

Miscellaneous Tax Proposals

administrative provisions

Sec. 1. 7 V.S.A. § 302 is added to read:

§ 302. Application

Application for such certificate of approval shall be made upon a form prescribed and furnished by the liquor control board, containing agreements to comply with the regulations of the board ~~and to file with the commissioner of taxes, on or before the 20th day of each month, a report under oath, on a form prescribed and furnished by the commissioner of taxes, showing the quantity of malt or vinous beverages sold or delivered by such manufacturer or distributor during the preceding calendar month to each holder of such bottler's or wholesale dealer's license,~~ and containing such further information as the board may deem necessary.

Sec. 2. REPEAL

32 V.S.A. § 3409 (preparation of property maps) is repealed.

Sec. 3. 10 V.S.A. § 123(c)(12) is added to read:

(c) Within the limits of available resources, the center shall operate a program of standards development, data dissemination, and quality assurance, and shall perform the following duties:

(12) Provide to regional planning commissions, State agencies, and the general public orthophotographic imagery of the State at a scale appropriate for the production and revision of town property maps. Periodically, such digital imagery shall be updated to capture land use changes, new settlement patterns, and such additional information as may have become available to the Director or the Center.

(A) The Center shall supply to each town such orthophotographic imagery as has been prepared by it of the total area of that town. Any shall be available, without charge, for public inspection in the office of the town clerk to whom the imagery was supplied.

(B) At a reasonable charge to be established by the Center and the Director, the Center shall supply to any person or agency other than a town clerk or lister a copy of any digital format orthophotographic imagery created under this section.

(C) Hardcopy or nondigital format orthophotographic imagery created under this section shall be available for public review at the State Archives.

Sec. 4. 10 V.S.A. § 6608(c) is amended to read:

(c) Information obtained by the Secretary under this section shall be available to the public, unless the Secretary certifies such information as being proprietary. The Secretary may make such certification where any person shows, to the satisfaction of the Secretary, that the information, or parts thereof, would divulge methods or processes entitled to protection as trade secrets. Nothing in this section shall be construed as limiting the disclosure of information by the Secretary to office employees as authorized representatives of the State concerned with implementing the provisions of this chapter or to the Department of Taxes for purposes of enforcing the solid waste tax imposed by title 32, chapter 151, subchapter 13.

Sec. 5. 24 V.S.A. § 1173 is amended to read:

§ 1173. Town or village reports

The clerk of a municipality shall supply annually each library in such municipality with two copies of the municipal report, upon its publication. The clerk shall also send to the State Library two copies thereof, and one copy each to the Secretary of State, ~~Commissioner of Taxes~~, State Board of Health, Commissioner for Children and Families, Commissioner of Vermont Health Access, Auditor of Accounts, and Board of Education. Officers making these reports shall supply the clerk of the

municipality with the printed copies necessary for him or her to comply with the provisions of this section and section 1174 of this title.

Sec. 6. 32 V.S.A. § 3436(a) is amended to read:

(a) The Director shall ~~provide an~~ certify assessment education programs for municipal listers and assessors at convenient times and places during the year and is authorized to contract with one or more persons to provide part or all of the assessment instruction. ~~On an annual basis, the Director shall provide, to the extent allowed by available resources,~~ Certified programs may include instruction in lister duties, property inspection, data collection, valuation methods, mass appraisal techniques, and property tax administration or such other subjects as the director deems beneficial to listers and may be presented by Property Valuation and Review or a person pursuant to a contract with Property Valuation and Review, the International Association of Assessing Officials, the Vermont Assessors and Listers Association or the Vermont League of Cities and Towns.

Sec.7. 32 V.S.A. § 3803(1) is amended to read:

§ 3803. Exemptions from local taxation

Except as otherwise provided, the following property shall not be set in the grand list to the owner thereof:

(1) real and personal estate used in operating a railroad, and appraised under ~~sections 8281-8286, 8301-8306, and 8321-8322~~ subchapter 2 of chapter 211 of this title, including the section of the North Stratford, New Hampshire to Beecher Falls, Vermont railroad line owned by the State of New Hampshire and situated in the Town of Canaan exempted from taxation under section 8286 of this title;

current use

Sec.8. 32 V.S.A. §3752(12) is amended to read:

(12) "Use value appraisal" means, with respect to land, the price per acre which the land would command if it were required to remain henceforth in agriculture or forest use, as determined in accordance with the terms and provisions of this subchapter. With respect to farm buildings, "use value appraisal" means ~~zero~~ thirty percent of fair market value. The Director shall annually provide the assessing officials with a list of farm sales, including the town in which the farm is located, the acreage, sales price, and date of sale.

Sec. 9. MORATORIUM ON NEW ENROLLMENTS

Notwithstanding 32 V.S.A. § 3756(a) or any other provision of law, no new land or buildings shall be enrolled in the use value appraisal program under Chapter 124 of Title 32 during 2015, 2016 and 2017.

