

*** * * Administration's Miscellaneous Tax Bill Proposal * * ***

*** * * Income Tax * * ***

*** * * Passthrough Entity Composite Filers; Tax Rate * * ***

Sec. 1. 32 V.S.A. § 5914(b) is amended to read:

(b) The Commissioner may upon request and for ease of administration permit S corporations to file composite returns and to make composite payments of tax on behalf of some or all of its nonresident shareholders. In addition, the Commissioner may require an S corporation that has in excess of 50 nonresident shareholders to file composite returns and to make composite payments at the ~~middle~~ third marginal rate on behalf of all of its nonresident shareholders.

Sec. 2. 32 V.S.A. § 5920(b) is amended to read:

(b) The Commissioner may permit a partnership or limited liability company to file composite returns and to make composite payments of tax on behalf of some or all of its nonresident partners or members. In addition, the Commissioner may require a partnership or limited liability company that has in excess of 50 nonresident partners or members to file composite returns and to make composite payments at the ~~middle~~ third marginal rate on behalf of all of its nonresident partners or members.

*** * * Minimum Corporate Income Tax * * ***

Sec. 3. 32 V.S.A. § 5832 is amended to read:

§ 5832. TAX ON INCOME OF CORPORATIONS

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

(1) ~~an~~ An amount determined in accordance with the following schedule:

* * *

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

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

(C) For C corporations with Vermont gross receipts from \$0-\$2,000,000.00, the greater of the amount determined under subdivision (1) of this section or \$300.00; or

(D) For C corporations with Vermont gross receipts from \$2,000,001.00-\$5,000,000.00, the greater of the amount determined under subdivision (1) of this section or \$500.00; or

(E) For C corporations with Vermont gross receipts greater than \$5,000,000.00, the greater of the amount determined under subdivision (1) of this section or \$750.00.

* * * Penalties; Refund Fraud * * *

Sec. 4. 32 V.S.A. § 3202(b) is amended to read:

(b) Penalties.

* * *

(5) Fraudulent failure to pay. When a taxpayer fraudulently or with willful intent to defeat or evade a tax liability imposed by this title, either fails to pay a tax liability on the date prescribed therefor or requests and/or receives a refund of a tax liability, in addition to any interest

payable pursuant to subsection (a) of this section, the Commissioner may assess and the taxpayer shall then pay a penalty equal to the amount of the tax liability unpaid on the prescribed date of payment or the amount received or requested as a refund subsequent to that date.

* * *

* * * 529 Plans * * *

Sec. 5. 16 V.S.A. § 2876 is amended to read:

§ 2876. DEFINITIONS

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

* * *

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

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

* * *

Sec. 6. 16 V.S.A. § 2879a(a) is amended to read:

(a) Any participant may cancel a participation agreement at will, and any return of funds from the participant’s account shall be subject to terms and conditions established by the Corporation, provided that any penalties levied as a result comply with the ~~Internal Revenue Code’s~~ provisions of the Internal Revenue Code or Title 32 relating to Investment Plans.

Sec. 7. 16 V.S.A. § 2879e is amended to read:

§ 2879e. CONSTRUCTION AND APPLICATION

This subchapter shall be construed liberally in order to effectuate its legislative intent. The purposes of this subchapter and all provisions of this subchapter with respect to powers granted shall be broadly interpreted to effectuate such intent and purposes and not as to any limitation of powers. This subchapter shall be interpreted and enforced in a manner that shall achieve this public purpose in compliance with the applicable provisions of the Internal Revenue Code, except to the extent the Code is inconsistent with the provisions of 32 V.S.A. § 5825a.

Sec. 8. 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 ~~excluded from gross income in the taxable year under 26 U.S.C. § 529, as amended~~ 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. Repayments under this subsection 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. 9. REPORT ON NONPOSTSECONDARY USE OF HIGHER EDUCATION

INVESTMENT PLAN FUNDS

The Vermont Student Assistance Corporation shall report the amount of assets withdrawn by participants from the Vermont Higher Education Investment Plan in the preceding calendar year for education costs other than postsecondary education costs, as well as the total amount of

assets withdrawn by participants in the preceding calendar year, to the House Committee on Ways and Means and the Senate Committee on Finance annually on or before January 15.

