

1 TO THE HONORABLE SENATE:

2 The Committee on Finance to which was referred House Bill No. 489 entitled
3 “An act relating to revenue” respectfully reports that it has considered the same
4 and recommends that the Senate propose to the House that the bill be amended
5 by striking out all after the enacting clause and inserting in lieu thereof the
6 following:

7 * * * Administrative Provisions * * *

8 Sec. 1. 1 V.S.A. § 149 is added to read:

9 § 149. SEMIWEEKLY

10 Unless a statute provides a more specific definition, “semiweekly” means
11 twice per week.

12 Sec. 2. 7 V.S.A. § 302 is amended to read:

13 § 302. APPLICATION

14 Application for such certificate of approval shall be made upon a form
15 prescribed and furnished by the ~~liquor control board~~ Liquor Control Board,
16 containing agreements to comply with the regulations of the ~~board and to file~~
17 ~~with the commissioner of taxes, on or before the 20th day of each month, a~~
18 ~~report under oath, on a form prescribed and furnished by the commissioner of~~
19 ~~taxes, showing the quantity of malt or vinous beverages sold or delivered by~~
20 ~~such manufacturer or distributor during the preceding calendar month to each~~

1 ~~holder of such bottler's or wholesale dealer's license, Board~~ and containing
2 such further information as the ~~board~~ Board may deem necessary.

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

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

7 * * *

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

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

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

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. 4. 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. 5. 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. 6. 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 * * * Local Option Taxes * * *

19 Sec. 7. 24 V.S.A. § 138(a) is amended to read:

20 (a) Local option taxes are authorized under this section for the purpose of
21 affording municipalities ~~an alternative~~ a method of raising municipal revenues

1 ~~to facilitate the transition and reduce the dislocations in those municipalities~~
2 ~~that may be caused by reforms to the method of financing public education~~
3 ~~under the Equal Educational Opportunity Act of 1997. Accordingly:~~

4 ~~(1) the local option taxes authorized under this section may be imposed~~
5 ~~by a municipality;~~

6 ~~(2) a municipality opting to impose a local option tax may do so prior to~~
7 ~~July 1, 1998 to be effective beginning January 1, 1999, and anytime after~~
8 ~~December 1, 1998 a local option tax shall be effective beginning on the next~~
9 ~~tax quarter following 90 days' notice to the department of taxes of the~~
10 ~~imposition; and~~

11 ~~(3) a local option tax may only be adopted by a municipality in which:~~

12 ~~(A) the education property tax rate in 1997 was less than \$1.10 per~~
13 ~~\$100.00 of equalized education property value; or~~

14 ~~(B) the equalized grand list value of personal property, business~~
15 ~~machinery, inventory, and equipment is at least ten percent of the equalized~~
16 ~~education grand list as reported in the 1998 Annual Report of the Division of~~
17 ~~Property Valuation and Review; or~~

18 ~~(C) the combined education tax rate of the municipality will increase~~
19 ~~by 20 percent or more in fiscal year 1999 or in fiscal year 2000 over the rate of~~
20 ~~the combined education property tax in the previous fiscal year. A local option~~

1 tax shall be effective beginning on the next tax quarter following 90 days'
2 notice to the Department of Taxes of the imposition.

3 * * * Collections * * *

4 Sec. 8. 32 V.S.A. § 3201(a) is amended to read:

5 (a) In the administration of taxes, the Commissioner may:

6 * * *

7 (9) Attach property pursuant to section 3207 of this title for payment of
8 an amount collectible by the Commissioner under this title.

9 (10) Garnish earnings pursuant to section 3208 of this title for payment
10 of an amount collectible by the Commissioner under this title.

11 Sec. 9. 32 V.S.A. § 3207 is added to read:

12 § 3207. ADMINISTRATIVE ATTACHMENT

13 (a) Notwithstanding other statutes which provide for levy of execution,
14 trustee process, and attachment, the Commissioner, pursuant to this section,
15 may attach tangible and intangible property of a taxpayer to satisfy amounts
16 collectible by the Commissioner under this title by transmitting a notice of
17 attachment to a financial institution or person holding property belonging to or
18 owed to a taxpayer.

19 (b) The Commissioner may contact a financial institution to obtain
20 verification of the account number, the names and Social Security numbers
21 listed for an account, and account balances of accounts held by a delinquent

1 taxpayer. A financial institution is immune from any liability for release of
2 this information to the Commissioner.

3 (c) At least 30 days prior to attaching a taxpayer's property, the
4 Commissioner shall demand payment from the taxpayer together with notice
5 that the taxpayer is subject to attachment of property under this section. This
6 notice shall be sent by first class mail to the taxpayer's last known address.
7 The mailing of the notice shall be presumptive evidence of its receipt.

8 (d) A notice of attachment shall direct the financial institution or person to
9 transmit all or a portion of the property in the taxpayer's accounts or owed to
10 the taxpayer to the Commissioner up to the amount owed to the Commissioner.
11 The notice shall identify the taxpayer by Social Security number or federal
12 employer identification number. Upon receipt of the notice, the financial
13 institution or person forthwith shall remit the amount stated in the notice or the
14 amount held or owned by such financial institution or person, whichever is
15 less, to the Commissioner. Notwithstanding the foregoing, any financial
16 institution shall surrender any deposits in such bank only after 21 days after
17 transmittal of the notice of attachment. During the 21-day hold period, the
18 financial insitution shall not release the attached funds to the taxpayer unless
19 the Commissioner releases the attachment. A financial institution is immune
20 from any liability due to compliance with the Commissioner's notice of
21 attachment.