Sec. 10. 32 V.S.A. § 3757(f) is amended to read:

(f) ~~The~~ Once the application for use value appraisal of agricultural and forestland, ~~one~~ has been approved by the State, the State shall be recorded record a lien against the enrolled land in the land records of the municipality ~~and~~ which shall constitute a lien to secure payment of the land use change tax to the State upon development. The landowner shall bear the recording cost. The land use change tax and any obligation to repay benefits paid in error shall not constitute a personal debt of the person liable to pay the same, but shall constitute a lien which shall run with the land. All of the administrative provisions of chapter 151 of this title, including those relating to collection and enforcement, shall apply to the land use change tax.

education tax, tax increment financing and income sensitivity

Sec. 11. 32 V.S.A. § 5401(7) is amended to read:

(7) "Homestead":

(A) "Homestead" means the principal dwelling and parcel of land surrounding the dwelling, owned and occupied by a resident individual on April 1 ~~and occupied as the individual's domicile for a minimum of~~ or owned and fully leased on April 1 provided the property is not leased for more than 183 days out of the calendar year, or for purposes of the renter property tax adjustment under subsection 6066(b) of this title, rented and occupied by a resident individual as the individual's domicile.

Sec. 12. 32 V.S.A. § 5401(10) is amended to read:

(10) "Nonresidential property" means all property except:

(F) Property owned by a municipality which is located within that municipality and which is used for municipal purposes including the provision of utility services, including off-street parking garages built, owned, and managed by a municipality in a designated center as defined in 24 V.S.A. chapter 76A 6001(30). For the purpose of this section, public use of a municipal garage may include the leasing of the garage to multiple commercial tenants for part of the day, provided that substantially all of the garage parking spaces are open to the general public during evenings and weekends.

Sec. 13. 32 V.S.A. § 5404a(a)(6) is amended to read:

(6) An exemption of a portion of the value of a qualified rental unit parcel. An owner of a qualified rental unit parcel shall be entitled to an exemption on the education property tax grand list of 10 percent of the grand list value of the parcel, multiplied by the ratio of square footage of improvements used for or related to residential rental purposes to total square footage of all improvements, multiplied by the ratio of qualified rental units to total residential rental units on the parcel. "Qualified rental units" means residential rental units which are subject to rent restriction under provisions of state or federal law, but excluding units subject to rent restrictions under only one of the following programs: Section 8 moderate rehabilitation, Section 8 housing choice vouchers, or Section 236 or Section 515 rural

development rental housing. A municipality shall allow the percentage exemption under this subsection upon presentation by the taxpayer to the municipality, by April 1, of a certificate of education grand list value exemption, obtained from the Vermont Housing Finance Agency (VHFA). VHFA shall issue a certificate of exemption upon presentation by the taxpayer of information which VHFA and the Commissioner shall require. An exemption granted by a municipality under this subsection shall expire upon transfer of the building, upon expiration of the rent restriction, or after 10 years, whichever first occurs. This exemption may be renewed once by the municipality for an additional ten years.

Sec. 14. 24 V.S.A. § 1901(3) is amended to read:

(3) Annually:

(A) ensure that the tax increment financing district account required by section 1896 of this subchapter is subject to the annual audit prescribed in section 1681 and 1690 of this title. Procedures must include verification of the original taxable value and annual and total municipal and education tax increments generated, expenditures for debt and related costs, and current balance;

(B) on or before ~~January~~ February 15 of each year, on a form prescribed by the Council, submit an annual report to the Vermont Economic Progress Council and the Department of Taxes, including the information required by subdivision (2) of this section if not already submitted during the year, all information required by subdivision (A) of this subdivision (3), and the information required by 32 V.S.A. § 5404a(i), including performance indicators and any other information required by the Council or the Department of Taxes.

Sec.15. 24 V.S.A. § 1896 is amended to read:

§ 1896. Tax increments

(a) In each year following the creation of the district, the listers or assessor shall include no more than the original taxable value of the real property in the assessed valuation upon which the treasurer computes the rates of all taxes levied by the municipality and every other taxing district in which the tax increment financing district is situated; but the treasurer shall extend all rates so determined against the entire assessed valuation of real property for that year. In each year for which the assessed valuation exceeds the original taxable value, the municipality shall hold apart, rather than remit to the taxing districts, that proportion of all taxes paid that year on the real property in the district which the excess valuation bears to the total assessed valuation. The amount held apart each year is the "tax increment" for that year. No more than the percentages established pursuant to section 1894 of this subchapter of the municipal and State education tax increments received with respect to the district and committed for the payment for financing for improvements and related costs shall be segregated by the municipality in a special tax increment financing account and in its official books and records until all capital indebtedness of the district has been fully paid. The final payment shall be reported to the treasurer, who shall thereafter include the entire assessed valuation of the district in the assessed valuations upon which municipal and other tax rates are computed and extended and thereafter no taxes from the district shall be deposited in the district's tax increment financing account.

(b) [Repealed.]

(c) Notwithstanding any charter provision or other provision, all property taxes assessed within a district shall be subject to the provision of subsection (a) of this section.

(d) Amounts held apart under subsection (a) of this section shall only be used for financing and related costs as defined in section 1891 of this subchapter. Special assessments levied under 24 V.S.A. Chapter 87, the proceeds of which are dedicated to a specific bond or pledge for the repayment of a specific borrowing and are apportioned based on any method other than the grand list value of the affected properties shall not be considered property taxes for the purpose of this section.

