

1 Introduced by Committee on Ways and Means

2 Date:

3 Subject: Taxation; Green Mountain Care Board billbacks; income taxes;

4 capital gains; estate taxes; exclusion; first time homebuyers program;

5 downtown and village center tax credits; rooms tax; land gains tax;

6 property transfer tax; fuel tax; tax modernization fund

7 Statement of purpose of bill as introduced: This bill proposes to make  
8 numerous changes affecting the revenue of the State through changes in Green  
9 Mountain Care billback rates, reducing the capital gains exclusion, increasing  
10 the estate tax exclusion, increasing the funding for the first time homebuyers  
11 program and the downtown and village center tax credit, clarifying the scope  
12 of the rooms tax collection requirements, clarifying who pays the property  
13 transfer tax, making changes in the land gains tax and the fuel tax, and  
14 changing how the tax modernization fund is handled.

15 An act relating to changes that affect the revenue of the State

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

17 \* \* \* GMCB Billbacks \* \* \*

18 Sec. 1. 18 V.S.A. § 9374(h) is amended to read:

19 (h)(1) The Board may assess and collect from each regulated entity the  
20 actual costs incurred by the Board, including staff time and contracts for

1 professional services, in carrying out its regulatory duties for health insurance  
2 rate review under 8 V.S.A. § 4062; hospital budget review under chapter 221,  
3 subchapter 7 of this title; and accountable care organization certification and  
4 budget review under section 9382 of this title.

5 (2)(A) In addition to the assessment and collection of actual costs  
6 pursuant to subdivision (1) of this subsection and except as otherwise provided  
7 in subdivisions (2)(C) and (3) of this subsection, all other expenses of the  
8 Board shall be borne as follows:

- 9 (i) ~~40~~ 26 percent by the State from State monies;  
10 (ii) ~~30~~ 37 percent by the hospitals;  
11 (iii) ~~24~~ 29.6 percent by nonprofit hospital and medical service  
12 corporations licensed under 8 V.S.A. chapter 123 or 125, health insurance  
13 companies licensed under 8 V.S.A. chapter 101, and health maintenance  
14 organizations licensed under 8 V.S.A. chapter 139; and  
15 (iv) ~~six~~ 7.4 percent by accountable care organizations certified  
16 under section 9382 of this title.

17 \* \* \*

18 \* \* \* Capital Gains Exclusion \* \* \*

19 Sec. 2. 32 V.S.A. § 5811 is amended to read:

20 § 5811. DEFINITIONS

1 The following definitions shall apply throughout this chapter unless the  
2 context requires otherwise:

3 \* \* \*

4 (21) “Taxable income” means, in the case of an individual, federal  
5 adjusted gross income determined without regard to 26 U.S.C. § 168(k) and:

6 \* \* \*

7 (B) Decreased by the following items of income (to the extent such  
8 income is included in federal adjusted gross income):

9 \* \* \*

10 (ii) with respect to adjusted net capital gain income as defined in  
11 26 U.S.C. § 1(h) reduced by the total amount of any qualified dividend  
12 income: either the first \$5,000.00 of such adjusted net capital gain income; or  
13 ~~40~~ 20 percent of adjusted net capital gain income from the sale of assets held  
14 by the taxpayer for more than three years, except not adjusted net capital gain  
15 income from:

16 (I) the sale of any real estate or portion of real estate used by  
17 the taxpayer as a primary or nonprimary residence; or

18 (II) the sale of depreciable personal property other than farm  
19 property and standing timber; or stocks or bonds publicly traded or traded on  
20 an exchange, or any other financial instruments; regardless of whether sold by  
21 an individual or business; and provided that the total amount of decrease under

1 this subdivision (21)(B)(ii) shall not exceed ~~40~~ 20 percent of federal taxable  
2 income;

3 \* \* \*

4 (28) “Taxable income” means, in the case of an estate or a trust, federal  
5 taxable income determined without regard to 26 U.S.C. § 168(k) and:

6 \* \* \*

7 (B) decreased by the following items of income:

8 \* \* \*

9 (ii) with respect to adjusted net capital gain income as defined in  
10 26 U.S.C. § 1(h), reduced by the total amount of any qualified dividend  
11 income: either the first \$5,000.00 of such adjusted net capital gain income; or  
12 ~~40~~ 20 percent of adjusted net capital gain income from the sale of assets held  
13 by the taxpayer for more than three years, except not adjusted net capital gain  
14 income from:

15 (I) the sale of any real estate or portion of real estate used by  
16 the taxpayer as a primary or nonprimary residence; or

17 (II) the sale of depreciable personal property other than farm  
18 property and standing timber; or stocks or bonds publicly traded or traded on  
19 an exchange, or any other financial instruments; regardless of whether sold by  
20 an individual or business; and provided that the total amount of decrease under

1 this subdivision (28)(B)(ii) shall not exceed ~~40~~ 20 percent of federal taxable  
2 income; and

3 \* \* \*

4 \* \* \* Tax Credit for Affordable Housing; Down Payment Assistance \* \* \*

5 Sec. 3. 32 V.S.A. § 5930u is amended to read:

6 § 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

7 (a) As used in this section:

8 (1) “Affordable housing project” or “project” means:

9 (A) a rental housing project identified in 26 U.S.C. § 42(g); or

10 (B) owner-occupied housing identified in 26 U.S.C. § 143 (c)(1) or  
11 that qualifies under Vermont Housing Finance Agency criteria governing  
12 owner-occupied housing.

