

1 H.514

2 Introduced by Committee on Ways and Means

3 Date:

4 Subject: Taxation; minimum tax on corporations; property tax; current use;
5 administration; homestead definition; income sensitivity adjustment; electrical
6 energy tax; insurance tax; meals and rooms tax; higher education investment
7 plans

8 Statement of purpose of bill as introduced: This bill proposes to make
9 numerous substantive and administrative changes to Vermont's tax laws. The
10 bill permits the creation of merged property assessment districts to match
11 merged school districts. The bill moves the collection and administration of
12 the fire safety insurance tax, the direct placement insurance tax, and the surplus
13 lines tax from the Department of Financial Regulation to the Department of
14 Taxes. The bill makes numerous other changes, including changes to the
15 current use lien system, the definitions of household income and homestead,
16 tobacco taxes, and higher education investment plans.

17 An act relating to miscellaneous tax provisions

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

2 * * * Miscellaneous Tax Proposals * * *

3 * * * Confidentiality of Tax Information; Tobacco Settlement Agreement * * *

4 Sec. 1. 32 V.S.A. § 3102(d) is amended to read:

5 (d) The Commissioner shall disclose a return or return information:

6 * * *

7 (8) to the Attorney General, the Data Clearinghouse established in the
8 October 2017 Non-Participating Manufacturer Adjustment Settlement
9 Agreement, which the State of Vermont joined in 2018, the National
10 Association of Attorneys General, and counsel for the parties to the Agreement
11 as required by the Agreement and to the extent necessary to comply with the
12 Agreement and only as long as the State is a party thereto.

13 * * * Annual Calculation; Interest Rates * * *

14 Sec. 2. 32 V.S.A. § 3108(a) is amended to read:

15 (a) Not later than December 15 of each year, the Commissioner shall
16 establish a an annual rate of interest applicable to tax overpayments ~~which that~~
17 shall be equal to the average prime rate charged by banks during the
18 immediately preceding 12 months commencing on October 1 of the prior year,
19 rounded upwards to the nearest quarter percent. ~~An annual rate thus established~~
20 ~~shall be converted to a monthly rate which shall be rounded upwards to the~~
21 ~~nearest 10th of a percent.~~ Not later than December 15 of each year, the

1 Commissioner shall establish annual and monthly rates of interest applicable to
2 unpaid tax liabilities, which in each instance shall be equal to the annual ~~and~~
3 ~~monthly rates~~ rate established for tax overpayments plus 200 basis points. The
4 rates established hereunder shall be effective on January 1 of the immediately
5 following year. As used in this section, the term “prime rate charged by
6 banks” shall mean the average predominate prime rate quoted by commercial
7 banks to large businesses as determined by the Board of Governors of the
8 Federal Reserve Board.

9 * * * Fee Waiver for Property Tax Appeals * * *

10 Sec. 3. 32 V.S.A. § 4461(a) is amended to read:

11 (a) A taxpayer or the ~~Selectboard~~ selectboard members of a town aggrieved
12 by a decision of the board of civil authority under subchapter 1 of this chapter
13 may appeal the decision of the board to either the Director or the Superior
14 Court of the county in which the property is located. The appeal to the
15 Superior Court shall be heard without a jury. The appeal to either the Director
16 or the Superior Court shall be commenced by filing a notice of appeal pursuant
17 to Rule 74 of the Vermont Rules of Civil Procedure, within 30 days ~~of~~ after
18 entry of the decision of the board of civil authority. The date of mailing of
19 notice of the board’s decision by the town clerk to the taxpayer shall be
20 deemed the date of entry of the board’s decision. The town clerk shall transmit
21 a copy of the notice to the Director or to the Superior Court as indicated in the

1 notice and shall record or attach a copy of the notice in the grand list book.

2 The entry fee for an appeal to the Director is \$70.00; provided, however, that
3 the Director may waive, reduce, or refund the entry fee in cases of hardship or
4 to join appeals regarding the same parcel.

