

1 Introduced by Committee on Ways and Means

2 Date:

3 Subject: Taxation; sales and use tax; meals and rooms tax; income tax;  
4 education property tax; property transfer tax; administration;  
5 confidentiality; universal service charge

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14 platforms to report to the Department of Taxes are repealed. Marketplace  
15 facilitators will be required to collect the universal service charge on behalf of  
16 marketplace sellers. This bill amends due dates for municipal grand list  
17 corrections, property transfer tax returns and payments, income tax filing  
18 extensions, and certain claims for refunds of tax paid or offset. Numerous  
19 other changes are made to the definitions used for the purposes of current use,  
20 the income sensitivity property tax credit, and the sales and use tax.

1 An act relating to miscellaneous tax provisions

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

3 \* \* \* Education Property Tax \* \* \*

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

5 § 4261. CORRECTING OMISSION FROM GRAND LIST

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

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

13 § 4342. EXTENSIONS BY THE DIRECTOR

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

21 Sec. 3. 32 V.S.A. § 5405(f) is amended to read:

1 (f) Within the limits of the resources available for that purpose, the  
2 Commissioner may employ such individuals, whether on a permanent,  
3 temporary, or contractual basis, as shall be necessary, in the judgment of the  
4 Commissioner, to aid in the performance of duties under this section. The  
5 Commissioner shall pay each municipality the sum of \$1.00 per grand list  
6 parcel in the municipality, for services provided to the Commissioner in  
7 connection with ~~his or her~~ the performance of duties under this section. ~~Such~~  
8 ~~payment shall be made from the equalization and reappraisal account within~~  
9 ~~the Education Fund.~~ Each municipality shall deposit payments received under  
10 this subsection into a special fund that shall be used to support the preparation  
11 of the education property tax grand list.

12 \* \* \* Current Use \* \* \*

13 Sec. 4. 32 V.S.A. § 3752(10) is amended to read:

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

21 \* \* \* Property Tax Hearing Officer Per Diem \* \* \*

1 Sec. 5. 32 V.S.A. § 4465 is amended to read:

2 § 4465. APPOINTMENT OF PROPERTY VALUATION HEARING  
3 OFFICER; OATH; PAY

4 When an appeal to the Director is not withdrawn, the Director shall refer the  
5 appeal in writing to a person not employed by the Director, appointed by the  
6 Director as hearing officer. The Director shall have the right to remove a  
7 hearing officer for inefficiency, malfeasance in office, or other cause. In like  
8 manner, the Director shall appoint a hearing officer to fill any vacancy created  
9 by resignation, removal, or other cause. Before entering into their duties,  
10 persons appointed as hearing officers shall take and subscribe the oath of the  
11 office prescribed in the Constitution, which oath shall be filed with the  
12 Director. The Director shall pay each hearing officer a sum not to exceed  
13 ~~\$120.00~~ \$150.00 per diem for each day wherein hearings are held, together  
14 with reasonable expenses as the Director may determine. A hearing officer  
15 may subpoena witnesses, records, and documents in the manner provided by  
16 law for serving subpoenas in civil actions and may administer oaths to  
17 witnesses.

18 \* \* \* Property Transfer Tax \* \* \*

19 Sec. 6. 32 V.S.A. § 9605(a) shall be amended to read:

20 (a) The tax imposed by this chapter shall be paid to the Commissioner ~~at~~  
21 ~~the time of~~ within 30 days after transfer of title to property subject to the tax or,

1 in the case of a transfer or acquisition of a controlling interest in a person with  
2 title to property for which a deed is not given, within 30 days after transfer or  
3 acquisition.

4 \* \* \* Sales and Use Tax \* \* \*

5 Sec. 7. 32 V.S.A. § 5870 shall be amended to read:

6 § 5870. REPORTING USE TAX ON INDIVIDUAL INCOME TAX

7 RETURNS

8 (a) The Commissioner of Taxes shall provide that individuals report use tax  
9 on their State individual income tax returns. Taxpayers are required to attest to  
10 the amount of their use tax liability under chapter 233 of this title for the period  
11 of the tax return. Alternatively, they may elect to report an amount that is a  
12 percentage of their adjusted gross income determined under subsection (b) of  
13 this section, ~~as shown on a table published by the Commissioner of Taxes;~~ and  
14 use tax liability arising from the purchase of each item with a purchase price in  
15 excess of \$1,000.00 shall be added to the table amount shown under subsection  
16 (b) of this section.