1 (e) A copy of the notice of attachment transmitted to the financial
2 institution or person holding property due to the taxpayer shall be sent by
3 certified mail to the taxpayer at the time it is transmitted to the financial
4 institution or person. The taxpayer may, within 15 days of mailing, petition
5 the Commissioner in writing for a hearing under this section. The
6 Commissioner shall grant a hearing on the matter as provided in subsection
7 5885(a) of this title at which the taxpayer bears the burden of proof. The
8 Commissioner shall notify the taxpayer in writing of his or her decision
9 concerning the attachment and the taxpayer may appeal in the manner provided
10 in subsection (b) of this title. This shall be the taxpayer's exclusive remedy
11 with respect to an attachment under this section.

12 (f) At a hearing under this section, the taxpayer may raise the following
13 claims relating to the proposed attachment, including:

14 (1) whether the notice of attachment has identified the wrong taxpayer;

15 (2) whether the proposed attachment includes property that would be
16 exempt from attachment and levy under 12 V.S.A. § 2740 in a judicial
17 attachment;

18 (3) the statute of limitations to collect the liability expired before the
19 notice of attachment was sent;

20 (4) the taxpayer may propose a collection alternative, including a
21 payment plan or offer in compromise, but only if there has been a change in

1 the taxpayer's Vermont tax liability based on a change in his or her federal tax
2 liability since the Vermont liability was assessed.

3 (g) The hearing under this section shall be conducted by an officer or
4 employee who is not an employee of the Compliance Division of the
5 Department of Taxes.

6 (h) If a hearing is requested in a timely manner under this section, the
7 attachment shall be suspended and the financial institution shall not release the
8 attached funds for the period during which the appeal is pending.

9 (i) After a hearing, the taxpayer may propose a collection alternative,
10 including a payment plan or offer in compromise, but only if there has been a
11 change in the taxpayer's federal tax liability or on a change in the amount that
12 is subject to attachment as a result of the hearing.

13 (j) Attachment under this section and other collection measures provided
14 by law are cumulative.

15 (k) The Commissioner forthwith shall notify the financial institution in
16 writing and the financial institution shall cease attachment:

17 (1) upon full payment of the amounts collectible by the
18 Commissioner; or

19 (2) when the attachment exceeds the amount permissible under
20 12 V.S.A. § 2740.

1 (l) A determination under subdivision 5888(1) of this title will be reflected
2 in the amounts collectible by the Commissioner.

3 (m) As used in this section:

4 (1) “Financial institution” includes financial institutions as defined 8
5 V.S.A. § 11101(32) and credit unions as defined in 8 V.S.A. § 30101(5).

6 (2) “Intangible property” means property that has no intrinsic value, but
7 is merely the representative of value such as cash, accounts, rents, stocks,
8 bonds, promissory notes, or other instruments that create a payment obligation.

9 (3) “Person” has the same meaning as in section 3001 of this title.

10 Sec. 10. 32 V.S.A. § 3208 is added to read:

11 § 3208. ADMINISTRATIVE GARNISHMENT

12 (a) Notwithstanding other statutes which provide for levy or execution,
13 trustee process, or attachment, the Commissioner may garnish a taxpayer’s
14 earnings pursuant to this section to satisfy amounts collectible by the
15 Commissioner under this title, subject to the exemptions provided in 12 V.S.A.
16 § 3170(a) and (b)(1).

17 (b) The Commissioner may contact an employer to obtain verification of a
18 delinquent taxpayer’s employment, earnings, deductions, and payment
19 frequency as necessary to determine disposable earnings. The employer shall
20 be immune from any liability for release of this information to the
21 Commissioner.

1 (c) At least 30 days prior to initiating wage garnishment, the Commissioner
2 shall demand payment from the taxpayer and notify the taxpayer that he or she
3 is subject to garnishment under this section. This notice shall be sent by first
4 class mail to the taxpayer's last known address. The mailing of notice shall be
5 presumptive evidence of receipt.

6 (d) After 30 days, a notice of garnishment shall be sent by certified mail to
7 the taxpayer, and the taxpayer may, within 15 days of mailing, petition the
8 Commissioner in writing for a hearing under this section. The Commissioner
9 shall grant a hearing on the matter as provided in subsection 5885(a) of this
10 title at which the taxpayer bears the burden of proof. The Commissioner shall
11 notify the taxpayer in writing of his or her decision concerning the garnishment
12 and the taxpayer may appeal in the manner provided in subsection 5885(b) of
13 this title. This shall be the taxpayer's exclusive remedy with respect to a
14 garnishment under this section.

15 (e) If, after 15 days, the taxpayer has not petitioned for a hearing, a notice
16 of garnishment shall direct an employer to transmit a specified portion of the
17 taxpayer's disposable earnings to the Commissioner from each periodic
18 payment that is due to the taxpayer until the taxpayer's obligation is paid in
19 full. The notice shall identify the taxpayer by Social Security number.

20 (f) If a hearing is requested in a timely manner under this section, the
21 garnishment which is the subject of the requested hearing shall be suspended

1 for the period during which such appeal is pending. Fifteen days after an
2 appeal is resolved, the notice of garnishment shall direct an employer to
3 transmit a specified portion of the taxpayer's disposable earnings to the
4 Commissioner from each periodic payment that is due to the taxpayer until the
5 taxpayer's obligation is paid in full. The notice shall identify the taxpayer by
6 Social Security number.

7 (g) At a hearing under this section, the taxpayer may raise any relevant
8 issue relating to the unpaid tax or the proposed attachment, including:

9 (1) whether the notice of garnishment has identified the wrong taxpayer;

10 (2) whether the garnishment exceeds the amount permissible under
11 12 V.S.A. § 3170(a) and (b)(1); or

12 (3) the statute of limitations to collect the liability expired before the
13 notice of attachment was sent.

