

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  
13 surplus lines tax from the Department of Financial Regulation to the  
14 Department of Taxes. The bill makes numerous other changes, including  
15 changes to the current use lien system, the definitions of household income  
16 and homestead, 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~~  
20 ~~established shall be converted to a monthly rate which shall be rounded~~  
21 ~~upwards to the nearest 10th of a percent.~~ Not later than December 15 of each

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

1 indicated in the notice and shall record or attach a copy of the notice in the  
2 grand list book. The entry fee for an appeal to the Director is \$70.00;  
3 provided, however, that the Director may waive, reduce, or refund the entry  
4 fee in cases of hardship or 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           (2) decreased by 24 percent of the reduction in the taxpayer’s federal tax  
2 liability due to farm income averaging.

3           (d)(1) A taxpayer shall be entitled to a credit against the tax imposed under  
4 this section of 24 percent of each of the credits allowed against the taxpayer’s  
5 federal income tax for the taxable year as follows: credit for people who are  
6 elderly or permanently totally disabled, investment tax credit attributable to the  
7 Vermont-property portion of the investment, and child care and dependent care  
8 credits.

9           (2) Any unused ~~business~~ solar energy investment tax credit under this  
10 section may be carried forward for ~~no~~ not more than five years following the  
11 first year in which the credit is claimed.

12   \* \* \*

13                                   \* \* \* Annual Link to Federal Statutes \* \* \*

14           Sec. 5. 32 V.S.A. § 5824 is amended to read:

15           § 5824. ADOPTION OF FEDERAL INCOME TAX LAWS

16           The statutes of the United States relating to the federal income tax, as in  
17 effect on December 31, ~~2017~~ 2018, but without regard to federal income tax  
18 rates under 26 U.S.C. § 1, are hereby adopted for the purpose of computing the  
19 tax liability under this chapter.

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  
11 every taxable corporation, reduced by any Vermont net operating loss allowed  
12 under 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:

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\* \* \*

(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

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

22 Repayments under this subsection shall be subject to assessment, notice,

1 penalty and interest, collection, and other administration in the same manner as  
2 an income tax under this chapter.

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

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

12 \* \* \* Education Property Tax \* \* \*

13 \* \* \* Definitions; Homestead; Nonhomestead \* \* \*

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

15 § 5401. DEFINITIONS

16 As used in this chapter:

17 \* \* \*

18 (7) "Homestead":

19 (A) "Homestead" means the principal dwelling and parcel of land  
20 surrounding the dwelling, owned and occupied by a resident individual as the  
21 individual's domicile or owned and fully leased on April 1, provided the

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

5 \* \* \*

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

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

17 \* \* \*

18 Sec. 19. [Deleted.]

19 \* \* \* Definitions; Household Income \* \* \*

20 Sec. 20. 32 V.S.A. § 6061 is amended to read:

21 § 6061. DEFINITIONS



1 The following definitions shall apply throughout this chapter unless the  
2 context requires otherwise:

3 \* \* \*

4 (4)(A) “Household income” means modified adjusted gross income, but  
5 not less than zero, received in a calendar year by:

6 (A)(i) all persons of a household while members of that household;

7 and

8 (B)(ii) the spouse of the claimant who is not a member of that  
9 household and who is not legally separated from the claimant in the taxable  
10 year as defined in subdivision (9) of this section, unless the spouse is at least  
11 62 years of age and has moved to a nursing home or other care facility with no  
12 reasonable prospect of returning to the homestead.

13 (B) “Household income” does not mean:

14 (i) the modified adjusted gross income of the spouse or former  
15 spouse of the claimant, if the claimant is legally separated or divorced from the  
16 spouse in the taxable year as defined in subdivision (9) of this section;

17 (ii) the modified adjusted gross income of the spouse of the  
18 claimant, if the spouse is subject to a protection order as defined in 15 V.S.A.  
19 § 1101(5) that is in effect at the time the claimant reports household income to  
20 the Department of Taxes.

