

1 TO THE HONORABLE SENATE:

2 The Committee on Finance to which was referred House Bill No. 541  
3 entitled “An act relating to “ respectfully reports that it has considered the  
4 same and recommends that the Senate propose to the House that the bill be  
5 amended by striking out all after the enacting clause and inserting in lieu  
6 thereof the following:

7 \* \* \* Income Taxes \* \* \*

8 \* \* \* Capital Gains Exclusion \* \* \*

9 Sec. 1. 32 V.S.A. § 5811 is amended to read:

10 § 5811. DEFINITIONS

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

13 \* \* \*

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

16 \* \* \*

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

19 \* \* \*

20 (ii) with respect to adjusted net capital gain income as defined in  
21 26 U.S.C. § 1(h) reduced by the total amount of any qualified dividend

1 income: either the first \$5,000.00 of such adjusted net capital gain income; or  
2 40 percent of adjusted net capital gain income from the sale of assets held by  
3 the taxpayer for more than three years, except not adjusted net capital gain  
4 income from:

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

7 (II) the sale of depreciable personal property other than farm  
8 property and standing timber; or stocks or bonds publicly traded or traded on  
9 an exchange, or any other financial instruments; regardless of whether sold by  
10 an individual or business; and provided that the total amount of decrease under  
11 this subdivision (21)(B)(ii) shall not exceed 40 percent of federal taxable  
12 income, or \$250,000.00, whichever is less;

13 \* \* \*

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

16 \* \* \*

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

18 \* \* \*

19 (ii) with respect to adjusted net capital gain income as defined in  
20 26 U.S.C. § 1(h), reduced by the total amount of any qualified dividend  
21 income: either the first \$5,000.00 of such adjusted net capital gain income; or

1 40 percent of adjusted net capital gain income from the sale of assets held by  
2 the taxpayer for more than three years, except not adjusted net capital gain  
3 income from:

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

6 (II) the sale of depreciable personal property other than farm  
7 property and standing timber; or stocks or bonds publicly traded or traded on  
8 an exchange, or any other financial instruments; regardless of whether sold by  
9 an individual or business; and provided that the total amount of decrease under  
10 this subdivision (28)(B)(ii) shall not exceed 40 percent of federal taxable  
11 income, or \$250,000.00, whichever is less; and

12 \* \* \*

13 \* \* \* Medical Deduction \* \* \*

14 Sec. 2. 32 V.S.A. § 5811(21) is amended to read:

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

17 \* \* \*

18 (C) Decreased by the following exemptions and deductions:

19 (i) a personal exemption of \$4,150.00 per person for the taxpayer,  
20 for the spouse or the deceased spouse of the taxpayer whose filing status under  
21 section 5822 of this chapter is married filing a joint return or surviving spouse,

1 and for each individual qualifying as a dependent of the taxpayer under  
2 26 U.S.C. § 152, provided that no exemption may be claimed for an individual  
3 who is a dependent of another taxpayer;

4 (ii) a standard deduction determined as follows:

5 (I) for taxpayers whose filing status under section 5822 of this  
6 chapter is unmarried (other than surviving spouses or heads of households) or  
7 married filing separate returns, \$6,000.00;

8 (II) for taxpayers whose filing status under section 5822 of this  
9 chapter is head of household, \$9,000.00;

10 (III) for taxpayers whose filing status under section 5822 of this  
11 chapter is married filing joint return or surviving spouse, \$12,000.00;

12 (iii) an additional deduction of \$1,000.00 for each federal  
13 deduction under 26 U.S.C. § 63(f) that the taxpayer qualified for and received;  
14 and

15 (iv) an amount equal to the itemized deduction for medical  
16 expenses taken at the federal level by the taxpayer, under 26 U.S.C. § 213,  
17 minus the amount of the Vermont standard deduction and Vermont personal  
18 exemptions taken by the taxpayer under this subdivision (C).

19 (D) ~~the~~ The dollar amounts of the personal exemption allowed under  
20 subdivision (i) of ~~this~~ subdivision ~~(21)(C)~~ of this subdivision (21), the standard  
21 deduction allowed under subdivision (ii) of ~~this~~ subdivision ~~(21)(C)~~ of this

1 subdivision (21), and the additional deduction allowed under subdivision (iii)  
2 of this subdivision (~~21~~)(C) of this subdivision (21) shall be adjusted annually  
3 for inflation by the Commissioner of Taxes beginning with taxable year 2018  
4 by using the Consumer Price Index and the same methodology as used for  
5 adjustments under 26 U.S.C. § 1(f)(3); provided, however, that as used in this  
6 subdivision, “consumer price index” means the last Consumer Price Index for  
7 All Urban Consumers published by the U.S. Department of Labor.