13 (2) “Affordable housing tax credits” means the tax credit provided by  
14 this subchapter.

15 (3) “Allocating agency” or “Agency” means the Vermont Housing  
16 Finance Agency.

17 (4) “Committee” means the Joint Committee on Tax Credits consisting  
18 of five members: a representative from the Department of Housing and  
19 Community ~~Affairs~~ Development, the Vermont Housing and Conservation  
20 Board, the Vermont Housing Finance Agency, the Vermont State Housing  
21 Authority, and the Office of the Governor.

1           (5) “Credit certificate” means a certificate issued by the allocating  
2 agency to a taxpayer that specifies the amount of affordable housing tax credits  
3 that can be applied against the taxpayer’s individual or corporate income tax,  
4 or franchise, captive insurance premium, or insurance premium tax liability as  
5 provided in this subchapter.

6           (6) “Eligible applicant” means any municipality, ~~private sector~~  
7 ~~developer~~, State agency as defined in 10 V.S.A. § 6301a, the Vermont Housing  
8 Finance Agency, a for-profit organization, or a nonprofit organization  
9 qualifying under 26 U.S.C. § 501(c)(3) or cooperative housing organization,  
10 the purpose of which is to create and retain affordable housing for Vermonters  
11 with lower income and which has in its bylaws a requirement that the housing  
12 the organization creates be maintained as affordable housing for Vermonters  
13 with lower income on a perpetual basis meeting the application requirements  
14 of the allocation plan.

15           (7) “Eligible cash contribution” means an amount of cash:

16           (A) contributed to the owner, developer, or sponsor of an affordable  
17 housing project and determined by the allocating agency as eligible for  
18 affordable housing tax credits; or

19           (B) paid to the Agency in connection with the purchase of affordable  
20 housing tax credits.

1           (8) “Section 42 credits” means tax credit provided by 26 U.S.C.  
2           §§ 38 and 42.

3           (9) “Allocation plan” means the plan recommended by the Committee  
4           and approved by the Vermont Housing Finance Agency, which sets forth the  
5           eligibility requirements and process for selection of eligible rental housing  
6           projects to receive affordable housing tax credits and eligible owner-occupied  
7           housing projects to receive loans or grants under this section. The allocation  
8           plan shall include:

9                   (A) requirements for creation and retention of affordable housing for  
10                  persons with low income; and

11                   (B) requirements to ensure that eligible rental housing is maintained  
12                  as affordable by subsidy covenant, as defined in 27 V.S.A. § 610 on a  
13                  perpetual basis and that eligible owner-occupied housing or program funds for  
14                  owner-occupied housing remain as an affordable housing source for future  
15                  owners or buyers, and meets all other requirements of the Vermont Housing  
16                  Finance Agency related to affordable housing.

17                   (10) “Taxpayer” means a taxpayer who makes an eligible cash  
18                  contribution or the assignee or transferee of or successor to such taxpayer as  
19                  determined by the Department of Taxes.

20                  (b) Eligible tax credit allocations.

21                  (1) Affordable housing credit allocation for rental housing.

1           (A) An eligible applicant may apply to the allocating agency for an  
2 allocation of affordable rental housing tax credits under this section related to  
3 an affordable housing project authorized by the allocating agency under the  
4 allocation plan. In the case of a specific affordable rental housing project,  
5 the eligible applicant shall also be the owner or a person having the right to  
6 acquire ownership of the building and shall apply prior to placement of the  
7 affordable housing project in service. ~~In the case of owner-occupied housing~~  
8 ~~units, the applicant shall ensure that the allocated housing or program funds~~  
9 ~~remain as an affordable housing resource for future owners.~~ The allocating  
10 agency shall issue a letter of approval if it finds that the applicant meets the  
11 priorities, criteria, and other provisions of subdivision (B) of this  
12 subdivision (b)(1). The burden of proof shall be on the applicant.

13           (B) Upon receipt of a completed application, the allocating agency  
14 shall award an allocation of affordable housing tax credits with respect to a  
15 project to an applicant, provided the applicant demonstrates to the satisfaction  
16 of the allocating agency all of the following:

17           (i) The owner of the project has received from the allocating  
18 agency a binding commitment for, a reservation or allocation of, or an out-of-  
19 cap determination letter for, Section 42 credits, or meets the requirements of  
20 the allocation plan for development or financing of units to be owner-occupied.

21           (ii) The project has received community support.



1           (2) Affordable housing credit allocation for loans or grants for owner-  
2 occupied housing.

3           (A) The Vermont Housing Finance Agency shall have the authority  
4 to allocate affordable housing tax credits to provide funds to make loans or  
5 grants to eligible applicants for affordable owner-occupied housing. An  
6 eligible applicant may apply to the allocating agency for a loan or grant under  
7 this section related to an affordable owner-occupied housing project authorized  
8 by the allocating agency under the allocation plan. In the case of a specific  
9 affordable owner-occupied housing project, the eligible applicants shall also be  
10 the owner or a person having the right to acquire ownership of the unit and  
11 shall apply prior to sale of the unit to the homeowner.

