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H.349

Introduced by Representatives McFaun of Barre Town, Bancroft of Westford,
Brumsted of Shelburne, Dickinson of St. Albans Town, Feltus
of Lyndon, Gamache of Swanton, Goslant of Northfield,
Graham of Williamstown, Gregoire of Fairfield, Harrison of
Chittenden, LaClair of Barre Town, McCoy of Poultney,
Morgan of Milton, Myers of Essex, Nicoll of Ludlow, Page of
Newport City, Redmond of Essex, Rosenquist of Georgia,
Savage of Swanton, Smith of Derby, Strong of Albany, and
Wood of Waterbury

Referred to Committee on

Date:

Subject: Human services; taxation; child care; special fund

Statement of purpose of bill as introduced: This bill proposes to require
entities that host third-party sales to collect and remit sales tax. It establishes a
special fund for the receipt of a proportion of the sales tax on marketplace
facilitators. It further proposes to make a variety of expenditures from the
special fund in fiscal year 2020, including to enhance the subsidy size and
reimbursement rate within the Child Care Financial Assistance Program;
expand an existing scholarship program for early learning professionals;
establish a program to support college loan repayment for certain

1 prekindergarten teachers; and appropriate funds for the modernization of the
2 Bright Futures Information System.

3 An act relating to raising revenue to improve access to affordable, high-
4 quality child care and early learning

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

6 * * * Marketplace Facilitators * * *

7 Sec. 1. 32 V.S.A. § 9701 is amended to read:

8 § 9701. DEFINITIONS

9 Unless the context in which they occur requires otherwise, the following
10 terms when used in this chapter mean:

11 * * *

12 (9) “Vendor” means:

13 * * *

14 (J) A marketplace facilitator who has facilitated sales by marketplace
15 sellers to destinations within this State of at least \$100,000.00, or totaling at
16 least 200 individual sales transactions, during any 12-month period preceding
17 the monthly period with respect to which that person’s liability for tax under
18 this chapter is determined.

19 (K) A marketplace seller who has combined sales to a destination
20 within this State and sales through a marketplace to a destination within this

1 State of at least \$100,000.00, or totaling at least 200 individual sales
2 transactions, during any 12-month period preceding the monthly period with
3 respect to which that person's liability for tax under this chapter is determined.

4 * * *

5 (14) "Persons required to collect tax" or "persons required to collect any
6 tax imposed by this chapter" means every vendor of taxable tangible personal
7 property or services, and every recipient of amusement charges. These terms
8 shall also include marketplace facilitators with respect to retail sales made on
9 behalf of a marketplace seller. These terms shall also include any officer or
10 employee of a corporation or other entity or of a dissolved entity who as that
11 officer or employee is under a duty to act for the corporation or entity in
12 complying with any requirement of this chapter.

13 * * *

14 (56) "Marketplace facilitator" means a person who contracts with two or
15 more sellers to facilitate for consideration, regardless of whether deducted as
16 fees from the transaction, the sale of the sellers products through a physical or
17 electronic marketplace operated by the person and engages:

18 (A) directly, or indirectly through one or more affiliated persons, in
19 any of the following:

20 (i) transmitting or otherwise communicating the offer or
21 acceptance between purchasers and sellers;

1 (ii) owning or operating the infrastructure, electronic or physical,
2 or technology that brings purchasers and sellers together;

3 (iii) providing a virtual currency that purchasers are allowed or
4 required to use to purchase products from sellers; or

5 (iv) software development or research and development activities
6 related to any of the activities described in subdivision (B) of this subdivision
7 (56), if such activities are directly related to a physical or electronic
8 marketplace operated by the person or an affiliated person; and

9 (B) in any of the following activities with respect to the sellers
10 products:

11 (i) payment processing services;

12 (ii) fulfillment or storage services;

13 (iii) listing products for sale;

14 (iv) setting prices;

15 (v) branding sales as those of the marketplace facilitator;

16 (vi) order taking;

17 (vii) advertising or promotion; or

18 (viii) providing customer service or accepting or assisting with
19 returns or exchanges.

20 (57) “Marketplace seller” means a person who has an agreement with a
21 marketplace facilitator and makes retail sales of tangible personal property,

1 taxable services, or digital goods through a marketplace owned, operated, or
2 controlled by a marketplace facilitator, even if the person would not be
3 required to collect and remit the sales tax had the sale not been made through
4 the facilitated marketplace. For the purpose of subdivision (56) of this
5 subsection, a marketplace seller is considered a seller.

