

1 Introduced by Committee on Ways and Means

2 Date:

3 Subject: Taxation; minimum tax on corporations; property tax; current use;

4 administration; homestead definition; income sensitivity adjustment;

5 electrical energy tax; insurance tax; meals and rooms tax; higher

6 education investment plans

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

16 An act relating to miscellaneous tax provisions

17 It is hereby enacted by the General Assembly of the State of Vermont:

18 \* \* \* Miscellaneous Tax Proposals \* \* \*

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

20 Sec. 1. 32 V.S.A. § 3102(d) is amended to read:

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

2 \* \* \*

3 (8) to the Attorney General, the Data Clearinghouse established in the  
4 October 2017 Non-Participating Manufacturer Adjustment Settlement  
5 Agreement, which the State of Vermont joined in 2018, the National  
6 Association of Attorneys General, and counsel for the parties to the Agreement  
7 as required by the Agreement and to the extent necessary to comply with the  
8 Agreement and only as long as the State is a party thereto.

9 \* \* \* Annual Calculation; Interest Rates \* \* \*

10 Sec. 2. 32 V.S.A. § 3108(a) is amended to read:

11 (a) Not later than December 15 of each year, the Commissioner shall  
12 establish a an annual rate of interest applicable to tax overpayments ~~which that~~  
13 shall be equal to the average prime rate charged by banks during the  
14 immediately preceding 12 months commencing on October 1 of the prior year,  
15 rounded upwards to the nearest quarter percent. ~~An annual rate thus established~~  
16 ~~shall be converted to a monthly rate which shall be rounded upwards to the~~  
17 ~~nearest 10th of a percent.~~ Not later than December 15 of each year, the  
18 Commissioner shall establish annual and monthly rates of interest applicable to  
19 unpaid tax liabilities, which in each instance shall be equal to the annual ~~and~~  
20 ~~monthly rates~~ rate established for tax overpayments plus 200 basis points. The  
21 rates established hereunder shall be effective on January 1 of the immediately

1 following year. As used in this section, the term “prime rate charged by  
2 banks” shall mean the average predominate prime rate quoted by commercial  
3 banks to large businesses as determined by the Board of Governors of the  
4 Federal Reserve Board.

5 \* \* \* Fee Waiver for Property Tax Appeals \* \* \*

6 Sec. 3. 32 V.S.A. § 4461(a) is amended to read:

7 (a) A taxpayer or the ~~Selectboard~~ selectboard members of a town aggrieved  
8 by a decision of the board of civil authority under subchapter 1 of this chapter  
9 may appeal the decision of the board to either the Director or the Superior  
10 Court of the county in which the property is located. The appeal to the  
11 Superior Court shall be heard without a jury. The appeal to either the Director  
12 or the Superior Court shall be commenced by filing a notice of appeal pursuant  
13 to Rule 74 of the Vermont Rules of Civil Procedure, within 30 days ~~of~~ after  
14 entry of the decision of the board of civil authority. The date of mailing of  
15 notice of the board’s decision by the town clerk to the taxpayer shall be  
16 deemed the date of entry of the board’s decision. The town clerk shall transmit  
17 a copy of the notice to the Director or to the Superior Court as indicated in the  
18 notice and shall record or attach a copy of the notice in the grand list book.  
19 The entry fee for an appeal to the Director is \$70.00; provided, however, that  
20 the Director may waive, reduce, or refund the entry fee in cases of hardship or  
21 to join appeals regarding the same parcel.



1 federal income tax for the taxable year as follows: credit for people who are  
2 elderly or permanently totally disabled, investment tax credit attributable to the  
3 Vermont-property portion of the investment, and child care and dependent care  
4 credits.

5 (2) Any unused ~~business~~ solar energy investment tax credit under this  
6 section may be carried forward for ~~no~~ not more than five years following the  
7 first year in which the credit is claimed.

