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H.839

Introduced by Representatives Canfield of Fair Haven, Baser of Bristol, Beck
of St. Johnsbury, Brennan of Colchester, Christie of Hartford,
Condon of Colchester, Cupoli of Rutland City, Devereux of
Mount Holly, Fagan of Rutland City, Frenier of Chelsea, Gage
of Rutland City, Hebert of Vernon, Juskiewicz of Cambridge,
Keefe of Manchester, LaClair of Barre Town, Lawrence of
Lyndon, Lewis of Berlin, Marcotte of Coventry, Martel of
Waterford, Mattos of Milton, McCoy of Poultney, Morrissey of
Bennington, Norris of Shoreham, Parent of St. Albans Town,
Pearce of Richford, Poirier of Barre City, Read of Fayston,
Savage of Swanton, Shaw of Pittsford, Sibia of Dover, Smith
of Derby, Terenzini of Rutland Town, Turner of Milton,
Willhoit of St. Johnsbury, and Wright of Burlington

Referred to Committee on

Date:

Subject: Taxation; income tax; exemptions; minimum tax on corporations;
property tax; current use; administration; homestead; income
sensitivity adjustment; electrical energy tax; insurance tax; meals and
rooms tax

1 Statement of purpose of bill as introduced: This bill proposes to make
2 numerous substantive and administrative changes to Vermont's tax laws. The
3 bill phases in a partial exemption of taxable Social Security benefits over three
4 years. It also exempts military retirement pay from State taxation. The bill
5 also permits the creation of merged property assessment districts to match
6 merged school districts. The bill moves the collection and administration of
7 the fire safety insurance tax, the direct placement insurance tax, and the surplus
8 lines tax from the Department of Financial Regulation to the Department of
9 Taxes. The bill makes numerous other changes, including changes to the
10 current use lien system, the definitions of household income and homestead,
11 and the meals and rooms tax.

12 An act relating to making numerous tax changes, including exempting
13 certain Social Security benefits and military retirement pay from State
14 taxation

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

16 * * * Annual Reference to Federal Income Tax Law * * *

17 Sec. 1. 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 ~~2016~~ 2017, 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 * * * Individual Income Tax; Changes in Definition of Taxable Income * * *

4 Sec. 2. 32 V.S.A. § 5811(21) is amended to read:

5 (21) "Taxable income" means, in the case of an individual, federal
6 adjusted gross income determined without regard to 26 U.S.C. § 168(k) and:

7 * * *

8 (B) Decreased by the following items of income (to the extent such
9 income is included in federal adjusted gross income):

10 (i) income from U.S. government obligations;

11 (ii) with respect to adjusted net capital gain income as defined in
12 26 U.S.C. § 1(h) reduced by the total amount of any qualified dividend
13 income: either the first \$5,000.00 of such adjusted net capital gain income; or
14 40 percent of adjusted net capital gain income from the sale of assets held by
15 the taxpayer for more than three years, except not adjusted net capital gain
16 income from:

17 (I) the sale of any real estate or portion of real estate used by
18 the taxpayer as a primary or nonprimary residence; or

19 (II) the sale of depreciable personal property other than farm
20 property and standing timber; or stocks or bonds publicly traded or traded on
21 an exchange, or any other financial instruments; regardless of whether sold by

1 an individual or business; and provided that the total amount of decrease under
2 this subdivision (21)(B)(ii) shall not exceed 40 percent of federal taxable
3 income; ~~and~~

4 (iii) recapture of State and local income tax deductions not taken
5 against Vermont income tax;

6 (iv) the portion of federally taxable benefits received under the
7 federal Social Security Act that is required to be excluded under section 5830e
8 of this chapter; and

9 (v) the amount of U.S. military retirement pay subject to federal
10 income tax; and

11 * * *

12 Sec. 3. 32 V.S.A. § 5813 is amended to read:

13 § 5813. STATUTORY PURPOSES

14 * * *

15 (g)(1) The statutory purpose of the exemption for military pay in
16 subdivisions 5823(a)(2) and (b)(3) of this title is to provide additional
17 compensation for military personnel in recognition of their service to Vermont
18 and to the country.

