

1 Introduced by Committee on Ways and Means

2 Date:

3 Subject: Taxation; minimum tax on corporations; property tax; current use;  
4 administration; homestead definition; income sensitivity adjustment;  
5 electrical energy tax; insurance tax; meals and rooms tax; tobacco  
6 taxes; higher education investment plans; electronic cigarettes;  
7 downtown and village center tax credit; affordable housing tax credit;  
8 health; stormwater fees; Green Mountain Care Board; hospitals;  
9 health insurance; accountable care organizations; billback formula

10 Statement of purpose of bill as introduced: This bill proposes to make  
11 numerous substantive and administrative changes to Vermont’s tax laws. The  
12 bill permits the creation of merged property assessment districts to match  
13 merged school districts. The bill moves the collection and administration of  
14 the fire safety insurance tax, the direct placement insurance tax, and the surplus  
15 lines tax from the Department of Financial Regulation to the Department of  
16 Taxes. The bill makes numerous other changes, including changes to the  
17 current use lien system, the definitions of household income and homestead,  
18 tobacco taxes, higher education investment plans, the downtown and village  
19 center tax credit, the affordable housing tax credit, and the meals and rooms  
20 tax. This bill further proposes to revise the formula under which the Green

1 Mountain Care Board assesses regulated health care industries for certain costs  
2 associated with their regulation and to revise municipal stormwater fees.

3 An act relating to making numerous revenue changes

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

5 \* \* \* Municipal Stormwater Fees \* \* \*

6 Sec. 1. 3 V.S.A. § 2822(j)(2)(B)(iv)(VI) is amended to read:

7 (VI) ~~Application~~ For application to operate under a general  
8 permit for stormwater runoff associated with municipal roads: ~~\$2,000.00~~, the  
9 following fees per authorization annually;

10 (aa) In a municipality with a population of more than 5,000  
11 persons: \$1,800.00;

12 (bb) In a municipality with a population of 2,500 to 5,000  
13 persons and 95 miles or more of maintained road: \$1,800.00;

14 (cc) In a municipality with a population of 2,500 to 5,000  
15 persons and 25 to less than 95 miles of maintained road: \$1,350.00;

16 (dd) In a municipality with a population of 2,500 to 5,000  
17 persons and less than 25 miles of maintained road: \$500.00;

18 (ee) In a municipality with a population of fewer than 2,500  
19 but more than 500 persons and 25 miles or more of maintained road:  
20 \$1,350.00;

1                    (ff) In a municipality with a population of fewer than 2,500  
2                    but more than 500 persons and less than 25 miles of maintained road: \$500.00;

3                    (gg) In a municipality with a population of fewer than 500  
4                    persons: \$500.00;

5                    (hh) In a municipality that is covered under a municipal  
6                    separate storm sewer system permit: \$0.00;

7                    (ii) In an unincorporated or disincorporated municipality:  
8                    \$0.00.

9                    \* \* \* Green Mountain Care Board Billback Formula \* \* \*

10                  Sec. 2. 18 V.S.A. § 9374(h) is amended to read:

11                  (h)(1) The Board may assess and collect from each regulated entity the  
12                  actual costs incurred by the Board, including staff time and contracts for  
13                  professional services, in carrying out its regulatory duties for health insurance  
14                  rate review under 8 V.S.A. § 4062, hospital budget review under chapter 221,  
15                  subchapter 7 of this title, and accountable care organization certification and  
16                  budget review under section 9382 of this title.

17                  (2)(A) ~~Except~~ In addition to the assessment and collection of actual  
18                  costs pursuant to subdivision (1) of this subsection and except as otherwise  
19                  provided in ~~subdivision (2)~~ subdivisions (2)(C) and (3) of this subsection, all  
20                  other expenses incurred to obtain information, analyze expenditures, review

1 ~~hospital budgets, and for any other contracts authorized by~~ of the Board shall  
2 be borne as follows:

3 ~~(A)(i)~~ 40 percent by the State from State monies;

4 ~~(B)(ii)~~ ~~15~~ 30 percent by the hospitals;

5 ~~(C)(iii)~~ ~~15~~ 24 percent by nonprofit hospital and medical service  
6 corporations licensed under 8 V.S.A. chapter 123 or 125;

7 ~~(D)~~ ~~15 percent by,~~ health insurance companies licensed under  
8 8 V.S.A. chapter 101; ~~and~~

9 ~~(E)~~ ~~15 percent by,~~ and health maintenance organizations licensed  
10 under 8 V.S.A. chapter 139; and

11 (iv) six percent by accountable care organizations certified under  
12 section 9382 of this title.

13 (B) Expenses under subdivision (A)(iii) of this subdivision (2) shall  
14 be allocated to persons licensed under Title 8 based on premiums paid for  
15 health care coverage, which for the purposes of this subdivision (2) shall  
16 include major medical, comprehensive medical, hospital or surgical coverage,  
17 and comprehensive health care services plans, but shall not include long-term  
18 care, limited benefits, disability, credit or stop loss, or excess loss insurance  
19 coverage.

20 (C) Expenses incurred by the Board for regulatory duties associated  
21 with certificates of need shall be assessed pursuant to the provisions of section

1 9441 of this title and not in accordance with the formula set forth in  
2 subdivision (A) of this subdivision (2).

3 ~~(2)~~(3) The Board may determine the scope of the incurred expenses to  
4 be allocated pursuant to the formula set forth in subdivision ~~(1)~~(2) of this  
5 subsection if, in the Board’s discretion, the expenses to be allocated are in the  
6 best interests of the regulated entities and of the State.

