

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14 platforms to report to the Department of Taxes are repealed.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.~~

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

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

17 (A) school parcel account number;

18 (B) school code;

19 (C) housesite value;

20 (D) statewide education and municipal tax assessed on the housesite;

21 (E) assessed and total taxable value;

- 1 (F) homestead and non-homestead value;
- 2 (G) exemptions;
- 3 (H) all applicable municipal and education tax rates;
- 4 (I) tax rates for each tax type;
- 5 (J) gross tax liability for each tax type and total tax liability;
- 6 (K) amount of homestead property tax credit; and
- 7 (L) net tax liability.

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

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

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* * * Current Use * * *

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

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

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

Sec. 6. 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

1 Director. The Director shall pay each hearing officer a sum not to exceed
2 ~~\$120.00~~ \$150.00 per diem for each day wherein hearings are held, together
3 with reasonable expenses as the Director may determine. A hearing officer
4 may subpoena witnesses, records, and documents in the manner provided by
5 law for serving subpoenas in civil actions and may administer oaths to
6 witnesses.

7 * * * Property Transfer Tax * * *

8 Sec. 7. 32 V.S.A. § 9605(a) shall be amended to read:

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

14 * * * Sales and Use Tax * * *

15 Sec. 8. 32 V.S.A. § 5870 shall be amended to read:

16 § 5870. REPORTING USE TAX ON INDIVIDUAL INCOME TAX

17 RETURNS

18 (a) The Commissioner of Taxes shall provide that individuals report use tax
19 on their State individual income tax returns. Taxpayers are required to attest to
20 the amount of their use tax liability under chapter 233 of this title for the period
21 of the tax return. Alternatively, they may elect to report an amount that is a

1 percentage of their adjusted gross income determined under subsection (b) of
2 this section, ~~as shown on a table published by the Commissioner of Taxes;~~ and
3 use tax liability arising from the purchase of each item with a purchase price in
4 excess of \$1,000.00 shall be added to the table amount shown under subsection
5 (b) of this section.

6 (b) The amount of use tax a taxpayer may elect to report under subsection
7 (a) of this section shall be ~~0.10 percent of their adjusted gross income~~ based on
8 the taxpayer's adjusted gross income as determined by the following tables;
9 provided, however, that a taxpayer shall not be required to pay more than
10 ~~\$500.00~~ \$150.00 for use tax liability under this subsection, arising from total
11 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 \$20,000.00</u>	<u>\$0.00</u>
<u>\$20,001.00 to \$30,000.00</u>	<u>\$10.00</u>
<u>\$30,001.00 to \$40,000.00</u>	<u>\$15.00</u>
<u>\$40,001.00 to \$50,000.00</u>	<u>\$20.00</u>
<u>\$50,001.00 to \$60,000.00</u>	<u>\$25.00</u>
<u>\$60,001.00 to \$70,000.00</u>	<u>\$30.00</u>
<u>\$70,001.00 to \$80,000.00</u>	<u>\$35.00</u>
<u>\$80,001.00 to \$90,000.00</u>	<u>\$40.00</u>
<u>\$90,001.00 to \$100,000.00</u>	<u>\$45.00</u>

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. 10. 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~~

1 ~~shall subject the noncollecting vendor to a penalty of \$10.00 for each failure,~~
2 ~~unless the noncollecting vendor shows reasonable cause. [Repealed.]~~

3 * * * Universal Service Charge * * *

4 Sec. 11. 30 V.S.A. § 7521(e) is amended to read:

5 (e)(1) Notwithstanding any other provision of law to the contrary,
6 beginning on January 1, 2020, the Universal Service Charge shall be imposed
7 on all retail sales of prepaid wireless telecommunications service subject to the
8 sales and use tax imposed under 32 V.S.A. chapter 233. The charges shall be
9 collected by sellers or marketplace facilitators collecting sales tax pursuant to
10 32 V.S.A. § 9713 and remitted to the Department of Taxes in the manner
11 provided under 32 V.S.A. chapter 233. Upon receipt of the charges, the
12 Department of Taxes shall have 30 days to remit the funds to the fiscal agent
13 selected under section 7503 of this chapter. The Commissioner of Taxes shall
14 establish registration and payment procedures applicable to the Universal
15 Service Charge imposed under this subsection consistent with the registration
16 and payment procedures that apply to the sales tax imposed on such services
17 and also consistent with the administrative provisions of 32 V.S.A. chapter
18 151, including any enforcement or collection action available for taxes owed
19 pursuant to that chapter.