19 (2) The statutory purpose of the exemption for U.S. military retirement
20 pay subject to federal income tax in subdivision 5811(21) of this title is to

1 recognize the military service of Vermonters who derive part of their income
2 in the form of military retirement pay.

3 * * *

4 (w) The statutory purpose of the partial exemption of federally taxable
5 benefits under the Social Security Act in section 5830e of this title is to lessen
6 the tax burden on Vermonters with low to moderate income who derive part of
7 their income from Social Security payments.

8 Sec. 4 . 32 V.S.A. § 5830e is added to read:

9 § 5830e. SOCIAL SECURITY INCOME

10 The portion of federally taxable Social Security benefits excluded from
11 taxable income under subdivision 5811(21)(B)(iv) of this chapter shall be as
12 follows:

13 (1) For taxpayers whose filing status is single, married filing separately,
14 head of household, or qualifying widow or widower:

15 (A) If the federal adjusted gross income of the taxpayer is less than or
16 equal to \$45,000.00, the percentage of federally taxable benefits received
17 under the federal Social Security Act shall be excluded as follows: 33 percent
18 for taxable year 2018; 67 percent for taxable year 2019; and 100 percent for
19 taxable year 2020 and all taxable years thereafter.

20 (B)(i) If the federal adjusted gross income of the taxpayer is greater
21 than \$45,000.00 but less than \$55,000.00, the percentage of federally taxable

1 benefits received under the Social Security Act to be excluded shall be
2 proportional to the amount of the taxpayer's federal adjusted gross income
3 over \$45,000.00, determined by:

4 (I) subtracting the federal adjusted gross income of the
5 taxpayer from \$55,000.00;

6 (II) dividing the value under subdivision (I) of this subdivision
7 (B)(i) by \$10,000.00; and

8 (III) multiplying the value under subdivision (II) of this
9 subdivision (B)(i) by the federally taxable benefits received under the Social
10 Security Act.

11 (ii) The amount of the exclusion determined under subdivision (i)
12 of this subdivision (B) shall be allowed as follows: 33 percent for taxable year
13 2018; 67 percent for taxable year 2019; and 100 percent for taxable year 2020
14 and all taxable years thereafter.

15 (C) If the federal adjusted gross income of the taxpayer is equal to or
16 greater than \$55,000.00, no amount of the federally taxable benefits received
17 under the Social Security Act shall be excluded under this section.

18 (2) For taxpayers whose filing status is married filing jointly:

19 (A) If the federal adjusted gross income of the taxpayer is less than or
20 equal to \$60,000.00, the percentage of federally taxable benefits received
21 under the Social Security Act shall be excluded as follows: 33 percent for

1 taxable year 2018; 67 percent for taxable year 2019; and 100 percent for
2 taxable year 2020 and all taxable years thereafter.

3 (B)(i) If the federal adjusted gross income of the taxpayer is greater
4 than \$60,000.00 but less than \$70,000.00, the percentage of federally taxable
5 benefits received under the Social Security Act to be excluded shall be
6 proportional to the amount of the taxpayer's federal adjusted gross income
7 over \$60,000.00, determined by:

8 (I) subtracting the federal adjusted gross income of the
9 taxpayer from \$70,000.00;

10 (II) dividing the value under subdivision (I) of this subdivision
11 (B)(i) by \$10,000.00; and

12 (III) multiplying the value under subdivision (II) of this
13 subdivision (B)(i) by the federally taxable benefits received under the Social
14 Security Act.

15 (ii) The amount of the exclusion determined under subdivision (i)
16 of this subdivision (B) shall be allowed as follows: 33 percent for taxable year
17 2018; 67 percent for taxable year 2019; and 100 percent for taxable year 2020
18 and all taxable years thereafter.

