1 Introduced by Committee on Ways and Means

2 Date:

3	Subject: Taxation; sales and use tax; meals and rooms tax; personal income
4	tax; corporate income tax; education property tax; property transfer
5	tax; administration; confidentiality

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The requirements for noncollecting vendors and short-term rental 14 platforms to report to the Department of Taxes are repealed.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

20 An act relating to miscellaneous tax provisions

1	It is hereby enacted by the General Assembly of the State of Vermont:
2	* * * Education Property Tax * * *
3	Sec. 1. 32 V.S.A. § 4261 is amended to read:
4	§ 4261. CORRECTING OMISSION FROM GRAND LIST
5	When real or personal estate is omitted from the grand list by mistake, or an
6	obvious error is found, the listers, with the approval of the Selectboard
7	selectboard, on or before December 31, may supply such omissions or correct
8	such errors and make a certificate thereon of the fact; provided, however, the
9	listers may make a correction resulting from the filing or rescission of a
10	homestead declaration without approval of the Selectboard selectboard.
11	Sec. 2. 32 V.S.A. § 4342 is amended to read:
12	§ 4342. EXTENSIONS BY THE DIRECTOR
13	On written application therefor made by the listers or assessors of any town,
14	with the approval of the Selectboard selectboard of the town or mayor of the
15	city, the several dates fixed by law and extended by the preceding section or
16	the charter of any municipal corporation, on or before which certain acts must
17	be done relating to duties of listers and assessors, may be further extended by
18	the Director and such extensions shall be in writing and shall be recorded in
19	the office of the town clerk.
20	Sec. 3. 32 V.S.A. § 5402(b)(1) is amended to read:
21	(1) The Commissioner of Taxes shall determine for each municipality
22	the education tax rates under subsection (a) of this section, divided by the
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1	municipality's most recent common level of appraisal. The legislative body in
2	each municipality shall then bill each property taxpayer at the homestead or
3	nonhomestead rate determined by the Commissioner under this subdivision,
4	multiplied by the education property tax grand list value of the property,
5	properly classified as homestead or nonhomestead property and without regard
6	to any other tax classification of the property. Statewide education property
7	tax bills shall show the tax due and the calculation of the rate determined under
8	subsection (a) of this section, divided by the municipality's most recent
9	common level of appraisal, multiplied by the current grand list value of the
10	property to be taxed. Statewide education property tax bills shall also include
11	language provided by the Commissioner pursuant to subsection 5405(g) of this
12	title. The Commissioner shall prescribe the format for presenting the
13	following information on property tax bills:
14	(A) school parcel account number;
15	(B) school code;
16	(C) housesite value;
17	(D) statewide education and municipal tax assessed on the housesite;
18	(E) assessed and total taxable value;
19	(F) homestead and non-homestead value;
20	(G) exemptions;
21	(H) all applicable municipal and education tax rates;
22	(I) tax rates for each tax type;

