

1 H.954

2 Introduced by Committee on Ways and Means

3 Date:

4 Subject: Taxation; sales and use tax; meals and rooms tax; income tax;

5 education property tax; property transfer tax; administration;

6 confidentiality; universal service charge

7 Statement of purpose of bill as introduced: This bill proposes to make  
8 numerous substantive and administrative changes to Vermont's tax laws. This  
9 bill decreases the amount of use tax due under the safe harbor calculation  
10 based on adjusted gross income. The Department of Taxes is authorized to  
11 charge penalties for fraudulent requests for refunds irrespective of whether a  
12 refund is issued. This bill clarifies that beverage deposit redemption  
13 information received by the Department of Taxes is not confidential tax  
14 information. The requirements for noncollecting vendors and short-term rental  
15 platforms to report to the Department of Taxes are repealed. Marketplace  
16 facilitators will be required to collect the universal service charge on behalf of  
17 marketplace sellers. This bill amends due dates for municipal grand list  
18 corrections, property transfer tax returns and payments, income tax filing  
19 extensions, and certain claims for refunds of tax paid or offset. Numerous  
20 other changes are made to the definitions used for the purposes of current use,  
21 the income sensitivity property tax credit, and the sales and use tax.

1 An act relating to miscellaneous tax provisions

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

3 \* \* \* Education Property Tax \* \* \*

4 Sec. 1. 32 V.S.A. § 4261 is amended to read:

5 § 4261. CORRECTING OMISSION FROM GRAND LIST

6 When real or personal estate is omitted from the grand list by mistake, or an  
7 obvious error is found, the listers, with the approval of the ~~Selectboard~~  
8 selectboard, on or before December 31, may supply such omissions or correct  
9 such errors and make a certificate thereon of the fact; provided, however, the  
10 listers may make a correction resulting from the filing or rescission of a  
11 homestead declaration without approval of the ~~Selectboard~~ selectboard.

12 Sec. 2. 32 V.S.A. § 4342 is amended to read:

13 § 4342. EXTENSIONS BY THE DIRECTOR

14 On written application therefor made by the listers or assessors of any town,  
15 with the approval of the ~~Selectboard~~ selectboard of the town or mayor of the  
16 city, the several dates fixed by law and extended by the preceding section or  
17 the charter of any municipal corporation, on or before which certain acts must  
18 be done relating to duties of listers and assessors, may be further extended by  
19 the Director and such extensions shall be in writing ~~and shall be recorded in~~  
20 ~~the office of the town clerk.~~

1 Sec. 3. 32 V.S.A. § 5405(f) is amended to read:

2 (f) Within the limits of the resources available for that purpose, the  
3 Commissioner may employ such individuals, whether on a permanent,  
4 temporary, or contractual basis, as shall be necessary, in the judgment of the  
5 Commissioner, to aid in the performance of duties under this section. The  
6 Commissioner shall pay each municipality the sum of \$1.00 per grand list  
7 parcel in the municipality, for services provided to the Commissioner in  
8 connection with ~~his or her~~ the performance of duties under this section. Such  
9 payment shall be made from the equalization and reappraisal account within  
10 the Education Fund. Each municipality shall deposit payments received under  
11 this subsection into a special fund that shall be used to support the preparation  
12 of the education property tax grand list.

13 ~~Sec. 4. BILLING AND COLLECTION OF EDUCATION PROPERTY~~

14 ~~TAX; DEPARTMENT OF TAXES; IMPLEMENTATION PLAN~~

15 (a) On or before January 15, 2021, the Department of Taxes, in  
16 consultation with the Vermont League of Cities and Towns, the Vermont  
17 Municipal Clerks' and Treasurers' Association, the Vermont Bankers  
18 Association, and the Association of Vermont Credit Unions, shall submit to the  
19 House Committees on Ways and Means and on Government Operations and  
20 the Senate Committees on Finance and on Government Operations an  
21 implementation plan to transition the responsibility for billing and collecting

1 ~~the statewide education property tax from municipalities to the Department~~

2 The implementation plan shall include recommended legislation and estimates  
3 of the fiscal impact of the proposed transition. The Department shall have the  
4 legal and fiscal assistance of the Office of Legislative Council and the Joint  
5 Fiscal Office in preparing the implementation plan.

6 (b) The Department shall address the following in its proposed  
7 implementation plan:

8 (1) adjustments to the assessment calendar;

9 (2) establishment of billing dates and the format of bills;

10 (3) establishment of collection dates, methods of payment, including  
11 withholding, and any early payment discount;

12 (4) authority to collect delinquent payments, penalties, and interest;

13 (5) administration of education payments to school districts;

14 (6) municipal obligation for locally voted exemptions from the  
15 education property tax;

16 (7) jurisdiction over appeals and abatements;

17 (8) timing and duration of the transition period;

18 (9) estimated fiscal impact of the implementation plan during the  
19 transition phase and anticipated operational budget; and

1 ~~(10) any other consideration relating to the transition of billing and~~  
2 ~~collecting the statewide education property tax from municipalities to the~~  
3 ~~Department.~~

~~Sec. 4. [Deleted.]~~

*Sec. 4. BILLING AND COLLECTION OF EDUCATION PROPERTY TAX;  
DEPARTMENT OF TAXES; REPORT*

*On or before February 1, 2021, the Department of Taxes, in consultation with the Vermont League of Cities and Towns, the Vermont Municipal Clerks' and Treasurers' Association, the Vermont Bankers Association, and the Association of Vermont Credit Unions, shall submit to the House Committees on Ways and Means and on Government Operations and the Senate Committees on Finance and on Government Operations a report studying potential approaches to transitioning the responsibility for billing and collecting the statewide education property tax from municipalities to the Department. The report shall include recommended legislation and estimates of the fiscal impact of the transition.*

\* \* \* Current Use \* \* \*

4 Sec. 5. 32 V.S.A. § 3752(10) is amended to read:

5 (10) "Owner" means the person who is the owner of record of any land  
6 or the lessee under a perpetual lease as defined in subsection 3610(a) of this  
7 title, provided the term of the lease is for a minimum of 999 years exclusive of

1 renewals. When enrolled land is mortgaged, the mortgagor shall be deemed  
2 the owner of the land for the purposes of this subchapter, until the mortgagee  
3 takes possession, either by voluntary act of the mortgagor or foreclosure, after  
4 which the mortgagee shall be deemed the owner.

