

Section-by-Section – Misc. Tax Bill

Sec. #	Title	Recommendations / Proposed Language / Important Points to Consider	Notes
Income Tax			
1. 2.	<p>Fix the composite tax rate references for passthrough entities 32 V.S.A. §§ 5914(b), 5920(b)</p> <ul style="list-style-type: none"> • This technical correction is urgent and must pass during this legislative session. • The bracket referenced under previous law was eliminated. Need to codify the proper tax treatment to avoid legal challenge. 		
3.	<p>Minimum Corporate Income tax 32 V.S.A. § 5832</p> <ul style="list-style-type: none"> • Clarify that CIT applies to “Vermont” gross receipts, which means “gross receipts for the corporation that are attributable to Vermont,” rather than total receipts. 		
4.	<p>Allow the Department to penalize attempted refund fraud 32 V.S.A. § 3202(b)</p> <ul style="list-style-type: none"> • Currently, the Department can only penalize successful refund fraud. A simple amendment to this section would allow the same penalty to be applied when fraud is attempted but not successful. 		
5. 6. 7. 8. 9.	<p>529 Plans</p> <ul style="list-style-type: none"> • Was part of H.2, which did not pass last session. • The Department is supportive of the language as amended in H.2 • Redefines appropriate uses, to decouple from federal law and to limit use of VHEIP funds to approved postsecondary education institutions only. • Includes language regarding recapture of tax credits. 		

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Education Property Tax			
	PROPERTY TAX DEFINITIONS		
10.	Homestead of surviving spouse 32 V.S.A. § 5401(7) <ul style="list-style-type: none"> • Was part of H.2, which did not pass last session. • Amends education property tax definition of “homestead” to include the principal dwelling of a widower or widow when the dwelling is owned by the estate of the person’s deceased spouse and it appears reasonably likely that the dwelling will pass to the widower or widow by law or valid will when the estate is settled. 		
	Changing “Nonresidential” to “Nonhomestead” 32 V.S.A. § 5401(10) <ul style="list-style-type: none"> • Was offered as an amendment to H.2, which did not pass during the special session. • Clarifying language change. Requires statutory clean-up to fix all references to “nonresidential” throughout VSA. 		
11.	Conforming revisions to statute for the nonhomestead definition change <ul style="list-style-type: none"> • Directs Legislative Council to make conforming technical changes to Vermont Statutes to change all references to “nonresidential” to “nonhomestead.” 		
	PROPERTY TAX ADJUSTMENT DEFINITIONS		
12.	Household Income; legal separation and protection orders 32 V.S.A. § 6061(4) <ul style="list-style-type: none"> • Was part of H.2, which did not pass last session. • Amends definition of “household income” for purposes of Homestead Property Tax Income Sensitivity Adjustment. 		
	Excluding debt income for Property Tax Adjustments 32 V.S.A. § 6061(5)(C) <ul style="list-style-type: none"> • This exclusion is strictly for property tax adjustment claim purposes. 		

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	<ul style="list-style-type: none"> This proposal was originally made by the Taxpayer Advocate. 		
13.	<p>Allow the Department to order reappraisals for towns with a CLA over 120 32 V.S.A. § 4041a(b)</p> <ul style="list-style-type: none"> Failure to reappraise leads to aged and inaccurate grand lists, resulting in incorrect tax rates. To include language requiring reappraisal every 10 years. 		
14. 15.	<p>Aggregate CLA 32 V.S.A. §§ 5402 and 6066a</p> <ul style="list-style-type: none"> Was part of H.2, which did not pass last session. Requires tax bills to include the language specified under § 5405(g) regarding the common level of appraisal. Creates enabling language for merged districts to create merged assessment districts for the purposes of the common level of appraisal. Specifies the information that Commissioner must provide to towns for property tax bills: explanation of equalization rates and process, and CLA. Subsecs. (a), (f)(1), and (g) remove the required dates for distribution of homestead declarations and property tax adjustments from the Department to towns. This allows for immediate distribution, including late-filed homestead declarations. Subdiv. (f)(5) requires tax bills to include the language specified under §5405(g) regarding the common level of appraisal. 		
16.	<p>PVR fee waiver for property tax appeals “in cases of hardship or to join appeals regarding the same parcel”</p> <ul style="list-style-type: none"> Was part of H.2, which did not pass last session. 		