1	(J) gross tax liability for each tax type and total tax liability;
2	(K) amount of homestead property tax credit; and
3	(L) net tax liability.
4	Sec. 4. 32 V.S.A. § 5405(f) is amended to read:
5	(f) Within the limits of the resources available for that purpose, the
6	Commissioner may employ such individuals, whether on a permanent,
7	temporary, or contractual basis, as shall be necessary, in the judgment of the
8	Commissioner, to aid in the performance of duties under this section. The
9	Commissioner shall pay each municipality the sum of \$1.00 per grand list
10	parcel in the municipality, for services provided to the Commissioner in
11	connection with his or her the performance of duties under this section. Such
12	payment shall be made from the equalization and reappraisal account within
13	the Education Fund. Each municipality shall deposit payments received under
14	this subsection into a special fund that shall be used to support the preparation
15	of the education property tax grand list.
16	* * * Current Use * * *
17	Sec. 5. 32 V.S.A. § 3752(10) is amended to read:
18	(10) "Owner" means the person who is the owner $\frac{1}{100}$ of any land
19	or the lessee under a perpetual lease as defined in subsection 3610(a) of this
20	title provided the term of the lease is for a minimum of 999 years exclusive of
21	renewals. When enrolled land is mortgaged, the mortgagor shall be deemed
22	the owner of the land for the purposes of this subchapter, until the mortgagee
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1	takes possession, either by voluntary act of the mortgagor or foreclosure, after
2	which the mortgagee shall be deemed the owner.
3	* * * Income Sensitivity; Household Income * * *
4	Sec. 6. 32 V.S.A. § 6061(5) is amended to read:
5	(5) "Modified adjusted gross income" means "federal adjusted gross
6	income":
7	* * *
8	(D) Without the inclusion of adjustments to total income except
9	certain business expenses of reservists, one-half of self-employment tax paid,
10	alimony paid, deductions for tuition and fees, contributions to Simplified
11	Employee Pension (SEP) plans made in the taxable year, health insurance costs
12	of self-employed individuals, and health savings account deductions.
13	* * *
14	* * * Property Tax Hearing Officer Per Diem * * *
15	Sec. 7. 32 V.S.A. § 4465 is amended to read:
16	§ 4465. APPOINTMENT OF PROPERTY VALUATION HEARING
17	OFFICER; OATH; PAY
18	When an appeal to the Director is not withdrawn, the Director shall refer the
19	appeal in writing to a person not employed by the Director, appointed by the
20	Director as hearing officer. The Director shall have the right to remove a
21	hearing officer for inefficiency, malfeasance in office, or other cause. In like
22	manner, the Director shall appoint a hearing officer to fill any vacancy created
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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	$\frac{120.00}{150.00}$ 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. 8. 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 or,
14	in the case of a transfer or acquisition of a controlling interest in a person with
15	title to property for which a deed is not given, within 30 days after transfer or
16	acquisition.
17	* * * Sales and Use Tax * * *
18	Sec. 9. 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
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1	the amount of their use tax liability u	nder chapter 233 of this title for the period
2	of the tax return. Alternatively, they	may elect to report an amount that is a
3	percentage of their adjusted gross inc	ome determined under subsection (b) of
4	this section, as shown on a table publ	ished by the Commissioner of Taxes; and
5	use tax liability arising from the purcl	hase of each item with a purchase price in
6	excess of \$1,000.00 shall be added to	the table amount shown under subsection
7	(b) of this section.	
8	(b) The amount of use tax a taxpa	yer may elect to report under subsection
9	(a) of this section shall be 0.10 percer	nt 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 sh	all not be required to pay more than
12	\$500.00 <u>\$150.00</u> for use tax liability	under this subsection, arising from total
13	purchases of items with a purchase pr	rice of \$1,000.00 or less.
14	If adjusted gross income is:	The tax is:
15	Not over \$20,000.00	<u>\$0.00</u>
16	\$20,001.00 to \$30,000.00	\$10.00
17	\$30,001.00 to \$40,000.00	\$15.00
18	\$40,001.00 to \$50,000.00	\$20.00
19	\$50,001.00 to \$60,000.00	\$25.00
20	\$60,001.00 to \$70,000.00	\$30.00
21	\$70,001.00 to \$80,000.00	\$35.00
21	\$80,001.00 to \$90,000.00	<u>\$40.00</u>
	<u>400,001.00 10 490,000.00</u>	<u>\$40.00</u>

1	\$90,001.00 to \$100,000.00	<u>\$45.00</u>
2	<u>\$100,001.00 and over</u>	the lesser of \$150.00 or
3		0.05% of adjusted gross
4		income.
5	Sec. 10. 32 V.S.A. § 9701(9) is amende	d to read:
6	(9) "Vendor" means:	
7	* *	*
8	(F) A person making sales of t	angible personal property from outside
9	this State to a destination within this Sta	te and not maintaining a place of
10	business or other physical presence in th	is State that:
11	(i) engages in regular, syste	matic, or seasonal solicitation of sales
12	of tangible personal property in this Stat	e:
13	(I) by the display of adve	ertisements in this State;
14	(II) by the distribution of	f catalogues, periodicals, advertising
15	flyers, or other advertising by means of	print, radio, or television media; or
16	(III) by mail, Internet, te	lephone, computer database, cable,
17	optic, cellular, or other communication	systems, for the purpose of effecting
18	sales of tangible personal property; and	
19	(ii) has either made sales from	om outside this State to destinations
20	within this State of at least \$100,000.00,	or totaling at least 200 individual
21	sales transactions, during any the 12-mo	nth period preceding the monthly

period with respect to which that person's liability for tax under this chapter is
 determined.

3	* * *
4	(J) A marketplace facilitator who has facilitated sales by marketplace
5	sellers to destinations within this State of at least \$100,000.00, or totaling at
6	least 200 individual sales transactions, during any the 12-month period
7	preceding the monthly period with respect to which that person's liability for
8	tax under this chapter is determined.
9	(K) A marketplace seller who has combined sales to a destination
10	within this State and sales through a marketplace to a destination within this
11	State of at least \$100,000.00, or totaling at least 200 individual sales
12	transactions, during any the 12-month period preceding the monthly period
13	with respect to which that person's liability for tax under this chapter is
14	determined.
15	Sec. 11. 32 V.S.A. § 9712(c) is amended to read:
16	(c) Each noncollecting vendor shall file a copy of the notice required by
17	subsection (b) with the Department of Taxes on or before January 31 of each
18	year. The notice required by this subsection only apply to noncollecting
19	vendors who made \$100,000.00 or more of sales into Vermont in the previous
20	calendar year. Failure to file a copy of the notice required by this subsection
21	shall subject the noncollecting vendor to a penalty of \$10.00 for each failure,
22	unless the noncollecting vendor shows reasonable cause. [Repealed.]

