

1 Introduced by Committee on Ways and Means

2 Date:

3 **DRAFT: ADMINISTRATION PROPOSALS -- NON REVENUE**

4 Statement of purpose of bill as introduced: This bill proposes to make
5 miscellaneous changes to Vermont's tax laws.

6 An act relating to miscellaneous tax changes

7 It is hereby enacted by the General Assembly of the State of Vermont:

8 * * * Administrative Provisions * * *

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

10 § 302. APPLICATION

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

1 (C) Hard copy or nondigital format orthophotographic imagery
2 created under this section shall be available for public review at the State
3 Archives.

4 Sec. 3. 10 V.S.A. § 6608(c) is amended to read:

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

15 Sec. 4. 24 V.S.A. § 1173 is amended to read:

16 § 1173. TOWN OR VILLAGE REPORTS

17 The clerk of a municipality shall supply annually each library in such
18 municipality with two copies of the municipal report, upon its publication.

19 The clerk shall also send to the State Library two copies thereof, and one copy
20 each to the Secretary of State, ~~Commissioner of Taxes~~, State Board of Health,
21 Commissioner for Children and Families, Commissioner of Vermont Health

1 Access, Auditor of Accounts, and Board of Education. Officers making these
2 reports shall supply the clerk of the municipality with the printed copies
3 necessary for him or her to comply with the provisions of this section and
4 section 1174 of this title.

5 Sec. 5. 32 V.S.A. § 3436(a) is amended to read:

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

18 * * * Current Use * * *

19 Sec. 6. 32 V.S.A. § 3757(f) is amended to read:

20 (f) ~~The~~ Once the application for use value appraisal of agricultural and
21 forestland, ~~once~~ has been approved by the State, the State shall ~~be recorded~~

1 record a lien against the enrolled land in the land records of the municipality
2 ~~and~~ which shall constitute a lien to secure payment of the land use change tax
3 to the State upon development. The landowner shall bear the recording cost.
4 The land use change tax and any obligation to repay benefits paid in error
5 shall not constitute a personal debt of the person liable to pay the same, but
6 shall constitute a lien which shall run with the land. All of the administrative
7 provisions of chapter 151 of this title, including those relating to collection
8 and enforcement, shall apply to the land use change tax.

9 * * * Statewide Education Tax * * *

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

11 (7) “Homestead”:

12 (A) “Homestead” means the principal dwelling and parcel of land
13 surrounding the dwelling, owned and occupied by a resident individual on
14 April 1 ~~and occupied~~ as the individual’s domicile ~~for a minimum of~~ or owned
15 and fully leased on April 1 provided the property is not leased for more than
16 183 days out of the calendar year, or for purposes of the renter property tax
17 adjustment under subsection 6066(b) of this title, rented and occupied by a
18 resident individual as the individual’s domicile.

19 Sec. 8. 32 V.S.A. § 5401(10) is amended to read:

20 (10) “Nonresidential property” means all property except:

21 * * *

1 rental housing. A municipality shall allow the percentage exemption under
2 this subsection upon presentation by the taxpayer to the municipality, by
3 April 1, of a certificate of education grand list value exemption, obtained from
4 the Vermont Housing Finance Agency (VHFA). VHFA shall issue a certificate
5 of exemption upon presentation by the taxpayer of information which VHFA
6 and the Commissioner shall require. An exemption granted by a municipality
7 under this subsection shall expire upon transfer of the building, upon
8 expiration of the rent restriction, **or after 10 20 years**, whichever first occurs.

9 * * * Tax Increment Financing Districts * * *

10 Sec. 10. 24 V.S.A. § 1901(3) is amended to read:

11 (3) Annually:

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

18 (B) on or before ~~January 15~~ February 15 of each year, on a form
19 prescribed by the Council, submit an annual report to the Vermont Economic
20 Progress Council and the Department of Taxes, including the information
21 required by subdivision (2) of this section if not already submitted during the

1 year, all information required by subdivision (A) of this subdivision (3), and
2 the information required by 32 V.S.A. § 5404a(i), including performance
3 indicators and any other information required by the Council or the
4 Department of Taxes.