17 (b) The amount of use tax a taxpayer may elect to report under subsection  
18 (a) of this section shall be ~~0.10 percent of their adjusted gross income based on~~  
19 the taxpayer's adjusted gross income as determined by the following tables;  
20 provided, however, that a taxpayer shall not be required to pay more than

1 ~~\$500.00~~ \$150.00 for use tax liability under this subsection, arising from total  
2 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>
4 <u>Not over \$20,000.00</u>	<u>\$ 0.00</u>
5 <u>\$20,001.00 to \$30,000.00</u>	<u>\$10.00</u>
6 <u>\$30,001.00 to \$40,000.00</u>	<u>\$15.00</u>
7 <u>\$40,001.00 to \$50,000.00</u>	<u>\$20.00</u>
8 <u>\$50,001.00 to \$60,000.00</u>	<u>\$25.00</u>
9 <u>\$60,001.00 to \$70,000.00</u>	<u>\$30.00</u>
10 <u>\$70,001.00 to \$80,000.00</u>	<u>\$35.00</u>
11 <u>\$80,001.00 to \$90,000.00</u>	<u>\$40.00</u>
12 <u>\$90,001.00 to \$100,000.00</u>	<u>\$45.00</u>
13 <u>\$100,001.00 and over</u>	<u>the lesser of \$150.00 or</u> 14 <u>0.05% of adjusted gross</u> 15 <u>income.</u>

16 Sec. 8. 32 V.S.A. § 9701(9) is amended to read:

17 (9) “Vendor” means:

18 \* \* \*

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

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

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

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

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

9 (ii) has either made sales from outside this State to destinations  
10 within this State of at least \$100,000.00, or totaling at least 200 individual  
11 sales transactions, during ~~any~~ the 12-month period preceding the monthly  
12 period with respect to which that person's liability for tax under this chapter is  
13 determined.

14 \* \* \*

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

20 (K) A marketplace seller who has combined sales to a destination  
21 within this State and sales through a marketplace to a destination within this

1 State of at least \$100,000.00, or totaling at least 200 individual sales  
2 transactions, during ~~any~~ the 12-month period preceding the monthly period  
3 with respect to which that person's liability for tax under this chapter is  
4 determined.

5 Sec. 9. 32 V.S.A. § 9712(c) is amended to read:

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

13 \* \* \* Universal Service Charge \* \* \*

14 Sec. 10. 30 V.S.A. § 7521(e) is amended to read:

15 (e)(1) Notwithstanding any other provision of law to the contrary,  
16 beginning on January 1, 2020, the Universal Service Charge shall be imposed  
17 on all retail sales of prepaid wireless telecommunications service subject to the  
18 sales and use tax imposed under 32 V.S.A. chapter 233. The charges shall be  
19 collected by sellers or marketplace facilitators collecting sales tax pursuant to  
20 32 V.S.A. § 9713 and remitted to the Department of Taxes in the manner  
21 provided under 32 V.S.A. chapter 233. Upon receipt of the charges, the



1 Department of Taxes shall have 30 days to remit the funds to the fiscal agent  
2 selected under section 7503 of this chapter. The Commissioner of Taxes shall  
3 establish registration and payment procedures applicable to the Universal  
4 Service Charge imposed under this subsection consistent with the registration  
5 and payment procedures that apply to the sales tax imposed on such services  
6 and also consistent with the administrative provisions of 32 V.S.A. chapter  
7 151, including any enforcement or collection action available for taxes owed  
8 pursuant to that chapter.

9 (2) If a minimal amount of prepaid wireless telecommunications service  
10 is sold with a prepaid wireless device for a single, nonitemized price, then the  
11 seller may elect not to apply the Universal Service Charge to such transaction.

12 (3) As used in this subsection:

13 (A) “Minimal amount” means an amount of service denominated as  
14 not more than 10 minutes or not more than \$5.00.

15 (B) “Prepaid wireless telecommunications service” means a  
16 telecommunications service as defined in subdivision 203(5) of this title that a  
17 consumer pays for in advance and that is sold in predetermined units or dollars  
18 that decline with use.

19 (C) “Seller” means a person who sells prepaid wireless  
20 telecommunications service to a consumer.

1                   (D) “Marketplace facilitator” shall have the same meaning as in  
2                   32 V.S.A. § 9701(56).

