

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15 platforms to report to the Department of Taxes are repealed.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 by resignation, removal, or other cause. Before entering into their duties,
2 persons appointed as hearing officers shall take and subscribe the oath of the
3 office prescribed in the Constitution, which oath shall be filed with the
4 Director. The Director shall pay each hearing officer a sum not to exceed
5 ~~\$120.00~~ \$150.00 per diem for each day wherein hearings are held, together
6 with reasonable expenses as the Director may determine. A hearing officer
7 may subpoena witnesses, records, and documents in the manner provided by
8 law for serving subpoenas in civil actions and may administer oaths to
9 witnesses.

10 * * * Property Transfer Tax * * *

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

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

17 * * * Sales and Use Tax * * *

18 Sec. 8. 32 V.S.A. § 5870 shall be amended to read:

19 § 5870. REPORTING USE TAX ON INDIVIDUAL INCOME TAX
20 RETURNS

21 (a) The Commissioner of Taxes shall provide that individuals report use tax
22 on their State individual income tax returns. Taxpayers are required to attest to

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

8 (b) The amount of use tax a taxpayer may elect to report under subsection
9 (a) of this section shall be ~~0.10 percent of their adjusted gross income based on~~
10 the taxpayer's adjusted gross income as determined by the following tables;
11 provided, however, that a taxpayer shall not be required to pay more than
12 ~~\$500.00~~ \$150.00 for use tax liability under this subsection, arising from total
13 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>

1	<u>\$80,001.00 to \$90,000.00</u>	<u>\$40.00</u>
2	<u>\$90,001.00 to \$100,000.00</u>	<u>\$45.00</u>
3	<u>\$100,001.00 and over</u>	<u>the lesser of \$150.00 or</u>
4		<u>0.05% of adjusted gross</u>
5		<u>income.</u>

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

7 (9) "Vendor" means:

8 * * *

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

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

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

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

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

20 (ii) has either made sales from outside this State to destinations
21 within this State of at least \$100,000.00, or totaling at least 200 individual

1 sales transactions, during ~~any~~ the 12-month period preceding the monthly
2 period with respect to which that person's liability for tax under this chapter is
3 determined.

4 * * *

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

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

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

17 ~~(c) Each noncollecting vendor shall file a copy of the notice required by~~
18 ~~subsection (b) with the Department of Taxes on or before January 31 of each~~
19 ~~year. The notice required by this subsection only apply to noncollecting~~
20 ~~vendors who made \$100,000.00 or more of sales into Vermont in the previous~~
21 ~~calendar year. Failure to file a copy of the notice required by this subsection~~

1 shall subject the noncollecting vendor to a penalty of \$10.00 for each failure,
2 unless the noncollecting vendor shows reasonable cause. [Repealed.]

3 * * * Universal Service Charge * * *

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

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

1 of the rental transactions of persons acting as operators through the Internet
2 platform. The failure to provide information as required under this section
3 shall subject the person operating the Internet platform to a fine of \$5.00 for
4 each instance of failure. The Commissioner is authorized to adopt rules and
5 procedures to implement this section. [Repealed.]

6 * * * Income Tax * * *

7 * * * Annual Link to Federal Statutes * * *

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

9 § 5824. ADOPTION OF FEDERAL INCOME TAX LAWS

10 The statutes of the United States relating to the federal income tax, as in
11 effect on December 31, ~~2018~~ 2019, but without regard to federal income tax
12 rates under 26 U.S.C. § 1, are hereby adopted for the purpose of computing the
13 tax liability under this chapter.

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

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

* * * Income Tax Refunds * * *

1
2 Sec. 15. 32 V.S.A. § 5884(a) is amended to read:

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

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

1 HEALTH EMERGENCY

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

10 * * * Income Tax Returns * * *

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

12 § 5866. SUPPLEMENTAL INFORMATION; CHANGES IN FEDERAL

13 TAX LIABILITY OR TAXABLE INCOME

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

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

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

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

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

19 (5) Fraudulent failure to pay. When a taxpayer fraudulently or with
20 willful intent to defeat or evade a tax liability imposed by this title, ~~either~~ fails
21 to pay a tax liability on the date prescribed therefor, ~~or~~ requests and receives a

1 refund of a tax liability, or requests but does not receive a refund of a tax
2 liability, then, in addition to any interest payable pursuant to subsection (a) of
3 this section, the Commissioner may assess and the taxpayer shall then pay a
4 penalty equal to the amount of the tax liability unpaid on the prescribed date of
5 payment ~~or,~~ the amount received as a refund subsequent to that date, or the
6 amount requested but not received as a refund.

7 * * * Offsets; Public Service; Billback Authority * * *

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

9 § 21. PARTICULAR PROCEEDINGS AND ACTIVITIES; ASSESSMENT
10 OF COSTS

11 (a) An agency may allocate the portion of the expense incurred or
12 authorized by it in retaining additional personnel pursuant to section 20 of this
13 title to the applicant or the company or companies involved. ~~In~~ As used in this
14 section, “agency” means an agency, board, commission, or department of the
15 State enabled to authorize or retain personnel under section 20 of this title.

16 * * *

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

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

1 * * *

2 (7) Prior to the filing of any appeal from the Probate Division of the
3 Superior Court to the Civil Division of the Superior Court, there shall be paid
4 to the clerk of the court for the benefit of the State a fee of \$295.00 in lieu of
5 all other fees not otherwise set forth in this section.

6 * * *

7 * * * Official State Revenue Estimate; Emergency Board * * *

8 Sec. 26. OFFICIAL STATE REVENUE ESTIMATE; JULY REVENUE
9 ESTIMATE; MEDICAID REPORT; FISCAL YEAR 2021;
10 COVID-19 EMERGENCY

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

15 (1) their respective July revenue estimates of State revenues in the
16 General, Transportation, Transportation Infrastructure Bond, and Education
17 Funds; and

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