12           (B) The Agency shall require that the loan or grant recipient use such  
13 funds to maintain the unit as an affordable owner-occupied unit or as an  
14 affordable housing source for future owners or buyers.

15           (C) The Agency shall use the proceeds of loans or grants made under  
16 subdivision (b)(2)(A) of this section for future loans or grants to eligible  
17 applicants for affordable owner-occupied housing projects.

18           (D) The Agency may assign its rights under any loan or grant made  
19 under subdivision (b)(2)(A) of this section to any State agency or nonprofit  
20 organization qualifying under 26 U.S.C. § 501(c)(3) so long as such assignee

1 acknowledges and agrees to comply with the provisions of subdivision (b)(2)  
2 of this section.

3 (3) Down Payment Assistance Program.

4 (A) The Vermont Housing Finance Agency shall have the authority  
5 to allocate affordable housing tax credits to finance down payment assistance  
6 loans that meet the following requirements:

7 (i) the loan is made in connection with a mortgage through an  
8 Agency program;

9 (ii) the borrower is a first-time ~~homebuyer~~ home buyer of an  
10 owner-occupied primary residence; and

11 (iii) the borrower uses the loan for the borrower's down payment  
12 or closing costs, or both.

13 (B) The Agency shall require the borrower to repay the loan upon the  
14 transfer or refinance of the residence.

15 (C) The Agency shall use the proceeds of loans made under the  
16 Program for future down payment assistance.

17 (c) Amount of credit. A taxpayer ~~who makes an eligible cash contribution~~  
18 shall be entitled to claim against the taxpayer's individual income, corporate,  
19 franchise, captive insurance premium, or insurance premium tax liability a  
20 credit in an amount specified on the taxpayer's credit certificate. The first-year

1 allocation of a credit amount to a taxpayer shall also be deemed an allocation  
2 of the same amount in each of the following four years.

3 (d) Availability of credit. The amount of affordable housing tax credit  
4 ~~allocated with respect to a project~~ set forth on the taxpayer's credit certificate  
5 shall be available to the taxpayer every year for five consecutive tax years,  
6 beginning with the tax year in which the eligible cash contribution is made.  
7 Total tax credits available to the taxpayer shall be the amount of the first-year  
8 allocation plus the succeeding four years' deemed allocations.

9 (e) Claim for credit. A taxpayer claiming affordable housing tax credits  
10 shall submit with each return on which such credit is claimed ~~a copy of the~~  
11 ~~allocating agency's credit allocation to the affordable housing project and the~~  
12 taxpayer's credit certificate and with respect to credits issued under  
13 subdivision (b)(1), a copy of the allocating agency's credit allocation to the  
14 affordable housing project. Any unused affordable housing tax credit may be  
15 carried forward to reduce the taxpayer's tax liability for no more than  
16 14 succeeding tax years, following the first year the affordable housing tax  
17 credit is allowed.

18 (f) [Repealed.]

1 (g)(1) In any fiscal year, the allocating agency may award up to:

2 (A) \$400,000.00 in total first-year credit allocations to all applicants  
3 for rental housing projects, for an aggregate limit of \$2,000,000.00 over any  
4 given five-year period that credits are available under this subdivision (A);

5 (B) ~~\$300,000.00~~ \$425,000.00 in total first-year credit allocations for  
6 loans or grants for owner-occupied unit financing or down payment loans as  
7 provided in subdivision (b)(2) consistent with the allocation plan, including for  
8 new construction and manufactured housing, for an aggregate limit of  
9 ~~\$1,500,000.00~~ \$2,125,000.00 over any given five-year period that credits are  
10 available under this subdivision (B).

11 (2) ~~In any fiscal year, total first-year credit allocations under subdivision~~  
12 ~~(1) of this subsection plus succeeding year deemed allocations shall not exceed~~  
13 ~~\$3,500,000.00~~ If the full amount of first-year credits authorized by an award is  
14 not allocated to a taxpayer, the Agency may reclaim the amount not allocated  
15 and re-award such allocations to other applicants, and such re-awards shall not  
16 be subject to the limits set forth in subdivision (1) of this subsection.

17 (h)(1) In fiscal year 2016 through fiscal year ~~2022~~ 2019, the allocating  
18 agency may award up to \$125,000.00 in total first-year credit allocations for  
19 loans through the Down Payment Assistance Program created in  
20 subdivision (b)(2) of this section.

1           (2) In any fiscal year, ~~total first-year credit allocations under~~  
2 ~~subdivision (1) of this subsection plus succeeding year deemed allocations~~  
3 ~~shall not exceed \$625,000.00~~ 2020 through fiscal year 2026, the allocating  
4 agency may award up to \$250,000.00 in total first-year credit allocations for  
5 loans through the Down Payment Assistance Program created in subdivision  
6 (b)(3) of this section.