5 \* \* \* Property Tax Hearing Officer Per Diem \* \* \*

6 Sec. 6. 32 V.S.A. § 4465 is amended to read:

7 § 4465. APPOINTMENT OF PROPERTY VALUATION HEARING

8 OFFICER; OATH; PAY

9 When an appeal to the Director is not withdrawn, the Director shall refer  
10 the appeal in writing to a person not employed by the Director, appointed by  
11 the Director as hearing officer. The Director shall have the right to remove a  
12 hearing officer for inefficiency, malfeasance in office, or other cause. In like  
13 manner, the Director shall appoint a hearing officer to fill any vacancy created  
14 by resignation, removal, or other cause. Before entering into their duties,  
15 persons appointed as hearing officers shall take and subscribe the oath of the  
16 office prescribed in the Constitution, which oath shall be filed with the  
17 Director. The Director shall pay each hearing officer a sum not to exceed  
18 ~~\$120.00~~ \$150.00 per diem for each day wherein hearings are held, together  
19 with reasonable expenses as the Director may determine. A hearing officer  
20 may subpoena witnesses, records, and documents in the manner provided by

1 law for serving subpoenas in civil actions and may administer oaths to  
2 witnesses.

3 \* \* \* Property Transfer Tax \* \* \*

4 Sec. 7. 32 V.S.A. § 9605(a) shall be amended to read:

5 (a) The tax imposed by this chapter shall be paid to the Commissioner at  
6 ~~the time of~~ within 30 days after transfer of title to property subject to the tax  
7 or, in the case of a transfer or acquisition of a controlling interest in a person  
8 with title to property for which a deed is not given, within 30 days after  
9 transfer or acquisition.

10 \* \* \* Sales and Use Tax \* \* \*

11 ~~Sec. 8. 32 V.S.A. § 5870 shall be amended to read.~~

12 § 5870. REPORTING USE TAX ON INDIVIDUAL INCOME TAX  
13 RETURNS

14 (a) The Commissioner of Taxes shall provide that individuals report use tax  
15 on their State individual income tax returns. Taxpayers are required to attest to  
16 the amount of their use tax liability under chapter 233 of this title for the  
17 period of the tax return. Alternatively, they may elect to report an amount that  
18 is a percentage of their adjusted gross income determined under subsection (b)  
19 of this section, ~~as shown on a table published by the Commissioner of Taxes;~~  
20 and use tax liability arising from the purchase of each item with a purchase  
21 price in excess of \$1,000.00 shall be added to the table amount shown under  
22 subsection (b) of this section.

~~(b) The amount of use tax a taxpayer may elect to report under subsection~~  
(a) of this section shall be ~~0.10~~ percent of their adjusted gross income based on the taxpayer's adjusted gross income as determined by the following tables; provided, however, that a taxpayer shall not be required to pay more than ~~\$500.00~~ \$150.00 for use tax liability under this subsection, arising from total purchases of items with a purchase price of \$1,000.00 or less.

<u>If adjusted gross income is:</u>	<u>The tax is:</u>
<u>Not over \$20,000.00</u>	<u>\$ 0.00</u>
<u>\$20,001.00 to \$30,000.00</u>	<u>\$10.00</u>
<u>\$30,001.00 to \$40,000.00</u>	<u>\$15.00</u>
<u>\$40,001.00 to \$50,000.00</u>	<u>\$20.00</u>
<u>\$50,001.00 to \$60,000.00</u>	<u>\$25.00</u>
<u>\$60,001.00 to \$70,000.00</u>	<u>\$30.00</u>
<u>\$70,001.00 to \$80,000.00</u>	<u>\$35.00</u>
<u>\$80,001.00 to \$90,000.00</u>	<u>\$40.00</u>
<u>\$90,001.00 to \$100,000.00</u>	<u>\$45.00</u>
<u>\$100,001.00 and over</u>	<u>the lesser of \$150.00 or</u> <u>0.05% of adjusted gross</u> <u>income</u>

~~Sec. 8. USE TAX SAFE HARBOR, REPORT~~

~~On or before January 15, 2021, the Department of Taxes, with the assistance of the Joint Fiscal Office, shall provide the General Assembly with a~~



~~report on the remittance of the Vermont use tax on taxpayers' State individual income tax returns as provided under 32 V.S.A. § 5870. The report required under this section shall:~~

~~(1) analyze the fiscal impact on the remittance of the Vermont use tax of the following:~~

~~(A) the U.S. Supreme Court decision in South Dakota v. Wayfair, 138 S. Ct. 2080 (2108) and the conforming Vermont remote seller collection requirements imposed under 32 V.S.A. § 9701(9)(F) and (9)(G); and~~

~~(B) the enactment of marketplace facilitator collection requirements in 2019 Acts and Resolves No. 46; and~~

~~(2) recommend options for amending the alternative reporting of use tax that a taxpayer may elect under 32 V.S.A. § 5870(a), including a reduction of the amount that is a percentage of a taxpayer's adjusted gross income, given the fiscal impact analysis required under subdivision (1) of this section.~~

Sec. 8. 32 V.S.A. § 5870 is amended to read:

§ 5870. REPORTING USE TAX ON INDIVIDUAL INCOME TAX  
RETURNS

(a) The Commissioner of Taxes shall provide that individuals report use tax on their State individual income tax returns. Taxpayers are required to attest to the amount of their use tax liability under chapter 233 of this title for the period of the tax return. Alternatively, they may elect to report an amount that is a percentage of their adjusted gross income determined under subsection (b) of this section, ~~as shown on a table published by the Commissioner of Taxes;~~ and use tax liability arising from the purchase of each item with a purchase price in excess of \$1,000.00 shall be added to the table amount shown under subsection (b) of this section.