14 (h) The hearing under this section shall be conducted by an officer or
15 employee who is not an employee of the Compliance Division of the
16 Department of Taxes.

17 (i) An employer's obligation to transmit garnished wages to the
18 Commissioner shall begin with the first periodic payment of earnings
19 following receipt of the notice of garnishment unless the notice is withdrawn
20 by the Commissioner. An employer who fails to withhold and transmit the
21 garnished earnings to the Commissioner shall be liable for such amounts and

1 may be assessed in the same manner as withholding taxes are assessed under
2 chapter 151 of this title. As soon as reasonably practicable, the employer shall
3 notify the Commissioner of the termination of the taxpayer's employment. No
4 taxpayer may be discharged from employment on account of garnishment
5 under this section against the taxpayer's wages.

6 (j) The Commissioner forthwith shall notify the employer in writing and
7 the employer shall cease withholding from the earnings of the taxpayer:

8 (1) upon full payment of the amounts collectible by the
9 Commissioner; or

10 (2) when the garnishment exceeds the amount permissible under
11 12 V.S.A. § 3170(a) and (b)(1).

12 (k) Wage garnishment under this section and other collection measures
13 provided by law are cumulative.

14 (l) A determination under subdivision 5888(1) of this title will be reflected
15 in the amounts collectible by the Commissioner.

16 (m) As used in this section:

17 (1) "Disposable earnings" means that part of the earnings of any
18 individual remaining after the deduction from those earnings of any amounts
19 required by law to be withheld and the amount of any wage garnishment
20 payable to the Office of Child Support.

1 (4) administer the system of tax debt setoff in chapter 151,
2 subchapter 12 of this title;

3 (5) administer the system of tax intercepts under section 3113 of this
4 title; and

5 (6) collect debts referred from agencies or from other branches or
6 subdivisions of State government under this subchapter.

7 § 3302. DEBT REFERRAL

8 (a) An agency or any other branch or subdivision of State government may
9 enter into an agreement with the Department of Taxes to collect any debt, other
10 than debts related to property taxes under chapters 123 through 135 of this
11 title, of \$50.00 or more under the procedures established by this subchapter.

12 (b) Any agreement shall contain the following provisions:

13 (1) a process for ensuring that the debt is final, and not subject to any
14 negotiation for settlement;

15 (2) a process for providing the Department with information necessary
16 to identify each debtor and for certifying in writing the amount of each debt
17 submitted to the Department for collection, along with any other information
18 as the Commissioner shall require;

19 (3) a hierarchy of payments made from debts collected; and

20 (4) any other provisions necessary to allow the Department of Taxes to
21 collect the referred debt.

1 § 3303. COLLECTION POWERS AND PROCESS

2 The Collections Unit in collecting debt required under this chapter shall
3 have the following enforcement powers at its disposal:

4 (1) any enforcement tool available to referring agency, in the name of
5 that agency; and

6 (2) any enforcement tools for collection of tax debts under this title.

7 Sec. 12. TRANSITION

8 By July 1, 2016, the Department of Taxes shall adopt rules necessary to
9 implement the creation of the Collections Unit under 32 V.S.A. chapter 103,
10 subchapter 7. The rules shall include provisions for entering into referral
11 agreements with referring agencies, branches, and subdivisions, and for
12 exercising the enforcement powers provided under this subchapter.

13 Sec. 13. 32 V.S.A. § 3113(d) is amended to read:

14 (d) If the Commissioner determines that any person who has agreed to
15 furnish goods, services, or real estate space to any agency has neglected or
16 refused to pay any tax administered by the Commissioner and that the person's
17 liability for such tax is not under appeal, or if under appeal, the Commissioner
18 has determined that the tax or interest or penalty is in jeopardy, the
19 Commissioner shall notify the agency and the person in writing of the amount
20 owed by such person. Upon receipt of such notice, the agency shall thereafter
21 transfer to the Commissioner any amounts that would otherwise be payable by

1 the agency to the taxpayer, up to the amount certified by the Commissioner.

2 The Commissioner may treat any such payment as if it were a payment
3 received from the taxpayer. As used in this section, “any person who has
4 agreed to furnish services” includes a provider of Medicaid services who
5 receives reimbursement from the State under Title 33.

6 * * * Current Use * * *

7 Sec. 14. 32 V.S.A. § 3757(f) is amended to read:

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

18 * * * Statewide Education Tax * * *

19 Sec. 15. 32 V.S.A. § 5401(7) is amended to read:

20 (7) “Homestead”:

1 this subsection upon presentation by the taxpayer to the municipality, by
2 April 1, of a certificate of education grand list value exemption, obtained from
3 the Vermont Housing Finance Agency (VHFA). VHFA shall issue a
4 certificate of exemption upon presentation by the taxpayer of information
5 which VHFA and the Commissioner shall require. ~~An exemption granted by a~~
6 ~~municipality~~ A certificate of exemption issues by VHFA under this subsection
7 shall expire upon transfer of the building, upon expiration of the rent
8 restriction, or after 10 years, whichever first occurs. The certificate of
9 exemption shall be renewed if VHFA finds that the property continues to meet
10 the requirements of this subsection.

11 * * * Tax Increment Financing Districts * * *

12 Sec. 17. 24 V.S.A. § 1901(3) is amended to read:

13 (3) Annually:

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

20 (B) on or before ~~January 15~~ February 15 of each year, on a form
21 prescribed by the Council, submit an annual report to the Vermont Economic

1 Progress Council and the Department of Taxes, including the information
2 required by subdivision (2) of this section if not already submitted during the
3 year, all information required by subdivision (A) of this subdivision (3), and
4 the information required by 32 V.S.A. § 5404a(i), including performance
5 indicators and any other information required by the Council or the
6 Department of Taxes.