7                           \* \* \* Downtown Tax Credit Program \* \* \*

8           Sec. 4. 32 V.S.A. chapter 151, subchapter 11J is amended to read:

9           Subchapter 11J: Vermont Downtown and Village Center Tax Credit Program

10          § 5930aa. DEFINITIONS

11           As used in this subchapter:

12           (1) “Qualified applicant” means an owner or lessee of a qualified  
13 building involving a qualified project, but does not include ~~a religious entity~~  
14 ~~operating with a primarily religious purpose~~; a State or federal agency or a  
15 political subdivision of either; or an instrumentality of the United States.

16           (2) “Qualified building” means a building built ~~prior to 1983~~ at least  
17 30 years before the date of application, located within a designated downtown  
18 or village center, which upon completion of the project supported by the tax  
19 credit will be an income-producing building not used solely as a single-family  
20 residence. Churches and other buildings owned by religious organization may

1 be qualified buildings, but in no event shall tax credits be used for religious  
2 worship.

3 (3) “Qualified code ~~or technology~~ improvement project” means a  
4 project:

5 (A)~~(i)~~ to install or improve platform lifts suitable for transporting  
6 personal mobility devices, limited use/ or limited application elevators,  
7 elevators, sprinkler systems, and capital improvements in a qualified building,  
8 and the installations or improvements are required to bring the building into  
9 compliance with the statutory requirements and rules regarding fire prevention,  
10 life safety, and electrical, plumbing, and accessibility codes as determined by  
11 the Department of Public Safety; ~~or~~

12 ~~(ii) to install or improve data or network wiring, or heating,~~  
13 ~~ventilating, or cooling systems reasonably related to data or network~~  
14 ~~installations or improvements, in a qualified building, provided that a~~  
15 ~~professional engineer licensed under 26 V.S.A. chapter 20 certifies as to the~~  
16 ~~fact and cost of the installation or improvement;~~

17 \* \* \*

18 (7) “Qualified project” means a qualified code ~~or technology~~  
19 improvement, qualified façade improvement, ~~qualified technology~~  
20 ~~infrastructure project~~, or qualified historic rehabilitation project as defined by  
21 this subchapter.

1           (8) “State Board” means the Vermont Downtown Development Board  
2 established pursuant to 24 V.S.A. chapter 76A.

3   \* \* \*

4           § 5930cc. DOWNTOWN AND VILLAGE CENTER PROGRAM TAX

5   CREDITS

6           (a) Historic rehabilitation tax credit. The qualified applicant of a qualified  
7 historic rehabilitation project shall be entitled, upon the approval of the State  
8 Board, to claim against the taxpayer’s State individual income tax, corporate  
9 income tax, or bank franchise or insurance premiums tax liability a credit of  
10 10 percent of qualified rehabilitation expenditures as defined in the Internal  
11 Revenue Code, 26 U.S.C. § 47(c), properly chargeable to the federally certified  
12 rehabilitation.

13           (b) Façade improvement tax credit. The qualified applicant of a qualified  
14 façade improvement project shall be entitled, upon the approval of the State  
15 Board, to claim against the taxpayer’s State individual income tax, State  
16 corporate income tax, or bank franchise or insurance premiums tax liability a  
17 credit of 25 percent of qualified expenditures up to a maximum tax credit  
18 of \$25,000.00.

19           (c) Code or technology improvement tax credit. The qualified applicant of  
20 a qualified code or technology improvement project shall be entitled, upon the  
21 approval of the State Board, to claim against the taxpayer’s State individual

1 income tax, State corporate income tax, or bank franchise or insurance  
2 premiums tax liability a credit of 50 percent of qualified expenditures up to a  
3 maximum tax credit of \$12,000.00 for installation or improvement of a  
4 platform lift, a maximum credit of ~~\$40,000.00~~ \$60,000.00 for the installation  
5 or improvement of a limited use<sup>4</sup> or limited application elevator, a maximum  
6 tax credit of ~~\$50,000.00~~ \$75,000.00 for installation or improvement of an  
7 elevator, a maximum tax credit of \$50,000.00 for installation or improvement  
8 of a sprinkler system, ~~a maximum tax credit of \$30,000.00 for the combined~~  
9 ~~costs of installation or improvement of data or network wiring or a heating,~~  
10 ~~ventilating, or cooling system,~~ and a maximum tax credit of \$50,000.00 for the  
11 combined costs of all other qualified code improvements.

12 § 5930dd. CLAIMS; AVAILABILITY

13 (a) A taxpayer claiming credit under this subchapter shall submit to the  
14 Department of Taxes with the first return on which a credit is claimed a copy  
15 of the State Board's tax credit allocation.

16 (b) A credit under this subchapter shall be available for the first tax year in  
17 which the qualified project is complete. In the alternative, the State Board may  
18 allocate the credit available under this subchapter and make an allocation  
19 available upon completion of any distinct phase of a qualified project. The  
20 allocation and distinct phases of the qualified project shall be identified in the  
21 application package approved by the State Board.



1 (c) If **within five two years** after the date of the credit allocation to the  
2 applicant no claim for tax credit has been filed, the tax credit allocation shall  
3 be rescinded, unless the project has an approved federal application for a  
4 phased (60 month) project pursuant to Treasury Regulation 1.48-12(b)(2)(v), in  
5 which case the credit will not be rescinded until five years from the date of the  
6 credit allocation.

