Act No. 51 (H.514). Taxation and fees; various

An act relating to miscellaneous tax provisions

This act makes numerous substantive, administrative and technical changes to Vermont's tax laws. The primary substantive changes are that the act:

- Changes the calculation of Vermont's corporate income tax sales factor from cost of performance to market-based sourcing;
- Extends the already established income tax withholding exemption for publicly traded partnerships to lower-tier pass-through affiliates of the partnerships;
- Permits fire departments to qualify for the nonprofit exclusion from "taxable meals" even when they serve meals off their premises at up to two events per year;
- Changes Vermont's law on 529 plans to adjust to federal changes by:
  - Shifting "postsecondary education" definitions to reference Vermont law rather than federal law and other conforming changes;
  - Requiring repayment of tax credit when participant uses 529 funds for purposes other than postsecondary education;
  - Requiring VSAC to report the amount of 529 funds withdrawn for purposes other than postsecondary education each year;
- Permits the creation of merged property assessment districts to match merged school districts;
- Moves the collection and administration of the fire safety insurance tax, the direct placement insurance tax, and the surplus lines tax from the Department of Financial Regulation to the Department of Taxes; and
- Makes numerous other administrative and technical changes.

Multiple effective dates, beginning on January 1, 2019