

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; Green Mountain Care Board; hospitals; health insurance;
9 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.

3 An act relating to making numerous revenue changes

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

5 * * * Green Mountain Care Board Billback Formula * * *

6 Sec. 1. 18 V.S.A. § 9374(h) is amended to read:

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

13 (2)(A) ~~Except~~ In addition to the assessment and collection of actual
14 costs pursuant to subdivision (1) of this subsection and except as otherwise
15 provided in ~~subdivision (2)~~ subdivisions (2)(C) and (3) of this subsection, all
16 other expenses incurred to obtain information, analyze expenditures, review
17 hospital budgets, and for any other contracts authorized by of the Board shall
18 be borne as follows:

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

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

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

3 ~~(D)~~ 15 percent by health insurance companies licensed under
4 8 V.S.A. chapter 101; ~~and~~

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

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

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

16 (C) Expenses incurred by the Board for regulatory duties associated
17 with certificates of need shall be assessed pursuant to the provisions of section
18 9441 of this title and not in accordance with the formula set forth in
19 subdivision (A) of this subdivision (2).

20 ~~(2)~~(3) The Board may determine the scope of the incurred expenses to
21 be allocated pursuant to the formula set forth in subdivision ~~(4)~~(2) of this

1 subsection if, in the Board’s discretion, the expenses to be allocated are in the
2 best interests of the regulated entities and of the State.

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

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

16 * * * 529 Plans * * *

17 Sec. 2. 16 V.S.A. § 2876 is amended to read:

18 § 2876. DEFINITIONS

19 As used in this subchapter, except where the context clearly requires
20 another interpretation:

21 * * *

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

5 Sec. 5. 32 V.S.A. § 5825a(a) is amended to read:

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

17 Sec. 6. REPORT ON NONPOSTSECONDARY USE OF HIGHER
18 EDUCATION INVESTMENT PLAN FUNDS

19 The Vermont Student Assistance Corporation shall report the amount of
20 assets withdrawn by participants from the Vermont Higher Education
21 Investment Plan in the preceding calendar year for education costs other than

1 postsecondary education costs to the House Committee on Ways and Means
2 and the Senate Committee on Finance annually on or before January 15.

3 * * * Tax Credit for Affordable Housing;

4 First Time Homebuyer Program * * *

5 Sec. 7. 32 V.S.A. § 5930u is amended to read:

6 § 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

7 (a) As used in this section:

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

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

10 (B) owner-occupied housing identified in 26 U.S.C. § 143(c)(1) or
11 that qualifies under Vermont Housing Finance Agency criteria governing
12 owner-occupied housing.

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

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

17 (4) “Committee” means the Joint Committee on Tax Credits consisting
18 of five members: a representative from the Department of Housing and
19 Community ~~Affairs~~ Development, the Vermont Housing and Conservation
20 Board, the Vermont Housing Finance Agency, the Vermont State Housing
21 Authority, and the Office of the Governor.

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

6 (6) “Eligible applicant” means any municipality, ~~private sector~~
7 ~~developer~~, State agency as defined in 10 V.S.A. § 6301a, the Vermont Housing
8 Finance Agency, ~~or a for-profit organization~~, a nonprofit organization
9 qualifying under 26 U.S.C. § 501(c)(3), or a cooperative housing organization,
10 ~~the purpose of which is to create and retain affordable housing for Vermonters~~
11 ~~with lower income and which has in its bylaws a requirement that the housing~~
12 ~~the organization creates be maintained as affordable housing for Vermonters~~
13 ~~with lower income on a perpetual basis~~ that meets the application requirements
14 of the allocation plan.

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

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

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

1 (8) “Section 42 credits” means tax credit provided by 26 U.S.C.
2 §§ 38 and 42.

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

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

11 (B) requirements to ensure that eligible multifamily rental housing is
12 maintained as affordable by subsidy covenant, as defined in 27 V.S.A. § 610
13 on a perpetual basis, and that eligible owner-occupied housing or program
14 funds for owner-occupied housing remain as an affordable housing source for
15 future owners or buyers, and meets all other requirements of the Vermont
16 Housing Finance Agency related to affordable housing.

