

H.884 MISCELLANEOUS TAX CHANGES
Draft 5.3
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Sec.	Summary
TECHNICAL AND ADMINISTRATIVE CHANGES Income and Estate Taxes	
1	Form 1099 - credit card processors. Requires credit card processors to file with the Tax Department within 30 days a copy of the 1099 they file with the IRS to account for payments the credit card processor makes to a merchant.
2	Consolidated returns. Makes an election to file a consolidated return binding for a five-year period.
3	Income tax return checkoffs. Requires the Commissioner of Taxes to select an organization to receive an income tax return checkoff for a period of five years.
4	VEGI filing requirements. Makes clear that 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.
5 & 6	Annual update. Updates reference in statutes to Vermont's links to federal law for the purposes of the income and estate taxes.
Tax Increment Financing Districts	
7	Burlington TIF. Removes redundant reporting requirement.
8	Related Costs. Clarifies when related costs may be taken.
9	Proportionality. Technical correction to change phrase replaced by 2013 Acts and Resolves No. 80.
10	Original taxable value. Clarifies the listing practices for calculating original taxable value.
11	Tax increment. Clarifies who calculates the increment and how it is accounted for at the municipal level.
12	Information reporting. Clarifies what information must go into an audit report, and the timing of audits.

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13	Rulemaking and enforcement. Technical changes and requires the Secretary's decisions be in writing to municipalities.
14	Audits. Amends the schedule for audits to harmonize the timing of audits for all districts.
Property Taxes and Property Tax Adjustments	
15	Lister designations. Strikes several specific lister designations that no longer exist and allows the Director more flexibility in designating levels of achievement.
16	Petitions to PVR for redetermination of equalization decisions. Changes the notice date from the day a town receives the notice to the day PVR sends it. Extends filing period by five days.
17	Homestead declarations - time to pay. Clarifies that the issuance of a corrected property tax bill due to a late filing or refiling of a homestead declaration does not excuse the taxpayer from paying the original liability. Any overpayment is to be reflected in the corrected bill. Allows the towns the discretion to set penalties of up to three percent or up to eight percent for late or misfiled declarations. Companion to Sec. 18.
18	Homestead declaration - date for refiling. Moves the date for refiling a homestead declaration to October 15 to be consistent with filing for property tax adjustment deadlines.
19	Property tax adjustments - time to pay. Companion provision to Sec. 16. Clarifies that the issuance of a corrected property tax bill due to a late filing or refiling of a homestead declaration does not excuse the taxpayer from paying the original liability. Any overpayment is to be reflected in the corrected bill.
Meals and Rooms Tax	
20	Technical change. Updates the program name for subsidized food benefits.
Property Transfer Tax	
21	Filing requirements. Removes the signature requirement for returns that accompany deeds for filing by a clerk. Conforms with the removal of signature requirement from underlying return passed in 2012.

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POLICY AND REVENUE CHANGES: NON-EDUCATION FINANCING Alcoholic Beverages	
22	Distilled spirits. Clarifies that manufacturers and rectifiers only pay tax on sales of their own beverages under a class-four license.
Employer Assessment	
23 & 24	Coverage. Extends employer assessment to employees who are offered insurance but enroll in Medicaid.
25	Assessment. Creates a tiered structure for the employer assessment. For employers with less than 50 full time employees, the assessment would be \$119.12 for each uncovered employee. For employers with between 50 and 250 full time employees, the assessment would be \$182.50 for each uncovered employee. For employers with more than 250 full time employees, the assessment would be \$273.75 for each uncovered employee.
Solar Capacity Tax	
26	Exemption. Exempts from both the statewide education tax and municipal property taxes solar renewable energy plants with less than a 50 kW capacity that are either net metered or not connected to the power grid.
27	Municipal valuation. Puts in place a statutory process for determining the fair market value of solar renewable energy plants.
28	Municipal exemptions. Updates the language for municipally voted exemptions for renewable energy plants and makes several conforming changes.
29	Capacity tax. Increases the current exemption from the capacity tax from plants with 10kW capacity or greater to plants with less than 50kW capacity.
Valuation of Natural Gas and Petroleum Infrastructure	
30	Valuation. For purposes of the statewide education property tax, the Director of PVR shall determine the appraised value of all natural gas or petroleum infrastructure within this State. The Director's valuation shall be on a cost basis, but shall not be depreciated below 30 percent of its cost.