*(b) The amount of use tax a taxpayer may elect to report under subsection (a) of this section shall be ~~0.10 percent of their adjusted gross income~~ based on the taxpayer's adjusted gross income as determined by the following tables; provided, however, that a taxpayer shall not be required to pay more than ~~\$500.00~~ \$150.00 for use tax liability under this subsection, arising from total purchases of items with a purchase price of \$1,000.00 or less.*

<i><u>If adjusted gross income is:</u></i>	<i><u>The tax is:</u></i>
<i><u>Not over \$20,000.00</u></i>	<i><u>\$ 0.00</u></i>
<i><u>\$20,001.00 to \$30,000.00</u></i>	<i><u>\$10.00</u></i>
<i><u>\$30,001.00 to \$40,000.00</u></i>	<i><u>\$15.00</u></i>
<i><u>\$40,001.00 to \$50,000.00</u></i>	<i><u>\$20.00</u></i>
<i><u>\$50,001.00 to \$60,000.00</u></i>	<i><u>\$25.00</u></i>
<i><u>\$60,001.00 to \$70,000.00</u></i>	<i><u>\$30.00</u></i>
<i><u>\$70,001.00 to \$80,000.00</u></i>	<i><u>\$35.00</u></i>
<i><u>\$80,001.00 to \$90,000.00</u></i>	<i><u>\$40.00</u></i>
<i><u>\$90,001.00 to \$100,000.00</u></i>	<i><u>\$45.00</u></i>
<i><u>\$100,001.00 and over</u></i>	<i><u>the lesser of \$150.00 or</u></i> <i><u>0.05% of adjusted gross</u></i> <i><u>income.</u></i>

1       Sec. 9. 32 V.S.A. § 9701(9) is amended to read:

2               (9) "Vendor" means:

1 \* \* \*

2 (F) A person making sales of tangible personal property from outside  
3 this State to a destination within this State and not maintaining a place of  
4 business or other physical presence in this State that:

5 (i) engages in regular, systematic, or seasonal solicitation of sales  
6 of tangible personal property in this State:

7 (I) by the display of advertisements in this State;

8 (II) by the distribution of catalogues, periodicals, advertising  
9 flyers, or other advertising by means of print, radio, or television media; or

10 (III) by mail, Internet, telephone, computer database, cable,  
11 optic, cellular, or other communication systems, for the purpose of effecting  
12 sales of tangible personal property; and

13 (ii) has either made sales from outside this State to destinations  
14 within this State of at least \$100,000.00, or totaling at least 200 individual  
15 sales transactions, during ~~any~~ the 12-month period preceding the monthly  
16 period with respect to which that person's liability for tax under this chapter is  
17 determined.

18 \* \* \*

19 (J) A marketplace facilitator who has facilitated sales by marketplace  
20 sellers to destinations within this State of at least \$100,000.00, or totaling at  
21 least 200 individual sales transactions, during ~~any~~ the 12-month period

1 preceding the monthly period with respect to which that person's liability for  
2 tax under this chapter is determined.

3 (K) A marketplace seller who has combined sales to a destination  
4 within this State and sales through a marketplace to a destination within this  
5 State of at least \$100,000.00, or totaling at least 200 individual sales  
6 transactions, during ~~any~~ the 12-month period preceding the monthly period  
7 with respect to which that person's liability for tax under this chapter is  
8 determined.

9 Sec. 10. 32 V.S.A. § 9712(c) is amended to read:

10 (c) ~~Each noncollecting vendor shall file a copy of the notice required by~~  
11 ~~subsection (b) with the Department of Taxes on or before January 31 of each~~  
12 ~~year. The notice required by this subsection only apply to noncollecting~~  
13 ~~vendors who made \$100,000.00 or more of sales into Vermont in the previous~~  
14 ~~calendar year. Failure to file a copy of the notice required by this subsection~~  
15 ~~shall subject the noncollecting vendor to a penalty of \$10.00 for each failure,~~  
16 ~~unless the noncollecting vendor shows reasonable cause. [Repealed.]~~

~~Sec. 10a. 32 V.S.A. § 9711(54) is added to read:~~

~~(54) Sales of recyclable paper carryout bags to customers pursuant to 10  
V.S.A. § 6693, provided that sales of recyclable paper carryout bags to stores  
and food service establishments as defined under 10 V.S.A. § 6691 shall not be  
exempt under this subdivision and shall not be considered sales for resale  
under 32 V.S.A. § 9701(5).~~

~~Sec. 10a. [Deleted.]~~

1 Sec. 11. 30 V.S.A. § 7521(e) is amended to read:

2 (e)(1) Notwithstanding any other provision of law to the contrary,  
3 beginning on January 1, 2020, the Universal Service Charge shall be imposed  
4 on all retail sales of prepaid wireless telecommunications service subject to the  
5 sales and use tax imposed under 32 V.S.A. chapter 233. The charges shall be  
6 collected by sellers or marketplace facilitators collecting sales tax pursuant to  
7 32 V.S.A. § 9713 and remitted to the Department of Taxes in the manner  
8 provided under 32 V.S.A. chapter 233. Upon receipt of the charges, the  
9 Department of Taxes shall have 30 days to remit the funds to the fiscal agent  
10 selected under section 7503 of this chapter. The Commissioner of Taxes shall  
11 establish registration and payment procedures applicable to the Universal  
12 Service Charge imposed under this subsection consistent with the registration  
13 and payment procedures that apply to the sales tax imposed on such services  
14 and also consistent with the administrative provisions of 32 V.S.A.  
15 chapter 151, including any enforcement or collection action available for taxes  
16 owed pursuant to that chapter.

17 (2) If a minimal amount of prepaid wireless telecommunications service  
18 is sold with a prepaid wireless device for a single, nonitemized price, then the  
19 seller may elect not to apply the Universal Service Charge to such transaction.

20 (3) As used in this subsection:

1 (A) “Minimal amount” means an amount of service denominated as  
2 not more than 10 minutes or not more than \$5.00.