8 \* \* \*

9 \* \* \* Annual Link to Federal Statutes \* \* \*

10 Sec. 5. 32 V.S.A. § 5824 is amended to read:

11 § 5824. ADOPTION OF FEDERAL INCOME TAX LAWS

12 The statutes of the United States relating to the federal income tax, as in  
13 effect on December 31, ~~2017~~ 2018, but without regard to federal income tax  
14 rates under 26 U.S.C. § 1, are hereby adopted for the purpose of computing the  
15 tax liability under this chapter.

16 Sec. 6. 32 V.S.A. § 7402(8) is amended to read:

17 (8) “Laws of the United States” means the U.S. Internal Revenue Code  
18 of 1986, as amended through December 31, ~~2015~~ 2018. As used in this  
19 chapter, “Internal Revenue Code” ~~shall have~~ has the same meaning as “laws of  
20 the United States” as defined in this subdivision.

21 \* \* \* Minimum Corporate Tax \* \* \*

1 Sec. 7. 32 V.S.A. § 5832 is amended to read:

2 § 5832. TAX ON INCOME OF CORPORATIONS

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

7 \* \* \*

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

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

16 (C) For C corporations with Vermont gross receipts from \$0–  
17 \$2,000,000.00, the greater of the amount determined under subdivision (1) of  
18 this section or \$300.00; or

19 (D) For C corporations with Vermont gross receipts from  
20 \$2,000,001.00–\$5,000,000.00, the greater of the amount determined under  
21 subdivision (1) of this section or \$500.00; or



1 identification number, and other information requested by the Commissioner  
2 for each partner with Vermont source income in excess of \$500.00.

3 (3) A lower-tier pass-through entity of a publicly traded partnership may  
4 request from the Commissioner an exemption from the compliance and  
5 payment obligations specified in subsections (b) and (c) of this section. The  
6 request for the exemption must be in writing and contain:

7 (A) the name, the address, and the account number or federal  
8 identification number of each of the lower-tier pass-through entity’s partners,  
9 shareholders, members, or other owners; and

10 (B) information that establishes the ownership structure of the lower-  
11 tier pass-through entity and the amount of Vermont source income.

12 (4) The Commissioner may request additional documentation before  
13 granting an exemption to a lower-tier pass-through entity. As used in this  
14 subsection, a “lower-tier pass-through entity” means a pass-through  
15 entity for purposes of the Internal Revenue Code, which can include a  
16 partnership, S corporation, disregarded entity, or limited liability company and  
17 which allocates income, directly or indirectly, to a publicly traded partnership.  
18 The exemption under subdivision (3) of this subsection shall only apply to  
19 income allocated, directly or indirectly, to a publicly traded partnership.

20 (5) If granted, the exemption for the lower-tier pass-through entity shall  
21 be effective for three years following the date the exemption is granted. At the

1 end of the three-year period, the lower-tier pass-through entity of a publicly  
2 traded partnership shall submit a new exemption request to continue the  
3 exemption. The Commissioner may revoke the exemption for the lower-tier  
4 pass-through entity if the Commissioner determines that the lower-tier pass-  
5 through entity is not satisfying its tax payment and reporting obligations to the  
6 State with respect to income allocated, directly or indirectly, to nonresident  
7 partners or members that are not publicly traded partnerships.

8 Sec. 9. 32 V.S.A. § 3102(e)(20) is added to read:

9 (20) To a publicly traded partnership as defined in subdivision  
10 5920(h)(1) of this title and to lower-tier pass-through entities of a publicly  
11 traded partnership as defined in subdivision 5920(h)(4) of this title for the  
12 purpose of reviewing, granting, or denying exemption requests from the  
13 requirements of section 5920 of this title.

