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Act No. 73 (H.516). Taxation and fees;

An act relating to miscellaneous tax changes

This act makes numerous minor, technical, administrative tax changes.

The more substantive changes include:

- Requires the Commissioner to establish a system for background checks for prospective employees and contractors who handle federal tax information. (Sec. 11).
- Creates a new chapter in Title 31 giving regulatory authority over break-open tickets to the Department of Liquor Control. Language requires nonprofit organizations to buy tickets directly from distributors and file quarterly information reports with the Department of Liquor Control. Otherwise, the language is same as existing language in Title 32, except rulemaking authority is discretionary. (Secs. 12–13).
- Extends the sunset on the funding for the health care information technology fund from the health care claims tax one year, until 7/1/18. (Sec. 14).
- Moves regulation of the employer assessment from the Department of Labor to the Department of Taxes. Adds language allowing JFO the same access to employer assessment data, as when it was regulated by Labor. (Secs. 16–17).
- Adopts federal adjusted gross income as the base for Vermont’s personal income tax, with changes that otherwise retain current law. Effective for tax year 2018. (Sec. 18).
- Incorporates a H.386, which makes changes to how the provider tax for home health agencies is calculated. Changes the base and rate of the tax in a revenue-neutral manner. (Secs. 18–18c).
- Amends the current sales tax exemption for aircraft to exclude drones. (Sec. 19).
- Reduces and caps the amount of use tax a taxpayer may elect to pay on his or her income tax return. (Sec. 20).

- Adds a State-level reporting requirement for third-party settlement organizations, requiring them to report transactions of greater than \$600.00. (Sec. 22).
- Adds a reporting requirement for noncollecting vendors under the sales tax. Under the changes, noncollecting vendors will need to send annual sales information to the Department of Taxes, as well as the consumer. (Sec. 23).
- Directs the Department of Taxes to increase tax collection efforts to collect an additional \$3,175,000.00. (Sec. 24).
- Convenes a Clean Water Working Group to make recommendations for clean water funding. (Sec. 26).
- Removes the 1 percent limitation on current property tax appeal adjustments, and replaces it with an annual cap of \$100,000.00 for total reimbursements. Creates a study group to report on municipal litigation assistance. Requires Tax Department to report back in three years on the costs of the new reimbursement system. (Secs. 27–29).
- States that if a new union district has a spending increase of more than 4 percent, its spending will be subject to a rate review to determine whether the increase is warranted, based on several defined factors. If the increase is not warranted, towns within the merging district will have the 5 percent hold harmless rule adjusted, so that their tax rates reflect the spending increase above 4 percent. (Sec. 29).
- Changes the calculation of the captive insurance premium tax credit to allow a lower credit over more years. (Sec. 30).

Multiple effective dates, beginning on January 1, 2016.