3 (B) “Prepaid wireless telecommunications service” means a  
4 telecommunications service as defined in subdivision 203(5) of this title that a  
5 consumer pays for in advance and that is sold in predetermined units or dollars  
6 that decline with use.

7 (C) “Seller” means a person who sells prepaid wireless  
8 telecommunications service to a consumer.

9 (D) “Marketplace facilitator” shall have the same meaning as in  
10 32 V.S.A. § 9701(56).

11 \* \* \* Meals and Rooms Tax \* \* \*

12 ~~Sec. 12. 32 V.S.A. § 9248 is amended to read:~~

13 ~~§ 9248. INFORMATIONAL REPORTING~~

14 ~~The Department of Taxes shall collect information on operators from~~  
15 ~~persons providing an Internet platform for the short-term rental of property for~~  
16 ~~occupancy in this State. The information collected shall include any~~  
17 ~~information the Commissioner shall require, and the name, address, and terms~~  
18 ~~of the rental transactions of persons acting as operators through the Internet~~  
19 ~~platform. The failure to provide information as required under this section~~  
20 ~~shall subject the person operating the Internet platform to a fine of \$5.00 for~~

1 ~~each instance of failure. The Commissioner is authorized to adopt rules and~~  
2 ~~procedures to implement this section. [Repealed]~~

*Sec. 12. 32 V.S.A. § 9248 is amended to read:*

*§ 9248. INFORMATIONAL REPORTING*

*The Department of Taxes shall may collect information on operators from persons providing an Internet platform for the short-term rental of property for occupancy in this State. The information collected shall include any information the Commissioner shall require, and the name, address, and terms of the rental transactions of persons acting as operators through the Internet platform. The failure to provide information as required under this section shall subject the person operating the Internet platform to a fine of \$5.00 for each instance of failure. The Commissioner is authorized to adopt rules and procedures to implement this section.*

3 \* \* \* Income Tax \* \* \*

4 \* \* \* Annual Link to Federal Statutes \* \* \*

5 Sec. 13. 32 V.S.A. § 5824 is amended to read:

6 § 5824. ADOPTION OF FEDERAL INCOME TAX LAWS

7 The statutes of the United States relating to the federal income tax, as in  
8 effect on December 31, 2018 2019, but without regard to federal income tax

1 rates under 26 U.S.C. § 1, are hereby adopted for the purpose of computing the  
2 tax liability under this chapter.

3 Sec. 14. 32 V.S.A. § 7402(8) is amended to read:

4 (8) “Laws of the United States” means the U.S. Internal Revenue Code  
5 of 1986, as amended through December 31, ~~2018~~ 2019. As used in this  
6 chapter, “Internal Revenue Code” has the same meaning as “laws of the United  
7 States” as defined in this subdivision.

8 \* \* \* Income Tax Refunds \* \* \*

9 Sec. 15. 32 V.S.A. § 5884(a) is amended to read:

10 (a) At any time within three years after the date a return is required to be  
11 filed under this chapter, six months from the date a tax liability is paid or  
12 offset, or six months after a refund was received from the United States with  
13 respect to an income tax liability, or an amount of taxable income, under the  
14 laws of the United States, reported in a return filed under the laws of the  
15 United States for the taxable year, with respect to which that return was filed  
16 under this chapter, whichever is later, a taxpayer may petition the  
17 Commissioner for the refund of all or any part of the amount of tax paid ~~with~~  
18 ~~respect to the return~~. Unless the period is extended by agreement of the  
19 Commissioner and the taxpayer, the Commissioner shall thereafter, upon  
20 notice to the taxpayer, hold a hearing on the claim and shall notify the taxpayer  
21 of his or her determination of the claim within 30 days of the hearing. The



1 failure of the Commissioner to refund the amount claimed by a taxpayer  
2 within six months of the date of the petition for the refund, under this  
3 subsection, shall be considered to be a notification to the taxpayer of the  
4 Commissioner's determination concerning the claim. The notification shall be  
5 considered to have been given on the date of the expiration of the six-month  
6 period.

7 Sec. 16. PETITIONS FOR TY 2016 REFUNDS; COVID-19 PUBLIC

8 HEALTH EMERGENCY

9 Notwithstanding 32 V.S.A. § 5884(a), after April 15, 2020 and on or before  
10 July 15, 2020, the Commissioner of Taxes shall accept a taxpayer's petition for  
11 refund with respect to income tax returns filed for the taxable year 2016. If the  
12 Commissioner determines that the taxpayer has paid an amount of income tax  
13 under 32 V.S.A. chapter 151 that, as of the date of the determination, exceeds  
14 the amount of tax liability owing from the taxpayer to the State, the  
15 Commissioner shall forthwith refund the excess amount to the taxpayer  
16 together with interest pursuant to 32 V.S.A. § 5884(b).

17 \* \* \* Income Tax Returns \* \* \*

18 Sec. 17. 32 V.S.A. § 5866 is amended to read:

19 § 5866. SUPPLEMENTAL INFORMATION; CHANGES IN FEDERAL

20 TAX LIABILITY OR TAXABLE INCOME

1 (a) If, after the time for filing any return required by this chapter, a  
2 taxpayer:

3 (1) becomes aware of any information ~~which~~ that makes that return  
4 materially false, inaccurate, or incomplete; or

5 (2) is notified of any assertion by the United States, whether under  
6 Section 6212 of the Internal Revenue Code of 1986 or otherwise, that the  
7 taxpayer's taxable income under the laws of the United States is other than the  
8 amount stated in the return; or

9 (3) files an amended return under the laws of the United States,  
10 the taxpayer shall, within ~~60~~ 180 days of the receipt of that information or  
11 notification of that assertion or filing that amended return, notify the  
12 Commissioner thereof, and of such particulars as may be relevant to the  
13 amount of any tax liability of the taxpayer under this chapter.