7 ~~(3) Expenses under subdivision (1) of this subsection shall be billed to~~  
8 ~~persons licensed under Title 8 based on premiums paid for health care~~  
9 ~~coverage, which for the purposes of this section shall include major medical,~~  
10 ~~comprehensive medical, hospital or surgical coverage, and comprehensive~~  
11 ~~health care services plans, but shall not include long term care or limited~~  
12 ~~benefits, disability, credit or stop loss, or excess loss insurance coverage.~~

13 (4) If the amount of the proportional assessment to any entity calculated  
14 in accordance with the formula set forth in subdivision (2)(A) of this  
15 subsection would be less than \$150.00, the Board shall assess the entity a  
16 minimum fee of \$150.00. The Board shall apply the amounts collected based  
17 on the difference between each applicable entity’s proportional assessment  
18 amount and \$150.00 to reduce the total amount assessed to the regulated  
19 entities pursuant to subdivisions (2)(A)(ii)–(iv) of this subsection.



1 Sec. 5. 16 V.S.A. § 2879e is amended to read:

2 § 2879e. CONSTRUCTION AND APPLICATION

3 This subchapter shall be construed liberally in order to effectuate its  
4 legislative intent. The purposes of this subchapter and all provisions of this  
5 subchapter with respect to powers granted shall be broadly interpreted to  
6 effectuate such intent and purposes and not as to any limitation of powers.

7 This subchapter shall be interpreted and enforced in a manner that shall  
8 achieve this public purpose in compliance with the applicable provisions of the  
9 Internal Revenue Code, except to the extent the Code is inconsistent with the  
10 provisions of 32 V.S.A. § 5825a.

11 Sec. 6. 32 V.S.A. § 5825a(a) is amended to read:

12 (b) A taxpayer who has received a credit under subsection (a) of this  
13 section shall repay to the Commissioner 10 percent of any distribution from a  
14 higher education investment plan account, which distribution is not ~~excluded~~  
15 ~~from gross income in the taxable year under 26 U.S.C. § 529, as amended,~~  
16 used exclusively for costs of attendance at an approved postsecondary  
17 education institution as defined in 16 V.S.A. § 2822(6), up to a maximum of  
18 the total credits received by the taxpayer under subsection (a) of this section  
19 minus any amount of repayment of such credits in prior tax years. Repayments  
20 under this subsection shall be subject to assessment, notice, penalty and

1 interest, collection, and other administration in the same manner as an income  
2 tax under this chapter.

3 Sec. 7. REPORT ON NONPOSTSECONDARY USE OF HIGHER  
4 EDUCATION INVESTMENT PLAN FUNDS

5 The Vermont Student Assistance Corporation shall report the amount of  
6 assets withdrawn by participants from the Vermont Higher Education  
7 Investment Plan in the preceding calendar year for education costs other than  
8 postsecondary education costs, as well as the total amount of assets withdrawn  
9 by participants in the preceding calendar year, to the House Committee on  
10 Ways and Means and the Senate Committee on Finance annually on or before  
11 January 15.

12 \* \* \* Tax Credit for Affordable Housing;

13 First Time Homebuyer Program \* \* \*

14 Sec. 8. 32 V.S.A. § 5930u is amended to read:

15 § 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

16 (a) As used in this section:

17 (1) “Affordable housing project” or “project” means:

18 (A) a rental housing project identified in 26 U.S.C. § 42(g); or

19 (B) owner-occupied housing identified in 26 U.S.C. § 143(c)(1) or

20 that qualifies under Vermont Housing Finance Agency criteria governing

21 owner-occupied housing.

1           (2) “Affordable housing tax credits” means the tax credit provided by  
2 this subchapter.

3           (3) “Allocating agency” or “Agency” means the Vermont Housing  
4 Finance Agency.

5           (4) “Committee” means the Joint Committee on Tax Credits consisting  
6 of five members: a representative from the Department of Housing and  
7 Community ~~Affairs~~ Development, the Vermont Housing and Conservation  
8 Board, the Vermont Housing Finance Agency, the Vermont State Housing  
9 Authority, and the Office of the Governor.

10           (5) “Credit certificate” means a certificate issued by the allocating  
11 agency to a taxpayer that specifies the amount of affordable housing tax credits  
12 that can be applied against the taxpayer’s individual or corporate income tax,  
13 or franchise, captive insurance premium, or insurance premium tax liability as  
14 provided in this subchapter.

15           (6) “Eligible applicant” means any municipality, ~~private sector~~  
16 ~~developer~~, State agency as defined in 10 V.S.A. § 6301a, the Vermont Housing  
17 Finance Agency, ~~or a~~ for-profit organization, a nonprofit organization  
18 qualifying under 26 U.S.C. § 501(c)(3), or a cooperative housing organization,  
19 ~~the purpose of which is to create and retain affordable housing for Vermonters~~  
20 ~~with lower income and which has in its bylaws a requirement that the housing~~  
21 ~~the organization creates be maintained as affordable housing for Vermonters~~

1 ~~with lower income on a perpetual basis~~ that meets the application requirements  
2 of the allocation plan.

3 (7) “Eligible cash contribution” means an amount of cash:

4 (A) contributed to the owner, developer, or sponsor of an affordable  
5 housing project and determined by the allocating agency as eligible for  
6 affordable housing tax credits; or

7 (B) paid to the Agency in connection with the purchase of affordable  
8 housing tax credits pursuant to subdivision (b)(2) or (3) of this section.

9 (8) “Section 42 credits” means tax credit provided by 26 U.S.C.  
10 §§ 38 and 42.

11 (9) “Allocation plan” means the plan recommended by the Committee  
12 and approved by the Vermont Housing Finance Agency, which sets forth the  
13 eligibility requirements and process for selection of eligible multifamily rental  
14 housing projects to receive affordable housing tax credits, and eligible owner-  
15 occupied housing projects to receive loans or grants, under this section. The  
16 allocation plan shall include:

17 (A) requirements for creation and retention of affordable housing for  
18 persons with low income; and

19 (B) requirements to ensure that eligible multifamily rental housing is  
20 maintained as affordable by subsidy covenant, as defined in 27 V.S.A. § 610  
21 on a perpetual basis, and that eligible owner-occupied housing or program

1 funds for owner-occupied housing remain as an affordable housing source for  
2 future owners or buyers, and meets all other requirements of the Vermont  
3 Housing Finance Agency related to affordable housing.