14 \* \* \* Meals and Rooms; Resale \* \* \*

15 Sec. 10. 32 V.S.A. § 9202(10)(D)(iii) is added to read:

16 (D) “Taxable meal” shall not include:

17 \* \* \*

18 (ii) Food or beverage, including that described in subdivision  
19 (10)(C) of this section:

20 (I) served or furnished on the premises of a nonprofit  
21 corporation or association organized and operated exclusively for religious or

1 charitable purposes, in furtherance of any of the purposes for which it was  
2 organized; with the net proceeds of the food or beverage to be used exclusively  
3 for the purposes of the corporation or association; provided, however, if the  
4 organization or association is a fire department, as defined in 24 V.S.A.  
5 § 1951, it is not necessary that the meal be served on the premises of the  
6 organization to qualify as an exclusion from “taxable meal” under this  
7 subdivision (I), at up to two events each year;

8 \* \* \*

9 (iii) Food or beverage purchased for resale, provided that at the  
10 time of sale the purchaser provides the seller an exemption certificate in a form  
11 approved by the Commissioner. However, when the food or beverage  
12 purchased for resale is subsequently resold, the subsequent purchase does not  
13 come within this exemption unless the subsequent purchase is also for resale  
14 and an exemption certificate is provided.

15 \* \* \*

16 \* \* \* Appeal to Superior Court; Security \* \* \*

17 Sec. 11. 32 V.S.A. § 9275 is amended to read:

18 § 9275. APPEALS

19 Any person aggrieved by the decision of the Commissioner upon petition  
20 provided for in section 9274 of this title may, within 30 days after notice  
21 thereof from the Commissioner, appeal ~~therefrom~~ to the Superior Court of any

1 county in which ~~such~~ the person has a place of business subject to this chapter.  
2 ~~The appellant shall give security, approved by the Commissioner, conditioned~~  
3 ~~to pay the tax levied, if it remains unpaid, with interest and costs.~~ Such  
4 appeals shall be preferred cases for hearing on the docket ~~of such Court.~~ ~~Such~~  
5 ~~Court~~ The court may grant such relief as may be equitable and may order the  
6 State Treasurer to pay to the aggrieved taxpayer the amount of such relief with  
7 interest at the rate established pursuant to ~~32 V.S.A. § section~~ 3108 of this title.  
8 Upon all such appeals ~~which may be~~ that are denied, costs may be taxed  
9 against the appellant at the discretion of the ~~Court~~ court but no costs shall be  
10 taxed against the State.

11 Sec. 12. 32 V.S.A. § 9817 is amended to read:

12 § 9817. REVIEW OF COMMISSIONER'S DECISION

13 (a) Any aggrieved taxpayer may, within 30 days after any decision, order,  
14 finding, assessment or action of the Commissioner made under this chapter,  
15 appeal to the Washington Superior Court or the Superior Court of the county in  
16 which the taxpayer resides or has a place of business. ~~The appellant shall give~~  
17 ~~security, approved by the Commissioner, conditioned to pay the tax levied, if it~~  
18 ~~remains unpaid, with interest and costs, as set forth in subsection (c) of this~~  
19 ~~section.~~

20 \* \* \*

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



1 Sec. 15. 16 V.S.A. § 2879e is amended to read:

2 § 2879e. CONSTRUCTION AND APPLICATION

3 This subchapter shall be construed liberally in order to effectuate its  
4 legislative intent. The purposes of this subchapter and all provisions of this  
5 subchapter with respect to powers granted shall be broadly interpreted to  
6 effectuate such intent and purposes and not as to any limitation of powers.

7 This subchapter shall be interpreted and enforced in a manner that shall  
8 achieve this public purpose in compliance with the applicable provisions of the  
9 Internal Revenue Code, except to the extent the Code is inconsistent with the  
10 provisions of 32 V.S.A. § 5825a.