5 * * * Solar Energy Investment Income Tax Credit * * *

6 Sec. 4. 32 V.S.A. § 5822 is amended to read:

7 § 5822. TAX ON INCOME OF INDIVIDUALS, ESTATES, AND TRUSTS

8 * * *

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

11 (1) increased by 24 percent of the taxpayer's federal tax liability for the
12 taxable year for the following:

13 (A) additional taxes on qualified retirement plans, including
14 individual retirement accounts and medical savings accounts and other tax-
15 favored accounts;

16 (B) recapture of the federal investment tax credit ~~and increased by 76~~
17 ~~percent of the Vermont property portion of the business solar energy~~
18 ~~investment tax credit component of the federal investment tax credit recapture~~
19 ~~for the taxable year~~ attributable to the Vermont portion of the investment;

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

1 Sec. 6. 32 V.S.A. § 7402(8) is amended to read:

2 (8) “Laws of the United States” means the U.S. Internal Revenue Code
3 of 1986, as amended through December 31, ~~2015~~ 2018. As used in this
4 chapter, “Internal Revenue Code” ~~shall have~~ has the same meaning as “laws of
5 the United States” as defined in this subdivision.

6 * * * Minimum Corporate Tax * * *

7 Sec. 7. 32 V.S.A. § 5832 is amended to read:

8 § 5832. TAX ON INCOME OF CORPORATIONS

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

13 * * *

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

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

1 (C) For C corporations with Vermont gross receipts from \$0–
2 \$2,000,000.00, the greater of the amount determined under subdivision (1) of
3 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 * * * Publicly Traded Partnerships * * *

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

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

1 ~~electronic format, according to rules or procedures adopted by the~~
2 ~~Commissioner.~~

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

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

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

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

17 (4) The Commissioner may request additional documentation before
18 granting an exemption to a lower-tier pass-through entity. As used in this
19 subsection, a "lower-tier pass-through entity" means a pass-through
20 entity for purposes of the Internal Revenue Code, which can include a
21 partnership, S corporation, disregarded entity, or limited liability company and

1 which allocates income, directly or indirectly, to a publicly traded partnership.

2 The exemption under subdivision (3) of this subsection shall only apply to

3 income allocated, directly or indirectly, to a publicly traded partnership.

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

13 Sec. 9. 32 V.S.A. § 3102(e)(20) is added to read:

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

19 * * * Meals and Rooms; Resale * * *

20 Sec. 10. 32 V.S.A. § 9202(10)(D)(iii) is added to read:

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

* * *

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

(I) served or furnished on the premises of a nonprofit corporation or association organized and operated exclusively for religious or charitable purposes, in furtherance of any of the purposes for which it was organized; with the net proceeds of the food or beverage to be used exclusively for the purposes of the corporation or association; provided, however, if the organization or association is a fire department, as defined in 24 V.S.A. § 1951, it is not necessary that the meal be served on the premises of the organization to qualify as an exclusion from “taxable meal” under this subdivision (I), at up to two events each year;

* * *

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

* * *

1 * * * Appeal to Superior Court; Security * * *

2 Sec. 11. 32 V.S.A. § 9275 is amended to read:

3 § 9275. APPEALS

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

17 Sec. 12. 32 V.S.A. § 9817 is amended to read:

18 § 9817. REVIEW OF COMMISSIONER'S DECISION

19 (a) Any aggrieved taxpayer may, within 30 days after any decision, order,
20 finding, assessment or action of the Commissioner made under this chapter,
21 appeal to the Washington Superior Court or the Superior Court of the county in

1 which the taxpayer resides or has a place of business. ~~The appellant shall give~~
2 ~~security, approved by the Commissioner, conditioned to pay the tax levied, if it~~
3 ~~remains unpaid, with interest and costs, as set forth in subsection (c) of this~~
4 ~~section.~~

5 * * *

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 * * * 529 Plans * * *

4 Sec. 13. 16 V.S.A. § 2876 is amended to read:

5 § 2876. DEFINITIONS

6 As used in this subchapter, except where the context clearly requires
7 another interpretation:

8 * * *

9 (5) “Postsecondary education costs” means the qualified costs of tuition
10 and fees and other expenses for attendance at an ~~institution of postsecondary~~
11 ~~education, as defined in the Internal Revenue Code~~ approved postsecondary
12 education institution.