4 (10) “Taxpayer” means a taxpayer who makes an eligible cash  
5 contribution or the assignee or transferee of, or successor to, the taxpayer as  
6 determined by the Department of Taxes.

7 (b) Eligible tax credit allocations.

8 (1) Affordable housing credit allocation for multifamily rental housing.

9 (A) An eligible applicant may apply to the allocating agency for an  
10 allocation of affordable housing tax credits under this section related to an  
11 affordable multifamily rental housing project authorized by the allocating  
12 agency under the allocation plan. In the case of a specific affordable  
13 multifamily rental housing project, the eligible applicant shall also be the  
14 owner or a person having the right to acquire ownership of the building and  
15 shall apply prior to placement of the affordable housing project in service. ~~In~~  
16 ~~the case of owner-occupied housing units, the applicant shall ensure that the~~  
17 ~~allocated housing or program funds remain as an affordable housing resource~~  
18 ~~for future owners.~~ The allocating agency shall issue a letter of approval if it  
19 finds that the applicant meets the priorities, criteria, and other provisions of  
20 subdivision (B) of this subdivision (b)(1). The burden of proof shall be on the  
21 applicant.

1           (B) Upon receipt of a completed application, the allocating agency  
2 shall award an allocation of affordable housing tax credits with respect to a  
3 project to an applicant, provided the applicant demonstrates to the satisfaction  
4 of the allocating agency all of the following:

5           (i) The owner of the project has received from the allocating  
6 agency a binding commitment for, a reservation or allocation of, or an out-of-  
7 cap determination letter for, Section 42 credits, or meets the requirements of  
8 the allocation plan for development or financing of units to be owner-occupied.

9           (ii) The project has received community support.

10           (2) Affordable housing credit allocation for loans or grants for owner-  
11 occupied housing.

12           (A) The Vermont Housing Finance Agency shall have the authority  
13 to allocate affordable housing tax credits to provide funds to make loans or  
14 grants to eligible applicants for affordable owner-occupied housing. An  
15 eligible applicant may apply to the allocating agency for a loan or grant under  
16 this section related to an affordable owner-occupied housing project authorized  
17 by the allocating agency under the allocation plan. In the case of a specific  
18 affordable owner-occupied housing project, the eligible applicant shall also be  
19 the owner or a person having the right to acquire ownership of the unit and  
20 shall apply prior to the sale of the unit to the homeowner.

1           (B) The Agency shall require that the loan or grant recipient use such  
2           funds to maintain the unit as an affordable owner-occupied unit or as an  
3           affordable housing source for future owners or buyers.

4           (C) The Agency shall use the proceeds of loans or grants made under  
5           subdivision (A) of this subdivision (b)(2) for future loans or grants to eligible  
6           applicants for affordable owner-occupied housing projects.

7           (D) The Agency may assign its rights under any loan or grant made  
8           under subdivision (A) of this subdivision (b)(2) to the Vermont Housing and  
9           Conservation Board or any nonprofit organization qualifying under 26 U.S.C.  
10          § 501(c)(3) as long as such assignee acknowledges and agrees to comply with  
11          the provisions of this subdivision (b)(2).

12           (3) Down Payment Assistance Program.

13           (A) The Vermont Housing Finance Agency shall have the authority  
14           to allocate affordable housing tax credits to finance down payment assistance  
15           loans that meet the following requirements:

16                   (i) the loan is made in connection with a mortgage through an  
17           Agency program;

18                   (ii) the borrower is a first-time homebuyer of an owner-occupied  
19           primary residence; and

20                   (iii) the borrower uses the loan for the borrower's down payment  
21           or closing costs, or both.

1 (B) The Agency shall require the borrower to repay the loan upon the  
2 transfer or refinance of the residence.

3 (C) The Agency shall use the proceeds of loans made under the  
4 Program for future down payment assistance.

5 (c) Amount of credit. A taxpayer ~~who makes an eligible cash contribution~~  
6 shall be entitled to claim against the taxpayer's individual income, corporate,  
7 franchise, captive insurance premium, or insurance premium tax liability a  
8 credit in an amount specified on the taxpayer's credit certificate. The first-year  
9 allocation of a credit amount to a taxpayer shall also be deemed an allocation  
10 of the same amount in each of the following four years.

11 (d) Availability of credit. The amount of affordable housing tax credit  
12 ~~allocated with respect to a project~~ provided on the taxpayer's credit certificate  
13 shall be available to the taxpayer every year for five consecutive tax years,  
14 beginning with the tax year in which the eligible cash contribution is made.  
15 Total tax credits available to the taxpayer shall be the amount of the first-year  
16 allocation plus the succeeding four years' deemed allocations.

17 (e) Claim for credit. A taxpayer claiming affordable housing tax credits  
18 shall submit with each return on which such credit is claimed ~~a copy of the~~  
19 ~~allocating agency's credit allocation to the affordable housing project and the~~  
20 ~~taxpayer's credit certificate, and for credits issued under subdivision (b)(1) of~~  
21 this section, a copy of the allocating agency's credit allocation to the affordable

1 housing project. Any unused affordable housing tax credit may be carried  
2 forward to reduce the taxpayer's tax liability for ~~no~~ not more than  
3 14 succeeding tax years, following the first year the affordable housing tax  
4 credit is allowed.

5 (f) [Repealed.]