8 \* \* \* Personal Income Tax Rates \* \* \*

9 Sec. 3. 2018 (Sp. Sess.) Acts and Resolves No. 11, Sec. H.2 is amended  
10 to read:

11 Sec. H.2 PERSONAL INCOME TAX RATES

12 (a) 2009 Spec. Sess. Acts and Resolves No. 2, Sec. 20 is repealed.

13 (b) For taxable year 2018 and after, income tax rates under 32 V.S.A.

14 § 5822(a)(1)–(5), after taking into consideration any inflation adjustments to  
15 taxable income as required by 32 V.S.A. § 5822(b)(2), shall be as follows:

16 (1) taxable income that without the passage of this act would have been  
17 subject to a rate of 3.55 percent shall be taxed at the rate of 3.35 percent  
18 instead;

19 (2) taxable income that without the passage of this act would have been  
20 subject to a rate of 6.80 percent shall be taxed at the rate of 6.60 percent  
21 instead;

1           (3) taxable income that without the passage of this act would have been  
2           subject to a rate of 7.80 percent shall be taxed at the rate of 7.60 percent  
3           instead;

4           (4) taxable income that without the passage of this act would have been  
5           subject to a rate of 8.80 percent or 8.95 percent shall be taxed at the rate of  
6           8.75 percent instead; the tax brackets for taxable income taxed at 8.80 percent  
7           and 8.95 percent in taxable year 2017 shall be combined to be taxed at a rate of  
8           8.75 percent for taxable year 2018 and after.

9           (c) For taxable year 2018 only, income tax rates under 32 V.S.A.  
10          § 5822(a)(1)–(5), after taking into consideration any inflation adjustments to  
11          taxable income as required by 32 V.S.A. § 5822(b)(2), shall be as follows:  
12          taxable income that without the passage of this act would have been subject to  
13          a rate of 8.80 percent or 8.95 percent shall be taxed at the rate of 8.75 percent  
14          instead; the tax brackets for taxable income taxed at 8.80 percent and  
15          8.95 percent in taxable year 2017 shall be combined to be taxed at a rate of  
16          8.75 percent for taxable year 2018.

17          (d) For taxable year 2019 and after, income tax rates under 32 V.S.A.  
18          § 5822(a)(1)–(5), after taking into consideration any inflation adjustments to  
19          taxable income as required by 32 V.S.A. § 5822(b)(2), shall be as follows:

20                 (1) the tax brackets for taxable year 2019 and after shall revert to the  
21                 five-bracket structure used in taxable year 2017, after taking into consideration

1 any inflation adjustments to taxable income as required by 32 V.S.A.

2 § 5822(b)(2):

3 (2) taxable income taxed at 8.80 percent in taxable year 2017 shall be  
4 subject to a rate of 8.75 in taxable year 2019 and after, and taxable income  
5 subject to a rate of 8.95 percent in taxable year 2017 shall be subject to a rate  
6 of 8.90 in taxable year 2019 and after.

7 (e)(e) When preparing the Vermont Statutes Annotated for publication,  
8 the Office of Legislative Council shall revise the tables in 32 V.S.A.  
9 § 5822(a)(1)–(5) to reflect the changes to the tax rates and tax brackets made in  
10 this section.

11 \* \* \* Tax Credit Affordable Housing; Down Payment Assistance \* \* \*

12 Sec. 4. 32 V.S.A. § 5930u is amended to read:

13 § 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

14 (a) As used in this section:

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

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

17 (B) owner-occupied housing identified in 26 U.S.C. § 143 (c)(1) or

18 that qualifies under Vermont Housing Finance Agency criteria governing  
19 owner-occupied housing.

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

1           (3) “Allocating agency” or “Agency” means the Vermont Housing  
2 Finance Agency.

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

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

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



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

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

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

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

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

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

17 (B) requirements to ensure that eligible rental housing is maintained  
18 as affordable by subsidy covenant, as defined in 27 V.S.A. § 610 on a  
19 perpetual basis and that eligible owner-occupied housing or program funds for  
20 owner-occupied housing remain as an affordable housing source for future

1 owners or buyers, and meets all other requirements of the Vermont Housing  
2 Finance Agency related to affordable housing.

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

6 (b) Eligible tax credit allocations.

