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H.273

Introduced by Representative Brennan of Colchester

Referred to Committee on

Date:

Subject: Taxation; conservation and development; water quality; estate tax;
property transfer tax

Statement of purpose of bill as introduced: This bill proposes to dedicate revenue generated from the estate tax and the property transfer tax for deposit into the Clean Water Fund, for the purposes of that Fund. Under the bill, in fiscal year 2022, 20 percent of the property transfer tax would be deposited into the General Fund. Beginning in fiscal year 2023, 19 percent of the property transfer tax would be deposited into the Clean Water Fund, and the amount of property transfer tax revenue deposited into the General Fund would be reduced from 33 percent to 14 percent of revenue generated from the property transfer tax. In addition, beginning in 2019, the bill would raise the amount of a Vermont taxable estate subject to the State estate tax each year until 2021 when the Vermont estate tax would be set at 16 percent of a Vermont taxable estate in excess of \$5,750,000.00. Beginning July 1, 2021, all estate tax revenue would be deposited into the Clean Water Fund.

1 An act relating to funding water quality programs with revenue from the
2 estate tax and the property transfer tax

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

4 * * * Property Transfer Tax; Allocation of Revenues * * *

5 Sec. 1. PROPERTY TRANSFER TAX ALLOCATION IN FY 2022

6 (a) In fiscal year 2022, 13 percent of the revenue from the property transfer
7 taxes levied pursuant to 32 V.S.A. chapter 231 shall be deposited into the
8 Clean Water Fund.

9 (b) Notwithstanding 32 V.S.A. § 435(b)(10), in fiscal year 2022, 20 percent
10 of the revenue from the property transfer taxes levied pursuant to 32 V.S.A.
11 chapter 231 shall be deposited into the General Fund.

12 Sec. 2. 10 V.S.A. § 1388 is amended to read:

13 § 1388. CLEAN WATER FUND

14 (a) There is created a special fund to be known as the Clean Water Fund to
15 be administered by the Secretary of Administration. The Fund shall consist of:

16 (1) revenues from the Property Transfer Tax surcharge established under
17 32 V.S.A. § 9602a;

18 (2) other gifts, donations, and impact fees received from any source,
19 public or private, dedicated for deposit into the Fund and approved by the
20 Secretary of Administration;

21 (3) the unclaimed beverage container deposits (escheats) remitted to the
22 State under chapter 53 of this title; ~~and~~

1 (b) The tax shall be computed as follows. The following rates shall be
2 applied to the Vermont taxable estate:

3 Amount of Vermont Taxable Estate	Rate of Tax
4 Under \$2,750,000.00	None
5 \$2,750,000.00 or more	16 percent of the excess over
	6 \$2,750,000.00

7 (1) From July 1, 2019 to December 31, 2019:

8 <u>(A) under \$3,500,000.00</u>	<u>None</u>
9 <u>(B) \$3,500,000.00 or more</u>	<u>16 percent of the excess over</u>
10	<u>\$3,500,000.00</u>

11 (2) From January 1, 2020 to December 31, 2020:

12 <u>(A) under \$4,250,000.00</u>	<u>None</u>
13 <u>(B) \$4,250,000.00 or more</u>	<u>16 percent of the excess over</u>
14	<u>\$4,250,000.00</u>

15 (3) From January 1, 2021 to December 31, 2021:

16 <u>(A) under \$5,000,000.00</u>	<u>None</u>
17 <u>(B) \$5,000,000.00 or more</u>	<u>16 percent of the excess over</u>
18	<u>\$5,000,000.00</u>

19 The resulting amount shall be multiplied by a fraction not greater than one,
20 where the numerator of which is the value of the Vermont gross estate plus the
21 value of gifts under 32 V.S.A. § 7402(14)(C) with a Vermont situs, and the

1	(3) From January 1, 2021 to December 31, 2021:	
2	(A) under \$5,000,000	None
3	(B) \$5,000,000.00 or more	16 percent of the excess over
4	<u>Under \$5,750,000.00</u>	\$5,000,000.00 <u>\$5,750,000.00</u>

5 The resulting amount shall be multiplied by a fraction not greater than one,
6 where the numerator of which is the value of the Vermont gross estate plus the
7 value of gifts under 32 V.S.A. § 7402(14)(C) with a Vermont situs, and the
8 denominator of which is the federal gross estate plus the value of gifts under
9 subdivision 7402(14)(C) of this title.

10 (c) All values shall be as finally determined for federal estate tax purposes.

11 (d) [Repealed.]

12 Sec. 6. ESTATE TAX ALLOCATION IN FISCAL YEARS 2020–2022

13 Notwithstanding 32 V.S.A. § 435, the Commissioner of Taxes shall deposit
14 the following revenue amounts generated by the Vermont Estate Tax imposed
15 under 32 V.S.A. chapter 190 into the Clean Water Fund established under 10
16 V.S.A. § 1388:

17 (1) in fiscal year 2020, the first \$8,000,000.00 in revenue;

18 (2) in fiscal year 2021, the first \$12,000,000.00 in revenue; and

19 (3) in fiscal year 2022 and thereafter, all revenues except in fiscal years

20 that meet the conditions under 16 V.S.A. § 2885(a)(2), pursuant to which only

1 the first 125 percent of the revenues projected by the Emergency Board in the
2 July annual forecast shall be deposited into the Clean Water Fund.

3 Sec. 7. 32 V.S.A. § 7498 is added to read:

4 § 7498. ESTATE TAX ALLOCATION TO CLEAN WATER FUND

5 All revenues generated by the Vermont Estate Tax imposed under chapter
6 190 of this title shall be deposited into the Clean Water Fund established under
7 10 V.S.A. § 1388, except in fiscal years that meet the conditions under 16
8 V.S.A. § 2885(a)(2), pursuant to which only the first 125 percent of the
9 revenues projected by the Emergency Board in the July annual forecast shall
10 be deposited into the Clean Water Fund.

11 * * * Effective Dates * * *

12 Sec. 8. EFFECTIVE DATES

13 (a) This section and Sec. 1 (FY 2022 property transfer tax allocation) shall
14 take effect on passage.

15 (b) Secs. 4 (32 V.S.A. § 7442a, estate tax rates for July 2019–December
16 2021) and 6 (estate tax allocation to Clean Water Fund for FY 2020–2022)
17 shall take effect on July 1, 2019.

18 (c) Sec. 5 (32 V.S.A. § 7442a, estate tax rate) shall take effect on January
19 1, 2022.

20 (d) Sec. 7 (estate tax allocation to Clean Water Fund) shall take effect on
21 July 1, 2021 for fiscal year 2022 and after.

- 1 (e) Secs. 2 (10 V.S.A. § 1388, Clean Water Fund) and 3 (32 V.S.A.
2 § 435(b), General Fund) shall take effect on July 1, 2022 for fiscal year 2023
3 and after.