14 \* \* \*

15 Sec. 18. 32 V.S.A. § 5868 is amended to read:

16 § 5868. EXTENSION OF TIME FOR FILING OF RETURNS

17 The Commissioner may extend the time within which a taxpayer is required  
18 to file a return. The Commissioner shall, ~~upon receipt of documentation that a~~  
19 ~~corporation has been granted either an automatic or a good cause extension of~~  
20 ~~the time for filing its United States income tax return,~~ extend the time for  
21 filing the a taxpayer's Vermont income tax return to the extended date for

1 filing the United States income tax return if the taxpayer has been granted  
2 either an automatic or a good cause extension of time for filing the United  
3 States income tax return except that the time for filing a corporation's Vermont  
4 income tax return shall be extended to 30 days one month after the extended  
5 date for filing the United States income tax return. An extension of the time in  
6 which to file a return will not result in a corresponding extension of the time  
7 for the payment of the tax liability with respect to which the return is filed.

8 \* \* \* 529 Plans \* \* \*

9 ~~Sec. 10. 32 V.S.A. § 5825a(b) is amended to read:~~

10 (b) A taxpayer who has received a credit under subsection (a) of this  
11 section shall repay to the Commissioner 10 percent of any distribution from a  
12 higher education investment plan account, ~~which distribution is not used~~  
13 ~~exclusively for costs of attendance at an approved postsecondary education~~  
14 ~~institution as defined in 16 V.S.A. § 2822(6), up to a maximum of the total~~  
15 ~~credits received by the taxpayer under subsection (a) of this section minus any~~  
16 ~~amount of repayment of such credits in prior tax years~~ except when the  
17 distribution:

18 (i) is used exclusively for costs of attendance at an approved  
19 postsecondary education institution as defined in 16 V.S.A. § 2822(6);

20 (ii) qualifies as an expense associated with a registered

21 ~~apprenticeship program pursuant to 26 U.S.C. § 529(c)(8), or~~

1 ~~(iii) is made after the death of the beneficiary or after the~~  
2 ~~beneficiary becomes disabled pursuant to subdivisions (q)(2)(C) and (m)(7) of~~  
3 ~~26 U.S.C. § 72.~~

4 ~~(c) Repayments under this subsection (b) of this section shall be subject to~~  
5 ~~assessment, notice, penalty and interest, collection, and other administration in~~  
6 ~~the same manner as an income tax under this chapter.~~

~~Sec. 19. 22 V.S.A. § 5825a is amended to read:~~

~~§ 5825a. CREDIT FOR VERMONT HIGHER EDUCATION  
INVESTMENT PLAN CONTRIBUTIONS~~

~~(a) A taxpayer of this State, including each spouse filing a joint return, shall be eligible for a nonrefundable credit against the tax imposed under section 5822 of this title of 10 percent of the first \$2,500.00 per beneficiary, contributed by the taxpayer during the taxable year to a Vermont higher education investment plan Higher Education Investment Plan account under 16 V.S.A. chapter 87, subchapter 7, provided the account is provided directly by the Vermont Student Assistance Corporation to the participant.~~

~~(b) A taxpayer who has received a credit under subsection (a) of this section shall repay to the Commissioner 10 percent of any distribution from a higher education investment plan account, which distribution is not used exclusively for costs of attendance at an approved postsecondary education institution as defined in 16 V.S.A. § 2822(6), up to a maximum of the total credits received by the taxpayer under subsection (a) of this section minus any amount of repayment of such credits in prior tax years except when the distribution:~~

~~(1) is used exclusively for costs of attendance at an approved postsecondary education institution as defined in 16 V.S.A. § 2822(6);~~

~~(2) qualifies as an expense associated with a registered apprenticeship program pursuant to 26 U.S.C. § 529(c)(8); or~~

~~(3) is made after the death of the beneficiary or after the beneficiary becomes disabled pursuant to subdivisions (q)(2)(C) and (m)(7) of 26 U.S.C. § 72.~~

~~(c) Repayments under this subsection (b) of this section shall be subject to assessment, notice, penalty and interest, collection, and other administration in the same manner as an income tax under this chapter.~~

~~Sec. 12a. 16 V.S.A. chapter 87, subchapter 7 is amended to read:~~

~~\* \* \*~~

~~§ 2876. DEFINITIONS~~

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

~~(1) "Beneficiary" means any individual designated by a participation agreement to benefit from payments for qualified postsecondary education costs ~~at an institution of postsecondary education.~~~~

~~(2) "Benefits" means the payment of qualified postsecondary education costs on behalf of a beneficiary ~~by the Corporation's Investment Plan during the beneficiary's attendance at an institution of postsecondary education from a participant's investment plan account.~~~~

~~(3) "Corporation" means Vermont Student Assistance Corporation.~~

~~(4) "Internal Revenue Code" means the federal Internal Revenue Code of 1986, as amended, together with the regulations promulgated ~~thereunder pursuant to that Code.~~~~

~~(5) "Qualified postsecondary education costs" means the ~~qualified costs of tuition and fees and other expenses for attendance at an approved postsecondary education institution costs of tuition and fees for attendance at an approved postsecondary education institution, and other qualified higher education expenses as provided under 26 U.S.C. § 529.~~~~

~~(6) "Approved postsecondary education institution" means a postsecondary education institution as defined in section 2822 of this title.~~

~~(7) "Vermont Higher Education Investment Plan" or "Investment Plan" means ~~the program~~ one or more plans created pursuant to this subchapter.~~

~~(8) "Participant" means a person who has entered into a participation agreement pursuant to this subchapter intended for the advance payment of qualified postsecondary education costs on behalf of a beneficiary.~~

~~(9) "Participation agreement" means an agreement between a participant and the Corporation, pursuant to and conforming with the requirements of this subchapter.~~

~~§ 2877. VERMONT HIGHER EDUCATION INVESTMENT PLAN~~

~~CREATED~~

~~(a) There is created a program of the State to be known as the Vermont Higher Education Investment Plan and a trust for that purpose to be administered by the Vermont Student Assistance Corporation as an instrumentality of the State. The program may consist of one or more different investment plans, including one or more plans that may be offered to a participant only with the assistance of a qualified financial advisor.~~