* * * Education Property Tax * * *

* * * Education Property Tax Definitions; Homestead; Nonhomestead * * *

Sec. 10. 32 V.S.A. § 5401 is amended to read:

§ 5401. DEFINITIONS

As used in this chapter:

* * *

(7) “Homestead”:

(A) “Homestead” means the principal dwelling and parcel of land surrounding the dwelling, owned and occupied by a resident individual as the individual’s domicile or owned and fully leased on April 1, provided the property is not leased for more than 182 days out of the calendar year, or for purposes of the renter property tax adjustment under subsection 6066(b) of this title, is rented and occupied by a resident individual as the individual’s domicile.

* * *

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

(ii) A homestead further includes the principal dwelling of a widow or widower, provided that the dwelling is owned by the estate of the deceased spouse and it is

reasonably likely that the dwelling will pass to the widow or widower by law or valid will when the estate is settled.

* * *

(10) “~~Nonresidential~~ Nonhomestead property” means all property except:

* * *

Sec. 11. CONFORMING REVISIONS

(a) When preparing the Vermont Statutes Annotated for publication, the Office of Legislative Council shall make the following revisions throughout the statutes as needed for consistency with Sec. 10 of this act, as long as the revisions have no other effect on the meaning of the affected statutes:

(1) Replace “nonresidential” with “nonhomestead” in Title 32 and Title 16;

(2) Make revisions that are substantially similar to those described in subdivision

(1) of this subsection in other titles of the Vermont Statutes Annotated.

* * * Property Tax Adjustment Definitions; Household Income * * *

Sec. 12. 32 V.S.A. § 6061 is amended to read:

§ 6061. DEFINITIONS

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

* * *

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

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

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

(B) “Household income” does not mean:

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

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

* * *

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

* * *

(C) Without the inclusion of: any gifts from nongovernmental sources other than those described in subdivision (B) of this subdivision (5); surplus food or other relief in kind supplied by a governmental agency; or the first \$6,500.00 of income earned by a full-time student who qualifies as a dependent of the claimant under the federal Internal Revenue Code; the first \$6,500.00 of income received by a person who qualifies as a dependent of the claimant under the Internal Revenue Code and who is the claimant's parent or adult child with a disability; any income attributable to cancellation of debt; or payments made by the State pursuant to 33 V.S.A. chapters 49 and 55 for foster care, or payments made by the State or an agency designated in 18 V.S.A. § 8907 for adult foster care or to a family for the support of a person who is eligible and who has a

developmental disability. If the Commissioner determines, upon application by the claimant, that a person resides with a claimant who has a disability or was at least 62 years of age as of the end of the year preceding the claim, for the primary purpose of providing attendant care services (as defined in 33 V.S.A. § 6321) or homemaker or companionship services, with or without compensation, which allow the claimant to remain in his or her home or avoid institutionalization, the Commissioner shall exclude that person's modified adjusted gross income from the claimant's household income. The Commissioner may require that a certificate in a form satisfactory to him or her be submitted which supports the claim.

* * * Aggregate Common Level of Appraisal; Reappraisals * * *

Sec. 13. 32 V.S.A. § 4041a(b) is amended to read:

(b) If the Director of Property Valuation and Review determines that a municipality's education grand list is at a common level of appraisal below 80 percent or above 120 percent, or has a coefficient of dispersion greater than 20, or if the most recent appraisal was conducted 10 or more years prior, the municipality shall reappraise its education grand list properties. If the Director orders a reappraisal, the Director shall send the municipality written notice of the decision. The municipality shall be given 30 days to contest the finding under procedural rules adopted by the Director, to develop a compliance plan, or both. If the Director accepts a proposed compliance plan submitted by the municipality, the Director shall not order commencement of the reappraisal until the municipality has had one year to carry out that plan.

Sec. 14. 32 V.S.A. § 5403 is added to read:

§ 5403. ASSESSMENT DISTRICTS

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

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

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

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

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

* * * Distribution of Property Tax Adjustments * * *

Sec. 15. 32 V.S.A. § 6066a is amended to read:

§ 6066a. DETERMINATION OF PROPERTY TAX ADJUSTMENTS

(a) Annually, the Commissioner shall determine the property tax adjustment amount under section 6066 of this title, related to a homestead owned by the claimant. The Commissioner shall notify the municipality in which the housesite is located of the amount of the property tax adjustment for the claimant for homestead property tax liabilities, ~~on July 1 for timely filed claims and on November 1 for late claims filed by October 15~~ on a monthly basis. The tax adjustment of a claimant who was assessed property tax by a town ~~which~~ that revised the dates of its fiscal year, however, is the excess of the property tax ~~which~~ that was assessed in the last 12 months of the revised fiscal year, over the adjusted property tax of the claimant for the revised fiscal year as determined under section 6066 of this title, related to a homestead owned by the claimant.