6 (g)(1) In any fiscal year, the allocating agency may award up to:

7 (A) \$400,000.00 in total first-year credit allocations to all applicants  
8 for rental housing projects, for an aggregate limit of \$2,000,000.00 over any  
9 given five-year period that credits are available under this subdivision (A);

10 (B) \$300,000.00 in total first-year credit allocations for loans or  
11 grants for owner-occupied unit financing or down payment loans as provided  
12 in subdivision (b)(2) of this section, consistent with the allocation plan,  
13 including for new construction and manufactured housing, for an aggregate  
14 limit of \$1,500,000.00 over any given five-year period that credits are  
15 available under this subdivision (B).

16 (2) In any fiscal year, total first-year credit allocations under subdivision  
17 (1) of this subsection plus succeeding-year deemed allocations shall not exceed  
18 \$3,500,000.00.

19 (h)(1)(A) In fiscal year 2016 through fiscal year ~~2022~~ 2018, the allocating  
20 agency may award up to \$125,000.00 in total first-year credit allocations for

1 loans through the Down Payment Assistance Program created in subdivision  
2 ~~(b)(2)~~(3) of this section.

3 (B) In fiscal year 2019 through fiscal year 2022, the allocating  
4 agency may award up to \$250,000.00 in total first-year credit allocations for  
5 loans through the Down Payment Assistance Program created in subdivision  
6 (b)(3) of this section.

7 (C) In fiscal year 2023 through fiscal year 2025, the allocating  
8 agency may award up to \$125,000.00 in total first-year credit allocations for  
9 loans through the Down Payment Assistance Program created in subdivision  
10 (b)(3) of this section.

11 (2)(A) In any fiscal year 2016 through fiscal year 2018, total first-year  
12 credit allocations under subdivision (1) of this subsection (h) plus succeeding-  
13 year deemed allocations shall not exceed \$625,000.00.

14 (B) In fiscal year 2019 and in each fiscal year thereafter, total first-  
15 year credit allocations under subdivision (1) of this subsection (h) plus  
16 succeeding-year deemed allocations shall not exceed \$1,125,000.00.

17 \* \* \* Downtown and Village Center Tax Credit \* \* \*

18 Sec. 9. 32 V.S.A. § 5930ee is amended to read:

19 § 5930ee. LIMITATIONS

20 Beginning in fiscal year 2010 and thereafter, the State Board may award tax  
21 credits to all qualified applicants under this subchapter, provided that:

1 (1) the total amount of tax credits awarded annually, together with sales  
2 tax reallocated under section 9819 of this title, does not exceed ~~\$2,400,000.00~~  
3 \$2,650,000.00;

4 (2) a total annual allocation of ~~no~~ not more than 30 percent of these tax  
5 credits in combination with sales tax reallocation may be awarded in  
6 connection with all of the projects in a single municipality;

7 (3) façade tax credits shall not be available for projects that qualify for  
8 the federal rehabilitation tax credit;

9 (4) no credit shall be allowed under this subchapter for the cost of  
10 acquiring any building or interest in a building;

11 (5) credit under any one subsection of 5930cc of this subchapter may  
12 not be allocated more often than once every two years with respect to the same  
13 building; and

14 (6) credit awarded under section 5930cc of this subchapter that is  
15 rescinded or recaptured by the State Board shall be available for the State  
16 Board to award to applicants in any subsequent year, in addition to the total  
17 amount of tax credits authorized under this section.

18 \* \* \* Tax on E-Cigarettes \* \* \*

19 Sec. 10. 32 V.S.A. § 7702(15) is amended to read:

20 (15) “Other tobacco products” means any product manufactured from,  
21 derived from, or containing tobacco that is intended for human consumption by

1 smoking, chewing, or in any other manner, including any liquids, whether  
2 nicotine based or not, and single use devices used with a tobacco substitute, as  
3 defined in 7 V.S.A. § 1001(8); but shall not include cigarettes, little cigars,  
4 roll-your-own tobacco, snuff, or new smokeless tobacco as defined in this  
5 section.

6 Sec. 10a. 32 V.S.A. § 7811 is amended to read:

7 § 7811. IMPOSITION OF TOBACCO PRODUCTS TAX

8 There is hereby imposed and shall be paid a tax on all other tobacco  
9 products, snuff, and new smokeless tobacco possessed in the State of Vermont  
10 by any person for sale on and after July 1, 1959 which were imported into the  
11 State or manufactured in the State after that date, except that no tax shall be  
12 imposed on tobacco products sold under such circumstances that this State is  
13 without power to impose such tax, or sold to the United States, or sold to or by  
14 a voluntary unincorporated organization of the U.S. Armed Forces operating a  
15 place for the sale of goods pursuant to regulations promulgated by the  
16 appropriate executive agency of the United States. The tax is intended to be  
17 imposed only once upon the wholesale sale of any other tobacco product and  
18 shall be at the rate of 92 percent of the wholesale price for all tobacco products  
19 except for any liquids, whether nicotine based or not, and single use devices  
20 used with a tobacco substitute, as defined in 7 V.S.A. § 1001(8), which shall be  
21 taxed at a rate of 46 percent of the wholesale price, snuff, which shall be taxed

1 at \$2.57 per ounce, or fractional part thereof, new smokeless tobacco, which  
2 shall be taxed at the greater of \$2.57 per ounce or, if packaged for sale to a  
3 consumer in a package that contains less than 1.2 ounces of the new smokeless  
4 tobacco, at the rate of \$3.08 per package, and cigars with a wholesale price  
5 greater than \$2.17, which shall be taxed at the rate of \$2.00 per cigar if the  
6 wholesale price of the cigar is greater than \$2.17 and less than \$10.00, and at  
7 the rate of \$4.00 per cigar if the wholesale price of the cigar is \$10.00 or more.  
8 Provided, however, that upon payment of the tax within 10 days, the distributor  
9 or dealer may deduct from the tax two percent of the tax due. It shall be  
10 presumed that all other tobacco products, snuff, and new smokeless tobacco  
11 within the State are subject to tax until the contrary is established and the  
12 burden of proof that any other tobacco products, snuff, and new smokeless  
13 tobacco are not taxable hereunder shall be upon the person in possession  
14 thereof. Licensed wholesalers of other tobacco products, snuff, and new  
15 smokeless tobacco shall state on the invoice whether the price includes the  
16 Vermont tobacco products tax.