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Current Use & Land Use Change Tax			
	CURRENT USE DEFINITIONS		
17.	Expand filing exemption to include ex-spouse in a divorce settlement agreement 32 V.S.A. § 3752(5) <ul style="list-style-type: none"> • Allow exemption for transfer of property in current use to immediate relative to include ex-spouse in a divorce settlement agreement. 		
	Remove “exceeds 999 years” from the definition of “owner” 32 V.S.A. § 3752(10) This is a technical correction to align with VT Supreme Court ruling.		
18.	Notification requirement when changes are made to enrolled land 32 V.S.A. § 3756(d) <ul style="list-style-type: none"> • When a current use allocation changes (with a financial impact on taxpayer) towns were originally required to notify the landowner, this section was inadvertently deleted with 2015 changes. 		
	Land Use Change Tax Calculation 32 V.S.A. § 3757(a), (b), and (d) <ul style="list-style-type: none"> • Edits address disconnects that were created with the 2015 changes. Creates the most taxpayer friendly mechanism for dealing with partial land use change tax issues. 		
19.	Land Use Change Tax Lien to include “notice of contingent lien” 32 V.S.A. § 3757(f) <ul style="list-style-type: none"> • Was part of H.2, which did not pass last session. • Purpose: to make subordination easier for TPs when getting a mortgage on enrolled land and to place lenders in first position, but still have clear land records of enrolled parcels. • Language follows NH’s model of recording application in land records as a “notice of contingent lien.” 		

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	<ul style="list-style-type: none"> New language includes some of W&M’s tweaks, but it lines up with Taxes’ testimony and intention. Paired with a repeal of lien subordination and fee on July 1, 2020 		
20.	Repeals land use change tax lien subordination and fee on July 1, 2020 32 V.S.A. § 3777(f)		
Sales and Use Tax			
21. 22.	Sales tax treatment of prewritten software is in session law; insert into the sales tax law and repeal session law 32 V.S.A. § 9741; Act 51 of 2015, Sec. G.8 <ul style="list-style-type: none"> Transparency to make it easier for taxpayers to comply with existing law. 		
23.	Reduce local option tax fee per-return from \$5.96 to \$2.83 based on most recent calculation of actual costs 24 V.S.A. § 138(c)		
Meals and Rooms Tax			
24.	Meals for resale 32 V.S.A. § 9202(10)(D) <ul style="list-style-type: none"> Was part of H.2, which did not pass last session. Amend definition of taxable meal to include meals for resale, to ensure tax is charged and collected at time of final sale to person consuming the meal. Makes treatment of meals for resale consistent with sales tax. 		
25.	Short-term rental platform reporting (rooms tax). 32 V.S.A. § 9248 <ul style="list-style-type: none"> Was part of H.2, which did not pass last session. Amends requirement that Dept. of Taxes collect information on operators from online platforms (or fine for noncompliance), to only require reporting if platform does not already have a collection agreement with Dept. 		

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Insurance Taxes			
26. 27. 28. 29.	<p>Insurance Taxes 32 V.S.A. § 8557; 8 V.S.A. §§ 5034, 5035, and 5036</p> <ul style="list-style-type: none"> • Was part of H.2, which did not pass last session. • All language proposed by Tax • Amends section on tax on insurance companies to fund the Vermont Fire Service Training Council, in order to allow Department of Taxes to collect tax instead of Department of Financial Regulation. Applies all administrative, collection, and enforcement provisions under title 32, chapter 151 to tax. • Amends section on surplus lines tax to move quarterly filing requirements from Commissioner of Financial Regulation to Commissioner of Taxes. • Amends section on surplus lines tax to move reporting and payment requirements from Commissioner of Financial Regulation to Commissioner of Taxes. Applies all administrative, collection, and enforcement provisions under title 32, chapter 151 to tax. • Amends section on direct placement insurance tax to move reporting requirements from Commissioner of Financial Regulation to Commissioner of Taxes. Applies all administrative, collection, and enforcement provisions under title 32, chapter 151 to tax. 		
Tax Administration; Appeals; Technical Changes			
30.	<p>A new exemption for disclosure of tax information is necessary for tobacco settlement agreement 32 V.S.A. § 3102(d)</p> <ul style="list-style-type: none"> • A lack of action could endanger revenues from the tobacco settlement. • This topic is considered urgent and must pass during this legislative session. 		

