

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Ways and Means to which was referred Senate Bill No.
3 269 entitled “An act relating to blockchain, cryptocurrency, and financial
4 technology” respectfully reports that it has considered the same and
5 recommends that the bill ought to pass in concurrence with proposal of
6 amendment as recommended by the Committee on Commerce and Economic
7 Development and when further amended as follows:

8 First: In Sec. 5, in 11 V.S.A. chapter 25, subchapter 12, by striking out
9 section 4174 in its entirety and renumbering the remaining sections in the
10 subchapter to be numerically correct.

11 Second: By renumbering Secs. 6–7 to be Secs. 8–9 and inserting new Secs.
12 6–7 to read:

13 Sec. 6. REPEAL

14 32 V.S.A. § 5811(26) (digital business entity) is repealed.

15 Sec. 7. 32 V.S.A. chapter 151, subchapter 3 is amended to read:

16 Subchapter 3. Taxation of Corporations

17 * * *

18 § 5832. TAX ON INCOME OF CORPORATIONS

19 * * *

20 (2)(A) \$75.00 for small farm corporations. “Small farm corporation”
21 means any corporation organized for the purpose of farming, which during the

1 taxable year is owned solely by active participants in that farm business and
2 receives less than \$100,000.00 gross receipts from that farm operation,
3 exclusive of any income from forest crops; or

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6 ~~business entity for the taxable year; or [Repealed.]~~

7 (C) For C corporations with gross receipts from \$0-\$2,000,000.00,
8 the greater of the amount determined under subdivision (1) of this section or
9 \$300.00; or

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

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

16 § 5832a. ~~DIGITAL BUSINESS ENTITY FRANCHISE TAX~~

17 ~~(a) There is imposed upon every business entity which qualifies as and has~~
18 ~~elected to be taxed as a digital business entity an annual franchise tax equal to:~~

19 ~~(1) the greater of 0.02 percent of the current value of the tangible and~~
20 ~~intangible assets of the company or \$250.00, but in no case more than~~
21 ~~\$500,000.00; or~~

1 ~~(2) where the authorized capital stock does not exceed 5,000 shares,~~
2 ~~\$250.00; where the authorized capital stock exceeds 5,000 shares but is not~~
3 ~~more than 10,000 shares, \$500.00; and the further sum of \$250.00 on each~~
4 ~~10,000 shares or part thereof.~~

5 ~~(b) In no case shall the tax on any corporation for a full taxable year,~~
6 ~~whether computed under subdivision (a)(1) or (2) of this section, be more than~~
7 ~~\$500,000.00 or less than \$250.00.~~

8 ~~(c) In the case of a corporation that has not been in existence during the~~
9 ~~whole year, the amount of tax due, at the foregoing rates and as provided, shall~~
10 ~~be prorated for the portion of the year during which the corporation was in~~
11 ~~existence.~~

12 ~~(d) In the case of a corporation changing during the taxable year the~~
13 ~~amount of its authorized capital stock, the total annual franchise tax payable at~~
14 ~~the foregoing rates shall be arrived at by adding together the franchise taxes~~
15 ~~calculated pursuant to subdivision (a)(2) of this section as prorated for the~~
16 ~~several periods of the year during which each distinct authorized amount of~~
17 ~~capital stock was in effect.~~

18 ~~(e) For the purpose of computing the taxes imposed by this section, the~~
19 ~~authorized capital stock of a corporation shall be considered to be the total~~
20 ~~number of shares that the corporation is authorized to issue without regard to~~

1 ~~whether the number of shares that may be outstanding at any one time is~~
2 ~~limited to a lesser number.~~

3 ~~(f) The franchise tax under this section shall be reported and paid in the~~
4 ~~same manner as the tax under subdivision 5832(2)(B) of this title; provided,~~
5 ~~however, that an electing corporation shall also provide the Commissioner with~~
6 ~~a copy of its federal tax return. [Repealed.]~~

7 * * *

8 § 5838. ~~DIGITAL BUSINESS ENTITY ELECTION~~

9 ~~A corporation shall not be subject to the tax imposed by section 5832 of this~~
10 ~~title if the corporation qualifies as and elects to be taxed as a digital business~~
11 ~~entity for the taxable year. [Repealed.]~~

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13

14 (Committee vote: _____)

15

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Representative _____

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FOR THE COMMITTEE