3   \* \* \* Meals and Rooms Tax \* \* \*

4           Sec. 11. 32 V.S.A. § 9248 is amended to read:

5           § 9248. ~~INFORMATIONAL REPORTING~~

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

15   \* \* \* Income Tax \* \* \*

16   \* \* \* Annual Link to Federal Statutes \* \* \*

17           Sec. 12. 32 V.S.A. § 5824 is amended to read:

18           § 5824. ~~ADOPTION OF FEDERAL INCOME TAX LAWS~~

19                   The statutes of the United States relating to the federal income tax, as in  
20                   effect on December 31, ~~2018~~ 2019, but without regard to federal income tax

1 rates under 26 U.S.C. § 1, are hereby adopted for the purpose of computing the  
2 tax liability under this chapter.

3 Sec. 13. 32 V.S.A. § 7402(8) is amended to read:

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

8 \* \* \* Refunds; Reversed Assessments \* \* \*

9 Sec. 14. 32 V.S.A. § 5884(a) is amended to read:

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

1 failure of the Commissioner to refund the amount claimed by a taxpayer within  
2 six months of the date of the petition for the refund, under this subsection, shall  
3 be considered to be a notification to the taxpayer of the Commissioner's  
4 determination concerning the claim. The notification shall be considered to  
5 have been given on the date of the expiration of the six-month period.

6 \* \* \* Income Tax Returns \* \* \*

7 Sec. 15. 32 V.S.A. §5868 is amended to read:

8 § 5868. EXTENSION OF TIME FOR FILING OF RETURNS

9 The Commissioner may extend the time within which a taxpayer is required  
10 to file a return. The Commissioner shall, ~~upon receipt of documentation that a~~  
11 ~~corporation has been granted either an automatic or a good cause extension of~~  
12 ~~the time for filing its United States income tax return,~~ extend the time for filing  
13 the a taxpayer's Vermont income tax return to the extended date for filing the  
14 United States income tax return if the taxpayer has been granted either an  
15 automatic or a good cause extension of time for filing the United States income  
16 tax return except that the time for filing a corporation's Vermont income tax  
17 return shall be extended to 30 days one month after the extended date for filing  
18 the United States income tax return. An extension of the time in which to file a  
19 return will not result in a corresponding extension of the time for the payment  
20 of the tax liability with respect to which the return is filed.

21 Sec. 16. 32 V.S.A. § 5866 is amended to read:

1 § 5866. SUPPLEMENTAL INFORMATION; CHANGES IN FEDERAL  
2 TAX LIABILITY OR TAXABLE INCOME

3 (a) If, after the time for filing any return required by this chapter, a  
4 taxpayer;

5 (1) becomes aware of any information ~~which~~ that makes that return  
6 materially false, inaccurate, or incomplete; or

7 (2) is notified of any assertion by the United States, whether under  
8 Section 6212 of the Internal Revenue Code of 1986 or otherwise, that the  
9 taxpayer's taxable income under the laws of the United States is other than the  
10 amount stated in the return; or

11 (3) files an amended return under the laws of the United States,  
12 the taxpayer shall, within ~~60~~ 180 days of the receipt of that information or  
13 notification of that assertion or filing that amended return, notify the  
14 Commissioner thereof, and of such particulars as may be relevant to the  
15 amount of any tax liability of the taxpayer under this chapter.

16 \* \* \*

17 \* \* \* 529 Plans \* \* \*

18 Sec. 17. 32 V.S.A. § 5825a(b) is amended to read:

19 (b) A taxpayer who has received a credit under subsection (a) of this  
20 section shall repay to the Commissioner 10 percent of any distribution from a  
21 higher education investment plan account, ~~which distribution is not used~~

1 ~~exclusively for costs of attendance at an approved postsecondary education~~  
2 ~~institution as defined in 16 V.S.A. § 2822(6)~~, up to a maximum of the total  
3 credits received by the taxpayer under subsection (a) of this section minus any  
4 amount of repayment of such credits in prior tax years except when the  
5 distribution:

6 (i) is used exclusively for costs of attendance at an approved  
7 postsecondary education institution as defined in 16 V.S.A. § 2822(6);

8 (ii) qualifies as an expense associated with registered  
9 apprenticeship programs pursuant to 26 U.S.C. § 529(c)(8); or

10 (iii) is made after the death of the beneficiary or after the  
11 beneficiary becomes disabled pursuant to subdivisions (q)(2)(C) and (m)(7) of  
12 26 U.S.C. § 72.