* * *

(f) Property tax bills.

(1) For taxpayers and amounts stated in the notice to towns on or before July 1, municipalities shall create and send to taxpayers a homestead property tax bill, instead of the bill required under subdivision 5402(b)(1) of this title, providing the total amount allocated to payment of homestead education property tax liabilities and notice of the balance due. Nothing in this subdivision, however, shall be interpreted as altering the requirement under subdivision 5402(b)(1) of this title that the statewide education homestead tax be billed in a manner that is stated clearly and separately from any other tax. Municipalities shall apply the amount allocated under this chapter to current-year property taxes in equal amounts to each of the taxpayers' property tax installments that include education taxes. Notwithstanding section 4772 of this title, if a town issues a corrected bill as a result of the ~~November 1~~ notice sent by the Commissioner under subsection (a) of this section, issuance of the corrected new bill does not extend the time

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

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

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

Sec. 16. 32 V.S.A. § 4461(a) is amended to read:

(a) A taxpayer or the ~~Selectboard~~ selectboard members of a town aggrieved by a decision of the board of civil authority under subchapter 1 of this chapter may appeal the decision of the board to either the Director or the Superior Court of the county in which the property is located. The appeal to the Superior Court shall be heard without a jury. The appeal to either the Director or the Superior Court shall be commenced by filing a notice of appeal pursuant to Rule 74 of the Vermont Rules of Civil Procedure, within 30 days ~~of~~ after entry of the decision of the board of civil authority. The date of mailing of notice of the board's decision by the town clerk to the taxpayer shall be deemed the date of entry of the board's decision. The town clerk shall transmit a copy of the notice to the Director or to the Superior Court as indicated in the notice and shall record or attach a copy of the notice in the grand list book. The entry fee

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

* * * Current Use; Land Use Change Tax * * *

* * * Current Use Definitions * * *

Sec. 17. 32 V.S.A. § 3752 is amended to read:

§ 3752. DEFINITIONS

As used in this subchapter:

* * *

(5) “Development” means, for the purposes of determining whether a land use change tax is to be assessed under section 3757 of this chapter, the construction of any building, road, or other structure, or any mining, excavation, or landfill activity. “Development” also means the subdivision of a parcel of land into two or more parcels, regardless of whether a change in use actually occurs, where one or more of the resulting parcels contains less than 25 acres each; but if subdivision is solely the result of a transfer to one or more of a spouse, ex-spouse in a divorce settlement, parent, grandparent, child, grandchild, niece, nephew, or sibling of the transferor, or to the surviving spouse of any of the foregoing, then “development” shall not apply to any portion of the newly created parcel or parcels which qualifies for enrollment and for which, within 30 days following the transfer, each transferee or transferor applies for reenrollment in the use value appraisal program.

* * *

(10) “Owner” means the person who is the owner of record of any land or the lessee under a perpetual lease as defined in subsection 3610(a) of this title provided the term of the lease ~~exceeds~~ is for a minimum of 999 years exclusive of renewals. When enrolled land is

mortgaged, the mortgagor shall be deemed the owner of the land for the purposes of this subchapter, until the mortgagee takes possession, either by voluntary act of the mortgagor or foreclosure, after which the mortgagee shall be deemed the owner.

* * *

* * * Notification of Change of Appraisal * * *

Sec. 18. 32 V.S.A. § 3756(d) is amended to read:

(d) The assessing officials shall appraise qualifying agricultural and managed forestland and farm buildings at use value appraisal as defined in subdivision 3752(12) of this title. If the land to be appraised is a portion of a parcel, any portion not receiving a use value appraisal shall be valued at its fair market value as a stand-alone parcel, and, for the purposes of the payment under section 3760 of this chapter, the entire parcel shall be valued at its fair market value as other similar parcels in the municipality. The assessing officials shall notify the landowner according to the procedures for notification of change of appraisal.