7 \* \* \*

8 § 5930ee. LIMITATIONS

9 Beginning in fiscal year 2010 and thereafter, the State Board may award tax  
10 credits to all qualified applicants under this subchapter, provided that:

11 (1) the total amount of tax credits awarded annually, together with sales  
12 tax reallocated under section 9819 of this title, does not exceed ~~\$2,400,000.00~~  
13 \$2,600,000.00;

14 \* \* \*

15 \* \* \* Estate Tax; Exclusion Amount \* \* \*

16 Sec. 5. 32 V.S.A. § 7442a(b) is amended to read:

17 (b) The tax shall be computed as follows. The following rates shall be  
18 applied to the Vermont taxable estate:

1	Amount of Vermont Taxable Estate	Rate of Tax
2	<del>Under \$2,750,000.00</del>	<del>None</del>
3	<del>\$2,750,000.00 or more</del>	<del>16 percent of the excess</del>
4		<del>over \$2,750,000.00</del>

5 (1) From July 1, 2019 to December 31, 2019:

6	<u>under \$3,500,000.00</u>	<u>None</u>
7	<u>\$3,500,000.00 or more</u>	<u>16 percent of the excess</u>
8		<u>over \$3,500,000.00</u>

9 (2) From January 1, 2020 to December 31, 2020:

10	<u>under \$4,250,000.00</u>	<u>None</u>
11	<u>\$4,250,000.00 or more</u>	<u>16 percent of the excess</u>
12		<u>over \$4,250,000.00</u>

13 The resulting amount shall be multiplied by a fraction not greater than one,  
14 where the numerator of which is the value of the Vermont gross estate plus the  
15 value of gifts under 32 V.S.A. § 7402(14)(C) with a Vermont situs, and the  
16 denominator of which is the federal gross estate plus the value of gifts under  
17 subdivision 7402(14)(C) of this title.

18 Sec. 6. 32 V.S.A. § 7442a(b) is amended to read:

19 (b) The tax shall be computed as follows. The following rates shall be  
20 applied to the Vermont taxable estate:

1	Amount of Vermont Taxable Estate	Rate of Tax
2	<del>(1) From July 1, 2019 to December 31, 2019:</del>	
3	<del>under \$3,500,000.00</del>	<del>None</del>
4	<del>\$3,500,000.00 or more</del>	<del>16 percent of the excess</del>
5		<del>over \$3,500,000.00</del>
6	<del>(2) From January 1, 2020 to December 31, 2020:</del>	
7	<del>under \$4,250,000.00</del>	<del>None</del>
8	<del>\$4,250,000.00 or more</del>	<del>16 percent of the excess</del>
9		<del>over \$4,250,000.00</del>
10	<u>Under \$5,000,000.00</u>	<u>None</u>
11	<u>\$5,000,000.00 or more</u>	<u>16 percent of the excess</u>
12		<u>Over \$5,000,000.00</u>

13 The resulting amount shall be multiplied by a fraction not greater than one,  
14 where the numerator of which is the value of the Vermont gross estate plus the  
15 value of gifts under 32 V.S.A. § 7402(14)(C) with a Vermont situs, and the  
16 denominator of which is the federal gross estate plus the value of gifts under  
17 subdivision 7402(14)(C) of this title.

18 \* \* \* Rooms Tax; Booking Agents \* \* \*

19 Sec. 7. 32 V.S.A. § 9202 is amended to read:

20 § 9202. DEFINITIONS

1 The following words, terms, and phrases when used in this chapter shall  
2 have the meanings ascribed to them in this section unless the context clearly  
3 indicates a different meaning:

4 \* \* \*

5 (4) “Operator” means any person, or his or her agent, operating a hotel,  
6 whether as owner or proprietor or lessee, sublessee, mortgagee, licensee, or  
7 otherwise; and any person, or his or her agent, charging for a taxable meal or  
8 alcoholic beverage; and any person, or his or her agent, engaged in both of the  
9 foregoing activities. The term “operator” shall include booking agents. In the  
10 event that an operator is a corporation or other entity, the term “operator” shall  
11 include any officer or agent of such corporation or other entity who, as an  
12 officer or agent of the corporation, is under a duty to pay the gross receipts tax  
13 to the Commissioner as required by this chapter.

14 \* \* \*

15 (8) “Rent” means the consideration received for occupancy valued in  
16 money, whether received in money or otherwise, including all receipts, cash,  
17 credits, and property or services of any kind or nature, and also any amount for  
18 which the occupant is liable for the occupancy without any deduction  
19 therefrom whatsoever; and any monies received in payment for time-share  
20 rights at the time of purchase; provided, however, that such money received  
21 shall not be considered rent and thus not taxable if a deeded interest is granted

1 to the purchaser for the time-share rights. The term “rent” shall include all  
2 amounts collected by booking agents except the tax required to be collected  
3 under this chapter. The term “rent” shall not include rental charges for living  
4 quarters, sleeping, or household accommodations to any student necessitated  
5 by attendance at a school as defined herein.