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

20 (b) Eligible tax credit allocations.

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

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

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

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

1 (ii) The project has received community support.

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

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

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

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

19 (D) The Agency may assign its rights under any loan or grant made
20 under subdivision (A) of this subdivision (b)(2) to the Vermont Housing and
21 Conservation Board or any nonprofit organization qualifying under 26 U.S.C.

1 § 501(c)(3) as long as such assignee acknowledges and agrees to comply with
2 the provisions of this subdivision (b)(2).

3 (3) Down Payment Assistance Program.

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

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

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

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

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

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

17 (c) Amount of credit. A taxpayer ~~who makes an eligible cash contribution~~
18 shall be entitled to claim against the taxpayer's individual income, corporate,
19 franchise, captive insurance premium, or insurance premium tax liability a
20 credit in an amount specified on the taxpayer's credit certificate. The first-year

1 allocation of a credit amount to a taxpayer shall also be deemed an allocation
2 of the same amount in each of the following four years.

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

9 (e) Claim for credit. A taxpayer claiming affordable housing tax credits
10 shall submit with each return on which such credit is claimed ~~a copy of the~~
11 ~~allocating agency's credit allocation to the affordable housing project and the~~
12 ~~taxpayer's credit certificate,~~ and for credits issued under subdivision (b)(1) of
13 this section, a copy of the allocating agency's credit allocation to the affordable
14 housing project. Any unused affordable housing tax credit may be carried
15 forward to reduce the taxpayer's tax liability for ~~no~~ not more than
16 14 succeeding tax years, following the first year the affordable housing tax
17 credit is allowed.

18 (f) [Repealed.]

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

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

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

10 (2) In any fiscal year, total first-year credit allocations under subdivision
11 (1) of this subsection plus succeeding-year deemed allocations shall not exceed
12 \$3,500,000.00.

13 (h)(1)(A) In fiscal year 2016 through fiscal year ~~2022~~ 2018, the allocating
14 agency may award up to \$125,000.00 in total first-year credit allocations for
15 loans through the Down Payment Assistance Program created in subdivision
16 (b)(~~2~~)(3) of this section.

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

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

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

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

11 * * * Downtown and Village Center Tax Credit * * *

12 Sec. 8. 32 V.S.A. § 5930ee is amended to read:

13 § 5930ee. LIMITATIONS

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

16 (1) the total amount of tax credits awarded annually, together with sales
17 tax reallocated under section 9819 of this title, does not exceed ~~\$2,400,000.00~~
18 \$2,650,000.00;

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

1 § 7811. IMPOSITION OF TOBACCO PRODUCTS TAX

2 There is hereby imposed and shall be paid a tax on all other tobacco
3 products, snuff, and new smokeless tobacco possessed in the State of Vermont
4 by any person for sale on and after July 1, 1959 which were imported into the
5 State or manufactured in the State after that date, except that no tax shall be
6 imposed on tobacco products sold under such circumstances that this State is
7 without power to impose such tax, or sold to the United States, or sold to or by
8 a voluntary unincorporated organization of the U.S. Armed Forces operating a
9 place for the sale of goods pursuant to regulations promulgated by the
10 appropriate executive agency of the United States. The tax is intended to be
11 imposed only once upon the wholesale sale of any other tobacco product and
12 shall be at the rate of 92 percent of the wholesale price for all tobacco products
13 except tobacco substitutes, as defined in 7 V.S.A. § 1001(8), and including any
14 liquids, whether nicotine based or not, or delivery devices sold separately for
15 use with a tobacco substitute, which shall be taxed at a rate of **XX** percent of
16 the wholesale price, snuff, which shall be taxed at \$2.57 per ounce, or
17 fractional part thereof, new smokeless tobacco, which shall be taxed at the
18 greater of \$2.57 per ounce or, if packaged for sale to a consumer in a package
19 that contains less than 1.2 ounces of the new smokeless tobacco, at the rate of
20 \$3.08 per package, and cigars with a wholesale price greater than \$2.17, which
21 shall be taxed at the rate of \$2.00 per cigar if the wholesale price of the cigar is