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

4 (3) As used in this subsection:

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

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

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

13 (D) “Marketplace facilitator” shall have the same meaning as in
14 32 V.S.A. § 9701(56).

15 * * * Meals and Rooms Tax * * *

16 Sec. 12. 32 V.S.A. § 9248 is amended to read:

17 § 9248. ~~INFORMATIONAL REPORTING~~

18 ~~The Department of Taxes shall collect information on operators from~~
19 ~~persons providing an Internet platform for the short-term rental of property for~~
20 ~~occupancy in this State. The information collected shall include any~~
21 ~~information the Commissioner shall require, and the name, address, and terms~~

1 ~~of the rental transactions of persons acting as operators through the Internet~~
2 ~~platform. The failure to provide information as required under this section~~
3 ~~shall subject the person operating the Internet platform to a fine of \$5.00 for~~
4 ~~each instance of failure. The Commissioner is authorized to adopt rules and~~
5 ~~procedures to implement this section. [Repealed.]~~

6 * * * Income Tax * * *

7 * * * Annual Link to Federal Statutes * * *

8 Sec. 13. 32 V.S.A. § 5824 is amended to read:

9 § 5824. ADOPTION OF FEDERAL INCOME TAX LAWS

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

14 Sec. 14. 32 V.S.A. § 7402(8) is amended to read:

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

1 * * * Refunds; Reversed Assessments * * *

2 Sec. 15. 32 V.S.A. § 5884(a) is amended to read:

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

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

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

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

12 * * *

13 * * * 529 Plans * * *

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

15 (b) A taxpayer who has received a credit under subsection (a) of this
16 section shall repay to the Commissioner 10 percent of any distribution from a
17 higher education investment plan account, ~~which distribution is not used~~
18 ~~exclusively for costs of attendance at an approved postsecondary education~~
19 ~~institution as defined in 16 V.S.A. § 2822(6)~~, up to a maximum of the total
20 credits received by the taxpayer under subsection (a) of this section minus any

1 amount of repayment of such credits in prior tax years except when the
2 distribution:

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

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

7 (iii) is made after the death of the beneficiary or after the
8 beneficiary becomes disabled pursuant to subdivisions (q)(2)(C) and (m)(7) of
9 26 U.S.C. § 72.

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

13 * * * Department of Taxes; Administration * * *

14 Sec. 19. 32 V.S.A. § 3102(n) is added to read:

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

21 Sec. 20. 10 V.S.A. § 1530(e) is amended to read:

1 (e) Data reported to the Secretary of Natural Resources and the
2 Commissioner of Taxes by a deposit initiator under this section shall be
3 confidential business information exempt from public inspection and copying
4 under 1 V.S.A. § 317(c)(9) but shall not be confidential return information
5 under 32 V.S.A. § 3102, provided that the Commissioner of Taxes may use
6 and disclose such information in summary or aggregated form that does not
7 directly or indirectly identify individual deposit initiators except to the
8 Secretary of Natural Resources in relation to the administration of this chapter.
9 Sec. 21. 32 V.S.A. § 3202(b)(5) is amended to read:

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

19 * * * Offsets; Public Service; Billback Authority * * *

20 Sec. 22. 30 V.S.A. § 21 is amended to read:

21 § 21. PARTICULAR PROCEEDINGS AND ACTIVITIES; ASSESSMENT

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

3 (2) Notwithstanding 1 V.S.A. § 214, Sec. 8, 32 V.S.A. § 5870 (use tax
4 reporting), shall take effect retroactively on January 1, 2020 and apply to
5 taxable years beginning on and after January 1, 2020.

6 (3) Notwithstanding 1 V.S.A. § 214, Secs. 13–14 (annual link to federal
7 statutes) shall take effect retroactively on January 1, 2020 and apply to taxable
8 years beginning on and after January 1, 2019.