13 (6) ~~“Institution of postsecondary education”~~ “Approved postsecondary
14 education institution” means ~~an institution as defined in the Internal Revenue~~
15 ~~Code~~ a postsecondary education institution as defined in section 2822 of this
16 title.

17 * * *

18 Sec. 14. 16 V.S.A. § 2879a(a) is amended to read:

19 (a) Any participant may cancel a participation agreement at will, and any
20 return of funds from the participant’s account shall be subject to terms and
21 conditions established by the Corporation, provided that any penalties levied as

1 a result comply with the ~~Internal Revenue Code's~~ provisions of the Internal
2 Revenue Code or Title 32 relating to Investment Plans.

3 Sec. 15. 16 V.S.A. § 2879e is amended to read:

4 § 2879e. CONSTRUCTION AND APPLICATION

5 This subchapter shall be construed liberally in order to effectuate its
6 legislative intent. The purposes of this subchapter and all provisions of this
7 subchapter with respect to powers granted shall be broadly interpreted to
8 effectuate such intent and purposes and not as to any limitation of powers.

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

13 Sec. 16. 32 V.S.A. § 5825a(b) is amended to read:

14 (b) A taxpayer who has received a credit under subsection (a) of this
15 section shall repay to the Commissioner 10 percent of any distribution from a
16 higher education investment plan account, which distribution is not ~~excluded~~
17 ~~from gross income in the taxable year under 26 U.S.C. § 529, as amended,~~
18 used exclusively for costs of attendance at an approved postsecondary
19 education institution as defined in 16 V.S.A. § 2822(6), up to a maximum of
20 the total credits received by the taxpayer under subsection (a) of this section
21 minus any amount of repayment of such credits in prior tax years. Repayments

1 under this subsection shall be subject to assessment, notice, penalty and
2 interest, collection, and other administration in the same manner as an income
3 tax under this chapter.

4 Sec. 17. REPORT ON NONPOSTSECONDARY USE OF HIGHER
5 EDUCATION INVESTMENT PLAN FUNDS

6 The Vermont Student Assistance Corporation shall report the amount of
7 assets withdrawn by participants from the Vermont Higher Education
8 Investment Plan in the preceding calendar year for education costs other than
9 postsecondary education costs, as well as the total amount of assets withdrawn
10 by participants in the preceding calendar year, to the House Committee on
11 Ways and Means and the Senate Committee on Finance annually on or before
12 January 15.

13 * * * Education Property Tax * * *

14 * * * Definitions; Homestead; Nonhomestead * * *

15 Sec. 18. 32 V.S.A. § 5401 is amended to read:

16 § 5401. DEFINITIONS

17 As used in this chapter:

18 * * *

19 (7) "Homestead":

20 (A) "Homestead" means the principal dwelling and parcel of land
21 surrounding the dwelling, owned and occupied by a resident individual as the

1 individual's domicile or owned and fully leased on April 1, provided the
2 property is not leased for more than 182 days out of the calendar year, or for
3 purposes of the renter property tax adjustment under subsection 6066(b) of this
4 title, is rented and occupied by a resident individual as the individual's
5 domicile.

6 * * *

7 (E)(i) A homestead also includes a dwelling on the homestead parcel
8 owned by a farmer as defined under section 3752 of this title, and occupied as
9 the permanent residence by a parent, sibling, child, grandchild of the farmer, or
10 by a shareholder, partner, or member of the farmer-owner, provided that the
11 shareholder, partner, or member owns more than 50 percent of the farmer-
12 owner, including attribution of stock ownership of a parent, sibling, child, or
13 grandchild.

14 (ii) A homestead further includes the principal dwelling of a
15 widow or widower, provided the dwelling is owned by the estate of the
16 deceased spouse and it is reasonably likely that the dwelling will pass to the
17 widow or widower by law or valid will when the estate is settled.