1 (5) “Modified adjusted gross income” means “federal adjusted gross  
2 income”:

3 \* \* \*

4 (C) Without the inclusion of: any gifts from nongovernmental  
5 sources other than those described in subdivision (B) of this subdivision (5);  
6 surplus food or other relief in kind supplied by a governmental agency; or the  
7 first \$6,500.00 of income earned by a full-time student who qualifies as a  
8 dependent of the claimant under the federal Internal Revenue Code; the first  
9 \$6,500.00 of income received by a person who qualifies as a dependent of the  
10 claimant under the Internal Revenue Code and who is the claimant’s parent or  
11 adult child with a disability; any income attributable to cancellation of debt; or  
12 payments made by the State pursuant to 33 V.S.A. chapters 49 and 55 for  
13 foster care, or payments made by the State or an agency designated in 18  
14 V.S.A. § 8907 for adult foster care or to a family for the support of a person  
15 who is eligible and who has a developmental disability. If the Commissioner  
16 determines, upon application by the claimant, that a person resides with a  
17 claimant who has a disability or was at least 62 years of age as of the end of  
18 the year preceding the claim, for the primary purpose of providing attendant  
19 care services (as defined in 33 V.S.A. § 6321) or homemaker or  
20 companionship services, with or without compensation, which allow the  
21 claimant to remain in his or her home or avoid institutionalization, the

1 Commissioner shall exclude that person's modified adjusted gross income  
2 from the claimant's household income. The Commissioner may require that a  
3 certificate in a form satisfactory to him or her be submitted which supports the  
4 claim.

5 \* \* \* Reappraisals \* \* \*

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

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

18 \* \* \* Common Level of Appraisal Districts \* \* \*

19 Sec. 22. 32 V.S.A. § 5402 is amended to read:

20 § 5402. EDUCATION PROPERTY TAX LIABILITY

21 \* \* \*

1 (b) The statewide education tax shall be calculated as follows:

2 (1) The Commissioner of Taxes shall determine for each municipality  
3 the education tax rates under subsection (a) of this section, divided by the  
4 municipality's most recent common level of appraisal. The legislative body in  
5 each municipality shall then bill each property taxpayer at the homestead or  
6 nonresidential rate determined by the Commissioner under this subdivision,  
7 multiplied by the education property tax grand list value of the property,  
8 properly classified as homestead or nonresidential property and without regard  
9 to any other tax classification of the property. ~~Tax~~ Statewide education  
10 property tax bills shall show the tax due and the calculation of the rate  
11 determined under subsection (a) of this section, divided by the municipality's  
12 most recent common level of appraisal, multiplied by the current grand list  
13 value of the property to be taxed. Statewide education property tax bills shall  
14 also include language provided by the Commissioner pursuant to subsection  
15 5405(g) of this title.

16 \* \* \*

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

18 § 5403. ASSESSMENT DISTRICTS

19 (a) A municipality may vote at any regular or special meeting to merge  
20 with one or more other municipalities in the same unified union school district

1 to create or join an assessment district for the purpose of standardized property  
2 valuation.

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

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

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

15 (e) Municipalities within an assessment district shall maintain independent  
16 grand lists for municipal taxation, as well as independent processes for  
17 grievances, property valuation appeals, abatements, grand list filing, use value  
18 appraisal parcel management, reappraisal, and financial interaction with the  
19 Agency of Education, unless the Commissioner, in writing, authorizes the  
20 municipalities of an assessment district to consolidate all property valuation  
21 administrative functions.

