

1 TO THE HONORABLE SENATE:

2 The Committee on Finance to which was referred House Bill No. 922
3 entitled “An act relating to making numerous revenue changes” respectfully
4 reports that it has considered the same and recommends that the Senate
5 propose to the House that the bill be amended as follows:

6 First: In Sec. 7, after the section heading “REPORT ON
7 NONPOSTSECONDARY USE OF HIGHER EDUCATION INVESTMENT
8 PLAN FUNDS” by striking out the word “The” and inserting in lieu thereof
9 the following: As far as practicable, the

10 Second: After Sec. 7, by inserting a reader assistance heading and new
11 sections to be Secs. 7a and 7b to read as follows:

12 * * * Federal Income Tax Link and Report on Federal Tax Reform * * *

13 Sec. 7a. 32 V.S.A. § 5824 is amended to read:

14 § 5824. ADOPTION OF FEDERAL INCOME TAX LAWS

15 The statutes of the United States relating to the federal income tax, as in
16 effect ~~for taxable year 2016~~ on December 31, 2017, but without regard to
17 federal income tax rates under 26 U.S.C. § 1, are hereby adopted for the
18 purpose of computing the tax liability under this chapter.

19 Sec. 7b. FEDERAL TAX REFORM

20 On or before November, 15, 2018, the Office of Legislative Council, with
21 the assistance of the Joint Fiscal Office and the Department of Taxes, shall

1 report to the Joint Fiscal Committee, the Senate Committee on Finance, and
2 the House Committee on Ways and Means on the federal and State
3 implementation of changes necessitated by the Tax Cut and Jobs Act and shall
4 identify potential areas for legislative or administrative reactions.

5 Third: After Sec. 13, by inserting a reader assistance heading and new
6 sections to be Secs. 13a and 13b to read as follows:

7 * * * Publicly Traded Partnerships Income Tax Withholding Exemption * * *

8 Sec. 13a. 32 V.S.A. § 5920(h) is amended to read:

9 (h)(1) Notwithstanding any provisions in this section, a publicly traded
10 partnership as defined in 26 U.S.C. § 7704(b), that is treated as a partnership
11 for the purposes of the Internal Revenue Code; is exempt from any income tax
12 liability and any compliance and payment obligations under ~~subsection~~
13 subsections (b) and (c) of this section, if information required by the
14 Commissioner under subdivision (2) of this subsection is provided by the due
15 date of the partnership's return. ~~This information includes the name, address,~~
16 ~~taxpayer identification number, and annual Vermont source of income greater~~
17 ~~than \$500.00 for each partner who had an interest in the partnership during the~~
18 ~~tax year. This information shall be provided to the Commissioner in an~~
19 ~~electronic format, according to rules or procedures adopted by the~~
20 ~~Commissioner.~~

1 (2) Publicly traded partnerships shall provide to the Commissioner in an
2 electronic format, according to rules or procedures adopted by the
3 Commissioner, an annual information return that includes the name, address,
4 taxpayer identification number, and other information requested by the
5 Commissioner for each partner with Vermont source income in excess of
6 \$500.00.

7 (3) A lower-tier pass-through entity of a publicly traded partnership may
8 request from the Commissioner an exemption from the compliance and
9 payment obligations specified in subsections (b) and (c) of this section. The
10 request for the exemption must be in writing and contain:

11 (A) the name, the address, and the account number or federal
12 identification number of each of the lower-tier pass-through entity's partners,
13 shareholders, members, or other owners; and

14 (B) information that establishes the ownership structure of the lower-
15 tier pass-through entity and the amount of Vermont source income.

16 (4) The Commissioner may request additional documentation before
17 granting an exemption to a lower-tier pass-through entity. For purposes of this
18 subsection, a “lower-tier pass-through entity” means a pass-through entity for
19 purposes of the Internal Revenue Code, which can include a partnership, S-
20 Corp, disregarded entity, or limited liability company and which allocates
21 income, directly or indirectly, to a publicly traded partnership. The exemption

1 under subdivision (3) of this subsection shall only apply to income allocated,
2 directly or indirectly, to a publicly traded partnership.

3 (5) If granted, the exemption for the lower-tier pass-through entity shall
4 be effective for three years from the date the exemption is granted. At the end
5 of the three-year period, the lower-tier pass-through entity of a publicly traded
6 partnership must submit a new exemption request to continue the exemption.
7 The Commissioner may revoke the exemption for the lower-tier pass-through
8 entity if the Commissioner determines that the lower-tier pass-through entity is
9 not satisfying its tax payment and reporting obligations to the State with
10 respect to income allocated, directly or indirectly, to nonresident partners or
11 members that are not publicly traded partnerships.

12 Sec. 13b. 32 V.S.A. § 3102(e)(20) is added to read:

13 (20) To a publicly traded partnership as defined in subdivision
14 5920(h)(1) of this title and to lower-tier pass-through entities of a publicly
15 traded partnership, as defined in subdivision 5920(h)(4) of this title for the
16 purpose of reviewing, granting or denying exemption requests from the
17 requirements of section 5920 of this title.

18 Fourth: In Sec. 31, Effective Dates, after subdivision (1), by inserting a
19 subdivision (2) to read as follows:

1 (2) Notwithstanding 1 V.S.A. § 214, Sec. 7a (income tax link to the
2 federal tax statutes) shall take effect retroactively on January 1, 2018 and apply
3 to taxable years beginning on January 1, 2017 and after.

4 and by renumbering the remaining subdivisions to be numerically correct

5 Fifth: In Sec. 31, Effective Dates, in renumbered subdivision (4), after the
6 words “(Green Mountain Care Board billback formula)” by inserting the
7 following: , 7b (tax reform report)

8 Sixth: In Sec. 31, Effective Dates, in renumbered subdivision (5), after the
9 words “(property tax sections)” by striking out “and 30(1) (repeal of land use
10 change tax lien subordination)”

11 Seventh: In Sec. 31, Effective Dates, after renumbered subdivision (5), by
12 inserting a subdivision (6) to read as follows:

13 (6) Sec. 30(1) (repeal of land use change tax lien subordination) shall
14 take effect on July 1, 2019.

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17 (Committee vote: _____)

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Senator _____

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FOR THE COMMITTEE