* * * Land Use Change Tax; Calculation; Contingent Lien * * *

Sec. 19. 32 V.S.A. § 3757 is amended to read:

§ 3757. LAND USE CHANGE TAX

(a) Land which has been classified as agricultural land or managed forestland pursuant to this chapter shall be subject to a land use change tax upon the development of that land, as defined in section 3752 of this chapter. The tax shall be at the rate of 10 percent of the full fair market value of the changed land determined without regard to the use value appraisal. If changed land is a portion of a parcel, the fair market value of the changed land shall be the fair market value of the changed land as a separate parcel, ~~divided~~ multiplied by the common level of appraisal. Such fair market value shall be determined as of the date the land is no longer eligible

for use value appraisal. In the instance where a parcel is withdrawn and value established, and then a portion of the withdrawn parcel is developed, the lister will apply a prorated value to the developed parcel for the purpose of assessing the land use change tax. This tax shall be in addition to the annual property tax imposed upon such property. Nothing in this section shall be construed to require payment of an additional land use change tax upon the subsequent development of the same land, nor shall it be construed to require payment of a land use change tax merely because previously eligible land becomes ineligible, provided no development of the land has occurred.

(b) Any owner of eligible land who wishes to withdraw land from use value appraisal shall notify the Director, who shall in turn notify the local assessing official. In the alternative, if the Director determines that the land is no longer eligible ~~development has occurred~~, the Director shall notify the local assessing official of his or her determination. Thereafter, land which has been withdrawn or developed shall be appraised and listed at its full fair market value in accordance with the provisions of chapter 121 of this title and subsection 3756(d) of this title, according to the appraisal model and land schedule of the municipality.

* * *

(d) The land use change tax shall be due and payable by the owner 30 days after the tax notice is mailed to the taxpayer. The tax shall be paid to the Commissioner who shall remit to the municipality the lesser of one-half the tax paid or \$2,000.00. The Director shall deposit three-quarters of the remainder of the tax paid in the Education Fund, and one-quarter of the remainder of the tax paid in the General Fund. The Commissioner shall issue a form to the assessing officials which shall provide for a description of the land developed, the amount of tax payable, and the fair market value of the land at the time of development or withdrawal from use

value appraisal. ~~The owner shall fill out the form and shall sign it under the penalty of perjury.~~
~~After receipt of the completed and signed form,~~ the Commissioner shall furnish the owner with one copy, shall retain one copy, and shall forward one copy to the local assessing officials, one copy to the register of deeds of the municipality in which the land is located, and one copy to the Secretary of Agriculture, Food and Markets if the land is agricultural land and in all other cases to the Commissioner of Forests, Parks and Recreation.

* * *

(f)(1) When the application for use value appraisal of agricultural land and forestland has been approved by the State, the State shall record a notice of contingent lien against the enrolled land in the land records of the municipality ~~that shall constitute a lien to secure payment of the land use change tax to the State upon development.~~ The landowner shall bear the recording cost. The notice of contingent lien shall constitute notice to all interested parties that a lien against the enrolled land shall be created upon the recording in the land records of a determination that development of that land as defined in section 3752 of this chapter has occurred. The lien created by the recording of the notice of development shall be for the amount of the land use change tax then due, as specified in the notice of development. A lien recorded in the land records of a municipality under this section on or after April 17, 1978 shall be deemed to be a contingent lien.

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

- (A) the land use change tax is paid;
- (B) the land use change tax is abated pursuant to this section;
- (C) the land use change tax is abated pursuant to subdivision 3201(5) of this title;
- (D) the land is exempt from the levy of the land use change tax pursuant to this section and the owner requests release of the lien; or
- (E) the land is exempt from the levy of the land use change tax pursuant to this section and the land is developed.

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

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* * * Repeals; Land Use Change Tax Lien Subordination * * *

Sec. 20. REPEAL; LAND USE CHANGE TAX LIEN SUBORDINATION

Sec. X, 32 V.S.A. § 3777(f) (land use change tax lien subordination) is repealed on July 1, 2020.

* * * Sales and Use Tax * * *

* * * Prewritten Computer Software Accessed Remotely * * *

Sec. 21. 32 V.S.A. § 9741 is amended to read:

§ 9741. SALES NOT COVERED

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

* * *

(53) Charges made for the right to access prewritten computer software remotely.