17 \* \* \* Taxable Meal Exclusions \* \* \*

18 Sec. 11. 32 V.S.A. § 9202(10)(D) is amended to read:

19 (D) “Taxable meal” shall not include:

20 \* \* \*



1 Sec. 12. 32 V.S.A. § 5822 is amended to read:

2 § 5822. TAX ON INCOME OF INDIVIDUALS, ESTATES, AND TRUSTS

3 \* \* \*

4 (c) The amount of tax determined under subsection (a) of this section  
5 shall be:

6 (1) increased by 24 percent of the taxpayer's federal tax liability for the  
7 taxable year for the following:

8 (A) additional taxes on qualified retirement plans, including  
9 individual retirement accounts and medical savings accounts and other tax-  
10 favored accounts;

11 (B) recapture of the federal investment tax credit ~~and increased by~~  
12 ~~76 percent of the Vermont property portion of the business solar energy~~  
13 ~~investment tax credit component of the federal investment tax credit recapture~~  
14 ~~for the taxable year attributable to the Vermont-property portion of the~~  
15 investment;

16 (C) tax on qualified lump-sum distributions of pension income not  
17 included in federal taxable income; and

18 (2) decreased by 24 percent of the reduction in the taxpayer's federal tax  
19 liability due to farm income averaging.

20 (d)(1) A taxpayer shall be entitled to a credit against the tax imposed under  
21 this section of 24 percent of each of the credits allowed against the taxpayer's

1 federal income tax for the taxable year as follows: credit for people who are  
2 elderly or permanently totally disabled, investment tax credit attributable to the  
3 Vermont-property portion of the investment, and child care and dependent care  
4 credits.

5 (2) Any unused ~~business~~ solar energy investment tax credit under this  
6 section may be carried forward for ~~no~~ not more than five years following the  
7 first year in which the credit is claimed.

8 \* \* \*

9 \* \* \* Minimum Corporate Income Tax \* \* \*

10 Sec. 13. 32 V.S.A. § 5832 is amended to read:

11 § 5832. TAX ON INCOME OF CORPORATIONS

12 A tax is imposed for each calendar year, or fiscal year ending during that  
13 calendar year, upon the income earned or received in that taxable year by every  
14 taxable corporation, reduced by any Vermont net operating loss allowed under  
15 section 5888 of this title, such tax being the greater of:

16 (1) ~~an~~ An amount determined in accordance with the following  
17 schedule:

18 \* \* \*

19 (2)(A) \$75.00 for small farm corporations. “Small farm corporation”  
20 means any corporation organized for the purpose of farming, which during the  
21 taxable year is owned solely by active participants in that farm business and

1 receives less than \$100,000.00 Vermont gross receipts from that farm  
2 operation, exclusive of any income from forest crops; or

3 (B) An amount determined in accordance with section 5832a of this  
4 title for a corporation ~~which~~ that qualifies as and has elected to be taxed as a  
5 digital business entity for the taxable year; or

6 (C) For C corporations with Vermont gross receipts from  
7 \$0-\$2,000,000.00, the greater of the amount determined under subdivision (1)  
8 of this section or \$300.00; or

9 (D) For C corporations with Vermont gross receipts from  
10 \$2,000,001.00-\$5,000,000.00, the greater of the amount determined under  
11 subdivision (1) of this section or \$500.00; or

12 (E) For C corporations with Vermont gross receipts greater than  
13 \$5,000,000.00, the greater of the amount determined under subdivision (1) of  
14 this section or \$750.00.

15 \* \* \* Property Tax; Land Use Change Tax Lien \* \* \*

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

17 (f)(1) When the application for use value appraisal of agricultural land and  
18 forestland has been approved by the State, the State shall record a notice of  
19 contingent lien against the enrolled land in the land records of the municipality  
20 ~~that shall constitute a lien to secure payment of the land use change tax to the~~  
21 ~~State upon development.~~ The landowner shall bear the recording cost. The

1 notice of contingent lien shall constitute notice to all interested parties that a  
2 lien against the enrolled land shall be created upon the recording in the land  
3 records of a determination that development of that land as defined in section  
4 3752 of this chapter has occurred. The lien created by the recording of the  
5 notice of development shall be for the amount of the land use change tax then  
6 due, as specified in the notice of development. A lien recorded in the land  
7 records of a municipality under this section on or after April 17, 1978 shall be  
8 deemed to be a contingent lien.

9 (2) The land use change tax and any obligation to repay benefits paid in  
10 error shall not constitute a personal debt of the person liable to pay the same,  
11 but shall constitute a lien ~~which~~ that shall run with the land. All of the  
12 administrative provisions of chapter 151 of this title, including those relating to  
13 collection and enforcement, shall apply to the land use change tax. The  
14 Director shall release the lien when notified that:

15 (A) the land use change tax is paid;

16 (B) the land use change tax is abated pursuant to this section;

17 (C) the land use change tax is abated pursuant to subdivision 3201(5)  
18 of this title;

19 (D) the land is exempt from the levy of the land use change tax  
20 pursuant to this section and the owner requests release of the lien; or

1 (E) the land is exempt from the levy of the land use change tax  
2 pursuant to this section and the land is developed.

3 ~~(2)(3) Nothing in this subsection shall be construed to allow the~~  
4 ~~enrollment of agricultural land or managed forestland without a lien to secure~~  
5 ~~payment of the land use change tax.~~ Any fees related to the release of a lien  
6 under this subsection shall be the responsibility of the owner of the land  
7 subject to the lien.

