

# Vermont Legislative Joint Fiscal Office

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## *FISCAL NOTE*

Date: April 18, 2019

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### **H.514: An act relating to miscellaneous tax provisions – As amended by Senate Committee on Finance.**

**Summary:** This bill proposes to make numerous substantive and administrative changes to Vermont's tax laws. The bill permits the creation of merged property assessment districts to match merged school districts. The bill moves the collection and administration of the fire safety insurance tax, the direct placement insurance tax, and the surplus lines tax from the Department of Financial Regulation to the Department of Taxes. The bill makes numerous other changes, including changes to the current use lien system, the definitions of household income and homestead, tobacco taxes, and higher education investment plans. The bill also clarifies the sales tax exemption for veterinary supplies and medication to include durable equipment, supplies, and prescription medication sold by a veterinarian

### **Fiscal Impact**

**JFO estimates that this bill will generate an additional \$133,000 in Fiscal Year (FY) 2020 and in future fiscal years. This revenue is split between the following funds.**

- General Fund: \$48,000
- Education Fund: \$85,000

**H.541 (Senate Finance): Revenue Impact, in millions**

Sections	Provision	FY2020	FY2021	FY2022
<b>Department of Taxes/Miscellaneous Provisions</b>				
1	Tax disclosure exemption for tobacco settlement			
2	Elimination of monthly interest rate for tax over/underpayment			
3	PVR Fee waiver			
4	Clean up of VT Solar Energy Tax Credit language			
5-6	Annual link up to federal statutes for income tax			
7	Corporate minimum tax receipts clarification to include Vermont gross receipts			
8-9	Extends withholding exemption to lower-tier passthrough affiliates			
10	Adds meals for resale to definition of taxable meal, permits firefighters and first responders from paying meals and rooms tax for up to 2 off-premise events	-\$0.007	-\$0.007	-\$0.007
11-12	Removal of security requirement for tax appellants			
12a	Requires Department of Taxes to analyze tax data to discover public program eligibility			
<b>529 Plans</b>				
13-17	529 plan/credit repayment/definition changes	\$0.06	\$0.06	\$0.06
<b>Education Property Tax</b>				
18	Amendment of homestead definition to include widow/widowers			
20	Definition of household income amended to exclude income of separated spouse, exclusion of debt forgiveness from calculation of household income	-\$0.005	-\$0.005	-\$0.005
21	Allows Tax to order reappraisals with CLA lower than 85 or exceeds 115			
22-24	Merged districts can merge assessment districts			
25	Increases frequency with which Tax Department pays municipalities for homestead adjustment			
26-30	Changes term "property tax adjustment" to "property tax credit" <b>(Deleted in Senate)</b>			
<b>Use Value Appraisal Provisions</b>				
31	Exemption for transfer of property in current use for divorces			
32	Replaces the current use lien requirement with a notice of contingent lien be filed, with a lien to be filed when land is developed.			
32a	Requires Department of Taxes to make recommendations for rulemaking to the Current Use Advisory Board for land valuation when only a portion of land is developed			
<b>Other Taxes</b>				
33-36	Shifts certain collection duties from DFR to Tax Department			
36a	Clarifies that auto parts used to recondition a motor vehicle are exempt from sales tax			
<b>Repeals</b>				
37	Repeals sections on land use change tax subordination, solar tax credit, and electrical generation tax			
38	Effective dates			
<b>Total Revenue Impact (General Fund)</b>		<b>\$0.05</b>	<b>\$0.05</b>	<b>\$0.05</b>
20	Definition of household income amended to exclude income of separated spouse, exclusion of debt forgiveness from calculation of household income	-\$0.02	-\$0.02	-\$0.02
36b	Clarifies sales tax exemption for veterinary supplies and medication to include durable equipment, supplies, and prescription medication sold by a veterinarian	\$0.11	\$0.11	\$0.11
<b>Total Revenue Impact (Education Fund)</b>		<b>\$0.09</b>	<b>\$0.09</b>	<b>\$0.09</b>