11 Sec. 16. 32 V.S.A. § 5825a(b) is amended to read:

12 (b) A taxpayer who has received a credit under subsection (a) of this  
13 section shall repay to the Commissioner 10 percent of any distribution from a  
14 higher education investment plan account, which distribution is not ~~excluded~~  
15 ~~from gross income in the taxable year under 26 U.S.C. § 529, as amended,~~  
16 used exclusively for costs of attendance at an approved postsecondary  
17 education institution as defined in 16 V.S.A. § 2822(6), up to a maximum of  
18 the total credits received by the taxpayer under subsection (a) of this section  
19 minus any amount of repayment of such credits in prior tax years. Repayments  
20 under this subsection shall be subject to assessment, notice, penalty and

1 interest, collection, and other administration in the same manner as an income  
2 tax under this chapter.

3 Sec. 17. REPORT ON NONPOSTSECONDARY USE OF HIGHER  
4 EDUCATION INVESTMENT PLAN FUNDS

5 The Vermont Student Assistance Corporation shall report the amount of  
6 assets withdrawn by participants from the Vermont Higher Education  
7 Investment Plan in the preceding calendar year for education costs other than  
8 postsecondary education costs, as well as the total amount of assets withdrawn  
9 by participants in the preceding calendar year, to the House Committee on  
10 Ways and Means and the Senate Committee on Finance annually on or before  
11 January 15.

12 \* \* \* Education Property Tax \* \* \*

13 \* \* \* Definitions; Homestead; Nonhomestead \* \* \*

14 Sec. 18. 32 V.S.A. § 5401 is amended to read:

15 § 5401. DEFINITIONS

16 As used in this chapter:

17 \* \* \*

18 (7) “Homestead”:

19 (A) “Homestead” means the principal dwelling and parcel of land  
20 surrounding the dwelling, owned and occupied by a resident individual as the  
21 individual’s domicile or owned and fully leased on April 1, provided the

1 property is not leased for more than 182 days out of the calendar year, or for  
2 purposes of the renter property tax adjustment under subsection 6066(b) of this  
3 title, is rented and occupied by a resident individual as the individual's  
4 domicile.

5 \* \* \*

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

13 (ii) A homestead further includes the principal dwelling of a  
14 widow or widower, provided the dwelling is owned by the estate of the  
15 deceased spouse and it is reasonably likely that the dwelling will pass to the  
16 widow or widower by law or valid will when the estate is settled.

17 \* \* \*

18 Sec. 19. [Deleted.]

19 \* \* \* Definitions; Household Income \* \* \*

20 Sec. 20. 32 V.S.A. § 6061 is amended to read:

21 § 6061. DEFINITIONS





1 Commissioner shall exclude that person’s modified adjusted gross income  
2 from the claimant’s household income. The Commissioner may require that a  
3 certificate in a form satisfactory to him or her be submitted which supports the  
4 claim.

5 \* \* \* Reappraisals \* \* \*

6 Sec. 21. 32 V.S.A. § 4041a(b) is amended to read:

7 (b) If the Director of Property Valuation and Review determines that a  
8 municipality’s education grand list is at a common level of appraisal below  
9 ~~80~~ 85 percent or above 115 percent, or has a coefficient of dispersion greater  
10 than 20, the municipality shall reappraise its education grand list properties. If  
11 the Director orders a reappraisal, the Director shall send the municipality  
12 written notice of the decision. The municipality shall be given 30 days to  
13 contest the finding under procedural rules adopted by the Director, to develop a  
14 compliance plan, or both. If the Director accepts a proposed compliance plan  
15 submitted by the municipality, the Director shall not order commencement of  
16 the reappraisal until the municipality has had one year to carry out that plan.

