

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 (E) For C corporations with Vermont gross receipts greater than
2 \$5,000,000.00, the greater of the amount determined under subdivision (1) of
3 this section or \$750.00.

4 * * * Publicly Traded Partnerships * * *

5 Sec. 8. 32 V.S.A. § 5920(h) is amended to read:

6 (h)(1) Notwithstanding any provisions in this section, a publicly traded
7 partnership as defined in 26 U.S.C. § 7704(b); that is treated as a partnership
8 for the purposes of the Internal Revenue Code; is exempt from any income tax
9 liability and any compliance and payment obligations under subsection
10 subsections (b) and (c) of this section, if information required by the
11 Commissioner under subdivision (2) of this subsection is provided by the due
12 date of the partnership's return. ~~This information includes the name, address,~~
13 ~~taxpayer identification number, and annual Vermont source of income greater~~
14 ~~than \$500.00 for each partner who had an interest in the partnership during the~~
15 ~~tax year. This information shall be provided to the Commissioner in an~~
16 ~~electronic format, according to rules or procedures adopted by the~~
17 ~~Commissioner.~~

18 (2) Publicly traded partnerships shall provide to the Commissioner in an
19 electronic format, according to rules or procedures adopted by the
20 Commissioner, an annual return that includes the name, address, taxpayer

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~~ 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 (10) "~~Nonresidential~~ Nonhomestead property" means all property
19 except:

20 * * *

21 Sec. 19. CONFORMING REVISIONS

1 year as defined in subdivision (9) of this section, unless the spouse is at least
2 62 years of age and has moved to a nursing home or other care facility with no
3 reasonable prospect of returning to the homestead.

4 (B) “Household income” does not mean:

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

8 (ii) the modified adjusted gross income of the spouse of the
9 claimant, if the spouse is subject to a protection order as defined in 15 V.S.A.
10 § 1101(5) that is in effect at the time the claimant reports household income to
11 the Department of Taxes.

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

14 * * *

15 (C) Without the inclusion of: any gifts from nongovernmental sources
16 other than those described in subdivision (B) of this subdivision (5); surplus
17 food or other relief in kind supplied by a governmental agency; or the first
18 \$6,500.00 of income earned by a full-time student who qualifies as a
19 dependent of the claimant under the federal Internal Revenue Code; the first
20 \$6,500.00 of income received by a person who qualifies as a dependent of the
21 claimant under the Internal Revenue Code and who is the claimant’s parent or

1 adult child with a disability; any income attributable to cancellation of debt; or
2 payments made by the State pursuant to 33 V.S.A. chapters 49 and 55 for
3 foster care, or payments made by the State or an agency designated in 18
4 V.S.A. § 8907 for adult foster care or to a family for the support of a person
5 who is eligible and who has a developmental disability. If the Commissioner
6 determines, upon application by the claimant, that a person resides with a
7 claimant who has a disability or was at least 62 years of age as of the end of
8 the year preceding the claim, for the primary purpose of providing attendant
9 care services (as defined in 33 V.S.A. § 6321) or homemaker or
10 companionship services, with or without compensation, which allow the
11 claimant to remain in his or her home or avoid institutionalization, the
12 Commissioner shall exclude that person's modified adjusted gross income
13 from the claimant's household income. The Commissioner may require that a
14 certificate in a form satisfactory to him or her be submitted which supports the
15 claim.

16 * * * Reappraisals * * *

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

18 (b) If the Director of Property Valuation and Review determines that a
19 municipality's education grand list is at a common level of appraisal below
20 ~~80~~ 85 percent or above 115 percent, or has a coefficient of dispersion greater
21 than 20, the municipality shall reappraise its education grand list properties. If

1 the Director orders a reappraisal, the Director shall send the municipality
2 written notice of the decision. The municipality shall be given 30 days to
3 contest the finding under procedural rules adopted by the Director, to develop a
4 compliance plan, or both. If the Director accepts a proposed compliance plan
5 submitted by the municipality, the Director shall not order commencement of
6 the reappraisal until the municipality has had one year to carry out that plan.