8 \* \* \* Fee Waiver for Property Tax Appeals \* \* \*

9 Sec. 15. 32 V.S.A. § 4461(a) is amended to read:

10 (a) A taxpayer or the ~~Selectboard~~ selectboard members of a town aggrieved  
11 by a decision of the board of civil authority under subchapter 1 of this chapter  
12 may appeal the decision of the board to either the Director or the Superior  
13 Court of the county in which the property is located. The appeal to the  
14 Superior Court shall be heard without a jury. The appeal to either the Director  
15 or the Superior Court shall be commenced by filing a notice of appeal pursuant  
16 to Rule 74 of the Vermont Rules of Civil Procedure, within 30 days ~~of~~ after  
17 entry of the decision of the board of civil authority. The date of mailing of  
18 notice of the board's decision by the town clerk to the taxpayer shall be  
19 deemed the date of entry of the board's decision. The town clerk shall transmit  
20 a copy of the notice to the Director or to the Superior Court as indicated in the  
21 notice and shall record or attach a copy of the notice in the grand list book.

1 The entry fee for an appeal to the Director is \$70.00; provided, however, that  
2 the Director may waive, reduce, or refund the entry fee in cases of hardship or  
3 to join appeals regarding the same parcel.

4 \* \* \* Land Gains Tax Affidavit \* \* \*

5 Sec. 16. 32 V.S.A. § 10007(c) is amended to read:

6 (c) Notwithstanding either subsection (a) or (b) of this section, the seller or  
7 transferor may, in advance of the sale or exchange, pay ~~the~~ all tax imposed by  
8 this chapter ~~or obtain a written ruling from the Commissioner of Taxes that no~~  
9 ~~tax is due under this chapter. In either case, the Commissioner shall certify to~~  
10 ~~the seller or transferor~~ and provide an affidavit that such payment has been  
11 made or that no tax is due. Upon receipt by the buyer or transferee of such  
12 ~~certification~~ affidavit from the seller or transferor, the buyer or transferee shall  
13 not be required to withhold under subsection (a) of this section.

14 \* \* \* Property Tax Definitions; Homestead and Household Income \* \* \*

15 Sec. 17. 32 V.S.A. § 5401(7) is amended to read:

16 (7) “Homestead”:

17 (A) “Homestead” means the principal dwelling and parcel of land  
18 surrounding the dwelling, owned and occupied by a resident individual as the  
19 individual’s domicile or owned and fully leased on April 1, provided the  
20 property is not leased for more than 182 days out of the calendar year, or for  
21 purposes of the renter property tax adjustment under subsection 6066(b) of this

1 title, is rented and occupied by a resident individual as the individual's  
2 domicile.

3 \* \* \*

4 (E)(i) A homestead also includes a dwelling on the homestead parcel  
5 owned by a farmer as defined under section 3752 of this title, and occupied as  
6 the permanent residence by a parent, sibling, child, or grandchild of the farmer,  
7 or by a shareholder, partner, or member of the farmer-owner, provided that the  
8 shareholder, partner, or member owns more than 50 percent of the farmer-  
9 owner, including attribution of stock ownership of a parent, sibling, child, or  
10 grandchild.

11 (ii) A homestead further includes the principal dwelling of a  
12 widow or widower, provided that the dwelling is owned by the estate of the  
13 deceased spouse and it is reasonably likely that the dwelling will pass to the  
14 widow or widower by law or valid will when the estate is settled.

15 \* \* \*

16 Sec. 18. 32 V.S.A. § 6061(4) is amended to read:

17 (4)(A) “Household income” means modified adjusted gross income, but  
18 not less than zero, received in a calendar year by:

19 ~~(A)(i)~~ all persons of a household while members of that  
20 household; and



1 municipality's most recent common level of appraisal. The legislative body in  
2 each municipality shall then bill each property taxpayer at the homestead or  
3 nonresidential rate determined by the Commissioner under this subdivision,  
4 multiplied by the education property tax grand list value of the property,  
5 properly classified as homestead or nonresidential property and without regard  
6 to any other tax classification of the property. ~~Tax~~ Statewide education  
7 property tax bills shall show the tax due and the calculation of the rate  
8 determined under subsection (a) of this section, divided by the municipality's  
9 most recent common level of appraisal, multiplied by the current grand list  
10 value of the property to be taxed. Statewide education property tax bills shall  
11 also include language provided by the Commissioner pursuant to subsection  
12 5405(g) of this title.

13 \* \* \*

14 Sec. 20. 32 V.S.A. § 5403 is added to read:

15 § 5403. ASSESSMENT DISTRICTS

16 (a) A municipality may vote at any regular or special meeting to merge  
17 with one or more other municipalities in the same unified union school district  
18 to create or join an assessment district for the purpose of standardized property  
19 valuation.

20 (b) All municipalities merged into an assessment district shall agree to  
21 implement standardized assessment procedures approved by the

1 Commissioner. The Commissioner shall provide written guidance to  
2 municipalities relating to how they may receive approval under this subsection.

3 (c) A vote to merge with an assessment district shall be binding on a  
4 municipality for five years. After five years, a municipality may vote at any  
5 regular or special meeting to leave the assessment district, unless the  
6 assessment district has consolidated all administrative functions.

7 (d) All municipalities within an assessment district shall be treated as a  
8 single municipality for purposes of the equalization process established by  
9 section 5405 of this chapter.

10 (e) Municipalities within an assessment district shall maintain independent  
11 grand lists for municipal taxation, as well as independent processes for  
12 grievances, property valuation appeals, abatements, grand list filing, use value  
13 appraisal parcel management, reappraisal, and financial interaction with the  
14 Agency of Education, unless the Commissioner, in writing, authorizes the  
15 municipalities of an assessment district to consolidate all property valuation  
16 administrative functions.