6 \* \* \*

7 (20) “Booking agent” means a person who facilitates the rental of an  
8 occupancy and collects rent for an occupancy and who has the right, access,  
9 ability, or authority, through an Internet transaction or any other means, to  
10 offer, reserve, book, arrange for, remarket, distribute, broker, resell, or  
11 facilitate an occupancy that is subject to the tax under this chapter.

12 Sec. 8. 32 V.S.A. § 9271 is amended to read:

13 § 9271. LICENSES REQUIRED

14 Each operator prior to commencing business shall register with the  
15 Commissioner each place of business within the State where he or she operates  
16 a hotel or sells taxable meals or alcoholic beverages; provided, however, that  
17 an operator who sells taxable meals through a vending machine shall not be  
18 required to hold a license for each individual machine, and a booking agent  
19 shall not be required to hold a separate license for each property the rental of  
20 that it facilitates. Upon receipt of an application in such form and containing  
21 such information as the Commissioner may require for the proper

1 administration of this chapter, the Commissioner shall issue without charge a  
2 license for each such place in such form as he or she may determine, attesting  
3 that such registration has been made. No person shall engage in serving  
4 taxable meals or alcoholic beverages or renting hotel rooms without the license  
5 provided in this section. The license shall be nonassignable and  
6 nontransferable and shall be surrendered to the Commissioner if the business is  
7 sold or transferred or if the registrant ceases to do business at the place named.

8 \* \* \* Property Transfer Tax; Controlling Interest \* \* \*

9 Sec. 9. 32 V.S.A. § 9601 is amended to read:

10 § 9601. DEFINITIONS

11 The following definitions shall apply throughout this chapter unless the  
12 context requires otherwise:

13 \* \* \*

14 (2) “Person” means every natural person, association, trust, ~~or~~  
15 corporation, partnership, or limited liability company.

16 \* \* \*

17 (5) “Transfer” includes a grant, assignment, conveyance, will, trust,  
18 decree of court, transfer or acquisition of a direct or indirect controlling interest  
19 in any person with title to property, or any other means of transferring title to  
20 property or vesting title to property in any person.

21 (6) “Value” means;

1           (A) ~~in~~ In the case of any transfer of title to property ~~which~~ that is not  
2 a gift and ~~which~~ that is not made for a nominal consideration, the amount of  
3 the full actual consideration for such transfer, paid or to be paid, including the  
4 amount of any liens or encumbrances on the property existing before the  
5 transfer and not removed thereby;

6           (B) ~~in~~ In the case of a gift, or a transfer for nominal consideration,  
7 “~~value~~” ~~means~~ the fair market value of the property transferred.

8           (C) In the case of a controlling interest in any person that has title to  
9 property, the fair market value of the property, apportioned based on the  
10 percentage of the ownership interest transferred or acquired in the person.

11           (D) “Value” shall not include the fair market value of private  
12 alternative energy sources as defined in section 3845 of this title.

13                                   \* \* \*

14           (12) “Controlling interest” means:

15           (A) In the case of a corporation, either 50 percent or more of the total  
16 combined voting power of all classes of stock of such corporation, or  
17 50 percent or more of the capital, profits, or beneficial interest in such voting  
18 stock of such corporation.

19           (B) In the case of a partnership, association, trust, or other entity,  
20 50 percent or more of the capital, profits, or beneficial interest in such  
21 partnership, association, trust, or other entity.

1           (C) For purposes of the tax imposed pursuant to section 9602 of this  
2           title, all acquisitions of persons acting in concert are aggregated for purposes of  
3           determining whether a transfer or acquisition of a controlling interest has taken  
4           place; provided, however, interests in any partnership, association, or other  
5           entity originally purchased in connection with the federal low-income housing  
6           tax credit program under 26 U.S.C. § 42 shall not be counted in determining a  
7           change in the “controlling interest.” The Commissioner shall adopt standards  
8           by regulation to determine when persons are acting in concert. In adopting a  
9           regulation for this purpose, the Commissioner shall consider the following:

10                   (i) Persons must be treated as acting in concert when they have a  
11                   relationship with each other such that one person influences or controls the  
12                   actions of another through common ownership.

13                   (ii) When persons are not commonly owned or controlled, they  
14                   must be treated as acting in concert only when the unity with which the  
15                   purchasers have negotiated and will consummate the transfer of ownership  
16                   interest supports a finding that they are acting as a single person. If the  
17                   acquisitions are completely independent, with each purchaser buying without  
18                   regard to the identity of the other purchasers, the acquisitions must be  
19                   considered separate acquisitions.