18 * * *

19 Sec. 19. [Deleted.]

1 companionship services, with or without compensation, which allow the
2 claimant to remain in his or her home or avoid institutionalization, the
3 Commissioner shall exclude that person's modified adjusted gross income
4 from the claimant's household income. The Commissioner may require that a
5 certificate in a form satisfactory to him or her be submitted which supports the
6 claim.

7 * * * Reappraisals * * *

8 Sec. 21. 32 V.S.A. § 4041a(b) is amended to read:

9 (b) If the Director of Property Valuation and Review determines that a
10 municipality's education grand list is at a common level of appraisal below
11 ~~80~~ 85 percent or above 115 percent, or has a coefficient of dispersion greater
12 than 20, the municipality shall reappraise its education grand list properties. If
13 the Director orders a reappraisal, the Director shall send the municipality
14 written notice of the decision. The municipality shall be given 30 days to
15 contest the finding under procedural rules adopted by the Director, to develop a
16 compliance plan, or both. If the Director accepts a proposed compliance plan
17 submitted by the municipality, the Director shall not order commencement of
18 the reappraisal until the municipality has had one year to carry out that plan.

1 Sec. 23. 32 V.S.A. § 5403 is added to read:

2 § 5403. ASSESSMENT DISTRICTS

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

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

11 (c) A vote to merge with an assessment district shall be binding on a
12 municipality for five years. After five years, a municipality may vote at any
13 regular or special meeting to leave the assessment district, unless the
14 assessment district has consolidated all administrative functions.

15 (d) All municipalities within an assessment district shall be treated as a
16 single municipality for purposes of the equalization process established by
17 section 5405 of this chapter.

18 (e) Municipalities within an assessment district shall maintain independent
19 grand lists for municipal taxation, as well as independent processes for
20 grievances, property valuation appeals, abatements, grand list filing, use value
21 appraisal parcel management, reappraisal, and financial interaction with the

1 Agency of Education, unless the Commissioner, in writing, authorizes the
2 municipalities of an assessment district to consolidate all property valuation
3 administrative functions.

4 Sec. 24. 32 V.S.A. § 5405 is amended to read:

5 § 5405. DETERMINATION OF EQUALIZED EDUCATION PROPERTY

6 TAX GRAND LIST AND COEFFICIENT OF DISPERSION

7 * * *

8 (g) The Commissioner shall provide to municipalities for the front of
9 property tax bills the district homestead property tax rate before equalization,
10 the nonresidential tax rate before equalization, and the calculation process that
11 creates the equalized homestead and nonresidential tax rates. The
12 Commissioner shall further provide to municipalities for the back of property
13 tax bills an explanation of the common level of appraisal, including its origin
14 and purpose.

15 * * * Distribution of Property Tax Adjustments * * *

16 Sec. 25. 32 V.S.A. § 6066a is amended to read:

17 § 6066a. DETERMINATION OF PROPERTY TAX ADJUSTMENTS

18 (a) Annually, the Commissioner shall determine the property tax
19 adjustment amount under section 6066 of this title, related to a homestead
20 owned by the claimant. The Commissioner shall notify the municipality in
21 which the housesite is located of the amount of the property tax adjustment for

1 the claimant for homestead property tax liabilities, ~~on July 1 for timely filed~~
2 ~~claims and on November 1 for late claims filed by October 15~~ on a monthly
3 basis. The tax adjustment of a claimant who was assessed property tax by a
4 town ~~which~~ that revised the dates of its fiscal year, however, is the excess of
5 the property tax ~~which~~ that was assessed in the last 12 months of the revised
6 fiscal year, over the adjusted property tax of the claimant for the revised fiscal
7 year as determined under section 6066 of this title, related to a homestead
8 owned by the claimant.

9 * * *

10 (f) Property tax bills.

11 (1) For taxpayers and amounts stated in the notice to towns on or
12 before July 1, municipalities shall create and send to taxpayers a homestead
13 property tax bill, instead of the bill required under subdivision 5402(b)(1) of
14 this title, providing the total amount allocated to payment of homestead
15 education property tax liabilities and notice of the balance due.