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

2 § 5405. DETERMINATION OF EQUALIZED EDUCATION PROPERTY  
3 TAX GRAND LIST AND COEFFICIENT OF DISPERSION

4 \* \* \*

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

12 \* \* \* Distribution of Property Tax Adjustments \* \* \*

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

14 § 6066a. DETERMINATION OF PROPERTY TAX ADJUSTMENTS

15 (a) Annually, the Commissioner shall determine the property tax  
16 adjustment amount under section 6066 of this title, related to a homestead  
17 owned by the claimant. The Commissioner shall notify the municipality in  
18 which the housesite is located of the amount of the property tax adjustment for  
19 the claimant for homestead property tax liabilities, ~~on July 1 for timely filed~~  
20 ~~claims and on November 1 for late claims filed by October 15~~ on a monthly  
21 basis. The tax adjustment of a claimant who was assessed property tax by a

1 town ~~which~~ that revised the dates of its fiscal year, however, is the excess of  
2 the property tax ~~which~~ that was assessed in the last 12 months of the revised  
3 fiscal year, over the adjusted property tax of the claimant for the revised fiscal  
4 year as determined under section 6066 of this title, related to a homestead  
5 owned by the claimant.

6 \* \* \*

7 (f) Property tax bills.

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

13 Municipalities shall apply the amount allocated under this chapter to current-  
14 year property taxes in equal amounts to each of the taxpayers' property tax  
15 installments that include education taxes. Notwithstanding section 4772 of  
16 this title, if a town issues a corrected bill as a result of the ~~November 1~~ notice  
17 sent by the Commissioner under subsection (a) of this section, issuance of  
18 ~~such~~ the corrected new bill does not extend the time for payment of the  
19 original bill, nor relieve the taxpayer of any interest or penalties associated  
20 with the original bill. If the corrected bill is less than the original bill, and  
21 there are also no unpaid ~~current-year~~ current-year taxes, interest, or penalties

1 and no ~~past year~~ past-year delinquent taxes or penalties and interest charges,  
2 any overpayment shall be reflected on the corrected tax bill and refunded to  
3 the taxpayer.

4 \* \* \*

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

11 \* \* \* Income Sensitivity \* \* \*

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

13 CHAPTER 154: HOMESTEAD PROPERTY TAX INCOME SENSITIVITY

14 ADJUSTMENT CREDIT

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

16 (1) "~~Adjustment~~ Property tax credit" means ~~an adjustment~~ a credit of  
17 the prior tax year's statewide or local share property tax liability or a  
18 homestead owner or renter credit, as authorized under section 6066 of this  
19 title, as the context requires.

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

21 § 6066. COMPUTATION OF ADJUSTMENT PROPERTY TAX CREDIT



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

4 \* \* \*

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

6 § 6066A. DETERMINATION OF PROPERTY TAX ADJUSTMENTS

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

20 \* \* \*

21 Sec. 30. CONFORMING REVISIONS

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

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

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

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

9                                    \* \* \* Use Value Appraisals \* \* \*

10                                    \* \* \* Definitions \* \* \*

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

12        § 3752. DEFINITIONS

13            As used in this subchapter:

14                                    \* \* \*

15            (5) “Development” means, for the purposes of determining whether a  
16        land use change tax is to be assessed under section 3757 of this chapter, the  
17        construction of any building, road, or other structure, or any mining,  
18        excavation, or landfill activity. “Development” also means the subdivision of  
19        a parcel of land into two or more parcels, regardless of whether a change in  
20        use actually occurs, where one or more of the resulting parcels contains less  
21        than 25 acres each; but if subdivision is solely the result of a transfer to one or

1 more of a spouse, ex-spouse in a divorce settlement, parent, grandparent, child,  
2 grandchild, niece, nephew, or sibling of the transferor, or to the surviving  
3 spouse of any of the foregoing, then “development” shall not apply to any  
4 portion of the newly created parcel or parcels ~~which qualifies~~ that qualify for  
5 enrollment and for which, within 30 days following the transfer, each  
6 transferee or transferor applies for reenrollment in the use value appraisal  
7 program. “Development” also means the cutting of timber on property  
8 appraised under this chapter at use value in a manner contrary to a forest or  
9 conservation management plan as provided for in subsection 3755(b) of this  
10 title during the remaining term of the plan, or contrary to the minimum  
11 acceptable standards for forest management if the plan has expired; or a  
12 change in the parcel or use of the parcel in violation of the conservation  
13 management standards established by the Commissioner of Forests, Parks and  
14 Recreation. “Development” also means notification of the Director by the  
15 Secretary of Agriculture, Food and Markets under section 3756 of this title  
16 that the owner or operator of agricultural land or a farm building is violating  
17 the water quality requirements of 6 V.S.A. chapter 215 or is failing to comply  
18 with the terms of an order issued under 6 V.S.A. chapter 215, subchapter 10.  
19 The term “development” shall not include the construction, reconstruction,  
20 structural alteration, relocation, or enlargement of any building, road, or other  
21 structure for farming, logging, forestry, or conservation purposes, but shall