Sec. 16. 32 V.S.A. §6074 is amended to read:

§ 6074. Amendment of certain claims; supplemental information; changes in federal income

(a) At any time within three years after the date for filing claims under subsection 6068(a) of this chapter, a claimant who filed a claim by October 15 may file to amend that claim to correct the amount of household income reported on that claim.

(b) If, within three years after filing a claim under this chapter, a taxpayer

(1) becomes aware of any information which makes that claim materially false, inaccurate, or incomplete; or

(2) is notified of any assertion by the United States, whether under Section 6212 of the Internal Revenue Code of 1986 or otherwise, that the taxpayer's taxable income under the laws of the United States is other than the amount stated in the return; or

(3) files an amended return under the laws of the United States,

the claimant shall, within 60 days of the receipt of that information or notification of that assertion or filing that amended return, notify the Commissioner thereof, and of such particulars as may be relevant to the amount of any claim under this chapter.

(c) A taxpayer required to notify the Commissioner under this section shall be subject to interest and penalty under section 3202 of chapter 103 of this title on any over payment of a claim under this chapter.

income tax

Sec.17. 32 V.S.A. § 5811(21)(A) is amended to read:

(21) "Taxable income" means federal taxable income determined without regard to 26 U.S.C. § 168(k) and:

(A) Increased by the following items of income (to the extent such income is excluded from federal adjusted gross income):

(i) interest income from non-Vermont state and local obligations;

(ii) dividends or other distributions from any fund to the extent they are attributable to non-Vermont state or local obligations; and

(iii) the amount ~~in excess of \$5,000.00~~ of State and local income taxes deducted from federal adjusted gross income for the taxable year, but in no case in an amount that will reduce total itemized deductions below the standard deduction allowable to the taxpayer; and

Sec. 18. 32 V.S.A. § 5824 is amended to read:

§ 5824. Adoption of federal income tax laws

The statutes of the United States relating to the federal income tax, as in effect for taxable year ~~2013~~2014, but without regard to federal income tax rates under 26 U.S.C. § 1, are hereby adopted for the purpose of computing the tax liability under this chapter.

Sec. 19. 32 V.S.A. §5842(a) is amended to read:

(a) Every person required to deduct and withhold any amount under section 5841 of this title shall make return thereof and shall pay over that amount to the Commissioner as follows:

(1) In quarterly payments to be made not later than 25 days following the last day of March, June, September, and December of each year, if the person reasonably estimates that the amount to be deducted and withheld during that quarter will not exceed \$2,500.00; or

(2) In semiweekly payments, if the person ~~can reasonably expect the amount to be deducted and withheld during that quarter will exceed \$9,000.00~~ is required to make semi-weekly payments of federal withholding pursuant to the Internal Revenue Code. Semiweekly shall mean payment of tax withheld for pay dates on Wednesday, Thursday, or Friday is due by the following Wednesday, and tax withheld for pay dates on Saturday, Sunday, Monday, or Tuesday is due by the following Friday.

(3) In monthly payments to be made not later than the 25th (23rd of February) day following the close of the calendar month during which the amount was withheld, if subdivisions (1) and (2) of this subsection do not apply.

Sec. 20. 32 V.S.A. § 5852(a) is amended to read:

(a) Every individual, estate and trust subject to taxation under section 5822 of this title, (other than a person receiving at least two-thirds of his or her income from farming or fishing as defined under the laws of the United States) shall make installment payments of the taxpayer's estimated tax liability for each taxable year. The amount of each payment shall be 25 percent of the required annual payment. For any taxable year, payments shall be made on or before April 15, June 15, and September 15 of the taxable year and January 15 of the following taxable year. In applying this section to a taxable year beginning on any date other than January 1, there shall be substituted, for the months specified in this section, the months which correspond thereto.

Sec. 21. REPEAL

32 V.S.A. § 5925 (definitions related the expired credit for new jobs in a development zone which was repealed in 2005) is repealed.

downtown tax credits

Sec. 22. 32 V.S.A. § 5930aa(3)(A)(i) is amended to read:

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

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

Sec. 23. 32 V.S.A. § 5930cc(c) is amended to read:

(c) Code or technology improvement tax credit. The qualified applicant of a qualified code or technology improvement project shall be entitled, upon the approval of the State Board, to claim against the taxpayer's State individual income tax, State corporate income tax, or bank franchise or insurance premiums tax liability a credit of 50 percent of qualified expenditures up to a maximum tax credit of \$12,000.00 for installation or improvement of a platform lift, a maximum credit of \$40,000 for the installation or improvement of a limited use limited application elevator, a maximum tax credit of \$50,000.00 for installation or improvement of an elevator, a maximum tax credit of \$50,000.00 for installation or improvement of a sprinkler system, a maximum tax credit of \$30,000.00 for the combined costs of installation or improvement of data or network wiring or a heating, ventilating, or cooling system, and a maximum tax credit of \$25,000.00 for the combined costs of all other qualified code improvements.

estate tax

Sec. 24. 32 V.S.A. § 7402(13) is amended to read:

(13) "Vermont gross estate" means for any decedent the value of the federal gross estate under the laws of the United States; in excess of \$2,450,000 without adjustment for any amount under § 2010(c)(4) of the Internal Revenue Code, but after adding back federal adjusted taxable gifts made by the decedent within one year of death and excluding the value of real or tangible personal property which has an actual situs outside Vermont at the time of death of the decedent, ~~and also excluding in.~~ In the case of a nonresident of Vermont the value of intangible personal property owned by the decedent shall also be excluded.

