

# Vermont Legislative Joint Fiscal Office

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## *FISCAL NOTE*

Date: February 28, 2019

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Miscellaneous Tax Bill: Draft 4.1

**Summary:** This bill proposes to make numerous substantive and administrative changes to Vermont's tax laws. The bill permits the creation of merged property assessment districts to match merged school districts. The bill moves the collection and administration of the fire safety insurance tax, the direct placement insurance tax, and the surplus lines tax from the Department of Financial Regulation to the Department of Taxes. The bill makes numerous other changes, including changes to the current use lien system, the definitions of household income and homestead, tobacco taxes, and higher education investment plans.

### **Fiscal Impact**

The Joint Fiscal Office estimates that this bill will impact revenues by \$60,000 in Fiscal Year 2020 and in future fiscal years. This additional revenue will accrue to the General Fund.

<b>Misc. Tax Bill: Revenue Impact, in millions</b>				
<b>Sections</b>	<b>Provision</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>
<b>Department of Taxes/Miscellaneous Provisions</b>				
1	Tax disclosure exemption for tobacco settlement			
2	Elimination of monthly interest rate for tax over/underpayment			
3	PVR Fee waiver			
4	Clean up of VT Solar Energy Tax Credit language			
5-6	Annual link up to federal statutes for income tax			
7	Corporate minimum tax receipts clarification to include Vermont gross receipts			
8-9	Extends withholding exemption to lower-tier passthrough affiliates			
10	Adds meals for resale to definition of taxable meal			
11-12	Removal of security requirement for tax appellants			
<b>529 Plans</b>				
13-17	529 plan/credit repayment/definition changes	\$0.06	\$0.06	\$0.06
<b>Education Property Tax</b>				
18	Amendment of homestead definition to include widow/widowers			
20	Definition of household income amended to exclude income of separated spouse			
21	Allows Tax to order reappraisals with CLA lower than 85 or exceeds 115			
22-24	Merged districts can merge assessment districts			
25	Increases frequency with which Tax Department pays municipalities for homestead adjustment			
26-30	Changes term "property tax adjustment" to "property tax credit"			
<b>Use Value Appraisal Provisions</b>				
31	Exemption for transfer of property in current use for divorces			
32	Contingent liens for current use			
<b>Other Taxes</b>				
33-36	Shifts certain collection duties from DFR to Tax Department			
36a	Clarifies that auto parts used to recondition a motor vehicle are exempt from sales tax			
<b>Repeals</b>				
37	Repeals sections on land use change tax subordination, solar tax credit, and electrical generation tax			
38	Effective dates			
<b>Total Revenue Impact (GF)</b>		<b>\$0.06</b>	<b>\$0.06</b>	<b>\$0.06</b>