17 Sec. 21. 32 V.S.A. § 5405 is amended to read:

18 § 5405. DETERMINATION OF EQUALIZED EDUCATION PROPERTY

19 TAX GRAND LIST AND COEFFICIENT OF DISPERSION

20 \* \* \*

1        (g) The Commissioner shall provide to municipalities for the front of  
2        property tax bills the district homestead property tax rate before equalization,  
3        the nonresidential tax rate before equalization, and the calculation process that  
4        creates the equalized homestead and nonresidential tax rates. The  
5        Commissioner shall further provide to municipalities for the back of property  
6        tax bills an explanation of the common level of appraisal, including its origin  
7        and purpose.

8        Sec. 22. 32 V.S.A. § 6066a is amended to read:

9        § 6066a. DETERMINATION OF PROPERTY TAX ADJUSTMENTS

10        (a) Annually, the Commissioner shall determine the property tax  
11        adjustment amount under section 6066 of this title, related to a homestead  
12        owned by the claimant. The Commissioner shall notify the municipality in  
13        which the housesite is located of the amount of the property tax adjustment for  
14        the claimant for homestead property tax liabilities, ~~on July 1 for timely filed~~  
15        ~~claims and on November 1 for late claims filed by October 15~~ on a monthly  
16        basis. The tax adjustment of a claimant who was assessed property tax by a  
17        town ~~which that~~ revised the dates of its fiscal year, however, is the excess of  
18        the property tax ~~which that~~ was assessed in the last 12 months of the revised  
19        fiscal year; over the adjusted property tax of the claimant for the revised fiscal  
20        year as determined under section 6066 of this title, related to a homestead  
21        owned by the claimant.





1 Commissioner of Financial Regulation of such estimated expenses. Captive  
2 companies shall be excluded from the effect of this section.

3 (2) The Commissioner shall annually, on or before July 1, apportion  
4 such charges among all such companies and shall assess them for the ~~same~~  
5 charges on a fair and reasonable basis as a percentage of their gross direct  
6 written premiums on such insurance written during the second prior calendar  
7 year on property situated in the State. The Department of Taxes shall collect  
8 all assessments under this section.

9 (3) An amount not less than \$100,000.00 shall be specifically allocated  
10 to the provision of what are now or formerly referred to as Level I, units I, II,  
11 and III (basic) courses for ~~entry-level~~ entry-level firefighters.

12 (4) An amount not less than \$150,000.00 shall be specifically allocated  
13 to the Emergency Medical Services Special Fund established under 18 V.S.A.  
14 § 908 for the provision of training programs for emergency medical  
15 technicians, advanced emergency medical technicians, and paramedics.

16 (5) The Department of Health shall present a plan to the Joint Fiscal  
17 Committee, which shall review the plan prior to the release of any funds.

18 (b) All administrative provisions of chapter 151 of this title, including those  
19 relating to the collection and enforcement of the income tax by the  
20 Commissioner, shall apply to this section.

1 Sec. 24. 8 V.S.A. § 5034 is amended to read:

2 § 5034. QUARTERLY REPORTS; SUMMARY OF EXPORTED  
3 BUSINESS

4 On or before the end of each month next following each calendar quarter,  
5 each surplus lines broker shall file with the Commissioner of Taxes, on forms  
6 prescribed by him or her, a verified report of all surplus lines insurance  
7 transacted during the preceding calendar quarter.

8 Sec. 25. 8 V.S.A. § 5035 is amended to read:

9 § 5035. SURPLUS LINES TAX

10 \* \* \*

11 (b) At the time of filing his or her quarterly report with the Commissioner  
12 of Taxes, each surplus lines broker shall ~~file a duplicate report and~~ remit the  
13 premium tax due thereon to the Commissioner of Taxes.

14 (c) ~~If the tax collectible by a surplus lines broker under this section is not~~  
15 ~~paid within the time prescribed, it shall be recoverable in a suit brought by the~~  
16 ~~Commissioner against the surplus lines broker and the surety on the bond filed~~  
17 ~~under section 4800 of this title~~ The Commissioner of Taxes shall collect the tax  
18 imposed by this section. All administrative provisions of 32 V.S.A.  
19 chapter 151, including those relating to the collection and enforcement of the  
20 income tax by the Commissioner of Taxes, shall apply to this section.

21 Sec. 26. 8 V.S.A. § 5036 is amended to read:

1 § 5036. DIRECT PLACEMENT OF INSURANCE

2 (a) Every insured and every self-insurer in this State for whom this is their  
3 home state who procures or causes to be procured or continues or renews  
4 insurance from any ~~non-admitted~~ nonadmitted insurer, covering a subject  
5 located or to be performed within this State, other than insurance procured  
6 through a surplus lines broker pursuant to this chapter, shall, before March 1 of  
7 the year after the year in which the insurance was procured, continued, or  
8 renewed, file a written report with the Commissioner of Taxes on forms  
9 prescribed and furnished by the Commissioner of Taxes. The report shall  
10 show:

- 11 (1) the name and address of the insured or insureds;  
12 (2) the name and address of the insurer or insurers;  
13 (3) the subject of the insurance;  
14 (4) a general description of the coverage;  
15 (5) the amount of premium currently charged for it; and  
16 (6) such additional pertinent information as may be reasonably  
17 requested by the Commissioner of Taxes.

18 \* \* \*

19 (d) A tax at the rate of three percent of the gross amount of premium, less  
20 any return premium, in respect of risks located in this State, shall be levied  
21 upon an insured who procures insurance subject to subsection (a) of this

1 section. Before March 1 of the year after the year in which the insurance was  
2 procured, continued, or renewed, the insured shall remit to the Commissioner  
3 of Taxes the amount of the tax. ~~The Commissioner before June 1 of each year~~  
4 ~~shall certify and transmit to the Commissioner of Taxes the sums so collected.~~

5 (e) ~~The tax shall be collectible from the insured by civil action brought by~~  
6 ~~the Commissioner~~ All administrative provisions of 32 V.S.A. chapter 151,  
7 including those relating to the collection and enforcement of the income tax by  
8 the Commissioner of Taxes, shall apply to this section.

