

1 Introduced by Committee on Ways and Means

2 Date:

3 Subject: Taxation; sales and use tax; meals and rooms tax; personal income

4 tax; corporate income tax; education property tax; property transfer

5 tax; administration; confidentiality

6 Statement of purpose of bill as introduced: This bill proposes to make
7 numerous substantive and administrative changes to Vermont's tax laws. This
8 bill decreases the amount of use tax due under the safe harbor calculation
9 based on adjusted gross income. The Department of Taxes is authorized to
10 charge penalties for fraudulent requests for refunds irrespective of whether a
11 refund is issued. This bill clarifies that beverage deposit redemption
12 information received by the Department of Taxes is not confidential tax
13 information. The requirements for noncollecting vendors and short-term rental
14 platforms to report to the Department of Taxes are repealed. This bill amends
15 due dates for municipal grand list corrections, property transfer tax returns and
16 payments, corporate income tax filing, and claims for certain refunds of
17 income tax paid or offset. Numerous other changes are made to the definitions
18 used for the purposes of current use, the property tax income sensitivity credit,
19 and the sales and use tax.

20 An act relating to miscellaneous tax provisions

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

2 * * * Education Property Tax * * *

3 Sec. 1. 32 V.S.A. § 4261 is amended to read:

4 § 4261. CORRECTING OMISSION FROM GRAND LIST

5 When real or personal estate is omitted from the grand list by mistake, or an
6 obvious error is found, the listers, with the approval of the ~~Selectboard~~
7 selectboard, on or before December 31, may supply such omissions or correct
8 such errors and make a certificate thereon of the fact; provided, however, the
9 listers may make a correction resulting from the filing or rescission of a
10 homestead declaration without approval of the ~~Selectboard~~ selectboard.

11 Sec. 2. 32 V.S.A. § 4342 is amended to read:

12 § 4342. EXTENSIONS BY THE DIRECTOR

13 On written application therefor made by the listers or assessors of any town,
14 with the approval of the ~~Selectboard~~ selectboard of the town or mayor of the
15 city, the several dates fixed by law and extended by the preceding section or
16 the charter of any municipal corporation, on or before which certain acts must
17 be done relating to duties of listers and assessors, may be further extended by
18 the Director and such extensions shall be in writing ~~and shall be recorded in~~
19 ~~the office of the town clerk.~~

20 Sec. 3. 32 V.S.A. § 5402(b)(1) is amended to read:

21 (1) The Commissioner of Taxes shall determine for each municipality
22 the education tax rates under subsection (a) of this section, divided by the

1 municipality's most recent common level of appraisal. The legislative body in
2 each municipality shall then bill each property taxpayer at the homestead or
3 nonhomestead rate determined by the Commissioner under this subdivision,
4 multiplied by the education property tax grand list value of the property,
5 properly classified as homestead or nonhomestead property and without regard
6 to any other tax classification of the property. ~~Statewide~~ The Commissioner
7 shall determine the form and content of statewide education property tax bills,
8 which shall show the tax due and the calculation of the rate determined under
9 subsection (a) of this section, divided by the municipality's most recent
10 common level of appraisal, multiplied by the current grand list value of the
11 property to be taxed. Statewide education property tax bills shall also include
12 language provided by the Commissioner pursuant to subsection 5405(g) of this
13 title.

14 Sec. 4. 32 V.S.A. § 5405(f) is amended to read:

15 (f) Within the limits of the resources available for that purpose, the
16 Commissioner may employ such individuals, whether on a permanent,
17 temporary, or contractual basis, as shall be necessary, in the judgment of the
18 Commissioner, to aid in the performance of duties under this section. The
19 Commissioner shall pay each municipality the sum of \$1.00 per grand list
20 parcel in the municipality, for services provided to the Commissioner in
21 connection with ~~his or her~~ the performance of duties under this section. ~~Such~~
22 ~~payment shall be made from the equalization and reappraisal account within~~

1 ~~the Education Fund.~~ Each municipality shall deposit payments received under
2 this subsection into a special fund that shall be used to support the preparation
3 of the education property tax grand list.

