund annually until the expiration of the tax computer system modernization fund.

(2) Twenty percent of the tax receipts received pursuant to subdivision (a)(1)(C) shall be transferred to the general fund annually until the expiration of the tax computer modernization fund.

(d) Fund to terminate.

(1) This fund shall terminate on July 1, ~~2018~~ 2021 provided that all amounts due pursuant to contract with the vendor of an integrated tax solution referenced in subdivision (a)(1)(C) of this section have been paid and any unexpended unencumbered balance in the fund shall be transferred to the general fund.

(e) The tax commissioner shall report to the joint fiscal committee on fund receipts at or prior to the November joint fiscal committee meeting each year until the fund is terminated.

**EXPLANATION:** These amendments allow the Tax Department to deposit tax receipts generated by implementation of new integrated tax system (ITS) solutions into the Tax Computer System Modernization Special Fund. The calculation of receipts generated by the new ITS is to be reviewed and approved by the Commissioner of Finance and Management. Twenty percent of the receipts generated by the ITS will be transferred to the general fund. Sections (a)(2)(E) and (F) broaden the usage of Tax Computer System Modernization Fund to encompass additional data warehouse implementations and a micro-simulation model, which is used to model legislative revenue proposals. Section (d)(1) extends the sunset of the fund until the ITS is paid for.

**Sec. 73. EFFECTIVE DATES**

(a) This act shall take effect on passage.