9 \* \* \* Short-Term Rental Platform Reporting \* \* \*

10 Sec. 27. 32 V.S.A. § 9248 is amended to read:

11 § 9248. INFORMATIONAL REPORTING

12 The Department of Taxes shall collect information on operators from  
13 persons providing an Internet platform for the short-term rental of property for  
14 occupancy in this State if the persons providing a platform have not entered  
15 into a written agreement with the Department to collect and remit the tax  
16 imposed under this subchapter on behalf of operators using the platform. The  
17 information collected shall include any information the Commissioner shall  
18 require, and the name, address, and terms of the rental transactions of persons  
19 acting as operators through the Internet platform. The failure to provide  
20 information as required under this section shall subject the person operating the  
21 Internet platform to a fine of \$5.00 for each instance of failure. The

1 Commissioner is authorized to adopt rules and procedures to implement this  
2 section.

3 \* \* \* Appeal to Superior Court; Security \* \* \*

4 Sec. 28. 32 V.S.A. § 9275 is amended to read:

5 § 9275. APPEALS

6 Any person aggrieved by the decision of the Commissioner upon petition  
7 provided for in section 9274 of this title may, within 30 days after notice  
8 thereof from the Commissioner, appeal ~~therefrom~~ to the Superior Court of any  
9 county in which ~~such~~ the person has a place of business subject to this chapter.  
10 ~~The appellant shall give security, approved by the Commissioner, conditioned~~  
11 ~~to pay the tax levied, if it remains unpaid, with interest and costs. Such~~  
12 ~~appeals shall be preferred cases for hearing on the docket of such Court. Such~~  
13 ~~Court~~ The court may grant such relief as may be equitable and may order the  
14 State Treasurer to pay to the aggrieved taxpayer the amount of such relief with  
15 interest at the rate established pursuant to 32 V.S.A. § 3108. Upon all such  
16 appeals ~~which may be~~ that are denied, costs may be taxed against the appellant  
17 at the discretion of the ~~Court~~ court, but no costs shall be taxed against the  
18 State.

1 Sec. 29. 32 V.S.A. § 9817 is amended to read:

2 § 9817. REVIEW OF COMMISSIONER'S DECISION

3 (a) Any aggrieved taxpayer may, within 30 days after any decision, order,  
4 finding, assessment, or action of the Commissioner made under this chapter,  
5 appeal to the Washington Superior Court or the Superior Court of the county in  
6 which the taxpayer resides or has a place of business. ~~The appellant shall give~~  
7 ~~security, approved by the Commissioner, conditioned to pay the tax levied, if it~~  
8 ~~remains unpaid, with interest and costs, as set forth in subsection (c) of this~~  
9 ~~section.~~

10 (b) The appeal provided by this section shall be the exclusive remedy  
11 available to any taxpayer for review of a decision of the Commissioner  
12 determining the liability of the taxpayer for the taxes imposed.

13 (c) ~~Irrespective of any restrictions on the assessment and collection of~~  
14 ~~deficiencies, the Commissioner may assess a deficiency after the expiration of~~  
15 ~~the period specified in subsection (a) of this section, notwithstanding that a~~  
16 ~~notice of appeal regarding the deficiency has been filed by the taxpayer, unless~~  
17 ~~the taxpayer, prior to the time the notice of appeal is filed, has paid the~~  
18 ~~deficiency, has deposited with the Commissioner the amount of the deficiency,~~  
19 ~~or has filed with the Commissioner a bond (which may be a jeopardy bond) in~~  
20 ~~the amount of the portion of the deficiency (including interest and other~~  
21 ~~amounts) in respect of which review is sought and all costs and charges which~~

1 ~~may accrue against the taxpayer in the prosecution of the proceeding, including~~  
2 ~~costs of all appeals, and with surety approved by the Superior Court,~~  
3 ~~conditioned upon the payment of the deficiency (including interest and other~~  
4 ~~amounts) as finally determined and all costs and charges. If as a result of a~~  
5 ~~waiver of the restrictions on the assessment and collection of a deficiency any~~  
6 ~~part of the amount determined by the Commissioner is paid after the filing of~~  
7 ~~the appeal bond, the bond shall, at the request of the taxpayer, be~~  
8 ~~proportionately reduced. [Repealed.]~~

9 \* \* \* Repeals \* \* \*

10 Sec. 30. REPEALS

11 The following sections in Title 32 are repealed:

12 (1) § 3777 (land use change tax lien subordination).

13 (2) § 5930z (business solar energy tax credit).

14 (3) § 8661 (taxation of electric generating plants).

15 \* \* \* Effective Dates \* \* \*

16 Sec. 31. EFFECTIVE DATES

17 This act shall take effect on passage, except:

18 (1) Notwithstanding 1 V.S.A. § 214, Sec. 27 (short-term rental platform  
19 reporting) shall take effect retroactively on July 1, 2017.

20 (2) Notwithstanding 1 V.S.A. § 214, Secs. 3–6 (Vermont higher  
21 education investment plan credit), 12 (solar energy investment tax credit), 13

1 (minimum corporate income tax), and 30(2) (repeal of business solar energy  
2 tax credit) shall take effect retroactively on January 1, 2018 and apply to  
3 taxable years beginning on January 1, 2018 and thereafter.

4 (3) Secs. 1 (municipal stormwater fees), 2 (Green Mountain Care Board  
5 billback formula), 8 (first time homebuyer program), 9 (downtown and village  
6 center tax credit), 10–10a (tax on e-cigarettes), and 11 (taxable meal  
7 exclusions) shall take effect on July 1, 2018.

8 (4) Secs. 14–22 (property tax sections) and 30(1) (repeal of land use  
9 change tax lien subordination) shall take effect on July 1, 2018 and apply to  
10 grand lists lodged after that date.