Sec. 22. REPEAL; PREWRITTEN SOFTWARE ACCESSED REMOTELY

2015 Acts and Resolves No. 51, Sec. G.8 (prewritten software accessed remotely) is repealed.

* * * Local Option Tax; Return Fee * * *

Sec. 23. 24 V.S.A. § 138(c) is amended to read:

(c) Any tax imposed under the authority of this section shall be collected and administered by the Department of Taxes, in accordance with State law governing such State tax or taxes; provided, however, that a sales tax imposed under this section shall be collected on each sale that is subject to the Vermont sales tax using a destination basis for taxation. Except with respect to taxes collected on the sale of aviation jet fuel, a per-return fee of ~~\$5.96~~ \$2.83 shall be assessed to compensate the Department for the costs of administration and collection, 70 percent of which shall be borne by the municipality, and 30 percent of which shall be borne by the State to be paid from the PILOT Special Fund. The fee shall be subject to the provisions of 32 V.S.A. § 605.

* * * Meals and Rooms Tax * * *

* * * Taxable Meal Exclusions * * *

Sec. 24. 32 V.S.A. § 9202(10)(D) is amended to read:

(D) “Taxable meal” shall not include:

* * *

(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.

* * * Short-Term Rental Platform Reporting * * *

Sec. 25. 32 V.S.A. § 9248 is amended to read:

§ 9248. INFORMATIONAL REPORTING

The Department of Taxes shall collect information on operators from persons providing an Internet platform for the short-term rental of property for occupancy in this State if the persons providing a platform have not entered into a written agreement with the Department to collect and remit the tax imposed under this subchapter on behalf of operators using the platform. 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.

* * * Insurance Taxes * * *

Sec. 26. 32 V.S.A. § 8557 is amended to read:

(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.

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

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

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

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

Sec. 27. 8 V.S.A. § 5034 is amended to read:

§ 5034. QUARTERLY REPORTS; SUMMARY OF EXPORTED BUSINESS

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

Sec. 28. 8 V.S.A. § 5035 is amended to read:

§ 5035. SURPLUS LINES TAX

* * *

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

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

Sec. 29. 8 V.S.A. § 5036 is amended to read:

§ 5036. DIRECT PLACEMENT OF INSURANCE

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

- (1) the name and address of the insured or insureds;
- (2) the name and address of the insurer or insurers;

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

* * *

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

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

* * * Tax Administration * * *

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

Sec. 30 32 V.S.A. § 3102(d) is amended to read:

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

* * *

(8) to the Attorney General, the Data Clearinghouse established in the October 2017 Non-Participating Manufacturer Adjustment Settlement Agreement, which the State of Vermont

joined in 2018, the National Association of Attorneys General, and counsel for the parties to the Agreement as required by the Agreement and to the extent necessary to comply with the Agreement and only as long as the State is a party thereto.

* * * Annual Calculation; Interest Rates * * *

Sec. 31. 32 V.S.A. § 3108(a) is amended to read:

(a) Not later than December 15 of each year, the Commissioner shall establish ~~a~~ an annual rate of interest applicable to tax overpayments which 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. ~~An annual rate thus established shall be converted to a monthly rate which shall be rounded upwards to the nearest 10th of a percent.~~ Not later than December 15 of each year, the Commissioner shall establish annual ~~and monthly~~ rates of interest applicable to unpaid tax liabilities, which in each instance shall be equal to the annual ~~and monthly~~ rates established for tax overpayments plus 200 basis points. The rates 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.

* * * Tax Liability as Property Lien; Foreclosure * * *

Sec. 32. 32 V.S.A. § 5895(c) is amended to read:

(c) The lien provided for by this section may be foreclosed at any time after the tax liability with respect to which the lien arose becomes collectible under section 5886 of this title. In the case of real property, the lien may be foreclosed in the manner prescribed in 12 V.S.A. §§ ~~4523~~ 4931 through ~~4530~~ 4954 and in such rules as the Supreme Court may promulgate for the

foreclosure of mortgages on real estate. In the case of personal property, the lien may be satisfied in the manner prescribed in 9A V.S.A. Article 9 for the disposition of collateral under a security interest, or in the manner provided by law for the foreclosure of other security interests in personal property.