5 Sec. 11. 24 V.S.A. § 1896(c) is amended to read:

6 (c) Notwithstanding any charter provision or other provision, all property
7 taxes assessed within a district shall be subject to the provision of subsection
8 (a) of this section. Special assessments levied under chapter 87 of this title, the
9 proceeds of which are dedicated to a specific bond or pledge for the repayment
10 of a specific borrowing and are apportioned based on any method other than
11 the grand list value of the affected properties shall not be considered property
12 taxes for the purpose of this section.

13 * * * Income Tax * * *

14 Sec. 12. 32 V.S.A. § 5824 is amended to read:

15 § 5824. ADOPTION OF FEDERAL INCOME TAX LAWS

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

20 Sec. 13. 32 V.S.A. § 5842(a)(2) is amended to read:

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

8 Sec. 14. 32 V.S.A. § 5852(a) is amended to read:

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

19 * * * Downtown Tax Credits * * *

20 Sec. 15. 32 V.S.A. § 5930aa(3) is amended to read:

1 sprinkler system, a maximum tax credit of \$30,000.00 for the combined costs
2 of installation or improvement of data or network wiring or a heating,
3 ventilating, or cooling system, and a maximum tax credit of ~~\$25,000.00~~
4 \$50,000.00 for the combined costs of all other qualified code improvements.

5 * * * Cigarette and Tobacco Taxes * * *

6 Sec. 17. 32 V.S.A. § 7734 is amended to read:

7 § 7734. PENALTIES FOR SALES WITHOUT LICENSE

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

14 Sec. 18. 32 V.S.A. § 7771(b) is amended to read:

15 (b) Payment of the tax on cigarettes under this section shall be evidenced
16 by the affixing of stamps to the packages containing the cigarettes. Where
17 practicable, the Commissioner may also require that stamps be affixed to
18 packages containing little cigars or roll-your-own tobacco. Any cigarette, little
19 cigar, or roll-your-own tobacco on which the tax imposed by this section has
20 been paid, such payment being evidenced by the affixing of such stamp or such
21 evidence as the Commissioner may require, shall not be subject to a further tax

1 under this chapter. Nothing contained in this chapter shall be construed to
2 impose a tax on any transaction the taxation of which by this State is
3 prohibited by the constitution of the United States. The amount of taxes
4 advanced and paid by a licensed wholesale dealer ~~or a retail dealer~~ as herein
5 provided shall be added to and collected as part of the retail sale price on the
6 cigarettes, little cigars, or roll-your-own tobacco.

7 Sec. 19. 32 V.S.A. § 7772 is amended to read:

8 § 7772. FORM AND SALE OF STAMPS

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

15 (b) At the purchaser's request, the Commissioner may sell stamps to be
16 affixed to packages of cigarettes as evidence of the payment to the tax imposed
17 by this chapter to licensed wholesale dealers ~~and retail dealers~~ for payment
18 within 10 days, at a discount of one and five-tenths percent of their face value
19 if timely paid. In determining whether to sell stamps for payment within
20 10 days, the Commissioner shall consider the credit history of the dealer; and
21 the filing and payment history, with respect to any tax administered by the

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

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

7 Sec. 20. 32 V.S.A. § 7773 is amended to read:

8 § 7773. **USE AND REDEMPTION OF STAMPS**

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

14 Sec. 21. 32 V.S.A. § 7775 is amended to read:

15 § 7775. ~~RETAILERS~~ RETAIL DEALERS

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

1 ~~distributor~~ licensed wholesale dealer and the failure of any retail dealer to
2 produce and exhibit to the Commissioner or his or her authorized
3 representative, upon demand, an invoice by a ~~distributor~~ licensed wholesale
4 dealer for any tobacco products in his or her possession, shall be presumptive
5 evidence that the tax thereon has not been paid and that such retail dealer is
6 liable for the collection of the tax thereon. The amount of taxes advanced and
7 paid by a ~~distributor~~ licensed wholesale dealer or retail dealer as hereinabove
8 provided shall be added and collected as part of the sales price of the tobacco
9 products.