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Income Taxes	
31	Use tax reporting. Increases the amount of use tax a taxpayer may elect to report from 0.08 percent of the taxpayer's adjusted gross income to 0.10 percent.
32	Medical marijuana dispensaries. Allows medical marijuana dispensaries to take certain expenses against their State income that they cannot take at the federal level.
Downtown and Village Center Tax Credits	
33	Limit. Increases the total limit in tax credits available from \$1,700,000 to \$2,200,000.
34	Sales tax exemption. Repeals exemption for purchases in excess of \$250,000 for downtown redevelopment projects.
Estate taxes	
35	Taxable base. Changes the definition of the Vermont estate tax base to make it the same as the federal estate tax base.
36 & 37	Tax calculation. Replaces current law dual calculation with a flat estate tax rate of 18 percent.
38	Transition for certain gifts. Allows taxpayers who make taxable gifts between January 1, 2008 and December 31, 2014 to elect to have their estate taxes calculated under current law.
Tobacco	
39	Snuff. Taxes snuff on par with cigarettes.
40	Floor tax. Imposes a corresponding floor tax on snuff.
Sales and Use Tax — Contractors	
41	Definition of sales. Changes definition of retail sales to include sales to contractors of items intended to be affixed to real property.
42	Sales to contractors. Includes sales to contractors in list of sales covered by the sales and use tax.

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43	Certificates of exemption. Allows contractors to apply for direct payment permits from the Commissioner.
Sales and Use Tax — Compost	
44	Definitions. Creates definitions in law for compost, manipulated animal manure, planting mix, and vermiculite.
45	Exemptions. Exempts certain compost ingredients from the sales and use tax. Exempts compost, animal manure, manipulated animal manure, and planting mix when sold in volumes of one cubic yard or more, or in an unpackaged form to a farm or commercial operation.
Sales and Use Tax — Telecommunications Services	
46	Telecommunications services. Change would have the effect of imposing the use tax on telecommunications services.
Propane Canisters	
47	Canisters. Clarifies that propane sold in free-standing canisters is not subject to the fuel gross receipts tax.
48	Sales tax. Makes propane sold in free-standing containers subject to the sales tax.
POLICY AND REVENUE CHANGES: EDUCATION FINANCING AND PROPERTY TAXES Statewide Education Property Tax Rates, Base Education Amount, and Applicable Percentage	
49	Findings and purpose. Lists issues that affect the setting of the statewide education base rates in Sec. 49a and 50.
49a	Base property tax rates for FY2015. For fiscal year 2015, sets the homestead tax rate at \$0.99, the nonresidential rate at \$1.51, and the applicable percentage for income sensitivity at 1.84.
50	Base education amount for FY2015. For fiscal year 2015, sets the base education amount at \$9,382.00.
Form of Budget Vote	

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51	Budget vote. Requires school budgets to be voted in a form that provides information related to the calculation of homestead property tax rates.
Increase in Average Daily Membership	
52	Average daily membership. Alters the way average daily membership is calculated by eliminating a provision that increased the counting of pupils for fast-growing schools.
Education Spending in Small Schools	
53 & 54	Small school support. Starting in fiscal year 2019, eliminates the small school grants over three years, except for qualifying schools where the grants are geographically necessary.
Shared Equity	
55	Shared equity housing. Requires owner-occupied housing subject to a housing subsidy covenant be valued at 70 percent of fair market value. Adds a requirement for the Commissioner to report every five years on whether the percentage used in this provision should be altered.
Property Tax Exemptions	
56	Health and recreation property. Makes clear that certain health and recreation facilities are considered exempt properties under the public, pious, and charitable exemption.
57 & 58	Municipally owned lakeshore property. Alters related changes made in 2013. Allows a town, in two specific instances, to vote to exempt from its municipal taxes lakeshore property owned by a different town. Exempts, in two specific instances, municipally owned lakeshore property in a different town from statewide education property taxes.
59	Parking garages. Clarifies that certain kinds of municipally owned parking garages are considered municipal property exempt from the statewide education property tax.
Occupancy of a Homestead	
60	Definition of homestead. Changes the rules for occupying a homestead to require that an individual be domiciled in a homestead for at least 183 days out of the year, but no longer requires that the owner occupy the dwelling on April 1.

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Excess Spending Anchor	
61 & 62	Anchor. Creates an anchor that ties excess spending increases to inflation from fiscal year 2014 to the present, as opposed to current law which ties the increase to the previous year's spending.
Electrical Generating Plants	
63 & 64	Vernon. Phases out over three years the current statewide education property tax rate reduction for Vernon for hosting an operating electrical generating plant.
Agency of Education	
65	Education analyst. Creates a new position at the Agency of Education for an Education Analyst to provide tools and indicators to be used by education decision makers at the State and local levels.
66	Business manager handbook. The Agency of Education shall hire a contractor to create a business manager handbook that includes a common chart of accounts.
67	Appropriation. Appropriates up to \$482,500.00 from the Supplemental Property Tax Relief Fund to the Agency of Education for the efforts in Secs. 66 and 67.
68	Education Fund. Requires the Agency of Education to identify \$1 million in misidentified education spending.
Repeals	
69	Repeal.
Effective Dates	
70	Effective dates.