Sec. 25. 32 V.S.A. §7442a is amended to read:

§ 7442a. Imposition of a Vermont estate tax and rate of tax

(a) A 16 percent tax is hereby imposed on the transfer of the Vermont taxable estate of every decedent ~~dying on or after January 1, 2002, who, at the time of death, was a resident of this State.~~ The base amount of this tax shall be a sum equal to the amount of the credit for State death taxes allowable to a decedent's estate under 26 U.S.C. § 2011 as in effect on January 1, 2001. This base amount shall be reduced by the lesser of the following:

- (1) ~~The total amount of all constitutionally valid State death taxes actually paid to other states; or~~
- (2) ~~A sum equal to the proportion of the credit which the value of the property taxed by other states bears to the value of the decedent's total gross estate for federal estate tax purposes.~~

(b) ~~A tax is hereby imposed on the transfer of the Vermont estate of every decedent dying on or after January 1, 2002, who, at the time of death, was not a resident of this State. The amount of this tax shall be~~

~~a sum equal to the proportion of the base amount of tax imposed under subsection (a) of this section which the value of Vermont real and tangible personal property taxed in this State bears to the value of the decedent's total gross estate for federal estate tax purposes.~~

~~(c) The Vermont estate tax shall not exceed the amount of the tax imposed by 26 U.S.C. § 2001 calculated as if the applicable exclusion amount under 26 U.S.C. § 2010 were \$2,750,000.00, and with no deduction under 26 U.S.C. § 2058.~~

~~(d)~~ (b) All values shall be as finally determined for federal estate tax purposes.

Sec. 26. 32 V.S.A. §7475 is amended to read:

§ 7475. Adoption of federal estate and gift tax laws

The laws of the United States relating to federal estate and gift taxes as in effect on December 31, 2013 2014, are hereby adopted for the purpose of computing the tax liability under this chapter, ~~except~~ to the extent such laws conflict with any provision of this chapter

~~(1) the credit for State death taxes shall remain as provided for under 26 U.S.C. §§ 2011 and 2604 as in effect on January 1, 2001;~~

~~(2) the applicable credit amount shall under 26 U.S.C. § 2010 shall not apply; and the tax imposed under section 7442a of this chapter shall be calculated as if the applicable exclusion amount under 26 U.S.C. § 2010 were \$2,750,000.00; and~~

~~(3) the deduction for State death taxes under 26 U.S.C. § 2058 shall not apply.~~

Sec. 27. 32 V.S.A. § 7402(13) is amended to read:

(13) "Vermont gross estate" means for any decedent the value of the federal gross estate under the laws of the United States in excess of ~~\$2,450,000~~ \$3,900,000 without adjustment for any amount under § 2010(c)(4) of the Internal Revenue Code, but after adding back federal adjusted taxable gifts made by the decedent within one year of death and excluding the value of real or tangible personal property which has an actual situs outside Vermont at the time of death of the decedent. In the case of a nonresident of Vermont the value of intangible personal property owned by the decedent shall also be excluded.

Sec. 28. 32 V.S.A. § 7402(13) is amended to read:

(13) "Vermont gross estate" means for any decedent the value of the federal gross estate under the laws of the United States in excess of ~~\$3,900,000~~ the basic exclusion amount under 26 U.S.C. §2010(c)(3) without adjustment for any amount under § 2010(c)(4) of the Internal Revenue Code, but after adding back federal adjusted taxable gifts made by the decedent within one year of death and excluding the value of real or tangible personal property which has an actual situs outside Vermont at the time of death of the decedent. In the case of a nonresident of Vermont the value of intangible personal property owned by the decedent shall also be excluded.

cigarettes and tobacco

Sec. 29. 32 V.S.A. § 7734 is amended to read:

§ 7734. Penalties for sales without license

Any licensed wholesale dealer who shall sell, offer for sale, or possess with intent to sell any cigarettes, roll-your-own tobacco, little cigars, snuff, new smokeless tobacco, or other tobacco products, or ~~both~~ any combination thereof, without having first obtained a license as provided in this subchapter shall be fined not more than \$25.00 for the first offense and not more than \$200.00 nor less than \$25.00 for each subsequent offense.