1 greater than \$2.17 and less than \$10.00, and at the rate of \$4.00 per cigar if the
2 wholesale price of the cigar is \$10.00 or more. Provided, however, that upon
3 payment of the tax within 10 days, the distributor or dealer may deduct from
4 the tax two percent of the tax due. It shall be presumed that all other tobacco
5 products, snuff, and new smokeless tobacco within the State are subject to tax
6 until the contrary is established and the burden of proof that any other tobacco
7 products, snuff, and new smokeless tobacco are not taxable hereunder shall be
8 upon the person in possession thereof. Licensed wholesalers of other tobacco
9 products, snuff, and new smokeless tobacco shall state on the invoice whether
10 the price includes the Vermont tobacco products tax.

11 * * * Taxable Meal Exclusions * * *

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

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

14 * * *

15 (ii) Food or beverage, including that described in subdivision
16 (10)(C) of this section:

17 (I) served or furnished on the premises of a nonprofit
18 corporation or association organized and operated exclusively for religious or
19 charitable purposes, in furtherance of any of the purposes for which it was
20 organized; with the net proceeds of the food or beverage to be used exclusively
21 for the purposes of the corporation or association; provided, however, if the

1 organization or association is a fire department, as defined in 24 V.S.A.
2 § 1951, or provides emergency medical services or first responder services, as
3 defined under 24 V.S.A. § 2651, it is not necessary that the meal be served on
4 the premises of the organization to qualify as an exclusion from “taxable meal”
5 under this subdivision;

6 * * *

7 (iii) Food or beverage purchased for resale, provided that at the
8 time of sale the purchaser provides the seller an exemption certificate in a form
9 approved by the Commissioner. However, when the food or beverage
10 purchased for resale is subsequently resold, the subsequent purchase does not
11 come within this exemption unless the subsequent purchase is also for resale
12 and an exemption certificate is provided.

13 * * * Miscellaneous Tax Changes * * *

14 * * * Solar Energy Investment Income Tax Credit * * *

15 Sec. 11. 32 V.S.A. § 5822 is amended to read:

16 § 5822. TAX ON INCOME OF INDIVIDUALS, ESTATES, AND TRUSTS

17 * * *

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

20 (1) increased by 24 percent of the taxpayer’s federal tax liability for the
21 taxable year for the following:

1 (A) additional taxes on qualified retirement plans, including
2 individual retirement accounts and medical savings accounts and other tax-
3 favored accounts;

4 (B) recapture of the federal investment tax credit ~~and increased by~~
5 ~~76 percent of the Vermont property portion of the business solar energy~~
6 ~~investment tax credit component of the federal investment tax credit recapture~~
7 ~~for the taxable year~~ attributable to the Vermont-property portion of the
8 investment;

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

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

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

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

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* * * Minimum Corporate Income Tax * * *

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

§ 5832. TAX ON INCOME OF CORPORATIONS

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

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

* * *

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

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

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

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

7 (E) For C corporations with Vermont gross receipts greater than
8 \$5,000,000.00, the greater of the amount determined under subdivision (1) of
9 this section or \$750.00.

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

11 Sec. 13. 32 V.S.A. § 3757(f) is amended to read:

12 (f)(1) When the application for use value appraisal of agricultural land and
13 forestland has been approved by the State, the State shall record a notice of
14 contingent lien against the enrolled land in the land records of the municipality
15 ~~that shall constitute a lien to secure payment of the land use change tax to the~~
16 ~~State upon development.~~ The landowner shall bear the recording cost. The
17 notice of contingent lien shall constitute notice to all interested parties that a
18 lien against the enrolled land shall be created upon the recording in the land
19 records of a determination that development of that land as defined in section
20 3752 of this chapter has occurred. The lien created by the recording of the
21 notice of development shall be for the amount of the land use change tax then

1 due, as specified in the notice of development. A lien recorded in the land
2 records of a municipality under this section on or after April 17, 1978 shall be
3 deemed to be a contingent lien.