7 * * * Common Level of Appraisal Districts * * *

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

9 § 5402. EDUCATION PROPERTY TAX LIABILITY

10 * * *

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

12 (1) The Commissioner of Taxes shall determine for each municipality
13 the education tax rates under subsection (a) of this section, divided by the
14 municipality's most recent common level of appraisal. The legislative body in
15 each municipality shall then bill each property taxpayer at the homestead or
16 nonresidential rate determined by the Commissioner under this subdivision,
17 multiplied by the education property tax grand list value of the property,
18 properly classified as homestead or nonresidential property and without regard
19 to any other tax classification of the property. ~~Tax~~ Statewide education
20 property tax bills shall show the tax due and the calculation of the rate
21 determined under subsection (a) of this section, divided by the municipality's

1 most recent common level of appraisal, multiplied by the current grand list
2 value of the property to be taxed. Statewide education property tax bills shall
3 also include language provided by the Commissioner pursuant to subsection
4 5405(g) of this title.

5 * * *

6 Sec. 23. 32 V.S.A. § 5403 is added to read:

7 § 5403. ASSESSMENT DISTRICTS

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

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

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

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

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

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

12 § 5405. DETERMINATION OF EQUALIZED EDUCATION PROPERTY
13 TAX GRAND LIST AND COEFFICIENT OF DISPERSION

14 * * *

15 (g) The Commissioner shall provide to municipalities for the front of
16 property tax bills the district homestead property tax rate before equalization,
17 the nonresidential tax rate before equalization, and the calculation process that
18 creates the equalized homestead and nonresidential tax rates. The
19 Commissioner shall further provide to municipalities for the back of property
20 tax bills an explanation of the common level of appraisal, including its origin
21 and purpose.

1 education property tax liabilities and notice of the balance due.
2 Municipalities shall apply the amount allocated under this chapter to current-
3 year property taxes in equal amounts to each of the taxpayers' property tax
4 installments that include education taxes. Notwithstanding section 4772 of
5 this title, if a town issues a corrected bill as a result of the ~~November 1~~ notice
6 sent by the Commissioner under subsection (a) of this section, issuance of
7 ~~such the~~ corrected new bill does not extend the time for payment of the
8 original bill; nor relieve the taxpayer of any interest or penalties associated
9 with the original bill. If the corrected bill is less than the original bill, and
10 there are also no unpaid ~~current-year~~ current-year taxes, interest, or penalties
11 and no ~~past-year~~ past-year delinquent taxes or penalties and interest charges,
12 any overpayment shall be reflected on the corrected tax bill and refunded to
13 the taxpayer.

14 * * *

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

21 * * *Income Sensitivity* * *

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

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

3 ADJUSTMENT CREDIT

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

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

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

10 § 6066. COMPUTATION OF ADJUSTMENT PROPERTY TAX CREDIT

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

14 * * *

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

16 § 6066A. DETERMINATION OF PROPERTY TAX ADJUSTMENTS

17 (a) Annually, the Commissioner shall determine the property tax ~~adjustment~~
18 credit amount under section 6066 of this title, related to a homestead owned by
19 the claimant, based on the prior taxable year’s income and crediting property
20 taxes paid in the prior year. The Commissioner shall notify the municipality in
21 which the housesite is located of the amount of the property tax adjustment for

1 the claimant for homestead property tax liabilities, on July 1 for timely filed
2 claims and on November 1 for late claims filed by October 15. The tax
3 adjustment of a claimant who was assessed property tax by a town which
4 revised the dates of its fiscal year, however, is the excess of the property tax
5 which was assessed in the last 12 months of the revised fiscal year, over the
6 adjusted property tax of the claimant for the revised fiscal year as determined
7 under section 6066 of this title, related to a homestead owned by the claimant.

8 * * *

9 Sec. 30. CONFORMING REVISIONS

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

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

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

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

18 * * * Use Value Appraisals * * *

19 * * * Definitions * * *

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

21 § 3752. DEFINITIONS

1 As used in this subchapter:

2 * * *

3 (5) “Development” means, for the purposes of determining whether a
4 land use change tax is to be assessed under section 3757 of this chapter, the
5 construction of any building, road, or other structure, or any mining,
6 excavation, or landfill activity. “Development” also means the subdivision of
7 a parcel of land into two or more parcels, regardless of whether a change in use
8 actually occurs, where one or more of the resulting parcels contains less than
9 25 acres each; but if subdivision is solely the result of a transfer to one or more
10 of a spouse, ex-spouse in a divorce settlement, parent, grandparent, child,
11 grandchild, niece, nephew, or sibling of the transferor, or to the surviving
12 spouse of any of the foregoing, then “development” shall not apply to any
13 portion of the newly created parcel or parcels ~~which qualifies~~ that qualify for
14 enrollment and for which, within 30 days following the transfer, each
15 transferee or transferor applies for reenrollment in the use value appraisal
16 program. “Development” also means the cutting of timber on property
17 appraised under this chapter at use value in a manner contrary to a forest or
18 conservation management plan as provided for in subsection 3755(b) of this
19 title during the remaining term of the plan, or contrary to the minimum
20 acceptable standards for forest management if the plan has expired; or a
21 change in the parcel or use of the parcel in violation of the conservation