16 Municipalities shall apply the amount allocated under this chapter to current-
17 year property taxes in equal amounts to each of the taxpayers' property tax
18 installments that include education taxes. Notwithstanding section 4772 of
19 this title, if a town issues a corrected bill as a result of the ~~November 1~~ notice
20 sent by the Commissioner under subsection (a) of this section, issuance of
21 ~~such~~ the corrected new bill does not extend the time for payment of the

1 original bill; nor relieve the taxpayer of any interest or penalties associated
2 with the original bill. If the corrected bill is less than the original bill, and
3 there are also no unpaid ~~current year~~ current-year taxes, interest, or penalties
4 and no ~~past year~~ past-year delinquent taxes or penalties and interest charges,
5 any overpayment shall be reflected on the corrected tax bill and refunded to
6 the taxpayer.

7 * * *

8 (g) ~~Annually, on August 1 and on November 1, the~~ The Commissioner of
9 Taxes shall pay monthly to each municipality the amount of property tax
10 adjustment of which the municipality was last notified ~~on July 1 for the~~
11 ~~August 1 transfer, or November 1 for the November 1 transfer,~~ related to
12 municipal property tax on homesteads within that municipality, as determined
13 by the Commissioner of Taxes.

14 * * * Income Sensitivity * * *

15 Sec. 26. 32 V.S.A. § Chapter 154 is amended to read:

16 CHAPTER 154: HOMESTEAD PROPERTY TAX INCOME SENSITIVITY

17 ADJUSTMENT CREDIT

18 Sec. 27. 32 V.S.A. § 6061(1) is amended to read:

19 (1) "~~Adjustment~~ Property tax credit" means ~~an adjustment~~ a credit of the
20 prior tax year's statewide or local share property tax liability or a homestead

1 owner or renter credit, as authorized under section 6066 of this title, as the
2 context requires.

3 Sec. 28. 32 V.S.A. § 6066 is amended to read:

4 § 6066. COMPUTATION OF ~~ADJUSTMENT~~ PROPERTY TAX CREDIT

5 (a) An eligible claimant who owned the homestead on April 1 of the year in
6 which the claim is filed shall be entitled to an ~~adjustment~~ a credit for the prior
7 year's homestead property tax liability amount determined as follows:

8 * * *

9 Sec. 29. 32 V.S.A. § 6066(a) is amended to read:

10 § 6066A. DETERMINATION OF PROPERTY TAX ADJUSTMENTS

11 (a) Annually, the Commissioner shall determine the property tax
12 ~~adjustment~~ credit amount under section 6066 of this title, related to a
13 homestead owned by the claimant, based on the prior taxable year's income
14 and crediting property taxes paid in the prior year. The Commissioner shall
15 notify the municipality in which the housesite is located of the amount of the
16 property tax adjustment for the claimant for homestead property tax liabilities,
17 on July 1 for timely filed claims and on November 1 for late claims filed by
18 October 15. The tax adjustment of a claimant who was assessed property tax
19 by a town which revised the dates of its fiscal year, however, is the excess of
20 the property tax which was assessed in the last 12 months of the revised fiscal
21 year, over the adjusted property tax of the claimant for the revised fiscal year

1 as determined under section 6066 of this title, related to a homestead owned by
2 the claimant.

3 * * *

4 Sec. 30. CONFORMING REVISIONS

5 When preparing the Vermont Statutes Annotated for publication, the
6 Office of Legislative Council shall make the following revisions throughout
7 the statutes as needed for consistency with Secs. 26-30 of this act, as long as
8 the revisions have no other effect on the meaning of the affected statutes:

9 (1) replace “property tax adjustment” with “property tax credit”;

10 (2) replace “adjustment” with “credit”; and

11 (3) revisions that are substantially similar to those described in
12 subdivisions (1) and (2) of this section.