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

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

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

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

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

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

18 ~~(2)(3) Nothing in this subsection shall be construed to allow the~~
19 ~~enrollment of agricultural land or managed forestland without a lien to secure~~
20 ~~payment of the land use change tax. Any fees related to the release of a lien~~

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

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

4 Sec. 14. 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, however, that
18 the Director may waive, reduce, or refund the entry fee in cases of hardship or
19 to join appeals regarding the same parcel.

20 * * * Land Gains Tax Affidavit * * *

1 62 years of age and has moved to a nursing home or other care facility with no
2 reasonable prospect of returning to the homestead.

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

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

7 (ii) the modified adjusted gross income of the spouse of the
8 claimant, if the spouse is subject to a protection order as defined in 15 V.S.A.
9 § 1101(5) that is in effect at the time the claimant reports household income to
10 the Department of Taxes.

11 * * * Aggregate Common Level of Appraisal and
12 Distribution of Property Tax Adjustments * * *

13 Sec. 18. 32 V.S.A. § 5402 is amended to read:

14 § 5402. EDUCATION PROPERTY TAX LIABILITY

15 * * *

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

17 (1) The Commissioner of Taxes shall determine for each municipality
18 the education tax rates under subsection (a) of this section, divided by the
19 municipality’s most recent common level of appraisal. The legislative body in
20 each municipality shall then bill each property taxpayer at the homestead or
21 nonresidential rate determined by the Commissioner under this subdivision,

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

10 * * *

11 Sec. 19. 32 V.S.A. § 5403 is added to read:

12 § 5403. ASSESSMENT DISTRICTS

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

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

1 creates the equalized homestead and nonresidential tax rates. The
2 Commissioner shall further provide to municipalities for the back of property
3 tax bills an explanation of the common level of appraisal, including its origin
4 and purpose.

5 Sec. 21. 32 V.S.A. § 6066a is amended to read:

6 § 6066a. DETERMINATION OF PROPERTY TAX ADJUSTMENTS

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

19 * * *

20 (f) Property tax bills.

1 (g) ~~Annually, on August 1 and on November 1, the~~ The Commissioner of
2 Taxes shall pay monthly to each municipality the amount of property tax
3 adjustment of which the municipality was last notified ~~on July 1 for the August~~
4 ~~1 transfer, or November 1 for the November 1 transfer,~~ related to municipal
5 property tax on homesteads within that municipality, as determined by the
6 Commissioner of Taxes.

7 * * * Electrical Energy Tax * * *

8 Sec. 22. 32 V.S.A. § 435 is amended to read:

9 § 435. GENERAL FUND

10 (a) There is established a the General Fund₂, which shall be the basic
11 operating fund of the State. The General Fund shall be used to finance all
12 expenditures for which no special revenues have otherwise been provided
13 by law.

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

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

17 (2) [Repealed.]

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

19 [Repealed.]

20 * * *

* * * Insurance Taxes * * *

Sec. 23. 32 V.S.A. § 8557 is amended to read:

§ 8557. VERMONT FIRE SERVICE TRAINING COUNCIL

(a)(1) Sums for the expenses of the operation of training facilities and curriculum of the Vermont Fire Service Training Council not to exceed \$1,200,000.00 per year shall be paid to the Fire Safety Special Fund created by 20 V.S.A. § 3157 by insurance companies, ~~including surplus lines companies,~~ writing fire, homeowners multiple peril, allied lines, farm owners multiple peril, commercial multiple peril (fire and allied lines), private passenger and commercial auto, and inland marine policies on property and persons situated within the State of Vermont within 30 days after notice from the Commissioner of Financial Regulation of such estimated expenses. Captive companies shall be excluded from the effect of this section.