13 (c) Repayments under this subsection (b) of this section shall be subject to  
14 assessment, notice, penalty and interest, collection, and other administration in  
15 the same manner as an income tax under this chapter.

16 \* \* \* Department of Taxes; Administration \* \* \*

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

18 (n) Data reported to the Commissioner of Taxes by a deposit initiator under  
19 10 V.S.A. § 1530 shall not be considered confidential return or return  
20 information under this section, provided that the Commissioner may disclose  
21 the data in summary or aggregated form that does not directly or indirectly

1 identify individual deposit initiators except to the Secretary of Natural  
2 Resources in relation to the administration of 10 V.S.A. chapter 53.

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

4 (e) Data reported to the Secretary of Natural Resources and the  
5 Commissioner of Taxes by a deposit initiator under this section shall be  
6 confidential business information exempt from public inspection and copying  
7 under 1 V.S.A. § 317(c)(9) but shall not be confidential return information  
8 under 32 V.S.A. § 3102, provided that the Commissioner of Taxes may use  
9 and disclose such information in summary or aggregated form that does not  
10 directly or indirectly identify individual deposit initiators except to the  
11 Secretary of Natural Resources in relation to the administration of this chapter.

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

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

1                   \* \* \* Offsets; Public Service; Billback Authority \* \* \*

2           Sec. 21. 30 V.S.A. § 21 is amended to read:

3           § 21. PARTICULAR PROCEEDINGS AND ACTIVITIES; ASSESSMENT

4                   OF COSTS

5           (a) An agency may allocate the portion of the expense incurred or  
6           authorized by it in retaining additional personnel pursuant to section 20 of this  
7           title to the applicant or the company or companies involved. In this section,  
8           “agency” means an agency, board, commission, or department of the State  
9           enabled to authorize or retain personnel under section 20 of this title.

10   \* \* \*

11           (i) If an invoice for expenses incurred under subsection (a) of this section is  
12           not paid within 45 days after the date of mailing:

13                   (1) the Commission may withhold the issuance of or revoke any related  
14           certificate of public good, provided the applicant is given an opportunity for  
15           hearing after reasonable notice;

16                   (2) an agency may charge simple interest of one percent per month on  
17           the unpaid amount of the invoice for the period from 45 days after the date of  
18           mailing to the date of full payment of the amount due; and

19                   (3) an agency may either contract with private collection agencies to  
20           collect principal and interest due or use setoff debt collection, as provided in  
21           32 V.S.A. §§ 5931–5940.



1 \* \* \* Judiciary Branch Fees \* \* \*

2 Sec. 22. 24 V.S.A. § 1981(a) is amended to read:

3 (a) Upon the filing of the complaint and entry of a judgment after hearing  
4 or entry of default by the hearing officer, subject to any appeal pursuant to 4  
5 V.S.A. § 1107, the person found in violation shall have up to 30 days to pay  
6 the penalty to the Judicial Bureau. ~~Upon the expiration of the period to pay the  
7 penalty, the person found in violation shall be assessed a surcharge of \$10.00  
8 for the benefit of the municipality.~~ All the civil remedies for collection of  
9 judgments shall be available to enforce the final judgment of the Judicial  
10 Bureau.

11 Sec. 23. 32 V.S.A. § 1431(b) is amended to read:

12 (b)(1) Except as provided in subdivisions ~~(2)-(5)~~(7) of this subsection, prior  
13 to the entry of any cause in the Superior Court, there shall be paid to the clerk  
14 of the court for the benefit of the State a fee of \$295.00 in lieu of all other fees  
15 not otherwise set forth in this section.

16 \* \* \*

17 (7) Prior to the filing of any appeal from the Probate Division of the  
18 Superior Court to the Civil Division of the Superior Court, there shall be paid  
19 to the clerk of the court for the benefit of the State a fee of \$295.00 in lieu of  
20 all other fees not otherwise set forth in this section.

21 \* \* \*

\* \* \* Effective Dates \* \* \*

Sec. 24. EFFECTIVE DATES

This act shall take effect on passage except:

(1) Notwithstanding 1 V.S.A. § 214, Sec. 7, 32 V.S.A. § 5870 (use tax reporting), shall take effect retroactively on January 1, 2020 and apply to taxable years beginning on and after January 1, 2020.

(2) Notwithstanding 1 V.S.A. § 214, Secs. 12–13 (annual link to federal statutes) shall take effect retroactively on January 1, 2020 and apply to taxable years beginning on and after January 1, 2019.