7 Sec. 18. 24 V.S.A. § 1896(c) is amended to read:

8 (c) Notwithstanding any charter provision or other provision, all property
9 taxes assessed within a district shall be subject to the provision of subsection
10 (a) of this section. Special assessments levied under chapters 76A or 87 of this
11 title or under a municipal charter shall not be considered property taxes for the
12 purpose of this section if the proceeds are used exclusively for operating
13 expenses related to properties within the district, and not for improvements
14 within the district, as defined in subsection 1891(4) of this title.

15 * * * Income Tax * * *

16 Sec. 19. 32 V.S.A. § 5811(21) is amended to read:

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

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

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

1 percentage change in the Freddie Mac 30-year fixed mortgage interest rate
2 survey from tax year 2015 to the year prior to which the indexed amount is
3 being calculated, and then rounded to the nearest \$500.00 increment over
4 \$12,000.00.

5 * * *

6 Sec. 20. 32 V.S.A. § 5822(a)(6) is added to read

7 (6) If the federal adjusted gross income of the taxpayer exceeds
8 \$150,000.00, then the tax calculated under this subsection shall be the greater
9 of the tax calculated under subdivisions (1)–(5) of this subsection or three
10 percent of the taxpayer’s federal adjusted gross income.

11 Sec. 21. 32 V.S.A. § 5830e is added to read:

12 § 5830e. CHARITABLE CONTRIBUTIONS

13 (a) For taxpayers who itemized deductions at the federal level, there is
14 allowed a nonrefundable credit against the tax imposed by section 5822 of this
15 title in the amount of five percent of the charitable contributions in a taxable
16 year to one or more qualified donees.

17 (b) As used in this section, “charitable contribution” means a donation that
18 qualifies as a charitable contribution under 26 U.S.C. § 170(c).

19 (c)(1) As used in this section, “qualified donee” means a donee that
20 provides a direct benefit to a charitable cause in this State. A qualified donee
21 is the entity that actually receives the charitable contribution, regardless of how

1 the donation is solicited or collected. In order to be considered a qualified
2 donee, the donee must register with the Department of Taxes and demonstrate
3 how it meets the requirements of this subsection.

4 (2) A donee will be presumed to provide a direct benefit to a charitable
5 cause in this State if all of the following conditions are met:

6 (A) the donee is the type of entity to whom a qualified charitable
7 contribution may be made under 26 U.S.C. § 170(c);

8 (B) the donee maintains a physical presence, local affiliate, or chapter
9 within the State, or within 25 miles of the State; and

10 (C) at least some part of the donee's charitable work occurs within
11 the State, or within 25 miles of the State.

12 (d) The Department of Taxes is authorized to adopt procedures and rules to
13 implement this credit.

14 (e) On or before December 1 of each year, the Department of Taxes shall
15 publicize the list of donees who are considered qualified under this section for
16 the current tax year.

17 Sec. 22. 32 V.S.A. § 5824 is amended to read:

18 § 5824. ADOPTION OF FEDERAL INCOME TAX LAWS

19 The statutes of the United States relating to the federal income tax, as in
20 effect for taxable year ~~2013~~ 2014, but without regard to federal income tax

1 rates under 26 U.S.C. § 1, are hereby adopted for the purpose of computing the
2 tax liability under this chapter.

3 Sec. 23. 32 V.S.A. § 5841(c) is added to read:

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

9 Sec. 24. 32 V.S.A. § 5842(a)(2) is amended to read:

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

17 Sec. 25. 32 V.S.A. § 5852(a) is amended to read:

18 (a) Every individual, estate, and trust subject to taxation under section 5822
19 of this title, (other than a person receiving at least two-thirds of his or her
20 income from farming or fishing as defined under the laws of the United States)
21 shall make installment payments of the taxpayer's estimated tax liability for

1 each taxable year. The amount of each payment shall be 25 percent of the
2 required annual payment. For any taxable year, payments shall be made on or
3 before April 15, June 15, and September 15 of the taxable year and January 15
4 of the following taxable year. In applying this section to a taxable year
5 beginning on any date other than January 1, there shall be substituted, for the
6 months specified in this section, the months which correspond thereto.

7 Sec. 25a. 32 V.S.A. § 5920(h) is added to read:

8 (h) Notwithstanding any provisions in this section, a publicly traded
9 partnership as defined in 26 U.S.C. § 7704(b), that is treated as a partnership
10 for the purposes of the Internal Revenue Code, is exempt from any income tax
11 liability under subsection (c) of this section, if information required by the
12 Commissioner is provided by the due date of the partnership’s return. This
13 information includes the name, address, taxpayer identification number, and
14 annual Vermont source of income greater than \$500.00 for each partner who
15 had an interest in the partnership during the tax year. This information shall be
16 provided to the Commissioner in an electronic format, according to rules or
17 procedures adopted by the Commissioner.

18 * * * Downtown Tax Credits * * *

19 Sec. 26. 32 V.S.A. § 5930aa(3) is amended to read:

20 (3) “Qualified code or technology improvement project” means a
21 project:

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

8 * * *

9 Sec. 27. 32 V.S.A. § 5930cc(c) is amended to read:

10 (c) Code or technology improvement tax credit. The qualified applicant of
11 a qualified code or technology improvement project shall be entitled, upon the
12 approval of the State Board, to claim against the taxpayer's State individual
13 income tax, State corporate income tax, or bank franchise or insurance
14 premiums tax liability a credit of 50 percent of qualified expenditures up to a
15 maximum tax credit of \$12,000.00 for installation or improvement of a
16 platform lift, a maximum credit of \$40,000.00 for the installation or
17 improvement of a limited use limited application elevator, a maximum tax
18 credit of \$50,000.00 for installation or improvement of an elevator, a
19 maximum tax credit of \$50,000.00 for installation or improvement of a
20 sprinkler system, a maximum tax credit of \$30,000.00 for the combined costs
21 of installation or improvement of data or network wiring or a heating,

1 ventilating, or cooling system, and a maximum tax credit of ~~\$25,000.00~~
2 \$50,000.00 for the combined costs of all other qualified code improvements.