~~(b) In order to establish and administer the Investment Plan, the Corporation, in addition to its other powers and authority, shall have the power and authority to:~~

~~\* \* \*~~

~~(2) Enter into agreements with any ~~institution~~ of approved postsecondary education institution, the State, or any federal or other agency or entity as required for the operation of the an Investment Plan pursuant to this subchapter.~~

~~(3) Accept any grants, gifts, legislative appropriations, and other ~~monies~~ monies from the State,; any unit of federal, State, or local government; or any other person, firm, partnership, or corporation for deposit contribution to the account of the Investment Plan, or for the operation or other related purposes of the Corporation.~~

~~(4) Invest the funds received from participants in appropriate investment vehicles approved and held in trust for participants by the Corporation as selected by the participants, including education loans made by the Corporation.~~

~~(5) Enter into participation agreements with participants.~~

~~(6) Develop and use two or more types of participation agreements to provide a range of investment ~~structures~~ options for participants.~~

~~(7) Make payments ~~to institutions of postsecondary education on behalf of beneficiaries~~ as directed by the participants pursuant to participation agreements.~~

~~(8) Make refunds to participants upon the termination of participation agreements pursuant to the provisions, limitations, and restrictions set forth in this subchapter and the rules ~~and regulations, policies, and procedures~~ adopted by the Corporation.~~

~~(9) Make provision for the payment of costs of administration and operation of the an Investment Plan subject to the limitations on charges on participation agreements established in subdivision 2878(5) of this title.~~

~~(10) Adopt rules and regulations, policies, and procedures to implement this subchapter and take all necessary action to ensure an Investment Plan is in conformance with the Internal Revenue Code and other applicable law.~~

~~\*\*\*~~

~~§ 2878. PARTICIPATION AGREEMENTS FOR INVESTMENT PLAN~~

~~The Corporation shall have the authority to enter into Investment Plan participation agreements with participants on behalf of beneficiaries pursuant to the provisions of this subchapter, including the following terms and agreements:~~

~~(1) A participation agreement shall stipulate the terms and conditions of the Investment Plan in to which the participant makes deposits contributions.~~

~~(2) A participation agreement shall clearly specify the method for calculating the return on the deposit made by the participant, which may be a variable or adjustable rate of return various investment options available and shall reference the relevant expenses and other pertinent information about the account.~~

~~\*\*\*~~

~~(4) A participation agreement shall clearly and prominently disclose to participants the risks associated with depositing monies with the Corporation the various investment options available under the applicable Investment Plan.~~

~~(5) Participation agreements shall be organized and presented in a way and with language that is easily understandable by the general public. A participation agreement shall clearly and prominently disclose to participants that the Corporation, the State, and any other governmental entity are not liable for, nor guarantee the return of or on the participant's contributions to an Investment Plan. A participation agreement shall also clearly and prominently disclose to participants the existence of any load charge or similar charge assessed against the accounts of the participants for administration, operation, or services. No fee or similar charge may be imposed with regard to an investment managed by the Corporation. Any fee, load, or similar charge with regard to any investment not managed by the Corporation shall be no greater than the cost determined by the Corporation to be required to administer the investment. The cost of originating and servicing any education~~

~~fees made or required pursuant to participation agreements shall not be considered as load charges or similar charges.~~

~~\*\*\*~~

~~§ 2878b. PARTICIPATION AGREEMENTS FOR INVESTMENT PLAN;  
INDIVIDUAL DEVELOPMENT INVESTMENT ACCOUNTS~~

~~The Corporation may participate in the Individual Development Investment Program established under 33 V.S.A. § 1123, in accordance with the rules of the Agency of Human Services adopted thereunder, in connection with an individual or family who, at the time of depositing contributing funds into an account created pursuant to a Vermont Higher Education Investment Plan, receives public assistance or is otherwise an eligible saver under 33 V.S.A. § 1123.~~

~~§ 2879. INVESTMENT AND PAYMENTS~~

~~All money paid by a participant in connection with a participation agreements agreement shall be deposited credited to the participant's account as received, held by the Corporation in trust for the benefit of the participant, and shall be promptly invested by the Corporation as selected by the participant from the investment options available under the participation agreement. Deposits and earnings thereon accumulated on behalf of participants in the Investment Plan Contributions and earnings accumulated in a participant's Investment Plan account may be used, as provided in the participation agreement, for payments to any institution of postsecondary education including for payments of qualified postsecondary education costs. The trust shall continue in existence as long as it holds any funds belonging to a participant.~~

~~\*\*\*~~

~~§ 2879c. TAX EXEMPTION~~

~~\*\*\*~~

~~(b) Contributions to an account held under the a Vermont Higher Education Investment Plan that is provided directly by the Corporation to a participant shall be eligible for a credit against Vermont income tax as provided under 32 V.S.A. § 5825a.~~

~~§ 2879D. PROPERTY RIGHTS TO ASSETS IN THE PLAN~~

~~The assets of the Vermont Higher Education Investment Plan shall at all times be held in trust for the benefit of the participant, shall not be commingled with any other funds of the Corporation or the State, shall be~~



~~preserved, invested, and expended solely and only for the purposes set forth in this chapter and in accordance with the participation agreements, and no property rights therein shall exist in favor of the Corporation or the State. Amounts held in, or withdrawn from, a participant's Investment Plan account under a participation agreement shall not be subject to liens, attachment, garnishment, levy, seizure, claim by creditors of the contributors, participants, or any beneficiary, or subject to any involuntary sale, transfer, or assignment by any execution or any other legal or equitable operation of law, including bankruptcy or insolvency laws.~~

Sec. 19. 32 V.S.A. § 5825a(b) is amended to read:

(b) A taxpayer who has received a credit under subsection (a) of this section shall repay to the Commissioner 10 percent of any distribution from a higher education investment plan account, ~~which distribution is not used exclusively for costs of attendance at an approved postsecondary education institution as defined in 16 V.S.A. § 2822(6), up to a maximum of the total credits received by the taxpayer under subsection (a) of this section minus any amount of repayment of such credits in prior tax years~~ except when the distribution:

(1) is used exclusively for costs of attendance at an approved postsecondary education institution as defined in 16 V.S.A. § 2822(6);

(2) qualifies as an expense associated with a registered apprenticeship program pursuant to 26 U.S.C. § 529(c)(8); or

(3) is made after the death of the beneficiary or after the beneficiary becomes disabled pursuant to subdivisions (q)(2)(C) and (m)(7) of 26 U.S.C. § 72.