19 (C) If the federal adjusted gross income of the taxpayer is equal to or
20 greater than \$70,000.00, no amount of the federally taxable benefits received
21 under the Social Security Act shall be excluded under this section.

1 * * * Solar Energy Investment Income Tax Credit * * *

2 Sec. 5. 32 V.S.A. § 5822 is amended to read:

3 § 5822. TAX ON INCOME OF INDIVIDUALS, ESTATES, AND TRUSTS

4 * * *

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

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

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

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

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

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

1 (d)(1) A taxpayer shall be entitled to a credit against the tax imposed under
2 this section of 24 percent of each of the credits allowed against the taxpayer's
3 federal income tax for the taxable year as follows: credit for people who are
4 elderly or permanently totally disabled, investment tax credit attributable to the
5 Vermont-property portion of the investment, and child care and dependent care
6 credits.

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

10 * * *

11 * * * Minimum Corporate Income Tax * * *

12 Sec. 6. 32 V.S.A. § 5832 is amended to read:

13 § 5832. TAX ON INCOME OF CORPORATIONS

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

18 (1) ~~an~~ An amount determined in accordance with the following
19 schedule:

20 * * *

21 or

1 (2)(A) \$75.00 for small farm corporations. “Small farm corporation”
2 means any corporation organized for the purpose of farming, which during the
3 taxable year is owned solely by active participants in that farm business and
4 receives less than \$100,000.00 Vermont gross receipts from that farm
5 operation, exclusive of any income from forest crops; or

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

9 (C) For C corporations with Vermont gross receipts from \$0-
10 \$2,000,000.00, the greater of the amount determined under subdivision (1) of
11 this section or \$300.00; or

12 (D) For C corporations with Vermont gross receipts from
13 \$2,000,001.00-\$5,000,000.00, the greater of the amount determined under
14 subdivision (1) of this section or \$500.00; or

15 (E) For C corporations with Vermont gross receipts greater than
16 \$5,000,000.00, the greater of the amount determined under subdivision (1) of
17 this section or \$750.00.

18 * * * Property Tax; Land Use Change Tax Lien * * *

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

20 (f)(1) When the ~~application for use value appraisal of agricultural and~~
21 ~~forestland has been approved by the State~~ land use change tax becomes due

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

- 11 (A) the land use change tax is paid;
- 12 (B) the land use change tax is abated pursuant to this section;
- 13 (C) the land use change tax is abated pursuant to subdivision 3201(5)
14 of this title;
- 15 (D) the land is exempt from the levy of the land use change tax
16 pursuant to this section and the owner requests release of the lien; or
- 17 (E) the land is exempt from the levy of the land use change tax
18 pursuant to this section and the land is developed.

19 ~~(2) Nothing in this subsection shall be construed to allow the enrollment~~
20 ~~of agricultural land or managed forestland without a lien to secure payment of~~
21 ~~the land use change tax.~~ Any fees related to the release of a lien under this

1 subsection shall be the responsibility of the owner of the land subject to
2 the lien.

3 * * * Fee Waiver for Property Tax Appeals * * *

4 Sec. 8. 32 V.S.A. § 4461(a) is amended to read:

5 (a) A taxpayer or the ~~Selectboard~~ selectboard members of a town aggrieved
6 by a decision of the board of civil authority under subchapter 1 of this chapter
7 may appeal the decision of the board to either the Director or the Superior
8 Court of the county in which the property is located. The appeal to the
9 Superior Court shall be heard without a jury. The appeal to either the Director
10 or the Superior Court shall be commenced by filing a notice of appeal pursuant
11 to Rule 74 of the Vermont Rules of Civil Procedure, within 30 days ~~of~~ after
12 entry of the decision of the board of civil authority. The date of mailing of
13 notice of the board's decision by the town clerk to the taxpayer shall be
14 deemed the date of entry of the board's decision. The town clerk shall transmit
15 a copy of the notice to the Director or to the Superior Court as indicated in the
16 notice and shall record or attach a copy of the notice in the grand list book.
17 The entry fee for an appeal to the Director is \$70.00, provided that the Director
18 may waive, reduce, or refund the entry fee for reasonable cause shown.