3 * * * Cigarette and Tobacco Taxes * * *

4 Sec. 28. 32 V.S.A. § 7734 is amended to read:

5 § 7734. PENALTIES FOR SALES WITHOUT LICENSE

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

12 Sec. 29. 32 V.S.A. § 7771(b) is amended to read:

13 (b) Payment of the tax on cigarettes under this section shall be evidenced
14 by the affixing of stamps to the packages containing the cigarettes. Where
15 practicable, the Commissioner may also require that stamps be affixed to
16 packages containing little cigars or roll-your-own tobacco. Any cigarette, little
17 cigar, or roll-your-own tobacco on which the tax imposed by this section has
18 been paid, such payment being evidenced by the affixing of such stamp or such
19 evidence as the Commissioner may require, shall not be subject to a further tax
20 under this chapter. Nothing contained in this chapter shall be construed to
21 impose a tax on any transaction the taxation of which by this State is

1 prohibited by the constitution of the United States. The amount of taxes
2 advanced and paid by a licensed wholesale dealer ~~or a retail dealer~~ as herein
3 provided shall be added to and collected as part of the retail sale price on the
4 cigarettes, little cigars, or roll-your-own tobacco.

5 Sec. 30. 32 V.S.A. § 7772 is amended to read:

6 § 7772. FORM AND SALE OF STAMPS

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

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

1 other legal entity with which the dealer is or was associated as principal,
2 partner, officer, director, employee, agent, or incorporator.

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

6 Sec. 31. 32 V.S.A. § 7773 is amended to read:

7 § 7773. USE AND REDEMPTION OF STAMPS

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

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

2 § 7775. ~~RETAILERS~~ RETAIL DEALERS

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

9 Sec. 33. 32 V.S.A. § 7777 is amended to read:

10 § 7777. RECORDS REQUIRED; INSPECTION AND EXAMINATION;
11 ASSESSMENT OF TAX DEFICIENCY

12 * * *

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

18 * * *

1 Sec. 34. 32 V.S.A. § 7812 is amended to read:

2 § 7812. LIABILITY FOR COLLECTION OF TAX

3 The ~~distributor~~ licensed wholesale dealer shall be liable for the payment of
4 the tax on tobacco products which he or she imports or causes to be imported
5 into the State, or which he or she manufactures in this State, and every
6 ~~distributor~~ licensed wholesale dealer authorized by the Commissioner to make
7 returns and pay the tax on tobacco products sold, shipped, or delivered by him
8 or her to any person in the State, shall be liable for the collection and payment
9 of the tax on all tobacco products sold, shipped, or delivered. Every retail
10 dealer shall be liable for the collection of the tax on all tobacco products in his
11 or her possession at any time, upon which the tax has not been paid by a
12 ~~distributor~~ licensed wholesale dealer and the failure of any retail dealer to
13 produce and exhibit to the Commissioner or his or her authorized
14 representative, upon demand, an invoice by a ~~distributor~~ licensed wholesale
15 dealer for any tobacco products in his or her possession, shall be presumptive
16 evidence that the tax thereon has not been paid and that such retail dealer is
17 liable for the collection of the tax thereon. The amount of taxes advanced and
18 paid by a ~~distributor~~ licensed wholesale dealer or retail dealer as hereinabove
19 provided shall be added and collected as part of the sales price of the tobacco
20 products.

21 Sec. 35. 32 V.S.A. § 7813 is amended to read:

1 § 7813. RETURNS AND PAYMENT OF TAX BY ~~DISTRIBUTOR~~

2 LICENSED WHOLESALE DEALER

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

14 Sec. 36. 32 V.S.A. § 7819 is amended to read:

15 § 7819. REFUNDS

16 Whenever any tobacco products upon which the tax has been paid have
17 been sold and shipped into another state for sale or use there, or have become
18 unfit for use and consumption or unsalable or have been destroyed, the
19 licensed wholesale dealer shall be entitled to a refund of the actual amount of
20 tax paid with respect thereto. If the Commissioner is satisfied that any licensed
21 wholesale dealer is entitled to a refund, he or she shall so certify to the

1 Commissioner of Finance and Management who shall issue his or her warrant
2 in favor of the licensed wholesale dealer entitled to receive such refund.

3 Sec. 37. 32 V.S.A. § 7821 is amended to read:

4 § 7821. CRIMINAL PENALTIES

5 Any ~~distributor or dealer~~ person who shall fail, neglect, or refuse to comply
6 with or shall violate the provisions of this chapter relating to the tax on tobacco
7 products or the rules and regulations ~~promulgated~~ adopted by the
8 Commissioner under this chapter relating to such tax shall be guilty of a
9 misdemeanor and upon conviction for a first offense shall be sentenced to pay
10 a fine of not more than \$250.00 or to be imprisoned for not more than 60 days,
11 or both such fine and imprisonment in the discretion of the Court; and for a
12 second or subsequent offense shall be sentenced to pay a fine of not less than
13 \$250.00 nor more than \$500.00, or be imprisoned for not more than six
14 months, or both such fine and imprisonment in the discretion of the Court.
15 This section shall not apply to violations of sections 7731–7734 and 7776 of
16 this title.