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	<ul style="list-style-type: none"> The Tax Department has partnered with the AGO to create proposed language regarding this topic. 		
31.	<p>Drop or change the way the Department calculates monthly interest rates for over/under payments of tax 32 V.S.A. § 3108(a)</p> <ul style="list-style-type: none"> This change which will remove an obsolete calculation from the interest rate section. Will not change the amounts of interest calculated in any situation. 		
32.	<p>NEW: Change the statutory references in one section relating to the foreclosure of tax liens 32 V.S.A. § 5895(c)</p> <ul style="list-style-type: none"> There are two broken references in regards to our ability to initiate a foreclosure process for an unpaid lien The foreclosure law was updated a few years ago and the statutory section numbers in the foreclosure law were changed. We need to amend the law to reference the new sections. There is no substantive change here. 		
33.	<p>Appeal to Superior Court: Pay to play for meals and rooms tax appeals. 32 V.S.A. § 9275</p> <ul style="list-style-type: none"> Was part of H.2, which did not pass last session. Strikes requirement that “any person aggrieved by the decision of the Commissioner” must pay (give security) in order to appeal a Commissioner’s decision on meals and rooms tax to Superior Court. 		
34.	<p>Appeal to Superior Court: Pay to play for sales and use tax appeals. 32 V.S.A. § 9817</p> <ul style="list-style-type: none"> Was part of H.2, which did not pass last session. Strikes requirement that “any aggrieved TP” must pay (give security) in order to appeal a Commissioner’s decision on sales and use tax to Superior Court. 		

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35. 36.	<p>Many sections in title 32 on notices of deficiencies and assessments, and penalties and interest were repealed in 1997 (Act 156) and any remaining references to them should be replaced with references to 3202 and 3203. 32 V.S.A. §§ 5409(3) and 7477(b)</p> <ul style="list-style-type: none"> • Similar clean-up was passed in 2018 in the technical corrections bill, but only to the estate tax chapter. This correction cleans up all of title 32. 		
37. – 38.	<p>Repeal tax on electric generating plants that only applied to the VT Yankee nuclear plant, which is now closed. 32 V.S.A. § 8661</p> <ul style="list-style-type: none"> • Also requires strike-out of general fund reference to tax in 32 V.S.A. § 435(b)(3). 		
39. 40.	<p>Solar Energy Investment Income Tax Credit 32 V.S.A. § 5822</p> <ul style="list-style-type: none"> • Was part of H.2, which did not pass last session. • Subdiv. (c)(1)(B) cleans up recapture provision, so as to only recapture the amount of credit allowed under VT law, which is 24% of federal investment tax credit attributable to the Vermont-property portion of the investment. • Subdiv. (d)(2) strikes reference to “business” solar credit, which is a language holdover from an old credit for C corps (no longer available), and which creates ambiguity because this carryforward provision is in the individual income tax section and is only available to individuals and pass-through entities like partnerships. • This language was proposed by Tax 		
	<p>Repeal business solar energy tax credit 32 V.S.A. § 5930z</p> <ul style="list-style-type: none"> • This has not been available to C corporations since end 2011, and carryforward period expired in 2016. 		

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Fuel Tax; Low Income Home Weatherization Assistance			
41. 42.	<p>Reauthorize the Fuel Tax, so that its revenues will continue to fund Low Income Home Weatherization Assistance.</p> <p>33 V.S.A. §§ 2502 and 2503</p> <ul style="list-style-type: none"> • § 2502(b)(1): Additional language is needed to allow OEO to adjust job cost average on the basis of multi-family- vs single-units. • § 2502(c): Weatherization program’s Policy Advisory Committee has approved policies re: rent stabilization and recapture of funds from landlords. Without legislative change, DCF will spend unnecessary time in the rule making process to implement these policies. • § 2503(a)(1): To avoid confusion and provide uniformity in how the tax is applied, the language “residence or business” needs to be clarified. • § 2503(d): reauthorize fuel tax, or else it will sunset on July 1, 2019. 		
Effective Date			
43.	<p>Effective date</p> <p>Act takes effect on passage</p>		