13 * * * Use Value Appraisals * * *

14 * * * Definitions * * *

15 Sec. 31. 32 V.S.A. § 3752 is amended to read:

16 § 3752. DEFINITIONS

17 As used in this subchapter:

18 * * *

19 (5) “Development” means, for the purposes of determining whether a
20 land use change tax is to be assessed under section 3757 of this chapter, the
21 construction of any building, road, or other structure, or any mining,

1 excavation, or landfill activity. “Development” also means the subdivision of
2 a parcel of land into two or more parcels, regardless of whether a change in use
3 actually occurs, where one or more of the resulting parcels contains less than
4 25 acres each; but if subdivision is solely the result of a transfer to one or more
5 of a spouse, ex-spouse in a divorce settlement, parent, grandparent, child,
6 grandchild, niece, nephew, or sibling of the transferor, or to the surviving
7 spouse of any of the foregoing, then “development” shall not apply to any
8 portion of the newly created parcel or parcels ~~which qualifies~~ that qualify for
9 enrollment and for which, within 30 days following the transfer, each
10 transferee or transferor applies for reenrollment in the use value appraisal
11 program. “Development” also means the cutting of timber on property
12 appraised under this chapter at use value in a manner contrary to a forest or
13 conservation management plan as provided for in subsection 3755(b) of this
14 title during the remaining term of the plan, or contrary to the minimum
15 acceptable standards for forest management if the plan has expired; or a
16 change in the parcel or use of the parcel in violation of the conservation
17 management standards established by the Commissioner of Forests, Parks and
18 Recreation. “Development” also means notification of the Director by the
19 Secretary of Agriculture, Food and Markets under section 3756 of this title that
20 the owner or operator of agricultural land or a farm building is violating the
21 water quality requirements of 6 V.S.A. chapter 215 or is failing to comply with

1 the terms of an order issued under 6 V.S.A. chapter 215, subchapter 10. The
2 term “development” shall not include the construction, reconstruction,
3 structural alteration, relocation, or enlargement of any building, road, or other
4 structure for farming, logging, forestry, or conservation purposes, but shall
5 include the subsequent commencement of a use of that building, road, or
6 structure for other than farming, logging, or forestry purposes.

7 * * *

8 (10) “Owner” means the person who is the owner of record of any land
9 or the lessee under a perpetual lease as defined in subsection 3610(a) of this
10 title provided the term of the lease ~~exceeds~~ is for a minimum of 999 years
11 exclusive of renewals. When enrolled land is mortgaged, the mortgagor shall
12 be deemed the owner of the land for the purposes of this subchapter, until the
13 mortgagee takes possession, either by voluntary act of the mortgagor or
14 foreclosure, after which the mortgagee shall be deemed the owner.

15 * * *

16 * * * Contingent Lien * * *

17 Sec. 32. 32 V.S.A. § 3757 is amended to read:

18 § 3757. LAND USE CHANGE TAX

19 (a) Land which has been classified as agricultural land or managed
20 forestland pursuant to this chapter shall be subject to a land use change tax
21 upon the development of that land, as defined in section 3752 of this chapter.

1 The tax shall be at the rate of 10 percent of the full fair market value of the
2 changed land determined without regard to the use value appraisal. If changed
3 land is a portion of a parcel, the fair market value of the changed land shall be
4 the fair market value of the changed land as a separate parcel, divided by the
5 common level of appraisal. Such fair market value shall be determined as of
6 the date the land is no longer eligible for use value appraisal. In the instance
7 where a parcel is withdrawn and value established, and then a portion of the
8 withdrawn parcel is developed, the land use change tax on the entire originally
9 withdrawn parcel is due. This tax shall be in addition to the annual property
10 tax imposed upon such property. Nothing in this section shall be construed to
11 require payment of an additional land use change tax upon the subsequent
12 development of the same land, nor shall it be construed to require payment of a
13 land use change tax merely because previously eligible land becomes
14 ineligible, provided no development of the land has occurred.

15 * * *

16 (f)(1) When the application for use value appraisal of agricultural and
17 forestland has been approved by the State, the State shall record a notice of
18 contingent lien against the enrolled land in the land records of the municipality
19 ~~that shall constitute a lien to secure payment of the land use change tax to the~~
20 ~~State upon development.~~ The landowner shall bear the recording cost. The
21 notice of contingent lien shall constitute notice to all interested parties that a

1 lien against the enrolled land shall be created upon the recording in the land
2 records of a determination that development of that land as defined in
3 section 3752 of this chapter has occurred. The lien created by the recording of
4 the notice of development shall be for the amount of the land use change tax
5 then due, as specified in the notice of development. A lien recorded in the land
6 records of a municipality under this section on or after April 17, 1978 shall be
7 deemed to be a contingent lien.