17 \* \* \* Common Level of Appraisal Districts \* \* \*

18 Sec. 22. 32 V.S.A. § 5402 is amended to read:

19 § 5402. EDUCATION PROPERTY TAX LIABILITY

20 \* \* \*

21 (b) The statewide education tax shall be calculated as follows:



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

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

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

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

1 Sec. 24. 32 V.S.A. § 5405 is amended to read:

2 § 5405. DETERMINATION OF EQUALIZED EDUCATION PROPERTY

3 TAX GRAND LIST AND COEFFICIENT OF DISPERSION

4 \* \* \*

5 (g) The Commissioner shall provide to municipalities for the front of  
6 property tax bills the district homestead property tax rate before equalization,  
7 the nonresidential tax rate before equalization, and the calculation process that  
8 creates the equalized homestead and nonresidential tax rates. The  
9 Commissioner shall further provide to municipalities for the back of property  
10 tax bills an explanation of the common level of appraisal, including its origin  
11 and purpose.

12 \* \* \* Distribution of Property Tax Adjustments \* \* \*

13 Sec. 25. 32 V.S.A. § 6066a is amended to read:

14 § 6066a. DETERMINATION OF PROPERTY TAX ADJUSTMENTS

15 (a) Annually, the Commissioner shall determine the property tax  
16 adjustment amount under section 6066 of this title, related to a homestead  
17 owned by the claimant. The Commissioner shall notify the municipality in  
18 which the housesite is located of the amount of the property tax adjustment for  
19 the claimant for homestead property tax liabilities, ~~on July 1 for timely filed~~  
20 ~~claims and on November 1 for late claims filed by October 15~~ on a monthly  
21 basis. The tax adjustment of a claimant who was assessed property tax by a

1 town ~~which~~ that revised the dates of its fiscal year, however, is the excess of  
2 the property tax ~~which~~ that was assessed in the last 12 months of the revised  
3 fiscal year; over the adjusted property tax of the claimant for the revised fiscal  
4 year as determined under section 6066 of this title, related to a homestead  
5 owned by the claimant.

6 \* \* \*

7 (f) Property tax bills.

8 (1) For taxpayers and amounts stated in the notice to towns on or  
9 before July 1, municipalities shall create and send to taxpayers a homestead  
10 property tax bill, instead of the bill required under subdivision 5402(b)(1) of  
11 this title, providing the total amount allocated to payment of homestead  
12 education property tax liabilities and notice of the balance due.

13 Municipalities shall apply the amount allocated under this chapter to current-  
14 year property taxes in equal amounts to each of the taxpayers' property tax  
15 installments that include education taxes. Notwithstanding section 4772 of  
16 this title, if a town issues a corrected bill as a result of the ~~November 1~~ notice  
17 sent by the Commissioner under subsection (a) of this section, issuance of  
18 ~~such~~ the corrected new bill does not extend the time for payment of the  
19 original bill; nor relieve the taxpayer of any interest or penalties associated  
20 with the original bill. If the corrected bill is less than the original bill, and  
21 there are also no unpaid ~~current-year~~ current-year taxes, interest, or penalties

1 and no ~~past year~~ past-year delinquent taxes or penalties and interest charges,  
2 any overpayment shall be reflected on the corrected tax bill and refunded to  
3 the taxpayer.

4 \* \* \*

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

11 \* \* \*Income Sensitivity\* \* \*

12 Sec. 26. 32 V.S.A. § Chapter 154 is amended to read:

13 CHAPTER 154: HOMESTEAD PROPERTY TAX ~~INCOME SENSITIVITY~~

14 ADJUSTMENT CREDIT

15 Sec. 27. 32 V.S.A. § 6061(1) is amended to read:

16 (1) “~~Adjustment~~ Property tax credit” means ~~an adjustment~~ a credit of the  
17 prior tax year’s statewide or local share property tax liability or a homestead  
18 owner or renter credit, as authorized under section 6066 of this title, as the  
19 context requires.