17 Sec. 38. 33 V.S.A. § 1916 is amended to read:

18 §1916. DEFINITIONS

19 As used in this subchapter:

20 * * *

1 product manufacturer for any money paid by the ~~stamping agent~~ licensed
2 wholesale dealer to the tobacco product manufacturer for any cigarettes of that
3 tobacco product manufacturer still in the possession of the ~~stamping agent~~
4 licensed wholesale dealer on the date of the Attorney General's removal from
5 the directory of that tobacco product manufacturer or the individual styles or
6 brands of cigarettes of that tobacco product manufacturer. Also, unless
7 otherwise provided by agreement between a retail dealer and a ~~distributor~~
8 licensed wholesale dealer or a tobacco product manufacturer, a retail dealer
9 shall be entitled to a refund from either a ~~distributor~~ licensed wholesale dealer
10 or a tobacco product manufacturer for any money paid by the retail dealer to
11 the ~~distributor~~ licensed wholesale dealer or tobacco product manufacturer for
12 any cigarettes of that ~~distributor~~ licensed wholesale dealer or tobacco product
13 manufacturer still in the possession of the retail dealer on the date of the
14 Attorney General's removal from the directory of that tobacco product
15 manufacturer or the individual styles or brands of cigarettes of that tobacco
16 product manufacturer. The Attorney General shall not restore to the directory
17 a tobacco product manufacturer or any individual styles or brands or cigarettes
18 or, if applicable, brand families of that tobacco product manufacturer until the
19 tobacco product manufacturer has paid all ~~stamping agents~~ licensed wholesale
20 dealers any refund due pursuant to this section.

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

4 Sec. 41. 33 V.S.A. § 1921 is amended to read:

5 § 1921. REPORTING AND SHARING OF INFORMATION

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

20 * * *

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

7 * * *

8 * * * Corporation Taxes * * *

9 Sec. 42. 32 V.S.A. § 8146 is amended to read:

10 § 8146. ADDITIONAL TAX; REFUNDS

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

1 consumption on or off the premises. Fruits, vegetables, candy, flour, nuts,
2 coffee beans, and similar unprepared grocery items sold self-serve for take-out
3 from bulk containers are not subject to tax under this subdivision.

4 (C) Regardless where sold and whether or not prepackaged:

5 (i) sandwiches of any kind except frozen;

6 (ii) food or beverage furnished from a salad bar;

7 (iii) heated food or beverage;

8 (iv) food or beverage sold through a vending machine.

9 * * *

10 (19) “Vending machine” means a machine operated by coin, currency,
11 credit card, slug, token, coupon, or similar device which dispenses food or
12 beverages.

13 Sec. 45. 32 V.S.A. § 9271 is amended to read:

14 § 9271. LICENSES REQUIRED

15 Each operator prior to commencing business shall register with the
16 Commissioner each place of business within the ~~state~~ State where he or she
17 operates a hotel or sells taxable meals or alcoholic beverages; provided
18 however, that an operator who sells taxable meals through a vending machine
19 shall not be required to hold a license for each individual machine. Upon
20 receipt of an application in such form and containing such information as the
21 Commissioner may require for the proper administration of this chapter, the

1 Commissioner shall issue without charge a license for each such place in such
2 form as he or she may determine, attesting that such registration has been
3 made. No person shall engage in serving taxable meals or alcoholic beverages
4 or renting hotel rooms without the license provided in this section. The license
5 shall be nonassignable and nontransferable and shall be surrendered to the
6 Commissioner, if the business is sold or transferred or if the registrant ceases
7 to do business at the place named.

8 Sec. 46. 32 V.S.A. § 9245 is amended to read:

9 § 9245. OVERPAYMENT; REFUNDS

10 Upon application by an operator, if the Commissioner determines that any
11 tax, interest, or penalty has been paid more than once, or has been erroneously
12 or illegally collected or computed, the same shall be credited by the
13 Commissioner on any taxes then due from the operator under this chapter, and
14 the balance shall be refunded to the operator or his or her successors,
15 administrators, executors, or assigns, together with interest at the rate per
16 annum established from time to time by the Commissioner pursuant to section
17 3108 of this title. That interest shall be computed from the latest of 45 days
18 after the date the return was filed, or from 45 days after the date the return was
19 due, including any extensions of time thereto, with respect to which the excess
20 payment was made, whichever is the later date or, if the taxpayer filed an
21 amended return or otherwise requested a refund, 45 days after the date 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 * * * Sales and Use Tax - Fiscal Year 2016 * * *

4 Sec. 47. 32 V.S.A. § 9701 is amended to read:

5 § 9701. DEFINITIONS

6 Unless the context in which they occur requires otherwise, the following
7 terms when used in this chapter mean:

8 * * *

9 (31) “Food and food ingredients” means substances, whether in liquid,
10 concentrated, solid, frozen, dried, or dehydrated form, that are sold for
11 ingestion or chewing by humans and are consumed for their taste or nutritional
12 value. “Food and food ingredients” does not include alcoholic beverages or,
13 tobacco, soft drinks, candy, or bottled water.

14 * * *

15 (53) “Bottled water” means water that is placed in a safety-sealed
16 container or package for human consumption. Bottled water is calorie free and
17 does not contain sweeteners or other additives except that it may contain:
18 antimicrobial agents; fluoride; carbonation; vitamins, minerals, and
19 electrolytes; oxygen; preservatives; and only those flavors, extracts, or
20 essences derived from a spice or fruit. “Bottled water” includes water that is
21 delivered to the buyer in a reusable container that is not sold with the water.

1 sale is made within the State, and any property or service the use of which
2 property is subject to tax under section 9773 of this title or will become subject
3 to tax when such the property or benefit of the service is received by or comes
4 into the possession or control of such person within the State.