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

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

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

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

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

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

1 charges on a fair and reasonable basis as a percentage of their gross direct
2 written premiums on such insurance written during the second prior calendar
3 year on property situated in the State. The Department of Taxes shall collect
4 all assessments under this section.

5 (3) An amount not less than \$100,000.00 shall be specifically allocated
6 to the provision of what are now or formerly referred to as Level I, units I, II,
7 and III (basic) courses for ~~entry-level~~ entry-level firefighters.

8 (4) An amount not less than \$150,000.00 shall be specifically allocated
9 to the Emergency Medical Services Special Fund established under 18 V.S.A.
10 § 908 for the provision of training programs for emergency medical
11 technicians, advanced emergency medical technicians, and paramedics.

12 (5) The Department of Health shall present a plan to the Joint Fiscal
13 Committee ~~which~~ that shall review the plan prior to the release of any funds.

14 (b) All administrative provisions of chapter 151 of this title, including those
15 relating to the collection and enforcement of the income tax by the
16 Commissioner, shall apply to this section.

17 Sec. 34. 8 V.S.A. § 5034 is amended to read:

18 § 5034. QUARTERLY REPORTS; SUMMARY OF EXPORTED

19 BUSINESS

20 On or before the end of each month next following each calendar quarter,
21 each surplus lines broker shall file with the Commissioner of Taxes, on forms

1 prescribed by him or her, a verified report of all surplus lines insurance
2 transacted during the preceding calendar quarter.

3 Sec. 35. 8 V.S.A. § 5035 is amended to read:

4 § 5035. SURPLUS LINES TAX

5 * * *

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

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

16 Sec. 36. 8 V.S.A. § 5036 is amended to read:

17 § 5036. DIRECT PLACEMENT OF INSURANCE

18 (a) Every insured and every self-insurer in this State for whom this is their
19 home state who procures or causes to be procured or continues or renews
20 insurance from any non-admitted insurer, covering a subject located or to be
21 performed within this State, other than insurance procured through a surplus

1 lines broker pursuant to this chapter, shall, before March 1 of the year after the
2 year in which the insurance was procured, continued or renewed, file a written
3 report with the Commissioner of Taxes on forms prescribed and furnished by
4 the Commissioner of Taxes. The report shall show:

5 (1) the name and address of the insured or insureds;

6 (2) the name and address of the insurer or insurers;

7 (3) the subject of the insurance;

8 (4) a general description of the coverage;

9 (5) the amount of premium currently charged for it; and

10 (6) such additional pertinent information as may be reasonably

11 requested by the Commissioner of Taxes.

12 * * *

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

20 (e) ~~The tax shall be collectible from the insured by civil action brought by~~
21 ~~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 * * * Sales and Use Tax; Automotive Parts * * *

4 Sec. 36a. 32 V.S.A. § 9741 is amended to read:

5 § 9741. SALES NOT COVERED

6 Retail sales and use of the following shall be exempt from the tax on retail
7 sales imposed under section 9771 of this title and the use tax imposed under
8 section 9773 of this title.

9 * * *

10 (12) Motor vehicle purchases and use taxed under chapter 219 of this
11 title and the transactions exempted therefrom which are listed in section 8911
12 of this title. Provided, however, that notwithstanding subdivision 8911(5),
13 construction, earthmoving, logging, and motorized equipment ~~which~~ that has
14 not been registered as a motor vehicle is subject to tax under this chapter; and
15 further provided that power take off and other auxiliary equipment on motor
16 vehicles, whether attached prior to or subsequent to registration, is not exempt
17 under this section. Motor vehicle parts purchased by a dealer registered under
18 the provisions of 23 V.S.A. §§ 451–468 shall be exempt from the tax under
19 this chapter when used to recondition a used motor vehicle owned by the
20 dealer in its inventory for resale.

21 * * *