Sec. 30. 32 V.S.A. § 7771(b) is amended to read:

(b) Payment of the tax on cigarettes under this section shall be evidenced by the affixing of stamps to the packages containing the cigarettes. Where practicable, the Commissioner may also require that stamps be affixed to packages containing little cigars or roll-your-own tobacco. Any cigarette, little cigar, or roll-your-own tobacco on which the tax imposed by this section has been paid, such payment being evidenced by the affixing of such stamp or such evidence as the Commissioner may require, shall not be subject to a further tax under this chapter. Nothing contained in this chapter shall be construed to impose a tax on any transaction the taxation of which by this State is prohibited by the constitution of the United States. The amount of taxes advanced and paid by a licensed wholesale dealer ~~or a retail dealer~~ as herein provided shall be added to and collected as part of the retail sale price on the cigarettes, little cigars, or roll-your-own tobacco.

Sec. 31. 32 V.S.A. § 7772 is amended to read:

§ 7772. Form and sale of stamps

(a) The Commissioner shall secure stamps of such designs and denominations as he or she shall prescribe to be affixed to packages of cigarettes as evidence of the payment to the tax imposed by this chapter. The Commissioner shall sell such stamps to licensed wholesale dealers ~~and retail dealers~~ at a discount of two and three-tenths percent of their face value for payment at time of sale.

(b) At the purchaser's request, the Commissioner may sell stamps to be affixed to packages of cigarettes as evidence of the payment to the tax imposed by this chapter to licensed wholesale dealers ~~and retail dealers~~ for payment within 10 days, at a discount of one and five-tenths percent of their face value if timely paid. In determining whether to sell stamps for payment within 10 days, the Commissioner shall consider the credit history of the dealer; and the filing and payment history, with respect to any tax

administered by the Commissioner, of the dealer or any individual, corporation, partnership, or other legal entity with which the dealer is or was associated as principal, partner, officer, director, employee, agent, or incorporator.

(c) The Commissioner shall keep accurate records of all stamps sold to each wholesale dealer ~~and retail dealer~~, and shall pay over all receipts from the sale of stamps to the state treasurer.

Sec. 32. 32 V.S.A. § 7773 is amended to read:

§ 7773. Use and redemption of stamps

No licensed wholesale dealer ~~or retail dealer~~ shall sell or transfer any stamps issued under the provisions of this chapter. The Commissioner shall redeem at the amount paid therefor by the licensed wholesale or retail dealer any unused stamps issued under the provisions of this chapter, which are presented to him or her at his or her office in Montpelier.

Sec. 33. 32 V.S.A. § 7775 is amended to read:

§ 7775. ~~Retailers~~ Retail dealers

Within 24 hours after coming into possession of any cigarettes not bearing proper stamps evidencing payment of the tax imposed by this chapter and before selling the same, each retail dealer shall affix or cause to be affixed stamps of the proper denomination to each individual package of cigarettes as required by section 7771 of this title and in such manner as the commissioner may specify in regulations issued pursuant to this chapter.

Sec. 34. 32 V.S.A. § 7777 is amended to read:

§ 7777. Records required; inspection and examination; assessment of tax deficiency

(d) If a licensed wholesale dealer ~~or retail dealer~~ has failed to timely pay for stamps obtained for payment within 10 days or to pay the tax imposed on roll-your-own tobacco, the dealer shall be subject to assessment, collection, and enforcement in the same manner as provided under subchapter 4 of this chapter.

Sec. 35. 32 V.S.A. § 7812 is amended to read:

§ 7812. Liability for and collection of tax

The ~~distributor~~ licensed wholesale dealer shall be liable for the payment of the tax on tobacco products which he or she imports or causes to be imported into the state, or which he or she manufactures in this state, and every ~~distributor~~ licensed wholesale dealer authorized by the commissioner to make returns and pay the tax on tobacco products sold, shipped, or delivered by him or her to any person in the state, shall be liable for the collection and payment of the tax on all tobacco products sold, shipped or delivered. Every retail dealer shall be liable for the collection of the tax on all tobacco products in his or her possession at any time, upon which the tax has not been paid by a ~~distributor~~ licensed wholesale dealer and the failure of any retail dealer to produce and exhibit to the commissioner or his or her authorized representative, upon demand, an invoice by a ~~distributor~~ licensed wholesale dealer for any tobacco products in his or her possession, shall be presumptive evidence that the tax thereon has not been paid and that such retail dealer is liable for the collection of the tax thereon. The amount of taxes advanced and paid by a ~~distributor~~ licensed wholesale dealer or retail dealer as hereinabove provided shall be added and collected as part of the sales price of the tobacco products.

Sec. 36. 32 V.S.A. § 7813 is amended to read:

§ 7813. Returns and payment of tax by ~~distributor~~ licensed wholesale dealer

Every ~~distributor~~ licensed wholesale dealer shall, on or before the 15th day of each month, file with the commissioner a return on forms to be prescribed and furnished by the commissioner, showing the quantity and wholesale price of all tobacco products sold, shipped or delivered by him or her to any person in the state during the preceding calendar month. Such returns shall contain such further information as the tax commissioner may require. Every ~~distributor~~ licensed wholesale dealer shall pay to the commissioner with the filing of such return, the tax on tobacco products for such month imposed under this subchapter. When the ~~distributor or~~ licensed wholesale dealer files the return and pays the tax within the time specified in this section, he or she may deduct therefrom two percent of the tax due.