20 Sec. 28. 32 V.S.A. § 6066 is amended to read:

21 § 6066. COMPUTATION OF ADJUSTMENT PROPERTY TAX CREDIT

1 (a) An eligible claimant who owned the homestead on April 1 of the year in  
2 which the claim is filed shall be entitled to an ~~adjustment~~ a credit for the prior  
3 year's homestead property tax liability amount determined as follows:

4 \* \* \*

5 Sec. 29. 32 V.S.A. § 6066(a) is amended to read:

6 § 6066A. DETERMINATION OF PROPERTY TAX ADJUSTMENTS

7 (a) Annually, the Commissioner shall determine the property tax ~~adjustment~~  
8 credit amount under section 6066 of this title, related to a homestead owned by  
9 the claimant, based on the prior taxable year's income and crediting property  
10 taxes paid in the prior year. The Commissioner shall notify the municipality in  
11 which the housesite is located of the amount of the property tax adjustment for  
12 the claimant for homestead property tax liabilities, on July 1 for timely filed  
13 claims and on November 1 for late claims filed by October 15. The tax  
14 adjustment of a claimant who was assessed property tax by a town which  
15 revised the dates of its fiscal year, however, is the excess of the property tax  
16 which was assessed in the last 12 months of the revised fiscal year, over the  
17 adjusted property tax of the claimant for the revised fiscal year as determined  
18 under section 6066 of this title, related to a homestead owned by the claimant.

19 \* \* \*

20 Sec. 30. CONFORMING REVISIONS

1           When preparing the Vermont Statutes Annotated for publication, the  
2           Office of Legislative Council shall make the following revisions throughout  
3           the statutes as needed for consistency with Secs. 26-30 of this act, as long as  
4           the revisions have no other effect on the meaning of the affected statutes:

5                   (1) replace “property tax adjustment” with “property tax credit”;

6                   (2) replace “adjustment” with “credit”; and

7                   (3) revisions that are substantially similar to those described in  
8           subdivisions (1) and (2) of this section.

9                                   \* \* \* Use Value Appraisals \* \* \*

10                                   \* \* \* Definitions \* \* \*

11           Sec. 31. 32 V.S.A. § 3752 is amended to read:

12           § 3752. DEFINITIONS

13                   As used in this subchapter:

14                                   \* \* \*

15                   (5) “Development” means, for the purposes of determining whether a  
16           land use change tax is to be assessed under section 3757 of this chapter, the  
17           construction of any building, road, or other structure, or any mining,  
18           excavation, or landfill activity. “Development” also means the subdivision of  
19           a parcel of land into two or more parcels, regardless of whether a change in use  
20           actually occurs, where one or more of the resulting parcels contains less than  
21           25 acres each; but if subdivision is solely the result of a transfer to one or more

1 of a spouse, ex-spouse in a divorce settlement, parent, grandparent, child,  
2 grandchild, niece, nephew, or sibling of the transferor, or to the surviving  
3 spouse of any of the foregoing, then “development” shall not apply to any  
4 portion of the newly created parcel or parcels ~~which qualifies~~ that qualify for  
5 enrollment and for which, within 30 days following the transfer, each  
6 transferee or transferor applies for reenrollment in the use value appraisal  
7 program. “Development” also means the cutting of timber on property  
8 appraised under this chapter at use value in a manner contrary to a forest or  
9 conservation management plan as provided for in subsection 3755(b) of this  
10 title during the remaining term of the plan, or contrary to the minimum  
11 acceptable standards for forest management if the plan has expired; or a  
12 change in the parcel or use of the parcel in violation of the conservation  
13 management standards established by the Commissioner of Forests, Parks and  
14 Recreation. “Development” also means notification of the Director by the  
15 Secretary of Agriculture, Food and Markets under section 3756 of this title that  
16 the owner or operator of agricultural land or a farm building is violating the  
17 water quality requirements of 6 V.S.A. chapter 215 or is failing to comply with  
18 the terms of an order issued under 6 V.S.A. chapter 215, subchapter 10. The  
19 term “development” shall not include the construction, reconstruction,  
20 structural alteration, relocation, or enlargement of any building, road, or other  
21 structure for farming, logging, forestry, or conservation purposes, but shall

1 include the subsequent commencement of a use of that building, road, or  
2 structure for other than farming, logging, or forestry purposes.