5 * * *

6 (31) “Food and food ingredients” means substances, whether in liquid,
7 concentrated, solid, frozen, dried, or dehydrated form, that are sold for
8 ingestion or chewing by humans and are consumed for their taste or nutritional
9 value. “Food and food ingredients” does not include alcoholic beverages,
10 tobacco, soft drinks, candy, dietary supplements, or bottled water.

11 * * *

12 (56) “Consumer” means an individual who purchases or otherwise
13 obtains tangible property or services for consumption by himself or herself, or
14 for his or her direct or indirect benefit. “Consumer” does not include any
15 legally recognized business or organizational entity, such as a sole
16 proprietorship, partnership, corporation, nonprofit, association, estate, trustee,
17 or receiver.

18 (57) “Service” means all activities engaged in for other persons for a
19 fee, retainer, commission, or other monetary charge, which activities involve
20 predominantly the performance of a service as distinguished from selling
21 property. In determining what is a service, the intended use, principal
22 objective, or ultimate objective of the contracting parties shall not be

1 controlling. For the purposes of this chapter, services rendered by an
2 employee for his or her employer are not taxable.

3 (58) “Health care services” means professional services that are
4 delivered by licensed health care professionals such as physicians, registered
5 nurses, and therapists, or by personal care aides under the supervision of health
6 care professionals, for the diagnosis, prevention, treatment, cure, or relief of a
7 health condition, illness, injury, or disease.

8 (59) “Educational services” means services provided by an “educational
9 institution” as the term is defined at 16 V.S.A. § 571i(1), or an employee,
10 contractor, or agent of an educational institution.

11 (60) “Social services” mean services directed at reducing poverty,
12 improving opportunities for adults or children with low income, promoting
13 self-sufficiency, rehabilitation, or other services directed toward vulnerable
14 citizens, including services related to the provision of child care, homes for the
15 elderly, residential treatment for mental health and substance abuse, individual
16 and family services, vocational rehabilitation services, or community services
17 related to food, housing, and emergency shelter needs.

18 Sec. 50. 32 V.S.A. § 9703(c) is amended to read:

19 (c) Such person shall have the same rights in collecting the tax from his or
20 her purchaser or regarding nonpayment of the tax by the purchaser as if the tax
21 were a part of the purchase price of the property, service, telecommunications

1 service or amusement charge, as the case may be, and payable at the same
2 time; provided, however, if the person required to collect the tax has failed to
3 remit any portion of the tax to the Commissioner, that the Commissioner shall
4 be notified of any action or proceeding brought by such person to collect the
5 tax and shall have the right to intervene in such action or proceeding.

6 Sec. 51. 32 V.S.A. § 9704 is amended to read:

7 § 9704. PRINCIPAL AND AGENT; JOINT AND SEVERAL LIABILITY

8 When in the opinion of the Commissioner it is necessary for the efficient
9 administration of this chapter to treat any salesman, representative, peddler, or
10 canvasser as the agent of the vendor, distributor, supervisor, or employer under
11 whom he or she operates or from whom he or she obtains tangible personal
12 property or services sold by him or her or for whom he or she solicits business,
13 the Commissioner may, in his or her discretion, treat such agent as the vendor
14 jointly and severally responsible with the principal, distributor, supervisor, or
15 employer for the collection and payment of the tax.

16 Sec. 52. 32 V.S.A. § 9707(b) is amended to read:

17 (b) No later than one business day prior to an event at which taxable sales
18 will be made by vendors who have no permanent place of business in the ~~state~~
19 State, the promoter of the event shall provide to the Commissioner a list of
20 vendors who are authorized by the promoter to sell taxable property or services
21 at the event and the vendors' current sales tax license numbers. No later than

1 one week after the event, the promoter shall notify the Department in writing
2 of any changes to the list of participating vendors and their sales tax license
3 numbers. In this subsection, “event” means a specific time and location at
4 which 25 or more vendors are authorized by the promoter to sell taxable items.

5 Sec. 53. 32 V.S.A. § 9741 is amended to read:

6 § 9741. SALES NOT COVERED

7 Retail sales and use of the following shall be exempt from the tax on retail
8 sales imposed under section 9771 of this title and the use tax imposed under
9 section 9773 of this title.

10 * * *

11 (2) Drugs intended for human use, durable medical equipment, mobility
12 enhancing equipment, and prosthetic devices and supplies, including blood,
13 blood plasma, insulin, and medical oxygen, used in diagnosis or treatment
14 intended to alleviate human suffering or to correct, in whole or in part, human
15 physical disabilities; provided however, that toothbrushes, floss, and similar
16 items of nominal value given by dentists and hygienists to patients during
17 treatment are supplies used in treatment to alleviate human suffering or to
18 correct, in whole or part, human physical disabilities and are exempt under this
19 subdivision. For a sale to be exempt under this section, the drug, piece
20 of equipment, device, or supply item must be medically prescribed.

21 * * *

1 (22) Funeral charges, including sales of tangible personal property such
2 as caskets, vaults, boxes, clothing, crematory urns, and other such funeral
3 furnishings as are necessary incidents of the funeral, but excluding the sale of
4 flowers and other items sold as an accommodation rather than as an integral
5 part of the funeral service or preparation therefor. [Deleted.]

6 * * *

7 (26) Sales of electricity, oil, gas, and other fuels used in a residence for
8 all domestic use, including heating, but not including fuel sold at retail in free-
9 standing containers, or sold as part of a transaction where a free-standing
10 container is exchanged without a separate charge. The Commissioner shall by
11 rule determine that portion of the sales attributable to domestic use where fuels
12 are used for purposes in addition to domestic use.