4 * * * Current Use * * *

5 Sec. 5. 32 V.S.A. § 3752(10) is amended to read:

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

13 * * * Income Sensitivity; Household Income * * *

14 Sec. 6. 32 V.S.A. § 6061(5) is amended to read:

15 (5) “Modified adjusted gross income” means “federal adjusted gross
16 income”:

17 * * *

18 (D) Without the inclusion of adjustments to total income except
19 certain business expenses of reservists, one-half of self-employment tax paid,
20 alimony paid, deductions for tuition and fees, contributions to Simplified
21 Employee Pension (SEP) plans made in the taxable year, health insurance costs
22 of self-employed individuals, and health savings account deductions.

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* * * Property Tax Hearing Officer Per Diem * * *

Sec. 7. 32 V.S.A. § 4465 is amended to read:

§ 4465. APPOINTMENT OF PROPERTY VALUATION HEARING
OFFICER; OATH; PAY

When an appeal to the Director is not withdrawn, the Director shall refer the appeal in writing to a person not employed by the Director, appointed by the Director as hearing officer. The Director shall have the right to remove a hearing officer for inefficiency, malfeasance in office, or other cause. In like manner, the Director shall appoint a hearing officer to fill any vacancy created by resignation, removal, or other cause. Before entering into their duties, persons appointed as hearing officers shall take and subscribe the oath of the office prescribed in the Constitution, which oath shall be filed with the Director. The Director shall pay each hearing officer a sum not to exceed ~~\$120.00~~ \$150.00 per diem for each day wherein hearings are held, together with reasonable expenses as the Director may determine. A hearing officer may subpoena witnesses, records, and documents in the manner provided by law for serving subpoenas in civil actions and may administer oaths to witnesses.

* * * Director of Property Valuation and Review * * *

Sec. 8. CONFORMING REVISIONS

1 When preparing the Vermont Statutes Annotated for publication, the Office
2 of Legislative Council shall make the following revisions throughout the
3 statutes as needed, provided the revisions have no other effect on the meaning
4 of the affected statutes:

5 (1) replace “Director of Property Valuation and Review” with
6 “Commissioner of Taxes” or “Director” with “Commissioner” in Title 32; and

7 (2) make revisions that are substantially similar to those described in
8 subdivision (1) of this subsection in other titles of the Vermont Statutes
9 Annotated.

10 * * * Property Transfer Tax * * *

11 Sec. 9. 32 V.S.A. § 9605(a) shall be amended to read:

12 (a) The tax imposed by this chapter shall be paid to the Commissioner ~~at~~
13 ~~the time of~~ within 30 days after transfer of title to property subject to the tax or,
14 in the case of a transfer or acquisition of a controlling interest in a person with
15 title to property for which a deed is not given, within 30 days after transfer or
16 acquisition.

17 * * * Sales and Use Tax * * *

18 Sec. 10. 32 V.S.A. § 5870 shall be amended to read:

19 § 5870. REPORTING USE TAX ON INDIVIDUAL INCOME TAX

20 RETURNS

21 (a) The Commissioner of Taxes shall provide that individuals report use tax
22 on their State individual income tax returns. Taxpayers are required to attest to

1 the amount of their use tax liability under chapter 233 of this title for the period
2 of the tax return. Alternatively, they may elect to report an amount that is a
3 percentage of their adjusted gross income determined under subsection (b) of
4 this section, ~~as shown on a table published by the Commissioner of Taxes;~~ and
5 use tax liability arising from the purchase of each item with a purchase price in
6 excess of \$1,000.00 shall be added to the table amount shown under subsection
7 (b) of this section.

8 (b) The amount of use tax a taxpayer may elect to report under subsection
9 (a) of this section shall be ~~0.10 percent of their adjusted gross income~~ based on
10 the taxpayer's adjusted gross income as determined by the following tables;
11 provided, however, that a taxpayer shall not be required to pay more than
12 ~~\$500.00~~ \$150.00 for use tax liability under this subsection, arising from total
13 purchases of items with a purchase price of \$1,000.00 or less.

<u>If adjusted gross income is:</u>	<u>The tax is:</u>
<u>Not over \$10,000.00</u>	<u>\$1.00</u>
<u>\$10,001.00 to \$20,000.00</u>	<u>\$2.00</u>
<u>\$20,001.00 to \$30,000.00</u>	<u>\$4.00</u>
<u>\$30,001.00 to \$40,000.00</u>	<u>\$6.00</u>
<u>\$40,001.00 to \$50,000.00</u>	<u>\$8.00</u>
<u>\$50,001.00 to \$60,000.00</u>	<u>\$10.00</u>
<u>\$60,001.00 to \$70,000.00</u>	<u>\$12.00</u>
<u>\$70,001.00 to \$80,000.00</u>	<u>\$14.00</u>