6 (58) “Marketplace” means the physical or electronic processes, systems,
7 places, and infrastructure, including a website, through which a marketplace
8 facilitator engages in any of the activities described in subdivision (56) of this
9 section.

10 (59) “Affiliated person” means a person who, with respect to another
11 person:

12 (A) has an ownership interest of more than five percent, whether
13 direct or indirect, in the other person; or

14 (B) is related to the other person because a third person, or group of
15 third persons who are affiliated persons with respect to each other, holds an
16 ownership interest of more than five percent, whether direct or indirect, in the
17 related persons.

1 Sec. 2. 32 V.S.A. § 9713 is added to read:

2 § 9713. MARKETPLACE FACILITATORS AND MARKETPLACE
3 SELLERS

4 (a) Marketplace facilitators, qualifying as a vendor under subdivision
5 9701(9)(J) of this chapter, shall collect and remit the sales tax on retail sales by
6 marketplace sellers through a marketplace. Marketplace sellers shall collect
7 and remit the sales tax on any retail sales within this State that are not made
8 through a marketplace; provided that the marketplace seller qualifies as a
9 vendor under subdivision 9701(9)(K) of this chapter.

10 (b) A marketplace facilitator, qualifying as a vendor under subdivision
11 9701(9)(J) of this chapter, shall certify to its marketplace sellers that it will
12 collect and remit the sales tax under this chapter on the sale of taxable items
13 made through its marketplace. A marketplace seller that accepts a certification
14 from a marketplace facilitator in good faith shall exclude sales made through
15 the marketplace from its obligation as a vendor under this chapter.

16 (c) A marketplace facilitator is relieved from liability under this chapter if
17 it can demonstrate to the Commissioner that its failure to collect the correct
18 amount of tax was due to incorrect information given to the marketplace
19 facilitator by the marketplace seller.

1 (b) The Fund shall be administered by the Department for Children and
2 Families.

3 Sec. 5. ALLOCATION; EARLY CARE AND LEARNING FUND

4 In fiscal year 2020, the first \$7,000,000.00 of revenue raised from the sales
5 and use tax imposed by 32 V.S.A. chapter 233 shall be allocated to the Early
6 Care and Learning Fund set forth in 33 V.S.A. § 3532.

7 * * * Child Care Expenditures * * *

8 Sec. 6. APPROPRIATION; CHILD CARE FINANCIAL ASSISTANCE
9 PROGRAM

10 In fiscal year 2020, \$5,764,000.00 is appropriated from the Early Care and
11 Learning Fund set forth in 33 V.S.A. § 3532 to the Department for Children
12 and Families' Child Development Division for the purpose of amending its
13 federal Child Care and Development Fund State Plan to:

14 (1) adjust the sliding scale of its Child Care Financial Assistance
15 Program to ensure that families whose gross income is between 125 and
16 149 percent of the federal poverty guidelines receive 95 percent of the
17 available financial assistance benefit;

18 (2) adjust the sliding scale of its Child Care Financial Assistance
19 Program to ensure that families whose gross income is between 150 and
20 199 percent of the federal poverty guidelines receive 75 percent of the
21 available financial assistance benefit;

1 (3) adjust the sliding scale of its Child Care Financial Assistance
2 Program to ensure that families whose gross income is between 200 and
3 299 percent of the federal poverty guidelines receive 50 percent of the
4 available financial assistance benefit; and

5 (4) align the market rates used to inform the fee scale in its Child Care
6 Financial Assistance Program to ensure the reimbursement rate in fiscal year
7 2020 for preschool and school age students is based on the 2014 Vermont
8 Market Rate Survey.

9 Sec. 7. APPROPRIATION; BRIGHT FUTURES INFORMATION

10 SYSTEM

11 In fiscal year 2020, \$100,000.00 is appropriated from the Early Care and
12 Learning Fund set forth in 33 V.S.A. § 3532 to the Department for Children
13 and Families' Child Development Division for the purpose of developing a
14 modernization plan for the Bright Futures Information System. On or before
15 November 1, 2019, the Commissioner shall submit a report to the House
16 Committees on Appropriations and on Human Services and to the Senate
17 Committees on Appropriations and Health and Welfare providing:

18 (1) a project plan and timeline;

19 (2) a fiscal analysis of the plan; and

20 (3) the project team tasked with overseeing the project's
21 implementation.