3 \* \* \*

4 (10) “Owner” means the person who is the owner of record of any land  
5 or the lessee under a perpetual lease as defined in subsection 3610(a) of this  
6 title provided the term of the lease ~~exceeds~~ is for a minimum of 999 years  
7 exclusive of renewals. When enrolled land is mortgaged, the mortgagor shall  
8 be deemed the owner of the land for the purposes of this subchapter, until the  
9 mortgagee takes possession, either by voluntary act of the mortgagor or  
10 foreclosure, after which the mortgagee shall be deemed the owner.

11 \* \* \*

12 \* \* \*Contingent Lien\* \* \*

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

14 § 3757. LAND USE CHANGE TAX

15 (a) Land which has been classified as agricultural land or managed  
16 forestland pursuant to this chapter shall be subject to a land use change tax  
17 upon the development of that land, as defined in section 3752 of this chapter.  
18 The tax shall be at the rate of 10 percent of the full fair market value of the  
19 changed land determined without regard to the use value appraisal. If changed  
20 land is a portion of a parcel, the fair market value of the changed land shall be  
21 the fair market value of the changed land as a separate parcel, divided by the

1 common level of appraisal. Such fair market value shall be determined as of  
2 the date the land is no longer eligible for use value appraisal. In the instance  
3 where a parcel is withdrawn and value established, and then a portion of the  
4 withdrawn parcel is developed, the land use change tax on the entire originally  
5 withdrawn parcel is due. This tax shall be in addition to the annual property  
6 tax imposed upon such property. Nothing in this section shall be construed to  
7 require payment of an additional land use change tax upon the subsequent  
8 development of the same land, nor shall it be construed to require payment of a  
9 land use change tax merely because previously eligible land becomes  
10 ineligible, provided no development of the land has occurred.

11 \* \* \*

12 (f)(1) When the application for use value appraisal of agricultural and  
13 forestland has been approved by the State, the State shall record a notice of  
14 contingent lien against the enrolled land in the land records of the municipality  
15 ~~that shall constitute a lien to secure payment of the land use change tax to the~~  
16 ~~State upon development.~~ The landowner shall bear the recording cost. The  
17 notice of contingent lien shall constitute notice to all interested parties that a  
18 lien against the enrolled land shall be created upon the recording in the land  
19 records of a determination that development of that land as defined in  
20 section 3752 of this chapter has occurred. The lien created by the recording of  
21 the notice of development shall be for the amount of the land use change tax

1 then due, as specified in the notice of development. A lien recorded in the land  
2 records of a municipality under this section on or after April 17, 1978 shall be  
3 deemed to be a contingent lien.

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

10 (A) the land use change tax is paid;

11 (B) the land use change tax is abated pursuant to this section;

12 (C) the land use change tax is abated pursuant to subdivision 3201(5)  
13 of this title;

14 (D) the land is exempt from the levy of the land use change tax  
15 pursuant to this section and the owner requests release of the lien; or

16 (E) the land is exempt from the levy of the land use change tax  
17 pursuant to this section and the land is developed.

18 ~~(2)(3) Nothing in this subsection shall be construed to allow the~~  
19 ~~enrollment of agricultural land or managed forestland without a lien to secure~~  
20 ~~payment of the land use change tax.~~ Any fees related to the release of a lien

1 under this subsection shall be the responsibility of the owner of the land  
2 subject to the lien.