1 include the subsequent commencement of a use of that building, road, or  
2 structure for other than farming, logging, or forestry purposes.

3 \* \* \*

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

11 \* \* \*

12 \* \* \* Contingent Lien \* \* \*

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

14 § 3757. LAND USE CHANGE TAX

15 (a) Land which has been classified as agricultural land or managed  
16 forestland pursuant to this chapter shall be subject to a land use change tax  
17 upon the development of that land, as defined in section 3752 of this chapter.  
18 The tax shall be at the rate of 10 percent of the full fair market value of the  
19 changed land determined without regard to the use value appraisal. If changed  
20 land is a portion of a parcel, the fair market value of the changed land shall be  
21 the fair market value of the changed land as a separate parcel, divided by the  
22 common level of appraisal. Such fair market value shall be determined as of

1 the date the land is no longer eligible for use value appraisal. In the instance  
2 where a parcel is withdrawn and value established, and then a portion of the  
3 withdrawn parcel is developed, the land use change tax on the entire originally  
4 withdrawn parcel is due. This tax shall be in addition to the annual property  
5 tax imposed upon such property. Nothing in this section shall be construed to  
6 require payment of an additional land use change tax upon the subsequent  
7 development of the same land, nor shall it be construed to require payment of  
8 a land use change tax merely because previously eligible land becomes  
9 ineligible, provided no development of the land has occurred.

10 \* \* \*

11 (f)(1) When the application for use value appraisal of agricultural and  
12 forestland has been approved by the State, the State shall record a notice of  
13 contingent lien against the enrolled land in the land records of the municipality  
14 ~~that shall constitute a lien to secure payment of the land use change tax to the~~  
15 ~~State upon development.~~ The landowner shall bear the recording cost. The  
16 notice of contingent lien shall constitute notice to all interested parties that a  
17 lien against the enrolled land shall be created upon the recording in the land  
18 records of a determination that development of that land as defined in  
19 section 3752 of this chapter has occurred. The lien created by the recording of  
20 the notice of development shall be for the amount of the land use change tax  
21 then due, as specified in the notice of development. A lien recorded in the

1 land records of a municipality under this section on or after April 17, 1978  
2 shall be deemed to be a contingent lien.

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

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

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

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

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

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

17 ~~(2)(3) Nothing in this subsection shall be construed to allow the~~  
18 ~~enrollment of agricultural land or managed forestland without a lien to secure~~  
19 ~~payment of the land use change tax.~~ Any fees related to the release of a lien  
20 under this subsection shall be the responsibility of the owner of the land  
21 subject to the lien.

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\* \* \*

\* \* \* Insurance Taxes \* \* \*

Sec. 33. 32 V.S.A. § 8557 is amended to read:

§ 8557. VERMONT FIRE SERVICE TRAINING COUNCIL

(a)(1) Sums for the expenses of the operation of training facilities and curriculum of the Vermont Fire Service Training Council not to exceed \$1,200,000.00 per year shall be paid to the Fire Safety Special Fund created by 20 V.S.A. § 3157 by insurance companies, ~~including surplus lines companies,~~ writing fire, homeowners multiple peril, allied lines, farm owners multiple peril, commercial multiple peril (fire and allied lines), private passenger and commercial auto, and inland marine policies on property and persons situated within the State of Vermont within 30 days after notice from the Commissioner of Financial Regulation of such estimated expenses. Captive companies shall be excluded from the effect of this section.