1	* * * Universal Service Charge * * *
2	Sec. 12. 30 V.S.A. § 7521(e) is amended to read:
3	(e)(1) Notwithstanding any other provision of law to the contrary,
4	beginning on January 1, 2020, the Universal Service Charge shall be imposed
5	on all retail sales of prepaid wireless telecommunications service subject to the
6	sales and use tax imposed under 32 V.S.A. chapter 233. The charges shall be
7	collected by sellers or marketplace facilitators collecting sales tax pursuant to
8	32 V.S.A. § 9713 and remitted to the Department of Taxes in the manner
9	provided under 32 V.S.A. chapter 233. Upon receipt of the charges, the
10	Department of Taxes shall have 30 days to remit the funds to the fiscal agent
11	selected under section 7503 of this chapter. The Commissioner of Taxes shall
12	establish registration and payment procedures applicable to the Universal
13	Service Charge imposed under this subsection consistent with the registration
14	and payment procedures that apply to the sales tax imposed on such services
15	and also consistent with the administrative provisions of 32 V.S.A. chapter
16	151, including any enforcement or collection action available for taxes owed
17	pursuant to that chapter.
18	(2) If a minimal amount of prepaid wireless telecommunications service
19	is sold with a prepaid wireless device for a single, nonitemized price, then the
20	seller may elect not to apply the Universal Service Charge to such transaction.
21	(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 32
10	<u>V.S.A. § 9701(56).</u>
11	* * * Meals and Rooms Tax * * *
12	See 12 22 V S A $\&$ 0248 is smended to read:
12	Sec. 13. 32 V.S.A. § 9248 is amended to read:
13	§ 9248. INFORMATIONAL REPORTING
13	§ 9248. INFORMATIONAL REPORTING
13 14	§ 9248. INFORMATIONAL REPORTING The Department of Taxes shall collect information on operators from
13 14 15	§ 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
13 14 15 16	§ 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. The information collected shall include any
13 14 15 16 17	§ 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. The information collected shall include any information the Commissioner shall require, and the name, address, and terms
13 14 15 16 17 18	§ 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. 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
 13 14 15 16 17 18 19 	§ 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. 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

1	* * * Income Tax * * *
2	* * * Annual Link to Federal Statutes * * *
3	Sec. 14. 32 V.S.A. § 5824 is amended to read:
4	§ 5824. ADOPTION OF FEDERAL INCOME TAX LAWS
5	The statutes of the United States relating to the federal income tax, as in
6	effect on December 31, $\frac{2018}{2019}$, but without regard to federal income tax
7	rates under 26 U.S.C. § 1, are hereby adopted for the purpose of computing the
8	tax liability under this chapter.
9	Sec. 15. 32 V.S.A. § 7402(8) is amended to read:
10	(8) "Laws of the United States" means the U.S. Internal Revenue Code
11	of 1986, as amended through December 31, 2018 2019. As used in this
12	chapter, "Internal Revenue Code" has the same meaning as "laws of the United
13	States" as defined in this subdivision.
14	* * * Refunds; Reversed Assessments * * *
15	Sec. 16. 32 V.S.A. § 5884(a) is amended to read:
16	(a) At any time within three years after the date a return is required to be
17	filed under this chapter, six months from the date a tax liability is paid or
18	offset, or six months after a refund was received from the United States with
19	respect to an income tax liability, or an amount of taxable income, under the
20	laws of the United States, reported in a return filed under the laws of the
21	United States for the taxable year, with respect to which that return was filed
22	under this chapter, whichever is later, a taxpayer may petition the