(c) Repayments under ~~this subsection~~ (b) of this section shall be subject to assessment, notice, penalty and interest, collection, and other administration in the same manner as an income tax under this chapter.

*Sec. 19a. [Deleted.]*

1                                   \* \* \* Department of Taxes; Administration \* \* \*

2           Sec. 20. 32 V.S.A. § 3102(n) is added to read:

3           (n) Data reported to the Commissioner of Taxes by a deposit initiator under  
4           10 V.S.A. § 1530 shall not be considered confidential return or return  
5           information under this section, provided that the Commissioner may disclose  
6           the data in summary or aggregated form that does not directly or indirectly  
7           identify individual deposit initiators except to the Secretary of Natural  
8           Resources in relation to the administration of 10 V.S.A. chapter 53.

9           Sec. 21. 10 V.S.A. § 1530(e) is amended to read:

10           (e) Data reported to the Secretary of Natural Resources and the  
11           Commissioner of Taxes by a deposit initiator under this section shall be  
12           confidential business information exempt from public inspection and copying  
13           under 1 V.S.A. § 317(c)(9) but shall not be confidential return information

1 under 32 V.S.A. § 3102, provided that the Commissioner of Taxes may use and  
2 disclose such information in summary or aggregated form that does not  
3 directly or indirectly identify individual deposit initiators except to the  
4 Secretary of Natural Resources in relation to the administration of this chapter.

5 Sec. 22. 32 V.S.A. § 3202(b)(5) is amended to read:

6 (5) Fraudulent failure to pay. When a taxpayer fraudulently or with  
7 willful intent to defeat or evade a tax liability imposed by this title, ~~either~~ fails  
8 to pay a tax liability on the date prescribed therefor, ~~or~~ requests and receives a  
9 refund of a tax liability, or requests but does not receive a refund of a tax  
10 liability, then, in addition to any interest payable pursuant to subsection (a) of  
11 this section, the Commissioner may assess and the taxpayer shall then pay a  
12 penalty equal to the amount of the tax liability unpaid on the prescribed date of  
13 payment ~~or~~, the amount received as a refund subsequent to that date, or the  
14 amount requested but not received as a refund.

15 \* \* \* Offsets; Public Service; Billback Authority \* \* \*

16 Sec. 23. 30 V.S.A. § 21 is amended to read:

17 § 21. PARTICULAR PROCEEDINGS AND ACTIVITIES; ASSESSMENT  
18 OF COSTS

19 (a) An agency may allocate the portion of the expense incurred or  
20 authorized by it in retaining additional personnel pursuant to section 20 of this  
21 title to the applicant or the company or companies involved. ~~In~~ As used in this

1 section, “agency” means an agency, board, commission, or department of the  
2 State enabled to authorize or retain personnel under section 20 of this title.

3 \* \* \*

4 (i) If an invoice for expenses incurred under subsection (a) of this section is  
5 not paid within 45 days after the date of mailing:

6 (1) the Commission may withhold the issuance of or revoke any related  
7 certificate of public good, provided the applicant is given an opportunity for  
8 hearing after reasonable notice;

9 (2) an agency may charge simple interest of one percent per month on  
10 the unpaid amount of the invoice for the period from 45 days after the date of  
11 mailing to the date of full payment of the amount due; and

12 (3) an agency may either contract with private collection agencies to  
13 collect principal and interest due or use setoff debt collection, as provided in  
14 32 V.S.A. §§ 5931–5940.

15 \* \* \* Judiciary Branch Fees \* \* \*

16 Sec. 24. 24 V.S.A. § 1981(a) is amended to read:

17 (a) Upon the filing of the complaint and entry of a judgment after hearing  
18 or entry of default by the hearing officer, subject to any appeal pursuant to  
19 4 V.S.A. § 1107, the person found in violation shall have up to 30 days to pay  
20 the penalty to the Judicial Bureau. ~~Upon the expiration of the period to pay~~  
21 ~~the penalty, the person found in violation shall be assessed a surcharge of~~



1 ~~Sec. 26. OFFICIAL STATE REVENUE ESTIMATE; JULY REVENUE~~

2 ESTIMATE; MEDICAID REPORT; FISCAL YEAR 2021;

3 COVID-19 EMERGENCY

4 Notwithstanding 32 V.S.A. § 305a(a) and (c)(2), in FY 2021, due to the  
5 COVID-19 emergency, the Joint Fiscal Office and the Secretary of  
6 Administration may extend to August 15, 2020 the date to submit the  
7 following to the Emergency Board:

8 (1) their respective July revenue estimates of State revenues in the  
9 General, Transportation, Transportation Infrastructure Bond, and Education  
10 Funds; and

11 (2) a report on the most recently ended fiscal year for all Medicaid and  
12 Medicaid-related programs, including caseload and expenditure information  
13 for each Medicaid eligibility group.

14 \* \* \* Effective Dates \* \* \*

15 Sec. 27. EFFECTIVE DATES

16 This act shall take effect on passage except:

17 (1) Notwithstanding 1 V.S.A. § 214, Sec. 8, 32 V.S.A. § 5870 (use tax  
18 reporting), shall take effect retroactively on January 1, 2020 and apply to  
19 taxable years beginning on and after January 1, 2020.