1 Sec. 10. 32 V.S.A. § 9602 is amended to read:

2 § 9602. TAX ON TRANSFER OF TITLE TO PROPERTY

3 A tax is hereby imposed upon the transfer ~~by deed~~ of title to property  
4 located in this State. The amount of the tax equals one and one-quarter percent  
5 of the value of the property transferred, or \$1.00, whichever is greater, except  
6 as follows:

7 \* \* \*

8 Sec. 11. 32 V.S.A. § 9603 is amended to read:

9 § 9603. EXEMPTIONS

10 The following transfers are exempt from the tax imposed by this chapter:

11 \* \* \*

12 (6) Transfers to effectuate a mere change of identity or form of  
13 ownership or organization where there is no change in beneficial ownership;

14 \* \* \*

15 (25) Transfer made by a limited liability company to a member in  
16 connection with a complete dissolution of the limited liability company,  
17 pursuant to which transfer no gain or loss is recognized under the Internal  
18 Revenue Code, except where the Commissioner finds that a major purpose of  
19 such dissolution is to avoid the property transfer tax;

20 (26) Transfers of controlling interests in a person with a fee interest in  
21 property if the transfer of the property would qualify for exemption if

1 accomplished by deed of the property between the parties to the transfer of the  
2 controlling interest.

3 Sec. 12. 32 V.S.A. § 9606(a) is amended to read:

4 (a) A property transfer return complying with this section shall be delivered  
5 to a town clerk:

6 (1) In the case of property transfer by deed, at the time a deed  
7 evidencing a transfer of title to property is delivered to the clerk for recording.

8 (2) In the case of transfer or acquisition of a controlling interest in a  
9 person with title to property for which a deed is not given, within 30 days of  
10 the transfer or acquisition.

11 \* \* \*

12 Sec. 13. 32 V.S.A. § 9607 is amended to read:

13 § 9607. ACKNOWLEDGMENT OF RETURN AND TAX PAYMENT

14 Upon the receipt by a town clerk of a property transfer return and certificate  
15 and the fee required under subdivision 1671(a)(6) of this title, the clerk shall  
16 forthwith mail or otherwise deliver to the transferee of title to property with  
17 respect to which such return was filed a signed and written acknowledgment of  
18 the receipt of that return and certificate. A copy of that acknowledgment, or  
19 any other form of acknowledgment approved by the Commissioner, shall be  
20 affixed to the deed evidencing the transfer of property or the document  
21 evidencing the transfer or acquisition of a direct or indirect controlling interest

1 in any person with title to property with respect to which the return and  
2 certificate was filed. The acknowledgment so affixed to a deed or document,  
3 however, shall not disclose the amount of tax paid with respect to any return or  
4 transfer.

5 Sec. 14. 32 V.S.A. § 9608(a) is amended to read:

6 (a) Except as to transfers ~~which~~ that are exempt pursuant to subdivision  
7 9603(17) of this title, no town clerk shall record, or receive for recording, any  
8 deed or document evidencing the transfer or acquisition of a direct or indirect  
9 controlling interest in any person with title to property to which is not attached  
10 a properly executed transfer tax return, complete and regular on its face, and a  
11 certificate in the form prescribed by the Natural Resources Board and the  
12 Commissioner of Taxes that the conveyance of the real property and any  
13 development thereon by the seller is in compliance with or exempt from the  
14 provisions of 10 V.S.A. chapter 151. The certificate shall indicate whether or  
15 not the conveyance creates the partition or division of land. If the conveyance  
16 creates a partition or division of land, there shall be appended the current “Act  
17 250 Disclosure Statement,” required by 10 V.S.A. § 6007. A town clerk who  
18 violates this section shall be fined \$50.00 for the first such offense and \$100.00  
19 for each subsequent offense. A person who purposely or knowingly falsifies  
20 any statement contained in the certificate required is punishable by fine of not  
21 more than \$500.00 or imprisonment for not more than one year, or both.

1 Sec. 15. 32 V.S.A. § 9618 is amended to read:

2 § 9618. DUTY TO REPORT STOCK ACQUISITIONS

3 Each person who acquires a controlling interest in a corporation, whether by  
4 one or more than one transfer of stock, shall, if the fair market value of all real  
5 property held in this State by the corporation exceeds \$500,000.00, report to  
6 the Commissioner of Taxes, within 30 days after the acquisition, the fair  
7 market value of all real property held in this State by the corporation at the  
8 time of the acquisition of the controlling interest. ~~As used in this section, a~~  
9 ~~“controlling interest” means 50 percent or more of the total combined voting~~  
10 ~~power of all classes of stock of the corporation.~~

11 \* \* \* Land Gains Tax \* \* \*

12 Sec. 16. 32 V.S.A. § 10002 is amended to read:

13 § 10002. LAND AND RESIDENCES

14 (a) “Land” means all land, whether or not improved, ~~but does not include~~  
15 ~~land not exceeding 10 acres, necessary for the use of a dwelling used by the~~  
16 ~~seller of such land as his or her principal residence~~ that has been purchased and  
17 subdivided by the transferor within the six years prior to the sale or exchange  
18 of the land. Buildings or other structures are not included in this definition of  
19 land. “Land” also means timber or rights to timber when that timber or those  
20 timber rights are sold within six years of their purchase, provided the  
21 underlying land is also sold within six years. “Underlying land” means the

1 land from which timber or timber rights have been separated, whether  
2 subdivided or not. As used in this subsection, the term “subdivision” means a  
3 subdivision under local zoning bylaws, or, in a municipality which does not  
4 have duly adopted permanent zoning and subdivision bylaws, “subdivision”  
5 means a tract or tracts of land, owned or controlled by a person, that the person  
6 has partitioned or divided for the purpose of sale or transfer. Subdivision shall  
7 be deemed to have occurred on the conveyance of the first lot or the filing of a  
8 plat, plan, or deed in the town records, whichever first occurs. A subdivision  
9 shall not include a boundary adjustment between adjacent parcels.