10 Sec. 24. 32 V.S.A. § 7813 is amended to read:

11 § 7813. RETURNS AND PAYMENT OF TAX BY ~~DISTRIBUTOR~~

12 LICENSED WHOLESALE DEALER

13 Every ~~distributor~~ licensed wholesale dealer shall, on or before the 15th day
14 of each month, file with the Commissioner a return on forms to be prescribed
15 and furnished by the Commissioner, showing the quantity and wholesale price
16 of all tobacco products sold, shipped or delivered by him or her to any person
17 in the State during the preceding calendar month. Such returns shall contain
18 such further information as the Commissioner of Taxes may require. Every
19 ~~distributor~~ licensed wholesale dealer shall pay to the Commissioner with the
20 filing of such return, the tax on tobacco products for such month imposed
21 under this subchapter. When the ~~distributor~~ or licensed wholesale dealer files

1 the return and pays the tax within the time specified in this section, he or she
2 may deduct therefrom two percent of the tax due.

3 Sec. 25. 32 V.S.A. § 7819 is amended to read:

4 § 7819. REFUNDS

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

13 Sec. 26. 32 V.S.A. § 7821 is amended to read:

14 § 7821. CRIMINAL PENALTIES

15 Any ~~distributor or dealer~~ person who shall fail, neglect, or refuse to comply
16 with or shall violate the provisions of this chapter relating to the tax on tobacco
17 products or the rules and regulations ~~promulgated~~ adopted by the
18 Commissioner under this chapter relating to such tax shall be guilty of a
19 misdemeanor and upon conviction for a first offense shall be sentenced to pay
20 a fine of not more than \$250.00 or to be imprisoned for not more than 60 days,
21 or both such fine and imprisonment in the discretion of the Court; and for a

1 second or subsequent offense shall be sentenced to pay a fine of not less than
2 \$250.00 nor more than \$500.00, or be imprisoned for not more than six
3 months, or both such fine and imprisonment in the discretion of the Court.

4 This section shall not apply to violations of sections 7731-7734 and 7776 of
5 this title.

6 Sec. 27. 33 V.S.A. § 1916 is amended to read:

7 §1916. DEFINITIONS

8 As used in this subchapter:

9 * * *

10 (4) ~~“Distributor~~ “Wholesale dealer” shall have the same meaning as in
11 32 V.S.A. § 7702(4)(16).

12 * * *

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

16 * * *

17 Sec. 28. 33 V.S.A. § 1917(a) is amended to read:

18 (a) Every tobacco product manufacturer whose cigarettes are sold in this
19 State, whether directly or through a ~~distributor~~, licensed wholesale dealer,
20 retailer, or similar intermediary or intermediaries, shall execute and deliver on
21 a form prescribed by the Attorney General a certification to the Attorney

1 General no later than April 30 each year certifying under penalty of perjury
2 that, as of the date of such certification, such tobacco product manufacturer
3 either is a participating manufacturer or is in full compliance with subchapter
4 1A of this chapter, including all quarterly installment payments required by
5 section 1922 of this title.

6 Sec. 29. 33 V.S.A. § 1918(c) and (d) are amended to read:

7 (c) Unless otherwise provided by agreement between a ~~stamping agent~~
8 licensed wholesale dealer and a tobacco product manufacturer, a ~~stamping~~
9 ~~agent~~ licensed wholesale dealer shall be entitled to a refund from a tobacco
10 product manufacturer for any money paid by the ~~stamping agent~~ licensed
11 wholesale dealer to the tobacco product manufacturer for any cigarettes of that
12 tobacco product manufacturer still in the possession of the ~~stamping agent~~
13 licensed wholesale dealer on the date of the Attorney General's removal from
14 the directory of that tobacco product manufacturer or the individual styles or
15 brands of cigarettes of that tobacco product manufacturer. Also, unless
16 otherwise provided by agreement between a retail dealer and a ~~distributor~~
17 licensed wholesale dealer or a tobacco product manufacturer, a retail dealer
18 shall be entitled to a refund from either a ~~distributor~~ licensed wholesale dealer
19 or a tobacco product manufacturer for any money paid by the retail dealer to
20 the ~~distributor~~ licensed wholesale dealer or tobacco product manufacturer for
21 any cigarettes of that ~~distributor~~ licensed wholesale dealer or tobacco product