1 management standards established by the Commissioner of Forests, Parks and
2 Recreation. “Development” also means notification of the Director by the
3 Secretary of Agriculture, Food and Markets under section 3756 of this title that
4 the owner or operator of agricultural land or a farm building is violating the
5 water quality requirements of 6 V.S.A. chapter 215 or is failing to comply with
6 the terms of an order issued under 6 V.S.A. chapter 215, subchapter 10. The
7 term “development” shall not include the construction, reconstruction,
8 structural alteration, relocation, or enlargement of any building, road, or other
9 structure for farming, logging, forestry, or conservation purposes, but shall
10 include the subsequent commencement of a use of that building, road, or
11 structure for other than farming, logging, or forestry purposes.

12 * * *

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

20 * * *

21 * * *Contingent Lien* * *

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

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

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

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

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

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

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

7 ~~(2)(3) Nothing in this subsection shall be construed to allow the~~
8 ~~enrollment of agricultural land or managed forestland without a lien to secure~~
9 ~~payment of the land use change tax.~~ Any fees related to the release of a lien
10 under this subsection shall be the responsibility of the owner of the land
11 subject to the lien.

12 * * *

13 * * * Insurance Taxes * * *

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

15 § 8557. VERMONT FIRE SERVICE TRAINING COUNCIL

16 (a)(1) Sums for the expenses of the operation of training facilities and
17 curriculum of the Vermont Fire Service Training Council not to exceed
18 \$1,200,000.00 per year shall be paid to the Fire Safety Special Fund created by
19 20 V.S.A. § 3157 by insurance companies, ~~including surplus lines companies,~~
20 writing fire, homeowners multiple peril, allied lines, farm owners multiple
21 peril, commercial multiple peril (fire and allied lines), private passenger and

1 commercial auto, and inland marine policies on property and persons situated
2 within the State of Vermont within 30 days after notice from the
3 Commissioner of Financial Regulation of such estimated expenses. Captive
4 companies shall be excluded from the effect of this section.

5 (2) The Commissioner shall annually, on or before July 1, apportion
6 such charges among all such companies and shall assess them for the ~~same~~
7 charges on a fair and reasonable basis as a percentage of their gross direct
8 written premiums on such insurance written during the second prior calendar
9 year on property situated in the State. The Department of Taxes shall collect
10 all assessments under this section.

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

14 (4) An amount not less than \$150,000.00 shall be specifically allocated
15 to the Emergency Medical Services Special Fund established under 18 V.S.A.
16 § 908 for the provision of training programs for emergency medical
17 technicians, advanced emergency medical technicians, and paramedics.

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

1 chapter 151, including those relating to the collection and enforcement of the
2 income tax by the Commissioner of Taxes, shall apply to this section.

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

4 § 5036. DIRECT PLACEMENT OF INSURANCE

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

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

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

15 (3) the subject of the insurance;

16 (4) a general description of the coverage;

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

18 (6) such additional pertinent information as may be reasonably
19 requested by the Commissioner of Taxes.

20 * * *

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

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

12 * * * Repeals * * *

13 Sec. 37. REPEALS

14 The following sections in Title 32 are repealed:

15 (1) § 3777 (land use change tax lien subordination).

16 (2) § 5930z (business solar energy tax credit).

17 (3) § 8661 (taxation of electric generating plants).

18 Sec. 38. EFFECTIVE DATES

19 This act shall take effect on passage, except:

20 (1) Notwithstanding 1 V.S.A. § 214, Secs. 4 (solar energy investment
21 tax credit), 7 (minimum corporate income tax), 13–17 (Vermont higher

1 education investment plan credit), and 37(2) (repeal of business solar energy
2 tax credit) shall take effect retroactively on January 1, 2019 and apply to
3 taxable years beginning on January 1, 2019 and thereafter.

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

7 (3) Secs. 10 (taxable meal resale) shall take effect on July 1, 2019.

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