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

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

20 (B) Upon receipt of a completed application, the allocating agency  
21 shall award an allocation of affordable housing tax credits with respect to a

1 project to an applicant, provided the applicant demonstrates to the satisfaction  
2 of the allocating agency all of the following:

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

7 (ii) The project has received community support.

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

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

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

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

4           (D) The Agency may assign its rights under any loan or grant made  
5           under subdivision (b)(2)(A) of this section to **the Vermont Housing and**  
6           **Conservation Board** or any State agency or nonprofit organization qualifying  
7           under 26 U.S.C. § 501(c)(3) provided such assignee acknowledges and agrees  
8           to comply with the provisions of subdivision (b)(2) of this section.

9           (3) Down Payment Assistance Program.

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

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

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

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

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

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

3 (c) Amount of credit. A taxpayer ~~who makes an eligible cash contribution~~  
4 shall be entitled to claim against the taxpayer's individual income, corporate,  
5 franchise, captive insurance premium, or insurance premium tax liability a  
6 credit in an amount specified on the taxpayer's credit certificate. The first-year  
7 allocation of a credit amount to a taxpayer shall also be deemed an allocation  
8 of the same amount in each of the following four years.

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

15 (e) Claim for credit. A taxpayer claiming affordable housing tax credits  
16 shall submit with each return on which such credit is claimed ~~a copy of the~~  
17 ~~allocating agency's credit allocation to the affordable housing project and the~~  
18 taxpayer's credit certificate and with respect to credits issued under  
19 subdivision (b)(1), a copy of the allocating agency's credit allocation to the  
20 affordable housing project. Any unused affordable housing tax credit may be  
21 carried forward to reduce the taxpayer's tax liability for no more than

1 14 succeeding tax years, following the first year the affordable housing tax  
2 credit is allowed.

3 (f) [Repealed.]

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

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

8 \* \* \*

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

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

19 (2) ~~In any fiscal year, total first-year credit allocations under~~  
20 ~~subdivision (1) of this subsection plus succeeding year deemed allocations~~  
21 ~~shall not exceed \$625,000.00~~ 2020 through fiscal year 2026, the allocating

1 agency may award up to \$250,000.00 in total first-year credit allocations for  
2 loans through the Down Payment Assistance Program created in subdivision  
3 (b)(3) of this section.

4 \* \* \* Downtown Tax Credit Program \* \* \*

5 Sec. 5. 32 V.S.A. chapter 151, subchapter 11J is amended to read:

6 Subchapter 11J. Vermont Downtown and Village Center Tax Credit Program

7 § 5930aa. DEFINITIONS

8 As used in this subchapter:

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

13 (2) “Qualified building” means a building built ~~prior to 1983~~ at least  
14 30 years before the date of application, located within a designated downtown  
15 or village center, which upon completion of the project supported by the tax  
16 credit will be an income-producing building not used solely as a single-family  
17 residence. Churches and other buildings owned by religious organization may  
18 be qualified buildings, but in no event shall tax credits be used for religious  
19 worship.

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





1 § 5930cc. DOWNTOWN AND VILLAGE CENTER PROGRAM TAX

2 CREDITS

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

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

16 (c) Code or technology improvement tax credit. The qualified applicant of  
17 a qualified code or technology improvement project shall be entitled, upon the  
18 approval of the State Board, to claim against the taxpayer's State individual  
19 income tax, State corporate income tax, or bank franchise or insurance  
20 premiums tax liability a credit of 50 percent of qualified expenditures up to a  
21 maximum tax credit of \$12,000.00 for installation or improvement of a

1 platform lift, a maximum credit of ~~\$40,000.00~~ \$60,000.00 for the installation  
2 or improvement of a limited use/ or limited application elevator, a maximum  
3 tax credit of ~~\$50,000.00~~ \$75,000.00 for installation or improvement of an  
4 elevator, a maximum tax credit of \$50,000.00 for installation or improvement  
5 of a sprinkler system, ~~a maximum tax credit of \$30,000.00 for the combined~~  
6 ~~costs of installation or improvement of data or network wiring or a heating,~~  
7 ~~ventilating, or cooling system,~~ and a maximum tax credit of \$50,000.00 for the  
8 combined costs of all other qualified code improvements.

9 § 5930dd. CLAIMS; AVAILABILITY

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

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

19 (c) If within ~~five~~ three years after the date of the credit allocation to the  
20 applicant no claim for tax credit has been filed, the tax credit allocation shall  
21 be rescinded, unless the project has an approved federal application for a

1 phased (60 month) project pursuant to Treasury Regulation 1.48-12(b)(2)(v), in  
2 which case the credit will not be rescinded until five years from the date of the  
3 credit allocation.