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1	Commissioner for the refund of all or any part of the amount of tax paid with
2	respect to the return. Unless the period is extended by agreement of the
3	Commissioner and the taxpayer, the Commissioner shall thereafter, upon
4	notice to the taxpayer, hold a hearing on the claim and shall notify the taxpayer
5	of his or her determination of the claim within 30 days of the hearing. The
6	failure of the Commissioner to refund the amount claimed by a taxpayer within
7	six months of the date of the petition for the refund, under this subsection, shall
8	be considered to be a notification to the taxpayer of the Commissioner's
9	determination concerning the claim. The notification shall be considered to
10	have been given on the date of the expiration of the six-month period.
11	* * * Income Tax Returns * * *
12	Sec. 17. 32 V.S.A. §5868 is amended to read:
13	§ 5868. EXTENSION OF TIME FOR FILING OF RETURNS
14	The Commissioner may extend the time within which a taxpayer is required
15	to file a return. The Commissioner shall, upon receipt of documentation that a
16	corporation has been granted either an automatic or a good cause extension of
17	the time for filing its United States income tax return, extend the time for filing
18	the corporation's Vermont income tax return to 30 days one month after the
19	extended date for filing the United States income tax return, provided the
20	corporation indicates on the return that it received an extension to file its
21	United States income tax return. An extension of the time in which to file a

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1	return will not result in a corresponding extension of the time for the payment
2	of the tax liability with respect to which the return is filed.
3	Sec. 18. 32 V.S.A. § 5866 is amended to read:
4	§ 5866. SUPPLEMENTAL INFORMATION; CHANGES IN FEDERAL
5	TAX LIABILITY OR TAXABLE INCOME
6	(a) If, after the time for filing any return required by this chapter, a
7	taxpayer
8	(1) becomes aware of any information which makes that return
9	materially false, inaccurate, or incomplete; or
10	(2) is notified of any assertion by the United States, whether under
11	Section 6212 of the Internal Revenue Code of 1986 or otherwise, that the
12	taxpayer's taxable income under the laws of the United States is other than the
13	amount stated in the return; or
14	(3) files an amended return under the laws of the United States,
15	
16	the taxpayer shall, within $60 \underline{180}$ days of the receipt of that information or
17	notification of that assertion or filing that amended return, notify the
18	Commissioner thereof, and of such particulars as may be relevant to the
19	amount of any tax liability of the taxpayer under this chapter.
20	* * *
21	* * * Department of Taxes; Administration * * *
22	Sec. 19. 32 V.S.A. § 3102(n) is added to read:

1	(n) Data reported to the Commissioner of Taxes by a deposit initiator under
2	10 V.S.A. § 1530 shall not be considered confidential return or return
3	information under this section, provided that the Commissioner may disclose
4	the data in summary or aggregated form that does not directly or indirectly
5	identify individual deposit initiators except to the Secretary of Natural
6	Resources in relation to the administration of 10 V.S.A. chapter 53.
7	Sec. 20. 10 V.S.A. § 1530(e) is amended to read:
8	(e) Data reported to the Secretary of Natural Resources and the
9	Commissioner of Taxes by a deposit initiator under this section shall be
10	confidential business information exempt from public inspection and copying
11	under 1 V.S.A. § 317(c)(9) but shall not be confidential return information
12	under 32 V.S.A. § 3102, provided that the Commissioner of Taxes may use
13	and disclose such information in summary or aggregated form that does not
14	directly or indirectly identify individual deposit initiators except to the
15	Secretary of Natural Resources in relation to the administration of this chapter.
16	Sec. 21. 32 V.S.A. § 3202(b)(5) is amended to read:
17	(5) Fraudulent failure to pay. When a taxpayer fraudulently or with
18	willful intent to defeat or evade a tax liability imposed by this title, either fails
19	to pay a tax liability on the date prescribed therefor, or requests and receives a
20	refund of a tax liability, or requests but does not receive a refund of a tax
21	liability, then, in addition to any interest payable pursuant to subsection (a) of
22	this section, the Commissioner may assess and the taxpayer shall then pay a
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1	penalty equal to the amount of the tax liability unpaid on the prescribed date of
2	payment or, the amount received as a refund subsequent to that date, or the
3	amount requested but not received as a refund.
4	* * * Effective Dates * * *
5	Sec. 22. EFFECTIVE DATES
6	This act shall take effect on passage except:
7	(1) Sec. 3, 32 V.S.A. § 5402(b)(1) (property tax bill), shall take effect on
8	January 1, 2022.
9	(2) Notwithstanding 1 V.S.A. § 214, Secs. 6, 32 V.S.A. § 6061(5)
10	(household income), and 9, 32 V.S.A. § 5870 (use tax reporting), shall take
11	effect retroactively on January 1, 2020 and apply to taxable years beginning on
12	and after January 1, 2020.
13	(3) Notwithstanding 1 V.S.A. § 214, Secs. 14–15 (annual link to federal
14	statutes) shall take effect retroactively on January 1, 2020 and apply to taxable
15	years beginning on and after January 1, 2019.