Sec. 37. 32 V.S.A. §7819 is amended to read:

§ 7819. Refunds

Whenever any tobacco products upon which the tax has been paid have been sold and shipped into another state for sale or use there, or have become unfit for use and consumption or unsalable or have been destroyed, the licensed wholesale dealer shall be entitled to a refund of the actual amount of tax paid with respect thereto. If the commissioner is satisfied that any licensed wholesale dealer is entitled to a refund, he or she shall so certify to the commissioner of finance and management who shall issue his or her warrant in favor of the licensed wholesale dealer entitled to receive such refund.

Sec. 38. 32 V.S.A. §7821 is amended to read:

§ 7821. Criminal penalties

Any ~~distributor or dealer~~ person who shall fail, neglect or refuse to comply with or shall violate the provisions of this chapter relating to the tax on tobacco products or the rules and regulations promulgated

by the commissioner under this chapter relating to such tax shall be guilty of a misdemeanor and upon conviction for a first offense shall be sentenced to pay a fine of not more than \$250.00 or to be imprisoned for not more than 60 days, or both such fine and imprisonment in the discretion of the court; and for a second or subsequent offense shall be sentenced to pay a fine of not less than \$250.00 nor more than \$500.00, or be imprisoned for not more than six months, or both such fine and imprisonment in the discretion of the court. This section shall not apply to violations of sections 7731-7734 and 7776 of this title.

Sec. 39. 33 V.S.A. § 1916 is amended to read:

§1916. Definitions

As used in this subchapter:

(4) "~~Distributor~~ Wholesale dealer" shall have the same meaning as in 32 V.S.A. § 7702~~(4)~~ (16).

~~(10) "Stamping agent" shall mean a person or entity that is required to secure a license pursuant to 32 V.S.A. § 7731 or that is required to pay a tax on cigarettes imposed pursuant to 32 V.S.A. chapter 205.~~

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Sec. 40. 33 V.S.A. § 1917(a) is amended to read:

(a) Every tobacco product manufacturer whose cigarettes are sold in this State, whether directly or through a ~~distributor~~, licensed wholesale dealer, retailer, or similar intermediary or intermediaries, shall

execute and deliver on a form prescribed by the Attorney General a certification to the Attorney General no later than April 30 each year certifying under penalty of perjury that, as of the date of such certification, such tobacco product manufacturer either is a participating manufacturer or is in full compliance with subchapter 1A of this chapter, including all quarterly installment payments required by section 1922 of this title.

Sec. 41. 33 V.S.A. § 1918(c) and (d) are amended to read:

(c) Unless otherwise provided by agreement between a ~~stamping agent~~ licensed wholesale dealer and a tobacco product manufacturer, a ~~stamping agent~~ licensed wholesale dealer shall be entitled to a refund from a tobacco product manufacturer for any money paid by the ~~stamping agent~~ licensed wholesale dealer to the tobacco product manufacturer for any cigarettes of that tobacco product manufacturer still in the possession of the stamping agent on the date of the Attorney General's removal from the directory of that tobacco product manufacturer or the individual styles or brands of cigarettes of that tobacco product manufacturer. Also, unless otherwise provided by agreement between a retail dealer and a ~~distributor~~ licensed wholesale dealer or a tobacco product manufacturer, a retail dealer shall be entitled to a refund from either a ~~distributor~~ licensed wholesale dealer or a tobacco product manufacturer for any money paid by the retail dealer to the ~~distributor~~ licensed wholesale dealer or tobacco product manufacturer for any cigarettes of that ~~distributor~~ licensed wholesale dealer or tobacco product manufacturer still in the possession of the retail dealer on the date of the attorney general's removal from the directory of that tobacco product manufacturer or the individual styles or brands of cigarettes of that tobacco product manufacturer. The Attorney General shall not restore to the directory a tobacco product manufacturer or any individual styles or brands or cigarettes or, if applicable, brand families of that tobacco product manufacturer until the tobacco product manufacturer has paid all stamping agents any refund due pursuant to this section.

(d) The Commissioner shall refund to a ~~retailer dealer or stamping agent~~ licensed wholesale dealer any tax paid under 32 V.S.A. chapter 205 on products no longer saleable in the State under this subchapter.

Sec. 42. 33 V.S.A. § 1921 is amended to read:

§ 1921. Reporting and sharing of information

(a) At the date specified in 32 V.S.A. § 7785 or 7813, for monthly reports from licensed wholesale dealers ~~or distributors~~, or at such date and frequency as the Commissioner may require for other stamping agents, which will be at least quarterly, each ~~stamping agent~~ licensed wholesale dealer shall submit such information as the Commissioner requires to facilitate compliance with subchapter 1A of this chapter and this subchapter, including a list by brand family of the total number of cigarettes, or, in the case of roll-your-own tobacco, the equivalent stick count, as determined pursuant to the formula set forth in subchapter 1A of this chapter, for which the ~~stamping agent~~ licensed wholesale dealer affixed stamps during the reporting period or otherwise paid the tax due for such cigarettes. ~~Stamping agents~~ Licensed wholesale dealers shall maintain, and make available to the Commissioner, all documentation and other information relied upon in reporting to the Commissioner for a period of six years.