1 * * * Property Tax Definitions; Homestead and Household Income * * *

2 Sec. 9 . 32 V.S.A. § 10007(c) is amended to read:

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

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

12 (7) “Homestead”:

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

19 * * *

20 (E)(i) A homestead also includes a dwelling on the homestead parcel
21 owned by a farmer as defined under section 3752 of this title, and occupied as

1 the permanent residence by a parent, sibling, child, or grandchild of the farmer,
2 or shareholder, partner, or member of the farmer-owner, provided that the
3 shareholder, partner, or member owns more than 50 percent of the farmer-
4 owner, including attribution of stock ownership of a parent, sibling, child, or
5 grandchild.

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

10 * * *

11 Sec. 11. 32 V.S.A. § 6061(4) is amended to read:

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

14 ~~(A)~~(i) all persons of a household while members of that
15 household; and

16 ~~(B)~~(ii) the spouse of the claimant who is not a member of that
17 household and who is not legally separated from the claimant in the taxable
18 year as defined in subdivision (9) of this section, unless the spouse is at least
19 62 years of age and has moved to a nursing home or other care facility with no
20 reasonable prospect of returning to the homestead.

21 (B) “Household income” does not mean:

1 (i) the modified adjusted gross income of the spouse or former
2 spouse of the claimant, if the claimant is legally separated or divorced from the
3 spouse in the taxable year as defined in subdivision (9) of this section;

4 (ii) the modified adjusted gross income of the spouse of the
5 claimant, if the spouse is subject to a protection order as defined in 15 V.S.A.
6 § 1101(5) that is in effect at the time the claimant reports household income to
7 the Department of Taxes.

8 * * * Aggregate Common Level of Appraisal and

9 Distribution of Property Tax Adjustments * * *

10 Sec. 12. 32 V.S.A. § 5402 is amended to read:

11 § 5402. EDUCATION PROPERTY TAX LIABILITY

12 * * *

13 (b) The statewide education tax shall be calculated as follows:

14 (1) The Commissioner of Taxes shall determine for each municipality
15 the education tax rates under subsection (a) of this section, divided by the
16 municipality's most recent common level of appraisal. The legislative body in
17 each municipality shall then bill each property taxpayer at the homestead or
18 nonresidential rate determined by the Commissioner under this subdivision,
19 multiplied by the education property tax grand list value of the property,
20 properly classified as homestead or nonresidential property and without regard
21 to any other tax classification of the property. Tax bills shall show the tax due

1 and the calculation of the rate determined under subsection (a) of this section,
2 divided by the municipality's most recent common level of appraisal,
3 multiplied by the current grand list value of the property to be taxed. Tax bills
4 shall also include language provided by the Commissioner pursuant to
5 subsection 5405(g) of this title.

6 * * *

7 Sec. 13. 32 V.S.A. § 5403 is added to read:

8 § 5403. ASSESSMENT DISTRICTS

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

13 (b) All municipalities merged into an assessment district shall agree to
14 implement standardized assessment procedures approved by the
15 Commissioner. The Commissioner shall provide written guidance to
16 municipalities relating to how they may receive approval under this subsection.

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

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

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

11 Sec. 14. 32 V.S.A. § 5405 is amended to read:

12 § 5405. DETERMINATION OF EQUALIZED EDUCATION PROPERTY
13 TAX GRAND LIST AND COEFFICIENT OF DISPERSION

14 * * *

15 (g) The Commissioner shall provide to municipalities for the front of
16 property tax bills the district homestead property tax rate before equalization,
17 the nonresidential tax rate before equalization, and the calculation process that
18 creates the equalized homestead and nonresidential tax rates. The
19 Commissioner shall further provide to municipalities for the back of property
20 tax bills an explanation of the common level of appraisal, including its origin
21 and purpose.