1 ~~(2) Notwithstanding 1 V.S.A. § 214, Secs. 13, 14 (annual link to federal~~  
2 ~~statutes), shall take effect retroactively on January 1, 2020 and apply to taxable~~  
3 ~~years beginning on and after January 1, 2019.~~

4 (3) Notwithstanding 1 V.S.A. § 214, Sec. 16 (TY 2016 refunds) shall  
5 take effect retroactively on April 15, 2020.

*\*\*\* Land Use Change Tax Lien Subordination \*\*\**

*Sec. 27. 2019 Acts and Resolves No. 20, Sec. 109 is amended to read:*

*Sec. 109. REPEALS*

*(a) 32 V.S.A. § ~~3757(f)~~ 3777 (land use change tax lien subordination) is*  
*repealed on July 1, 2020*

*\*\*\**

*Sec. 26. [Deleted.]*

*Sec. 27. [Deleted.]*

*\*\*\* Interest Rate; Overpayments and Underpayments \*\*\**

*Sec. 28. 32 V.S.A. § 3108(a) is amended to read:*

*(a) Not later than December 15 of each year, the Commissioner shall establish an annual rate of interest applicable to unpaid tax liabilities and tax overpayments that shall be equal to the average prime rate charged by banks during the immediately preceding 12 months commencing on October 1 of the prior year, rounded upwards to the nearest quarter percent. ~~Not later than December 15 of each year, the Commissioner shall establish an annual rate of~~*

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

~~\*\*\* Effective Dates \*\*\*~~

~~Sec. 29. EFFECTIVE DATES~~

~~This act shall take effect on passage except:~~

~~(1) Sec. 10a, 32 V.S.A. § 9741(54) (sales and use tax exemption), shall take effect on July 1, 2020, provided that if the date of passage of this act is after July 1, 2020, then notwithstanding 1 V.S.A. § 214, Sec. 10a shall take effect retroactively on July 1, 2020.~~

~~(2) Sec. 11 (universal service charge) shall take effect on July 1, 2021.~~

~~(3) Notwithstanding 1 V.S.A. § 214, Secs. 13–14 (annual link to federal statutes) shall take effect retroactively on January 1, 2020 and apply to taxable years beginning on and after January 1, 2019.~~

~~(4) Notwithstanding 1 V.S.A. § 214, Sec. 16 (TY 2016 refunds) shall take effect retroactively on April 15, 2020.~~

~~\*\*\* Tax Increment Financing Districts \*\*\*~~

~~Sec. 29. TAX INCREMENT FINANCING DISTRICTS; DEBT~~

~~INCURRENCE PERIODS; EXTENSIONS~~

~~(a) Notwithstanding any other provision of law, the period to incur indebtedness is extended for the following tax increment financing districts:~~



(1) The Barre City Downtown Tax Increment Financing District is extended to March 31, 2023.

(2) The Bennington Downtown Tax Increment Financing District is extended to March 31, 2028.

(3) The Burlington Downtown Tax Increment Financing District is extended to March 31, 2022.

(4) The three properties located within the Burlington Waterfront Tax Increment Financing District at 49 Church Street and 75 Cherry Street, as designated on the City of Burlington's Tax Parcel Maps as Parcel ID# 044-4-004-000, Parcel ID# 044-4-004-001, and Parcel ID# 044-4-033-000, is extended to June 30, 2022; provided, however, that the extension of the period to incur indebtedness is subject to the City of Burlington's submission to the Vermont Economic Progress Council on or before June 30, 2022 of an executed construction contract with a completion guarantee by the owner of the parcels evidencing commitment to construct not less than \$50 million of private development on the parcels.

(5) The Montpelier Tax Increment Financing District is extended to March 31, 2029.

(6) The South Burlington Tax Increment Financing District is extended to March 31, 2023.

(7) The St. Albans City Downtown Tax Increment Financing District is extended to March 31, 2023.

(b) This section does not:

(1) extend any period that the municipal or education tax increment may be retained by the tax increment financing districts listed in subsection (a) of this section; or

(2) amend any other tax increment financing requirements set forth in 24 V.S.A. chapter 53, subchapter 5; 32 V.S.A. § 5404a; or the TIF District Rule adopted in May 2015, applicable to the tax increment financing districts listed in subsection (a) of this section.

Sec. 30. 2013 Acts and Resolves No. 80, Sec. 18, as amended by 2016 Acts and Resolves No. 134, Sec. 9a, is further amended to read:

Sec. 18. BURLINGTON WATERFRONT TIF

(a) The authority of the City of Burlington to incur indebtedness for its waterfront tax increment financing district is hereby extended for five years beginning January 1, 2015; provided, however, that the City is authorized to extend the period to incur indebtedness for 6.5 years beginning on January 1, 2015 for three properties located within the waterfront tax increment financing

*district at 49 Church Street and 75 Cherry Street, as designated on the City's Tax Parcel Maps as the following:*

*(1) Parcel ID# 044-4-004-000;*

*(2) Parcel ID# 044-4-004-001;*

*(3) Parcel ID# 044-4-033-000.*

*\* \* \**

~~*(c) The extension of the period to incur indebtedness for the specific parcels in subdivision (a)(1)–(3) of this section is subject to the City of Burlington's submission to the Vermont Economic Progress Council of an executed construction contract with a completion guarantee by the owner of the parcels evidencing commitment to construct not less than \$50 million of private development on the parcels.*~~

*\* \* \* Effective Dates \* \* \**

*Sec. 31. EFFECTIVE DATES*

*This act shall take effect on passage except:*

*(1) Notwithstanding 1 V.S.A. § 214, Sec. 8, 32 V.S.A. § 5870 (use tax reporting), shall take effect retroactively on January 1, 2020 and apply to taxable years beginning on and after January 1, 2020.*

*(2) Sec. 11 (universal service charge) shall take effect on July 1, 2021.*

(3) Notwithstanding 1 V.S.A. § 214, Secs. 13–14 (annual link to federal statutes) shall take effect retroactively on January 1, 2020 and apply to taxable years beginning on and after January 1, 2019.

(4) Notwithstanding 1 V.S.A. § 214, Sec. 16 (TY 2016 refunds) shall take effect retroactively on April 15, 2020.