4 \* \* \*

5 § 5930ee. LIMITATIONS

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

8 (1) the total amount of tax credits awarded annually, together with sales  
9 tax reallocated under section 9819 of this title, does not exceed **\$2,400,000.00**  
10 **\$2,700,000.00**;

11 \* \* \*

12 \* \* \* Rooms Tax; Booking Agents \* \* \*

13 Sec. 6. 32 V.S.A. § 9202 is amended to read:

14 § 9202. DEFINITIONS

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

18 \* \* \*

19 (4) “Operator” means any person, or his or her agent, operating a hotel,  
20 whether as owner or proprietor or lessee, sublessee, mortgagee, licensee, or  
21 otherwise; and any person, or his or her agent, charging for a taxable meal or

1 alcoholic beverage; and any person, or his or her agent, engaged in both of the  
2 foregoing activities. The term “operator” shall include booking agents. In the  
3 event that an operator is a corporation or other entity, the term “operator” shall  
4 include any officer or agent of such corporation or other entity who, as an  
5 officer or agent of the corporation, is under a duty to pay the gross receipts tax  
6 to the Commissioner as required by this chapter.

7 \* \* \*

8 (8) “Rent” means the consideration received for occupancy valued in  
9 money, whether received in money or otherwise, including all receipts, cash,  
10 credits, and property or services of any kind or nature, and also any amount for  
11 which the occupant is liable for the occupancy without any deduction  
12 therefrom whatsoever; and any monies received in payment for time-share  
13 rights at the time of purchase; provided, however, that such money received  
14 shall not be considered rent and thus not taxable if a deeded interest is granted  
15 to the purchaser for the time-share rights. The term “rent” shall include all  
16 amounts collected by booking agents except the tax required to be collected  
17 under this chapter. The term “rent” shall not include rental charges for living  
18 quarters, sleeping, or household accommodations to any student necessitated  
19 by attendance at a school as defined herein.

20 \* \* \*

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

6           Sec. 7. 32 V.S.A. § 9271 is amended to read:

7           § 9271. LICENSES REQUIRED

8           Each operator prior to commencing business shall register with the  
9           Commissioner each place of business within the State where he or she operates  
10          a hotel or sells taxable meals or alcoholic beverages; provided, however, that  
11          an operator who sells taxable meals through a vending machine shall not be  
12          required to hold a license for each individual machine, and a booking agent  
13          shall not be required to hold a separate license for each property the rental of  
14          that it facilitates. Upon receipt of an application in such form and containing  
15          such information as the Commissioner may require for the proper  
16          administration of this chapter, the Commissioner shall issue without charge a  
17          license for each such place in such form as he or she may determine, attesting  
18          that such registration has been made. No person shall engage in serving  
19          taxable meals or alcoholic beverages or renting hotel rooms without the license  
20          provided in this section. The license shall be nonassignable and

1 nontransferable and shall be surrendered to the Commissioner if the business is  
2 sold or transferred or if the registrant ceases to do business at the place named.

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

4 Sec. 8. 32 V.S.A. § 9601 is amended to read:

5 § 9601. DEFINITIONS

6 The following definitions shall apply throughout this chapter unless the  
7 context requires otherwise:

8 \* \* \*

9 (2) “Person” means every natural person, association, trust, ~~or~~  
10 corporation, partnership, limited liability company, or other legal entity.

11 \* \* \*

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

16 (6) “Value” means;

17 (A) ~~in~~ In the case of any transfer of title to property ~~which that~~ is not  
18 a gift and ~~which that~~ is not made for a nominal or no consideration, the amount  
19 of the full actual consideration for such transfer, paid or to be paid, including  
20 the amount of any liens or encumbrances on the property existing before the  
21 transfer and not removed thereby;



1 company, association, or other entity originally purchased in connection with  
2 the federal low-income housing tax credit program under 26 U.S.C. § 42 shall  
3 not be counted in determining a change in the “controlling interest.” The  
4 Commissioner shall adopt standards by regulation to determine when persons  
5 are acting in concert. In adopting a regulation for this purpose, the  
6 Commissioner shall consider the following:

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

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

17 Sec. 9. 32 V.S.A. § 9602 is amended to read:

18 § 9602. TAX ON TRANSFER OF TITLE TO PROPERTY

19 A tax is hereby imposed upon the transfer by deed of title to property  
20 located in this State, or a transfer or acquisition of a controlling interest in any  
21 person with title to property in this State. The amount of the tax equals one



1 and one-quarter percent of the value of the property transferred, or \$1.00,  
2 whichever is greater, except as follows:

3 \* \* \*

4 Sec. 10. 32 V.S.A. § 9603 is amended to read:

5 § 9603. EXEMPTIONS

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

7 \* \* \*

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

10 \* \* \*

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

16 (26) Transfers of controlling interests in a person with a fee interest in  
17 property if the transfer of the property would qualify for exemption if  
18 accomplished by deed of the property between the parties to the transfer of the  
19 controlling interest.

1 Sec. 11. 32 V.S.A. § 9606(a) is amended to read:

2 (a)(1) In the case of property transfer by deed, A a property transfer return  
3 complying with this section shall be delivered to a town clerk at the time a  
4 deed evidencing a transfer of title to property is delivered to the clerk for  
5 recording.

6 (2) In the case of transfer or acquisition of a controlling interest in a  
7 person with title to property for which a deed is not given, a property transfer  
8 return complying with this section shall be delivered to the Commissioner  
9 within 30 days after the transfer or acquisition.

10 \* \* \*

11 (e)(1) In the case of property transferred by deed, The the Commissioner of  
12 Taxes is authorized to disclose to any person any information appearing on a  
13 property transfer tax return, including statistical information derived therefrom,  
14 and such information derived from research into information appearing on  
15 property transfer tax returns as is necessary to determine if the property being  
16 transferred is subject to 10 V.S.A. chapter 151, except the Commissioner shall  
17 not disclose the Social Security number, federal identification number, e-mail  
18 address, or telephone number of any person pursuant to this subsection.

19 (2) In the case of transfer or acquisition of a controlling interest in a  
20 person with title to property for which a deed is not given, the return submitted

1 to the Commissioner shall be treated as a tax return and tax return information  
2 under 32 V.S.A. § 3102.

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

4 § 9607. ACKNOWLEDGMENT OF RETURN AND TAX PAYMENT

5 Upon the receipt by a town clerk of a property transfer return and certificate  
6 and the fee required under subdivision 1671(a)(6) of this title, the clerk shall  
7 forthwith mail or otherwise deliver to the transferee of title to property with  
8 respect to which such return was filed a signed and written acknowledgment of  
9 the receipt of that return and certificate. A copy of that acknowledgment, or  
10 any other form of acknowledgment approved by the Commissioner, shall be  
11 affixed to the deed evidencing the transfer of property or the document  
12 evidencing the transfer or acquisition of a direct or indirect controlling interest  
13 in any person with title to property with respect to which the return and  
14 certificate was filed. The acknowledgment so affixed to a deed or document,  
15 however, shall not disclose the amount of tax paid with respect to any return or  
16 transfer.

17 Sec. 13. 32 V.S.A. § 9608(a) is amended to read:

18 (a) Except as to transfers ~~which~~ that are exempt pursuant to subdivision  
19 9603(17) of this title, no town clerk shall record, or receive for recording, any  
20 deed or document evidencing the transfer or acquisition of a direct or indirect  
21 controlling interest in any person with title to property to which is not attached

1 a properly executed transfer tax return, complete and regular on its face, and a  
2 certificate in the form prescribed by the Natural Resources Board and the  
3 Commissioner of Taxes that the conveyance of the real property and any  
4 development thereon by the seller is in compliance with or exempt from the  
5 provisions of 10 V.S.A. chapter 151. The certificate shall indicate whether or  
6 not the conveyance creates the partition or division of land. If the conveyance  
7 creates a partition or division of land, there shall be appended the current  
8 “Act 250 Disclosure Statement,” required by 10 V.S.A. § 6007. A town clerk  
9 who violates this section shall be fined \$50.00 for the first such offense and  
10 \$100.00 for each subsequent offense. A person who purposely or knowingly  
11 falsifies any statement contained in the certificate required is punishable by  
12 fine of not more than \$500.00 or imprisonment for not more than one year, or  
13 both.