1 Sec. 8. APPROPRIATION; COLLEGE LOAN REPAYMENT
2 ASSISTANCE; PREKINDERGARTEN TEACHERS

3 (a) In fiscal year 2020, \$500,000.00 is appropriated from the Early Care
4 and Learning Fund set forth in 33 V.S.A. § 3532 to the Department for
5 Children and Families' Child Development Division for the purpose of
6 implementing the College Loan Repayment Assistance Program set forth in 33
7 V.S.A. § 3533.

8 (b) On or before January 15, 2021, the Commissioner shall submit a report
9 to the House Committees on Human Services and on Ways and Means and to
10 the Senate Committees on Finance and on Health and Welfare providing:

11 (1) a description of the College Loan Repayment Assistance Program
12 set forth in 33 V.S.A. § 3533;

13 (2) the number of teachers who applied for and received repayment
14 assistance under the Program in fiscal year 2020;

15 (3) the average monetary amount of repayment assistance issued under
16 the Program in fiscal year 2020;

17 (4) the number of applications for repayment assistance that were denied
18 by the Division due to lack of funds in fiscal year 2020;

19 (5) an assessment of the impact of repayment assistance on teacher
20 recruitment and retention at private, prequalified prekindergarten programs;

21 and

1 (6) any recommendations for funding or administrative changes to the
2 program.

3 Sec. 9. APPROPRIATION; T.E.A.C.H. EARLY CHILDHOOD VERMONT
4 SCHOLARSHIP PROJECT

5 In fiscal year 2020, \$636,000.00 is appropriated from the Early Care and
6 Learning Fund set forth in 33 V.S.A. § 3532 to the Vermont Association for
7 the Education of Young Children for the purpose of expanding the recipients
8 of the T.E.A.C.H. Early Childhood Vermont Scholarship Project as set forth in
9 33 V.S.A. § 3534.

10 * * * Loan Repayment Assistance and T.E.A.C.H. Scholarship Project * * *

11 Sec. 10. 33 V.S.A. chapter 35, subchapter 5 is added to read:

12 Subchapter 5. Support for Early Learning Professionals

13 § 3533. COLLEGE LOAN REPAYMENT ASSISTANCE PROGRAM FOR
14 PREKINDERGARTEN TEACHERS

15 (a) There is established a College Loan Repayment Assistance Program
16 within the Division to support college loan repayment for individuals:

17 (1) holding a valid Vermont teacher's license;

18 (2) holding an endorsement in either early childhood education or early
19 childhood special education; and

20 (3) working in a private, prequalified prekindergarten program in
21 Vermont pursuant to 16 V.S.A. § 829.

1 (b) Pursuant to 3 V.S.A. chapter 25, the Commissioner shall establish a
2 process for determining the amount of a prekindergarten teacher's repayment
3 assistance under this section based on a proportion of an eligible
4 prekindergarten teacher's annual loan repayment obligation.

5 (c) To receive repayment assistance pursuant to this section, a
6 prekindergarten teacher shall provide documentation to the Division verifying
7 that he or she worked at least 20 hours per week for 35 weeks of a year in a
8 single private, prequalified prekindergarten program.

9 (d) Otherwise eligible early learning professionals with access to
10 alternative loan forgiveness or loan repayment programs shall not be
11 considered eligible for repayment assistance under this section.

12 (e) Repayment assistance distributed pursuant to this section shall be
13 available on a first-come, first-served basis until any designated funds are
14 depleted.

15 § 3534. EXPANDED T.E.A.C.H. EARLY CHILDHOOD VERMONT

16 SCHOLARSHIP PROJECT

17 (a) The T.E.A.C.H. Early Childhood Vermont Scholarship Project,
18 administered by the Vermont Association for the Education of Young Children
19 (VTAEYC), shall be expanded to include as recipients early learning
20 professionals leading a group of children or serving as a program director in a
21 privately operated child care program that is regulated by the Department for

1 Children and Families' Child Development Division, including center-based
2 programs, Head Start programs, and family child care homes as defined by the
3 Division in rule.

4 (b) VTAEYC shall adopt policies, procedures, and guidelines necessary to
5 implement the provisions of this section. Scholarships distributed pursuant to
6 this section shall be available on a first-come, first-served basis until any
7 designated funds are depleted.

8 (c) As used in this section, "early learning professional" means a staff
9 member of a regulated child care program serving as a teacher associate,
10 teacher, program director, or family child care provider as defined by the
11 Division in rule.

12 * * * Effective Date * * *

13 Sec. 11. EFFECTIVE DATE

14 This act shall take effect on July 1, 2019.