1	<u>\$80,001.00 to \$90,000.00</u>	<u>\$16.00</u>
2	<u>\$90,001.00 to \$100,000.00</u>	<u>\$18.00</u>
3	<u>\$100,001.00 and over</u>	<u>the lesser of \$150.00 or</u>
4		<u>0.02% of adjusted gross</u>
5		<u>income.</u>

6 Sec. 11. 32 V.S.A. § 9701(9) is amended to read:

7 (9) “Vendor” means:

8 * * *

9 (F) A person making sales of tangible personal property from outside
10 this State to a destination within this State and not maintaining a place of
11 business or other physical presence in this State that:

12 (i) engages in regular, systematic, or seasonal solicitation of sales
13 of tangible personal property in this State:

14 (I) by the display of advertisements in this State;

15 (II) by the distribution of catalogues, periodicals, advertising
16 flyers, or other advertising by means of print, radio, or television media; or

17 (III) by mail, Internet, telephone, computer database, cable,
18 optic, cellular, or other communication systems, for the purpose of effecting
19 sales of tangible personal property; and

20 (ii) has either made sales from outside this State to destinations
21 within this State of at least \$100,000.00, or totaling at least 200 individual
22 sales transactions, during ~~any~~ the 12-month period preceding the monthly

1 period with respect to which that person’s liability for tax under this chapter is
2 determined.

3 * * *

4 (J) A marketplace facilitator who has facilitated sales by marketplace
5 sellers to destinations within this State of at least \$100,000.00, or totaling at
6 least 200 individual sales transactions, during ~~any~~ the 12-month period
7 preceding the monthly period with respect to which that person’s liability for
8 tax under this chapter is determined.

9 (K) A marketplace seller who has combined sales to a destination
10 within this State and sales through a marketplace to a destination within this
11 State of at least \$100,000.00, or totaling at least 200 individual sales
12 transactions, during ~~any~~ the 12-month period preceding the monthly period
13 with respect to which that person’s liability for tax under this chapter is
14 determined.

15 Sec. 12. 32 V.S.A. § 9712(c) is amended to read:

16 (c) ~~Each noncollecting vendor shall file a copy of the notice required by~~
17 ~~subsection (b) with the Department of Taxes on or before January 31 of each~~
18 ~~year. The notice required by this subsection only apply to noncollecting~~
19 ~~vendors who made \$100,000.00 or more of sales into Vermont in the previous~~
20 ~~calendar year. Failure to file a copy of the notice required by this subsection~~
21 ~~shall subject the noncollecting vendor to a penalty of \$10.00 for each failure,~~
22 ~~unless the noncollecting vendor shows reasonable cause. [Repealed.]~~

1 * * * Meals and Rooms Tax * * *

2 Sec. 13. 32 V.S.A. § 9248 is amended to read:

3 § 9248. ~~INFORMATIONAL REPORTING~~

4 ~~The Department of Taxes shall collect information on operators from~~
5 ~~persons providing an Internet platform for the short term rental of property for~~
6 ~~occupancy in this State. The information collected shall include any~~
7 ~~information the Commissioner shall require, and the name, address, and terms~~
8 ~~of the rental transactions of persons acting as operators through the Internet~~
9 ~~platform. The failure to provide information as required under this section~~
10 ~~shall subject the person operating the Internet platform to a fine of \$5.00 for~~
11 ~~each instance of failure. The Commissioner is authorized to adopt rules and~~
12 ~~procedures to implement this section. [Repealed.]~~

13 * * * Income Tax * * *

14 * * * Annual Link to Federal Statutes * * *

15 Sec. 14. 32 V.S.A. § 5824 is amended to read:

16 § 5824. ~~ADOPTION OF FEDERAL INCOME TAX LAWS~~

17 The statutes of the United States relating to the federal income tax, as in
18 effect on December 31, ~~2018~~ 2019, but without regard to federal income tax
19 rates under 26 U.S.C. § 1, are hereby adopted for the purpose of computing the
20 tax liability under this chapter.

21 Sec. 15. 32 V.S.A. § 7402(8) is amended to read:

1 (8) “Laws of the United States” means the U.S. Internal Revenue Code
2 of 1986, as amended through December 31, ~~2018~~ 2019. As used in this
3 chapter, “Internal Revenue Code” has the same meaning as “laws of the United
4 States” as defined in this subdivision.