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

Sec. 33. 32 V.S.A. § 9275 is amended to read:

§ 9275. APPEALS

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

Sec. 34. 32 V.S.A. § 9817 is amended to read:

§ 9817. REVIEW OF COMMISSIONER'S DECISION

(a) Any aggrieved taxpayer may, within 30 days after any decision, order, finding, assessment or action of the Commissioner made under this chapter, appeal to the Washington Superior Court or the Superior Court of the county in which the taxpayer resides or has a place of business. ~~The appellant shall give security, approved by the Commissioner, conditioned to pay~~

~~the tax levied, if it remains unpaid, with interest and costs, as set forth in subsection (c) of this section.~~

(b) The appeal provided by this section shall be the exclusive remedy available to any taxpayer for review of a decision of the Commissioner determining the liability of the taxpayer for the taxes imposed.

~~(c) Irrespective of any restrictions on the assessment and collection of deficiencies, the Commissioner may assess a deficiency after the expiration of the period specified in subsection (a) of this section, notwithstanding that a notice of appeal regarding the deficiency has been filed by the taxpayer, unless the taxpayer, prior to the time the notice of appeal is filed, has paid the deficiency, has deposited with the Commissioner the amount of the deficiency, or has filed with the Commissioner a bond (which may be a jeopardy bond) in the amount of the portion of the deficiency (including interest and other amounts) in respect of which review is sought and all costs and charges which may accrue against the taxpayer in the prosecution of the proceeding, including costs of all appeals, and with surety approved by the Superior Court, conditioned upon the payment of the deficiency (including interest and other amounts) as finally determined and all costs and charges. If as a result of a waiver of the restrictions on the assessment and collection of a deficiency any part of the amount determined by the Commissioner is paid after the filing of the appeal bond, the bond shall, at the request of the taxpayer, be proportionately reduced. [Repealed.]~~

* * * Technical Corrections * * *

* * * Assessments, Collections, Penalties, and Interest * * *

Sec. 35. 32 V.S.A. § 5409(3) is amended to read:

(3) In any case of administration under subdivision (2) of this section by the Commissioner of Taxes of education property tax:

(A) Sections 3202, 3203, 5868, ~~5869~~, 5873, ~~5875, 5881~~ 5882-5887, and 5891-5895 of this title, as amended, shall apply in the same manner as to income tax.

* * *

Sec. 36. 32 V.S.A. § 7477(b) is amended to read:

(b) Upon the failure of a taxpayer to file any return required under this chapter within 15 days of the date of a notice to the taxpayer under section 7476 of this title, whether or not a petition has been or will be filed under subsection (a) of this section, the Commissioner may compute the tax liability of the taxpayer with respect to which the return was required to be filed, according to the Commissioner's best information and belief. Upon that computation, the Commissioner shall notify the taxpayer of his or her deficiency with respect to the payment of that tax liability, and may assess any penalty or interest with respect thereto, under ~~section 7485~~ sections 3202 and 3203 of this title.

* * * Electrical Energy Tax * * *

Sec. 37. 32 V.S.A. § 435(b) is amended to read:

(b) The General Fund shall be composed of revenues from the following sources:

* * *

(3) ~~Electrical energy tax levied pursuant to chapter 213 of this title~~ [Repealed.];

* * *

Sec. 38. REPEAL; ELECTRICAL ENERGY TAX

32 V.S.A. § 8661 (taxation of electrical generating plants) is repealed.

* * * Solar Energy Investment Tax Credit * * *

Sec. 39. 32 V.S.A. § 5822 is amended to read:

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

* * *

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

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

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

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

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

(2) decreased by 24 percent of the reduction in the taxpayer's federal tax liability due to farm income averaging.

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

* * *

Sec. 40. REPEAL; BUSINESS SOLAR ENERGY TAX CREDIT

32 V.S.A. § 5930z (business solar energy tax credit) is repealed.

* * * Fuel Tax; Low Income Home Weatherization Assistance * * *

Sec. 41. 33 V.S.A. § 2502 is amended to read:

§ 2502. HOME WEATHERIZATION ASSISTANCE PROGRAM

[placeholder]

Sec. 42. 33 V.S.A. § 2503 is amended to read:

§ 2503. FUEL TAX

(a)(1) There is imposed a tax on the retail sale of heating oil, propane, kerosene, and other dyed diesel fuel delivered ~~to a residence or business~~ in Vermont, at the rate of \$0.02 per gallon, except that deliveries to any agency, authority, political subdivision, or instrumentality of the United States, the State of Vermont, or a municipality are exempt from this tax.

* * *

(d) ~~No tax under this section shall be imposed for any month ending after June 30, 2019.~~

[Repealed.]

* * * Effective Date * * *

Sec. 43. EFFECTIVE DATE

This act shall take effect on passage.