14 Sec. 14. 32 V.S.A. § 9618 is amended to read:

15 § 9618. DUTY TO REPORT STOCK ACQUISITIONS

16 Each person who acquires a controlling interest in a corporation, whether by  
17 one or more than one transfer of stock, shall, if the fair market value of all real  
18 property held in this State by the corporation exceeds \$500,000.00, report to  
19 the Commissioner of Taxes, within 30 days after the acquisition, the fair  
20 market value of all real property held in this State by the corporation at the  
21 time of the acquisition of the controlling interest. ~~As used in this section, a~~

1 ~~“controlling interest” means 50 percent or more of the total combined voting~~  
2 ~~power of all classes of stock of the corporation.~~

3 \* \* \* Land Gains Tax \* \* \*

4 Sec. 15. 32 V.S.A. § 10002 is amended to read:

5 § 10002. LAND AND RESIDENCES

6 (a) “Land” means all land, whether or not improved, **but does not include**  
7 **land not exceeding 10 acres, necessary for the use of a dwelling used by the**  
8 **seller of such land as his or her principal residence,** that has been purchased  
9 and subdivided by the transferor within the six years prior to the sale or  
10 exchange of the land. Buildings or other structures are not included in this  
11 definition of land. “Land” also means timber or rights to timber when that  
12 timber or those timber rights are sold within six years of their purchase,  
13 provided the underlying land is also sold within six years. “Underlying land”  
14 means the land from which timber or timber rights have been separated,  
15 whether subdivided or not. As used in this subsection, the term “subdivision”  
16 means a subdivision under local zoning bylaws, or, in a municipality which  
17 does not have duly adopted permanent zoning and subdivision bylaws,  
18 “subdivision” means a tract or tracts of land, owned or controlled by a person,  
19 that the person has partitioned or divided for the purpose of sale or transfer.  
20 Subdivision shall be deemed to have occurred on the conveyance of the first lot  
21 or the filing of a plat, plan, or deed in the town records, whichever first occurs.

1 A subdivision shall not include a boundary adjustment between adjacent  
2 parcels.

3 \* \* \*

4 (p) Also excluded from the definition of “land” is a transfer of ~~undeveloped~~  
5 land in a Vermont neighborhood or neighborhood development area, a  
6 downtown development district, a village center, a growth center, or a new  
7 town center development district designated under 24 V.S.A. chapter 76A  
8 ~~which is the first transfer of that parcel following the original designation of~~  
9 ~~the Vermont neighborhood or neighborhood development area.~~

10 \* \* \*

11 Sec. 16. 32 V.S.A. § 10006(d) is added to read:

12 (d) If the property does not qualify as “land” under subsection 10002(a) of  
13 this chapter, the parties to the transaction are relieved of any obligation to pay  
14 the tax, file a return, or withhold the tax imposed by this chapter. If the  
15 property qualifies as “land” under subsection 10002(a) of this chapter, but an  
16 exclusion is claimed under any of the remaining subsections of section 10002,  
17 the parties to the transaction must still comply with the obligations to pay, file,  
18 and withhold, as specified under this chapter.



1 Sec. 20. 2013 Acts and Resolves No. 73, Sec. 60(10), as amended by  
2 2017 Acts and Resolves No. 73, Sec. 14 and 2018 Acts and Resolves No. 187,  
3 Sec. 5, is further amended to read:

4 (10) Secs. 48–51 (health claims tax) shall take effect on July 1, 2013 and  
5 Sec. 52 and 53 (health claims tax revenue; Health IT-Fund; sunset) shall take  
6 effect on July 1, 2019 2021.

7 \* \* \* Repeal \* \* \*

8 Sec. 21. 2017 Acts and Resolves No. 73, Sec. 18d is amended to read:

9 Sec. 18d. REPEAL

10 33 V.S.A. § 1955a (home health agency assessment) is repealed on July 1,  
11 2019 2021.

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

13 Sec. 22. EFFECTIVE DATES

14 This act shall take effect on passage, except for:

15 (1) Sec. 1 (capital gains exclusion) shall take effect on July 1, 2019 and  
16 apply to the sales of assets on or after that date.

17 (2) Notwithstanding 1 V.S.A. § 214, Secs. 2 (medical deduction) and  
18 3 (personal income tax rates) shall take effect retroactively on January 1, 2019  
19 and apply to taxable year 2019 and after.



1           (3) Secs. 5 (downtown and village center tax credit), 8–9 (rooms tax),  
2           10–17 (property transfer tax), and 22 (fuel tax) shall take effect on July 1,  
3           2019.  
4           (4) Secs. 15–16 (land gains tax) shall take effect on January 1, 2020.

5  
6  
7  
8

9           (Committee vote: \_\_\_\_\_)

10           \_\_\_\_\_ Senator \_\_\_\_\_

11           FOR THE COMMITTEE