5 * * * Refunds; Reversed Assessments * * *

6 Sec. 16. 32 V.S.A. § 5884(a) is amended to read:

7 (a) At any time within three years after the date a return is required to be
8 filed under this chapter, six months from the date a tax liability is paid or
9 offset, or six months after a refund was received from the United States with
10 respect to an income tax liability, or an amount of taxable income, under the
11 laws of the United States, reported in a return filed under the laws of the
12 United States for the taxable year, with respect to which that return was filed
13 under this chapter, whichever is later, a taxpayer may petition the
14 Commissioner for the refund of all or any part of the amount of tax paid ~~with~~
15 ~~respect to the return~~. Unless the period is extended by agreement of the
16 Commissioner and the taxpayer, the Commissioner shall thereafter, upon
17 notice to the taxpayer, hold a hearing on the claim and shall notify the taxpayer
18 of his or her determination of the claim within 30 days of the hearing. The
19 failure of the Commissioner to refund the amount claimed by a taxpayer within
20 six months of the date of the petition for the refund, under this subsection, shall
21 be considered to be a notification to the taxpayer of the Commissioner’s

1 determination concerning the claim. The notification shall be considered to
2 have been given on the date of the expiration of the six-month period.

3 * * * Corporate Income Tax * * *

4 Sec. 17. 32 V.S.A. § 5862(a) is amended to read:

5 (a) Every corporation ~~which~~ that is a taxable corporation, for any taxable
6 year, shall file a Vermont corporate income tax return for that taxable year ~~on~~
7 ~~or before~~ within 30 days following the date a U.S. income tax return is
8 required to be filed for that year by that corporation under the laws of the
9 United States.

10 * * * Department of Taxes; Administration * * *

11 Sec. 18. 32 V.S.A. § 3102(n) is added to read:

12 (n) Data reported to the Commissioner of Taxes by a deposit initiator under
13 10 V.S.A. § 1530 shall not be considered confidential return or return
14 information under this section, provided that the Commissioner may disclose
15 the data in summary or aggregated form that does not directly or indirectly
16 identify individual deposit initiators except to the Secretary of Natural
17 Resources in relation to the administration of 10 V.S.A. chapter 53.

18 Sec. 19. 10 V.S.A. § 1530(e) is amended to read:

19 (e) Data reported to the Secretary of Natural Resources and the
20 Commissioner of Taxes by a deposit initiator under this section shall be
21 confidential business information exempt from public inspection and copying
22 under 1 V.S.A. § 317(c)(9) but shall not be confidential return information

1 under 32 V.S.A. § 3102, provided that the Commissioner of Taxes may use
2 and disclose such information in summary or aggregated form that does not
3 directly or indirectly identify individual deposit initiators except to the
4 Secretary of Natural Resources in relation to the administration of this chapter.

5 Sec. 20. 32 V.S.A. § 3202(b)(5) is amended to read:

6 (5) Fraudulent failure to pay. When a taxpayer fraudulently or with
7 willful intent to defeat or evade a tax liability imposed by this title, ~~either~~ fails
8 to pay a tax liability on the date prescribed therefor, ~~or~~ requests and receives a
9 refund of a tax liability, or requests but does not receive a refund of a tax
10 liability, then, in addition to any interest payable pursuant to subsection (a) of
11 this section, the Commissioner may assess and the taxpayer shall then pay a
12 penalty equal to the amount of the tax liability unpaid on the prescribed date of
13 payment ~~or~~, the amount received as a refund subsequent to that date, or the
14 amount requested but not received as a refund.

15 * * * Effective Dates * * *

16 Sec. 21. EFFECTIVE DATES

17 This act shall take effect on passage except:

18 (1) Sec. 3, 32 V.S.A. § 5402(b)(1) (property tax bill format), shall take
19 effect on January 1, 2022.

20 (2) Notwithstanding 1 V.S.A. § 214, Secs. 6, 32 V.S.A. § 6061(5)
21 (household income), and 10, 32 V.S.A. § 5870 (use tax reporting), shall take

1 effect retroactively on January 1, 2020 and apply to taxable years beginning on
2 and after January 1, 2020.

3 (3) Notwithstanding 1 V.S.A. § 214, Secs. 14–15 (annual link to federal
4 statutes) shall take effect retroactively on January 1, 2020 and apply to taxable
5 years beginning on and after January 1, 2019.