3 \* \* \*

4 \* \* \* Insurance Taxes \* \* \*

5 Sec. 33. 32 V.S.A. § 8557 is amended to read:

6 § 8557. VERMONT FIRE SERVICE TRAINING COUNCIL

7 (a)(1) Sums for the expenses of the operation of training facilities and  
8 curriculum of the Vermont Fire Service Training Council not to exceed  
9 \$1,200,000.00 per year shall be paid to the Fire Safety Special Fund created by  
10 20 V.S.A. § 3157 by insurance companies, ~~including surplus lines companies,~~  
11 writing fire, homeowners multiple peril, allied lines, farm owners multiple  
12 peril, commercial multiple peril (fire and allied lines), private passenger and  
13 commercial auto, and inland marine policies on property and persons situated  
14 within the State of Vermont within 30 days after notice from the  
15 Commissioner of Financial Regulation of such estimated expenses. Captive  
16 companies shall be excluded from the effect of this section.

17 (2) The Commissioner shall annually, on or before July 1, apportion  
18 such charges among all such companies and shall assess them for the ~~same~~  
19 charges on a fair and reasonable basis as a percentage of their gross direct  
20 written premiums on such insurance written during the second prior calendar

1 year on property situated in the State. The Department of Taxes shall collect  
2 all assessments under this section.

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

6 (4) An amount not less than \$150,000.00 shall be specifically allocated  
7 to the Emergency Medical Services Special Fund established under 18 V.S.A.  
8 § 908 for the provision of training programs for emergency medical  
9 technicians, advanced emergency medical technicians, and paramedics.

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

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

15 Sec. 34. 8 V.S.A. § 5034 is amended to read:

16 § 5034. QUARTERLY REPORTS; SUMMARY OF EXPORTED  
17 BUSINESS

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

1 Sec. 35. 8 V.S.A. § 5035 is amended to read:

2 § 5035. SURPLUS LINES TAX

3 \* \* \*

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

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

14 Sec. 36. 8 V.S.A. § 5036 is amended to read:

15 § 5036. DIRECT PLACEMENT OF INSURANCE

16 (a) Every insured and every self-insurer in this State for whom this is their  
17 home state who procures or causes to be procured or continues or renews  
18 insurance from any non-admitted insurer, covering a subject located or to be  
19 performed within this State, other than insurance procured through a surplus  
20 lines broker pursuant to this chapter, shall, before March 1 of the year after the  
21 year in which the insurance was procured, continued or renewed, file a written

1 report with the Commissioner of Taxes on forms prescribed and furnished by  
2 the Commissioner of Taxes. The report shall show:

3 (1) the name and address of the insured or insureds;

4 (2) the name and address of the insurer or insurers;

5 (3) the subject of the insurance;

6 (4) a general description of the coverage;

7 (5) the amount of premium currently charged for it; and

8 (6) such additional pertinent information as may be reasonably

9 requested by the Commissioner of Taxes.

10 \* \* \*

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

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



1        The following sections in Title 32 are repealed:

2            (1) § 3777 (land use change tax lien subordination).

3            (2) § 5930z (business solar energy tax credit).

4            (3) § 8661 (taxation of electric generating plants).

5        Sec. 38. EFFECTIVE DATES

6        This act shall take effect on passage, except:

7            (1) Notwithstanding 1 V.S.A. § 214, Secs. 4 (solar energy investment  
8        tax credit), 7 (minimum corporate income tax), 13–17 (Vermont higher  
9        education investment plan credit), and 37(2) (repeal of business solar energy  
10       tax credit) shall take effect retroactively on January 1, 2019 and apply to  
11       taxable years beginning on January 1, 2019 and thereafter.

12           (2) Notwithstanding 1 V.S.A. § 214, Secs. 5–6 (annual link-up to federal  
13       statutes) shall take effect retroactively on January 1, 2019 and apply to taxable  
14       years beginning on January 1, 2018 and thereafter.

15           (3) Secs. 10 (taxable meal resale) and 36a (automotive parts) shall take  
16       effect on July 1, 2019.

17           (4) Secs. 18–30 (property tax sections) and 37(1) (repeal of land use  
18       change tax lien subordination) shall take effect on July 1, 2019 and apply to  
19       grand lists lodged after that date.