13 * * *

14 (35) Charges made when tangible property is transferred as part of a
15 personal services transaction or a transfer of intangible property rights, as long
16 as the focus of the transaction is the provision of services or the transfer of
17 intangible property rights and not the transfer of tangible personal property; no
18 separate charge is made for the transfer of tangible personal property; and the
19 value of the tangible personal property transferred, including the value of
20 services added to the tangible personal property transferred, is less than 10
21 percent of the total charge for the transaction. When the focus of the

1 transaction is the transfer of tangible personal property, all receipts from the
2 sale are taxable, including receipts from separately stated charges for services
3 to produce the property, unless the receipts are otherwise exempt under this
4 chapter. [Deleted.]

5 (36) Charges by an advertising agency for the transfer of title or
6 possession of or right to use advertising materials when the transfer is made in
7 conjunction with the delivery of advertising services. This exemption does not
8 extend to charges by any business other than an advertising agency or to
9 charges by any person for printing, imprinting, copying or reproducing
10 advertising materials. [Deleted.]

11 (37) Charges for documents, the sole purpose of which is to record or
12 memorialize professional services rendered, such as charges for briefs,
13 memoranda, agreements, and wills prepared by lawyers; charges for tax returns
14 and reports produced by accountants; charges for drawings produced by
15 architects; or charges for insurance policies. [Deleted.]

16 * * *

17 (45) Clothing; but clothing shall not include clothing accessories or
18 equipment, protective equipment, or sport or recreational equipment.
19 [Deleted.]

20 * * *

21 (51) Health care, social services, and educational services.

1 Sec. 54. 32 V.S.A. § 9771 is amended to read:

2 § 9771. IMPOSITION OF SALES TAX

3 (a) Except as otherwise provided in this chapter, there is imposed a tax on
4 retail sales in this State. The tax shall be paid at the rate of ~~six~~ 4.75 percent of
5 the sales price charged for but in no case shall any one transaction be taxed
6 under more than one of the following:

7 * * *

8 (9) services sold to a consumer.

9 (b) For the purposes of subdivision (a)(9) of this section, the sale of a
10 service is considered to be in the State if the service was performed wholly in
11 the State, or the greater portion of the service was performed in the State based
12 on the proportion of the cost of performance of the service to the consumer.
13 Notwithstanding the foregoing, in determining whether a service took place
14 within the State, it is presumed that a service directly related to real property
15 takes place where the real property is located, and that a service represented by
16 tangible personal property takes place where the tangible personal property is
17 received by the purchaser.

18 Sec. 55. 32 V.S.A. § 9773 is amended to read:

19 § 9773. IMPOSITION OF COMPENSATING USE TAX

20 Unless property or telecommunications service has already been or will be
21 subject to the sales tax under this chapter, there is imposed on every person a

1 use tax at the rate of ~~six~~ 4.75 percent for the use within this State, except as
2 otherwise exempted under this chapter:

3 (1) of any tangible personal property purchased at retail;

4 (2) of any tangible personal property manufactured, processed, or
5 assembled by the user, if items of the same kind of tangible personal property
6 are offered for sale by him or her in the regular course of business, but the
7 mere storage, keeping, retention, or withdrawal from storage of tangible
8 personal property or the use for demonstrational or instructional purposes of
9 tangible personal property by the person who manufactured, processed or
10 assembled such property shall not be deemed a taxable use by him or her; and
11 for purposes of this section only, the sale of electrical power generated by the
12 taxpayer shall not be considered a sale by him or her in the regular course of
13 business if at least 60 percent of the electrical power generated annually by the
14 taxpayer is used by the taxpayer in his or her trade or business;

15 (3) of any tangible personal property, however acquired, where not
16 acquired for purposes of resale, upon which any taxable services described in
17 subdivision 9771(3) of this title have been performed;

18 (4) of specified digital products transferred electronically to an end
19 user; ~~and~~

1 (2) 32 V.S.A. § 5925 (definitions for expired section) and 10 V.S.A.
2 § 697(a) (cross reference).

3 * * * Effective Dates * * *

4 Sec. 59. EFFECTIVE DATES

5 This act shall take effect on passage except:

6 (1) Secs. 8–10 (administrative attachment and garnishment) shall take
7 effect on July 1, 2015; provided however, that prior to that date the
8 Commissioner of Taxes shall convene a working group of interested parties to
9 develop guidelines for implementing these sections.

10 (2) Sec. 11 (collections unit) shall take effect on July 1, 2016.

11 (3) Sec. 13 (Medicaid services) shall take effect on July 1, 2015.

12 (4) Sec. 16 (qualified housing exemption), notwithstanding 1 V.S.A.
13 § 214, shall take effect retroactively on January 1, 2014; provided however,
14 that the 20-year period created by this section shall begin on January 1, 2004.

15 (5) Secs. 19 (taxable income), 20 (minimum tax), 21 (charitable credit)
16 and 22 (annual income tax update), notwithstanding 1 V.S.A. § 214, shall take
17 effect retroactively to January 1, 2015 and apply to taxable years beginning on
18 and after January 1, 2014.

19 (6) Sec. 25 (obligation of estates and trusts to make estimated payments)
20 shall take effect on passage and apply to taxable years beginning on and after
21 January 1, 2016.

1 (7) Secs. 43 (taxable meal), 44 (vending), 45 (licensing), 46 (sales tax
2 definitions), and 47 (sales tax exemptions) shall take effect on July 1, 2015.

3 (8) Secs. 49 (sales tax definitions), 50–52 (conforming changes), 53
4 (sales tax exemptions), 54 (sales tax rate), 55 (use tax rate), and 56 (use tax
5 sourcing) shall take effect on July 1, 2016.

6

7

8

9 (Committee vote: _____)

10

11

Senator _____

12

FOR THE COMMITTEE