1 Sec. 15. 32 V.S.A. § 6066a is amended to read:

2 § 6066a. DETERMINATION OF PROPERTY TAX ADJUSTMENTS

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

15 * * *

16 (f) Property tax bills.

17 (1) For taxpayers and amounts stated in the notice to towns on or
18 before July 1, municipalities shall create and send to taxpayers a homestead
19 property tax bill, instead of the bill required under subdivision 5402(b)(1) of
20 this title, providing the total amount allocated to payment of homestead
21 education property tax liabilities and notice of the balance due.

1 Municipalities shall apply the amount allocated under this chapter to current-
2 year property taxes in equal amounts to each of the taxpayers' property tax
3 installments that include education taxes. Notwithstanding section 4772 of
4 this title, if a town issues a corrected bill as a result of the ~~November 1~~ notice
5 sent by the Commissioner under subsection (a) of this section, issuance of
6 such corrected new bill does not extend the time for payment of the original
7 bill; nor relieve the taxpayer of any interest or penalties associated with the
8 original bill. If the corrected bill is less than the original bill, and there are
9 also no unpaid current year taxes, interest, or penalties and no past year
10 delinquent taxes or penalties and interest charges, any overpayment shall be
11 reflected on the corrected tax bill and refunded to the taxpayer.

12 * * *

13 (5) A property tax bill created under this section shall include language
14 provided by the Commissioner pursuant to subsection 5405(g) of this title.

15 (g) ~~Annually, on August 1 and on November 1, the~~ The Commissioner of
16 Taxes shall pay monthly to each municipality the amount of property tax
17 adjustment of which the municipality was last notified ~~on July 1 for the August~~
18 ~~1 transfer, or November 1 for the November 1 transfer,~~ related to municipal
19 property tax on homesteads within that municipality, as determined by the
20 Commissioner of Taxes.

1 * * * Electrical Energy Tax * * *

2 Sec. 16. 32 V.S.A. § 435 is amended to read:

3 § 435. GENERAL FUND

4 (a) There is established a the General Fund which shall be the basic
5 operating fund of the State. The General Fund shall be used to finance all
6 expenditures for which no special revenues have otherwise been provided by
7 law.

8 (b) The General Fund shall be composed of revenues from the following
9 sources:

10 (1) Alcoholic beverage tax levied pursuant to 7 V.S.A. chapter 15;

11 (2) [Repealed.]

12 (3) ~~Electrical energy tax levied pursuant to chapter 213 of this title;~~

13 [Repealed.]

14 * * *

15 * * * Insurance Taxes * * *

16 Sec. 17. 32 V.S.A. § 8557 is amended to read:

17 § 8557. VERMONT FIRE SERVICE TRAINING COUNCIL

18 (a)(1) Sums for the expenses of the operation of training facilities and
19 curriculum of the Vermont Fire Service Training Council not to exceed
20 \$1,200,000.00 per year shall be paid to the Fire Safety Special Fund created by
21 20 V.S.A. § 3157 by insurance companies, including surplus lines companies,

1 writing fire, homeowners multiple peril, allied lines, farm owners multiple
2 peril, commercial multiple peril (fire and allied lines), private passenger and
3 commercial auto, and inland marine policies on property and persons situated
4 within the State of Vermont within 30 days after notice from the
5 Commissioner of Financial Regulation of such estimated expenses. Captive
6 companies shall be excluded from the effect of this section.

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

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

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

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

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

4 Sec. 18. 8 V.S.A. § 5034 is amended to read:

5 § 5034. QUARTERLY REPORTS; SUMMARY OF EXPORTED
6 BUSINESS

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

11 Sec. 19. 8 V.S.A. § 5035 is amended to read:

12 § 5035. SURPLUS LINES TAX

13 * * *

14 (b) At the time of filing his or her quarterly report with the Commissioner
15 of Taxes, each surplus lines broker shall remit the premium tax due thereon to
16 the Commissioner of Taxes and file a duplicate report and remit the premium
17 tax due thereon to the Commissioner of Taxes Financial Regulation.