(c) The Attorney General may require a ~~stamping agent~~ licensed wholesale dealer or tobacco product manufacturer to submit any additional information, including samples of the packaging or labeling of each brand family, as is necessary to enable the Attorney General to determine whether a tobacco product manufacturer is in compliance with this subchapter and subchapter 1A of this chapter.

corporation taxes

Sec. 43. 32 V.S.A. § 8146 is amended to read:

§ 8146. Additional tax; refunds

(a) When the Commissioner finds that owing to the incorrectness of a return or any other cause, a tax paid pursuant to this chapter is too small, he or she shall assess an additional tax sufficient to cover the deficit and shall forthwith notify the parties so assessed. ~~If the additional assessment is not paid within 30 days after such notice, the person or corporation against whom it is assessed shall be liable to the same penalties as for neglect to pay annual or semiannual taxes.~~ The administrative provisions of chapters 103 and 151 of this title shall apply to assessments and refund claims under this chapter, including those provisions governing interest and penalty, appeals and collection of assessments.

meals and rooms tax

Sec. 44. 32 V.S.A. § 9245 is amended to read:

§ 9245. Overpayment; refunds

Upon application by an operator, if the Commissioner determines that any tax, interest or penalty has been paid more than once, or has been erroneously or illegally collected or computed, the same shall be credited by the Commissioner on any taxes then due from the operator under this chapter, and the balance shall be refunded to the operator or his or her successors, administrators, executors, or assigns, together with interest at the rate per annum established from time to time by the Commissioner pursuant to section 3108 of this title. That interest shall be computed from the latest of 45 days after the date the return was filed, or from 45 days after the date the return was due, including any extensions of time thereto, with respect to which the excess payment was made, or, if the taxpayer filed an amended return or otherwise requested a refund, 45 days after the date of such amended return or request was filed ~~whichever is the later date~~. Provided, however, no such credit or refund shall be allowed after three years from the date the return was due.

* * * Health Care Reform Financing * * *

Sec. 45. 32 V.S.A. Chapter 247 is added to read:

CHAPTER 247. HEALTH CARE PAYROLL TAX

§ 10601. DEFINITIONS

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

(1) "Employer" has the same meaning as in 21 V.S.A. § 1301(5), but shall not include the government of the United States.

(2) "Employment" means employment as defined in 26 U.S.C. § 3121(b) of the Internal Revenue Code and shall include service performed in the employ of the State of Vermont.

(3) "Person" shall include an individual, firm, partnership, association, joint stock company, corporation, trust, estate, or other entity.

(4) "Tax" or "tax liability" includes the liability for all amounts owing by a taxpayer to the State of Vermont under this chapter.

(5) "Taxable year" means the calendar year, or the fiscal year ending during the calendar year, with respect to which a tax is imposed under this chapter, and, in the case of a return filed with respect to a fractional part of a year, the period with respect to which the return is filed.

(6) "Taxpayer" means a person obligated to file a return with or pay or remit any amount to this State under this chapter.

(7) "Wages" means wages, as defined in section 26 U.S.C. § 3121(a) of the Internal Revenue Code.

§ 10602. PAYROLL TAX

(a) There is imposed on every employer for each calendar year a tax in an amount equal to 0.7 percent of all wages paid by the employer with respect to employment.

(b) Revenues collected under this chapter shall be deposited into the State Health Care Resources Fund established under 33 V.S.A. § 1901d.

§ 10603. PAYMENT OF ESTIMATED PAYROLL TAX

(a) Every employer shall make payments of the employer's tax liability under this section on the same filing frequency as the employer is required to pay withholding taxes to the Commissioner under section 5842 of this Title.

(b) The Commissioner shall establish schedules or formulae as will result in payments that closely approximate the income tax liabilities of the recipients of those payments with respect to those payments for that year under this chapter.

(c) Every person required to deduct and withhold any amount under this section shall make return thereof and shall pay over that amount to the Commissioner in accordance with § 5842 of this title; provided however, that a return reconciling the payments made during the preceding calendar quarter shall be filed on the 25th day of the month following the end of the quarter.

§ 10604. ADMINISTRATION OF TAX

All of the administrative provisions of chapter 151 of this title, including those relating to the collection and enforcement by the Commissioner of the withholding tax and the income tax, shall apply to the tax imposed by this chapter. In addition, the provisions of chapter 103 of this title, including those relating to the imposition of interest and penalty for failure to pay the tax as provided in section 10602 of this title, shall apply to the tax imposed by this chapter.

§ 10605. INCLUSION OF COST OF EMPLOYER-SPONSORED HEALTH COVERAGE ON W-2

(a) Every person who is required under 32 V.S.A. chapter 151 subchapter 4 to withhold income taxes from payments of income, except for the government of the United States, shall provide the aggregate cost of applicable employer-sponsored coverage required under 26 U.S.C. § 6051(a)(14) regardless of the number of W-2 forms filed.