1 manufacturer still in the possession of the retail dealer on the date of the
2 Attorney General's removal from the directory of that tobacco product
3 manufacturer or the individual styles or brands of cigarettes of that tobacco
4 product manufacturer. The Attorney General shall not restore to the directory
5 a tobacco product manufacturer or any individual styles or brands or cigarettes
6 or, if applicable, brand families of that tobacco product manufacturer until the
7 tobacco product manufacturer has paid all ~~stamping agents~~ licensed wholesale
8 dealers any refund due pursuant to this section.

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

12 Sec. 30. 33 V.S.A. § 1921 is amended to read:

13 § 1921. REPORTING AND SHARING OF INFORMATION

14 (a) At the date specified in 32 V.S.A. § 7785 or 7813, for monthly reports
15 from licensed wholesale dealers ~~or distributors~~, or at such date and frequency
16 as the Commissioner may require for other stamping agents, which will be at
17 least quarterly, each ~~stamping agent~~ licensed wholesale dealer shall submit
18 such information as the Commissioner requires to facilitate compliance with
19 subchapter 1A of this chapter and this subchapter, including a list by brand
20 family of the total number of cigarettes, or, in the case of roll-your-own
21 tobacco, the equivalent stick count, as determined pursuant to the formula set

1 ~~after such notice, the person or corporation against whom it is assessed shall be~~
2 ~~liable to the same penalties as for neglect to pay annual or semiannual taxes.~~

3 The administrative provisions of chapter 103 and 151 shall apply to
4 assessments and refund claims under this chapter, including those provisions
5 governing interest and penalty, appeals, and collection of assessments.

6 * * * Meals and Rooms Taxes * * *

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

8 § 9245. OVERPAYMENT; REFUNDS

9 Upon application by an operator, if the Commissioner determines that any
10 tax, interest, or penalty has been paid more than once, or has been erroneously
11 or illegally collected or computed, the same shall be credited by the
12 Commissioner on any taxes then due from the operator under this chapter, and
13 the balance shall be refunded to the operator or his or her successors,
14 administrators, executors, or assigns, together with interest at the rate per
15 annum established from time to time by the Commissioner pursuant to section
16 3108 of this title. That interest shall be computed from the latest of 45 days
17 after the date the return was filed, ~~or from~~ 45 days after the date the return was
18 due, including any extensions of time thereto, with respect to which the excess
19 payment was made, ~~whichever is the later date~~ or, if the taxpayer filed an
20 amended return or otherwise requested a refund, 45 days after the date of such

1 amended return or request was filed. Provided, however, no such credit or
2 refund shall be allowed after three years from the date the return was due.

3 * * * Repeals * * *

4 Sec. 33. REPEALS

5 The following are repealed:

6 (1) 32 V.S.A. § 3409 (preparation of property maps).

7 (2) 32 V.S.A. § 5925 (definitions for expired section) and 10 V.S.A.
8 § 697(a) (cross reference).

9 * * * Effective Dates * * *

10 Sec. 34. EFFECTIVE DATES

11 This act shall take effect on passage except:

12 (1) Notwithstanding 1 V.S.A. § 214, Sec. 9 (qualified housing
13 exemption) shall take effect retroactively on January 1, 2014.

14 (2) Notwithstanding 1 V.S.A. § 214, Sec. 12 (annual income tax update)
15 shall take effect retroactively to January 1, 2015 and apply to taxable years
16 beginning on and after January 1, 2014.

17 (3) Sec. 14 (obligation of estates and trusts to make estimated payments)
18 shall take effect on passage and apply to taxable years beginning on and after
19 January 1, 2016.