(2) The Commissioner shall annually, on or before July 1, apportion such charges among all such companies and shall assess them for the ~~same~~ charges on a fair and reasonable basis as a percentage of their gross direct written premiums on such insurance written during the second prior calendar year on property situated in the State. The Department of Taxes shall collect all assessments under this section.

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

4           (4) An amount not less than \$150,000.00 shall be specifically allocated  
5 to the Emergency Medical Services Special Fund established under 18 V.S.A.  
6 § 908 for the provision of training programs for emergency medical  
7 technicians, advanced emergency medical technicians, and paramedics.

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

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

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

14 § 5034. QUARTERLY REPORTS; SUMMARY OF EXPORTED  
15 BUSINESS

16 On or before the end of each month next following each calendar quarter,  
17 each surplus lines broker shall file with the Commissioner of Taxes, on forms  
18 prescribed by him or her, a verified report of all surplus lines insurance  
19 transacted during the preceding calendar quarter.

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

21 § 5035. SURPLUS LINES TAX

22   \* \* \*



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

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

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

12 § 5036. DIRECT PLACEMENT OF INSURANCE

13 (a) Every insured and every self-insurer in this State for whom this is their  
14 home state who procures or causes to be procured or continues or renews  
15 insurance from any non-admitted insurer, covering a subject located or to be  
16 performed within this State, other than insurance procured through a surplus  
17 lines broker pursuant to this chapter, shall, before March 1 of the year after the  
18 year in which the insurance was procured, continued or renewed, file a written  
19 report with the Commissioner of Taxes on forms prescribed and furnished by  
20 the Commissioner of Taxes. The report shall show:

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

- 1 (2) the name and address of the insurer or insurers;  
2 (3) the subject of the insurance;  
3 (4) a general description of the coverage;  
4 (5) the amount of premium currently charged for it; and  
5 (6) such additional pertinent information as may be reasonably  
6 requested by the Commissioner of Taxes.

7 \* \* \*

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

15 (e) ~~The tax shall be collectible from the insured by civil action brought by~~  
16 ~~the Commissioner.~~ All administrative provisions of 32 V.S.A. chapter 151,  
17 including those relating to the collection and enforcement of the income tax by  
18 the Commissioner of Taxes, shall apply to this section.

19 \* \* \* Sales and Use Tax; Automotive Parts \* \* \*

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

21 § 9741. SALES NOT COVERED

1       Retail sales and use of the following shall be exempt from the tax on retail  
2       sales imposed under section 9771 of this title and the use tax imposed under  
3       section 9773 of this title.

4   \* \* \*

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

16   \* \* \*

17   \* \* \* Repeals \* \* \*

18      Sec. 37. REPEALS

19      The following sections in Title 32 are repealed:

20      (1) § 3777 (land use change tax lien subordination).

21      (2) § 5930z (business solar energy tax credit).

1           (3) § 8661 (taxation of electric generating plants).

2           Sec. 38. EFFECTIVE DATES

3           This act shall take effect on passage, except:

4           (1) Notwithstanding 1 V.S.A. § 214, Secs. 4 (solar energy investment  
5           tax credit), 7 (minimum corporate income tax), 13–17 (Vermont higher  
6           education investment plan credit), and 37(2) (repeal of business solar energy  
7           tax credit) shall take effect retroactively on January 1, 2019 and apply to  
8           taxable years beginning on January 1, 2019 and thereafter.

9           (2) Notwithstanding 1 V.S.A. § 214, Secs. 5–6 (annual link-up to federal  
10           statutes) shall take effect retroactively on January 1, 2019 and apply to taxable  
11           years beginning on January 1, 2018 and thereafter.

12           (3) Secs. 10 (taxable meal resale) and 36a (automotive parts) shall take  
13           effect on July 1, 2019.

14           (4) Secs. 18–30 (property tax sections) and 37(1) (repeal of land use  
15           change tax lien subordination) shall take effect on July 1, 2019 and apply to  
16           grand lists lodged after that date.