18 (c) ~~If the tax collectible by a surplus lines broker under this section is not~~
19 ~~paid within the time prescribed, it shall be recoverable in a suit brought by the~~
20 ~~Commissioner against the surplus lines broker and the surety on the bond filed~~
21 ~~under section 4800 of this title~~ The Commissioner of Taxes shall collect the tax

1 imposed by this section. All administrative provisions of 32 V.S.A.
2 chapter 151, including those relating to the collection and enforcement of the
3 income tax by the Commissioner of Taxes, shall apply to this section.

4 Sec. 20. 8 V.S.A. § 5036 is amended to read:

5 § 5036. DIRECT PLACEMENT OF INSURANCE

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

14 (1) the name and address of the insured or insureds;

15 (2) the name and address of the insurer or insurers;

16 (3) the subject of the insurance;

17 (4) a general description of the coverage;

18 (5) the amount of premium currently charged for it; and

19 (6) such additional pertinent information as may be reasonably
20 requested by the Commissioner of Taxes.

21 * * *

1 (d) A tax at the rate of three percent of the gross amount of premium, less
2 any return premium, in respect of risks located in this State, shall be levied
3 upon an insured who procures insurance subject to subsection (a) of this
4 section. Before March 1 of the year after the year in which the insurance was
5 procured, continued, or renewed, the insured shall remit to the Commissioner
6 of Taxes the amount of the tax. ~~The Commissioner before June 1 of each year~~
7 ~~shall certify and transmit to the Commissioner of Taxes the sums so collected.~~

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

12 * * * Meals for Resale * * *

13 Sec. 21. 32 V.S.A. § 9202(10)(D) is amended to read:

14 (D) "Taxable meal" shall not include:

15 * * *

16 (iii) Food or beverage purchased for resale, provided that the
17 purchaser obtains and provides the seller an exemption certificate in a form
18 approved by the Commissioner at the time of sale.

1 * * * Short-Term Rental Platform Reporting * * *

2 Sec. 22. 32 V.S.A. § 9248 is amended to read:

3 § 9248. INFORMATIONAL REPORTING

4 The Department of Taxes shall collect information on operators from
5 persons providing an Internet platform for the short-term rental of property for
6 occupancy in this State if the persons providing a platform have not entered
7 into a written agreement with the Department to collect and remit the tax
8 imposed under this subchapter on behalf of operators using the platform. The
9 information collected shall include any information the Commissioner shall
10 require, and the name, address, and terms of the rental transactions of persons
11 acting as operators through the Internet platform. The failure to provide
12 information as required under this section shall subject the person operating the
13 Internet platform to a fine of \$5.00 for each instance of failure. The
14 Commissioner is authorized to adopt rules and procedures to implement this
15 section.

16 * * * Repeals * * *

17 Sec. 23. REPEALS

18 The following sections in Title 32 are repealed:

19 (1) § 3777 (land use change tax lien subordination).

20 (2) § 5930z (business solar energy tax credit).

21 (3) § 8661 (taxation of electric generating plants).

1 * * * Effective Dates * * *

2 Sec. 24. EFFECTIVE DATES

3 This act shall take effect on passage, except:

4 (1) Notwithstanding 1 V.S.A. § 214, Sec. 1 (annual update of income
5 tax link to the IRC) shall take effect retroactively on January 1, 2017 and apply
6 to taxable years beginning on January 1, 2017 and thereafter.

7 (2) Notwithstanding 1 V.S.A. § 214, Secs. 2-6 (income tax sections),
8 23(2) (repeal of business solar energy tax credit), and 22 (short-term rental
9 platform reporting) shall take effect retroactively on January 1, 2018 and apply
10 to taxable years beginning on January 1, 2018 and thereafter.

11 (3) Secs. 7-15 (property tax sections) and 23(1) (repeal of land use
12 change tax lien subordination) shall take effect on July 1, 2018 and apply to
13 grand lists lodged after that date.