10 \* \* \*

11 (p) Also excluded from the definition of “land” is a transfer of ~~undeveloped~~  
12 land in a Vermont neighborhood or neighborhood development area, a  
13 downtown development district, a village center, a growth center, or a new  
14 town center development district designated under 24 V.S.A. chapter 76A  
15 ~~which is the first transfer of that parcel following the original designation of~~  
16 ~~the Vermont neighborhood or neighborhood development area.~~

17 \* \* \*

18 Sec. 17. 32 V.S.A. § 10006(d) is added to read:

19 (d) If the property does not qualify as “land” under subsection 10002(a) of  
20 this chapter, the parties to the transaction are relieved of any obligation to pay  
21 the tax, file a return, or withhold the tax imposed by this chapter. If the

1 property qualifies as “land” under subsection 10002(a) of this chapter, but an  
2 exclusion is claimed under any of the remaining subsections of section 10002,  
3 the parties to the transaction must still comply with the obligations to pay, file,  
4 and withhold, as specified under this chapter.

5 \* \* \* Fuel Tax \* \* \*

6 Sec. 18. 33 V.S.A. § 2503 is amended to read:

7 § 2503. FUEL TAX

8 (a)(1) There is imposed a tax on the retail sale of heating oil, propane,  
9 kerosene, and other dyed diesel fuel delivered ~~to a residence or business in~~  
10 Vermont, at the rate of \$0.02 per gallon, except that deliveries to any agency,  
11 authority, political subdivision, or instrumentality of the United States, the  
12 State of Vermont, or a municipality are exempt from this tax.

13 \* \* \*

14 (d) **No tax under this section shall be imposed for any month ending after**  
15 **June 30, 2019.**

16 \* \* \* Tax Computer Modernization \* \* \*

17 Sec. 19. 2007 Acts and Resolves No. 65, Sec. 282, as amended by 2011 Acts  
18 and Resolves No. 63, Sec. C.103, as amended by 2013 Acts and Resolves  
19 No. 1, Sec. 65, as amended by 2014 Acts and Resolves No. 95, Sec. 62, as  
20 amended by 2018 Acts and Resolves No. 87, Sec. 47, as amended by 2018

1 Acts and Resolves No. 11 (Special Session), Sec. E.111.1 is further amended  
2 to read: **[If amended by BAA, will need to add those changes]**

3 Sec. 282. TAX COMPUTER SYSTEM MODERNIZATION FUND

4 (a) Creation of fund.

5 (1) There is established the Tax Computer System Modernization  
6 Special Fund to consist of:

7 \* \* \*

8 (C) ~~The~~ Thirty percent of the incremental tax receipts received as a  
9 direct result of the implementation of the integrated tax system beginning in  
10 calendar year 2014, including any additional data warehouse modules. The  
11 Commissioner of Finance and Management shall approve baseline tax receipts  
12 in order to measure the increment from the new integrated tax system.

13 (2) Balances in the Fund shall be administered by the Department of  
14 Taxes and used for the exclusive purposes of funding: A) ancillary  
15 development of information technology systems necessary for implementation  
16 and continued operation of the data warehouse project; B) payments due to the  
17 vendor under the data warehouse project contract; C) enhanced compliance  
18 costs related to the data warehouse project; D) planning for an integrated tax  
19 system solution, including present-day analysis of business case and business  
20 requirements, requests for proposals and due diligence; E) implementation of  
21 tax types, including new tax types, and any additional data warehouse modules

1 into the selected integrated tax system solution; F) a micro-simulation model  
2 for use by the Department of Taxes and the Joint Fiscal Office, and the data  
3 maintenance costs related to the model; ~~and~~ G) implementation of an ancillary  
4 scanning system to enhance the operation of tax types incorporated into the  
5 integrated tax system solution; and H) planning for and implementation of  
6 education property tax grand list management software, including present-day  
7 analysis of business case and business requirements, requests for proposals and  
8 due diligence. All balances in the Fund at the end of any fiscal year shall be  
9 carried forward and remain part of the Fund. Interest earned by the Fund shall  
10 be deposited into the Fund. This Fund is established in the State Treasury  
11 pursuant to 32 V.S.A. chapter 7, subchapter 5.

12 \* \* \*

13 (c) ~~Transfer.~~

14 (1) ~~Twenty percent of the tax receipts received pursuant to subdivision~~  
15 ~~(a)(1)(A) of this section after payment to the vendor under the data warehouse~~  
16 ~~contract shall be transferred to the General Fund annually for the duration of~~  
17 ~~that contract. Thereafter, 20 percent of the tax receipts received pursuant to~~  
18 ~~subdivision (a)(1)(A) shall be transferred to the Fund which would receive the~~  
19 ~~underlying tax receipts annually until the expiration of the Tax Computer~~  
20 ~~System Modernization Fund.~~



