

Section-by-Section Summary of Proposed Miscellaneous Tax Changes

Administrative Provisions

Sec. 1. This eliminates a reporting requirement. The Department uses reports of distributor to retailer sales, but does not need or use this report of manufacturer to wholesaler sales.

Sec. 2 and 3. Repeals the administrative responsibilities of Property Valuation and Review in connection with property mapping and transfers those functions directly to Vermont Center for Geographic Information (VCGI) and provides for VCGI funding to go directly to the Agency of Commerce and Community Development, which has absorbed VCGI.

Sec. 4. Expands the authority of the Secretary of Natural Resources to share proprietary information obtained in the course of an audit with the Department of Taxes for purposes of enforcing the solid waste tax.

Sec. 5. Removes the Commissioner of Taxes from the statutory distribution list for Municipal Annual Reports.

Sec. 6. Allows the Director of Property Valuation and Review to certify courses presented by the International Association of Assessing Officials, the Vermont Assessors and Listers Association and the Vermont League of Cities and Towns, in addition to those taught by PVR, for lister training.

Sec. 7. Corrects statutory citations.

Current Use

Sec. 8. Buildings enrolled in use value appraisal are presently taxed at zero percent of fair market value. This proposal would define use value appraisal as 30 percent of fair market value for enrolled farm buildings.

Sec. 9. Places a moratorium on new current use enrollments for 2015, 2016 and 2017.

Sec. 10. Technical change to reflect that the current use application itself is not filed at the land records as the lien, but rather the lien is filed after the application has been approved.

Education Tax, Tax Increment Financing, and Income Sensitivity

Sec. 11. Clarifies an amendment made last session to allow a homeowner whose home is leased out on April 1 to nevertheless declare it as homestead property provided the property is owned on April 1 and is not leased for more than 183 days out of the calendar year.

Sec. 12. Expands the exclusion of municipal property from nonresidential property subject to education tax to include parking garages that are built owned and managed by a municipality in a designated center.

Sec. 13. Currently qualified rental units, such as Section 8 housing and Section 515 rural housing, is entitled to a 10 percent exemption. VHFA issue exemption certificate to taxpayers who present them to the town. The exemption expires after 10 years. This section would allow a municipality to renew the exemption for an additional 10 years.

Sec. 14. Technical change to TIF statutes. Amendment to (3)(A) clarifies that this reporting requirement applies to municipalities that use certified or public accountants to audit town accounts as well as to audits performed in house. The date change will allow PVR and VEPC to use data reported to PVR in January in the annual report forms sent to municipalities, and save municipalities from having to re-enter same data on additional report.

Sec. 15. Allows TIF to keep certain taxes out of the increment which has the effect of decreasing the amount that would otherwise go to the Education Fund.

Sec. 16. Requires property tax adjustment claimant to notify the Department if the claimant become aware of changes to income within 3 years of filing a claim. This is parallel to the income tax notice requirement.

Income Tax

Sec. 17. Eliminates the state tax deduction from “taxable income.

Sec. 18. Annual update of the income tax link to the Internal Revenue Code.

Sec. 19. Requires payment of withholding tax on a semi-weekly basis if the taxpayer is a semi-weekly filer for Federal withholding. Under current law, semi-weekly filing status is triggered by a dollar amount. Linking Vermont’s filing status to federal filing status will make it easier for taxpayers to comply.

Sec. 20. Requires trusts and estates to make estimated payments of income tax liability in the same manner as individuals.

Sec. 21. Repeals definition section related to an expired credit.

Downtown Credits

Sec. 22. Expands credit for “qualified code of technology improvement project” to apply to limited use limited application elevators.

Sec. 23. Limits the new elevator credit to \$40,000.

Estate Tax

Sec. 24-28. Proposes to impose the estate tax at a flat rate of 16 percent of Vermont gross estate as with a \$2.45M exclusion. The exclusion is down from \$2.75M, but with two increases to bring it to the federal exclusion amount by 2019. Vermont gross estate is apportioned federal gross estate after adding back gifts made within one year of death.

Cigarettes and Tobacco Taxes

Sec. 29- 42. These sections amend tobacco and cigarette statutes in Titles 32 and 33 to conform to Act 14 of 2013, which made definitional changes, added new products to those taxed under Title 32, eliminated redundant terms and made numerous other changes to the cigarette and tobacco tax statutes. These amendments are all in the nature of housekeeping changes.

Corporate Franchise Taxes

Sec. 43. Incorporates the administrative provisions of chapters 103 (administration) and 151 (income tax) including interest and penalty, appeal and collection provisions into Chapter 211 which imposes various franchise taxes, including insurance and telephone taxes.

Meals and Rooms Tax

Sec. 44. Provides that interest paid on a meals and rooms tax refund shall begin to run from 45 days after the refund request was made. This conforms to the calculation of both income tax and sales tax refunds.

Health Care Reform Financing

Sec. 45. Imposes a payroll tax to fund health care reform.

Sec. 46. Amends statute listing sources of revenue funding State Health Care Resources Fund to add the health care payroll tax.

Veterans' Home

Sec. 47. Provides for revenues raised from the sale of touch play lottery games up to \$2M to be transferred annually to the Vermont Veterans' Home Operations Special Fund.

State Land Pilots

Sec. 48. Freezes state land PILOT payments at 102 percent of their FY14 amount.

Sales Tax Nexus

Sec. 49. Amends the “click-through” nexus law to make it effective after 25 other states have passed similar laws and provides a notice period after the threshold has been reached.

Sec. 50. Effective dates.