Sec. 46. 33 V.S.A . §1901d(b) is amended to read:

(b) Into the Fund shall be deposited:

- (1) all revenue from the tobacco products tax and from the cigarette tax levied pursuant to 32 V.S.A. chapter 205;
- (2) revenue from health care provider assessments pursuant to subchapter 2 of chapter 19 of this title;
- (3) revenue from the employer health care premium contribution pursuant to 21 V.S.A. chapter 25;
- (4) revenue from health care claims assessments pursuant to 32 V.S.A. § 10402;
- (5) premium amounts paid by individuals unless paid directly to the insurer;
- (6) the proceeds from grants, donations, contributions, taxes, and any other sources of revenue as may be provided by statute, rule, or act of the General Assembly; ~~and~~
- (7) any remaining balance in the terminated Catamount Fund as of June 30, 2012.
- (8) revenues collected under the health care payroll tax pursuant to 32 V.S.A. chapter 247.

Sec. 47. DEPOSIT OF LOTTERY REVENUE

(a) Notwithstanding 16 V.S.A. Sec. 4025(a)(3), revenue generated by the profits from the sales of all lottery games sold on Touch Play Lottery consoles in an amount not to exceed \$2,000,000 shall be transferred annually to the Vermont Veterans' Home Operations Special Fund, which is hereby created, and which shall be managed pursuant to subchapter 5 of chapter 7 of title 32. Expenditures from the Fund shall be solely for operations of the Vermont Veterans' Home.

Sec. 48. AGENCY OF NATURAL RESOURCES LAND PILOT PAYMENTS

(a) Agency of Natural Resources State Land Pilot payments. Notwithstanding any other provision of law, for fiscal year 2016, payments in lieu of taxes to municipalities under 32 V.S.A. § 3708(a)(1) shall be 102 percent of the fiscal year 2014 payments. Payments with respect to parcels acquired or

reconfigured after June 30, 2014 shall be based on values established using the methodology applied in fiscal year 2015 to other parcels.

(b) Appeals of appraisal. In fiscal year 2016, there shall be no right for a municipality to appeal the appraised values of ANR lands certified by the Director of Property Valuation and Review in fiscal year 2014.

(c) Investigation of Additional Options for ANR PILOT. The Agency of Natural Resources (ANR) and the Division of Property Valuation and Review (PVR) and the Joint Fiscal Office in consultation with the Vermont League of Cities and Towns shall investigate Option C as Outlined within the Report on Annual Payments in Lieu of Taxes to Towns for Land Owned By the Agency of Natural Resources as submitted to the General Assembly on November 15, 2014. This investigation shall include:

(1) Consideration of possible adjustments in valuation methodology under Option C that may be necessary to ensure ANR PILOT payments for state owned parcels are generally equivalent to what the tax payments would be if the parcels were in private ownership;

(2) Evaluation of Option C compared to Options A and B or other possible options and a recommendation regarding which option to implement for ANR PILOT;

(3) Proposal for implementing the recommended PILOT Option and any changes to the valuation methodology and any changes to the calculation or scheduling of payments, including a schedule for transition to the new formula.

(4) The results of this investigation shall be summarized in a supplemental report to the General Assembly which shall be submitted to the House and Senate Committees on Natural Resources

and Energy, the House Committee on Ways and Means, and the Senate Committee on Finance on or before November 15, 2015.

Sec. 49. CLICK-THROUGH NEXUS

2011, No. 45, Sec. 37(13) is amended to read:

(13) Sec. 36a (Internet affiliate sales tax) shall take effect on the first day of a calendar quarter after a year following the date on which, through legislation, a rule, or an agreement, or other binding means, 15 or more other states have adopted imposing requirements that are the same, substantially similar, or significantly comparable to the requirements contained in Sec. 36a becomes effective in 25 or more states. The attorney general shall determine when this date has occurred.

Sec. 50. EFFECTIVE DATES

This act shall take effect on passage except:

(1) Sec. 8 (farm buildings) shall take effect upon passage and apply to taxes due with respect to farm buildings in fiscal year 2016 and after.

(2) Sec. 17 (state and local tax deduction) shall be effective upon passage and apply to tax years beginning on and after January 1, 2015.

(3) Sec. 18 (annual income tax update) shall take effect retroactively to January 1, 2015 and apply to taxable years beginning on and after January 1, 2014.

(4) Sec. 20 (obligation of estates and trusts to make estimated payments) shall take effect on passage and apply to taxable years beginning on and after January 1, 2016.

(5) Sec. 24, 25 and 26 (estate tax) shall take effect on January 1, 2015 and apply to decedents dying after December 31, 2014, except that the annual update of the estate tax link to the Internal Revenue Code shall take effect retroactively to January 1, 2014 and apply to decedents dying on or after January 1, 2014.

(6) Sec. 27 (estate tax) shall take effect on January 1, 2017 and apply to decedents dying after December 31, 2016.

(7) Sec. 28 (estate tax) shall take effect on January 1, 2019 and apply to decedents dying after December 31, 2018.

(8) Sec. 45 (health care payroll tax) shall take effect on January 1, 2016.

(9) Sec. 47 (lottery revenue) shall take effect upon passage, and shall apply to revenue generated on and after July 1, 2015.

(10) Sec. 49 (click- through nexus) shall take effect retroactively on January 1, 2015.