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

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

2 § 5035. SURPLUS LINES TAX

3 * * *

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

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

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

15 § 5036. DIRECT PLACEMENT OF INSURANCE

16 (a) Every insured and every self-insurer in this State for whom this is their
17 home state who procures or causes to be procured or continues or renews
18 insurance from any ~~non-admitted~~ nonadmitted insurer, covering a subject
19 located or to be performed within this State, other than insurance procured
20 through a surplus lines broker pursuant to this chapter, shall, before March 1 of
21 the year after the year in which the insurance was procured, continued, or

1 renewed, file a written report with the Commissioner of Taxes on forms
2 prescribed and furnished by the Commissioner of Taxes. The report shall
3 show:

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

11 * * *

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

19 (e) ~~The tax shall be collectible from the insured by civil action brought by~~
20 ~~the Commissioner~~ All administrative provisions of 32 V.S.A. chapter 151,

1 including those relating to the collection and enforcement of the income tax by
2 the Commissioner of Taxes, shall apply to this section.

3 * * * Short-Term Rental Platform Reporting * * *

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

5 § 9248. INFORMATIONAL REPORTING

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

18 * * * Appeal to Superior Court; Security * * *

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

20 § 9275. APPEALS

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

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

15 § 9817. REVIEW OF COMMISSIONER'S DECISION

16 (a) Any aggrieved taxpayer may, within 30 days after any decision, order,
17 finding, assessment, or action of the Commissioner made under this chapter,
18 appeal to the Washington Superior Court or the Superior Court of the county in
19 which the taxpayer resides or has a place of business. ~~The appellant shall give~~
20 ~~security, approved by the Commissioner, conditioned to pay the tax levied, if it~~

1 ~~remains unpaid, with interest and costs, as set forth in subsection (c) of this~~
2 ~~section.~~

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

6 (c) ~~Irrespective of any restrictions on the assessment and collection of~~
7 ~~deficiencies, the Commissioner may assess a deficiency after the expiration of~~
8 ~~the period specified in subsection (a) of this section, notwithstanding that a~~
9 ~~notice of appeal regarding the deficiency has been filed by the taxpayer, unless~~
10 ~~the taxpayer, prior to the time the notice of appeal is filed, has paid the~~
11 ~~deficiency, has deposited with the Commissioner the amount of the deficiency,~~
12 ~~or has filed with the Commissioner a bond (which may be a jeopardy bond) in~~
13 ~~the amount of the portion of the deficiency (including interest and other~~
14 ~~amounts) in respect of which review is sought and all costs and charges which~~
15 ~~may accrue against the taxpayer in the prosecution of the proceeding, including~~
16 ~~costs of all appeals, and with surety approved by the Superior Court,~~
17 ~~conditioned upon the payment of the deficiency (including interest and other~~
18 ~~amounts) as finally determined and all costs and charges. If as a result of a~~
19 ~~waiver of the restrictions on the assessment and collection of a deficiency any~~
20 ~~part of the amount determined by the Commissioner is paid after the filing of~~

1 ~~the appeal bond, the bond shall, at the request of the taxpayer, be~~
2 ~~proportionately reduced.~~ [Repealed.]

3 * * * Repeals * * *

4 Sec. 30. REPEALS

5 The following sections in Title 32 are repealed:

6 (1) § 3777 (land use change tax lien subordination).

7 (2) § 5930z (business solar energy tax credit).

8 (3) § 8661 (taxation of electric generating plants).

9 * * * Effective Dates * * *

10 Sec. 31. EFFECTIVE DATES

11 This act shall take effect on passage, except:

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

14 (2) Notwithstanding 1 V.S.A. § 214, Secs. 2–5 (Vermont higher
15 education investment plan credit), 11 (solar energy investment tax credit), 12
16 (minimum corporate income tax), and 30(2) (repeal of business solar energy
17 tax credit) shall take effect retroactively on January 1, 2018 and apply to
18 taxable years beginning on January 1, 2018 and thereafter.

19 (3) Secs. 1 (Green Mountain Care Board billback formula), 7 (first time
20 homebuyer program), 8 (downtown and village center tax credit), 9–9a (tax on

1 e-cigarettes), and 10 (taxable meal exclusions) shall take effect on July 1,
2 2018.
3 (4) Secs. 13–21 (property tax sections) and 30(1) (repeal of land use
4 change tax lien subordination) shall take effect on July 1, 2018 and apply to
5 grand lists lodged after that date.