

1 H.436

2 Introduced by Committee on Ways and Means

3 Date:

4 Subject: Taxation; meals and rooms tax; property tax credit; payment methods;
5 administration

6 Statement of purpose of bill as introduced: This bill proposes to make
7 numerous substantive and administrative changes to Vermont's tax laws.

8 An act relating to miscellaneous changes to Vermont's tax laws

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

10 * * * Meals and Rooms Tax * * *

11 Sec. 1. 32 V.S.A. § 9202 is amended to read:

12 § 9202. DEFINITIONS

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

16 * * *

17 (4) "Operator" means any person, or his or her agent, operating a hotel,
18 whether as owner or proprietor or lessee, sublessee, mortgagee, licensee, or
19 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 and
3 taxable meal facilitators. In the event that an operator is a corporation or other
4 entity, the term “operator” shall include any officer or agent of such
5 corporation or other entity who, as an officer or agent of the corporation, is
6 under a duty to pay the gross receipts tax to the Commissioner as required by
7 this chapter.

8 * * *

9 (10) “Taxable meal” means:

10 (A) Any food or beverage furnished within the State by a restaurant
11 for which a charge is made, including admission, delivery or other facilitator
12 charge, and minimum charges, whether furnished for consumption on or off
13 the premises.

14 (B) Where furnished by other than a restaurant, any nonprepackaged
15 food or beverage furnished within the State and for which a charge is made,
16 including admission, delivery or other facilitator charge, and minimum
17 charges, whether furnished for consumption on or off the premises. Fruits,
18 vegetables, candy, flour, nuts, coffee beans, and similar unprepared grocery
19 items sold self-serve for take-out from bulk containers are not subject to tax
20 under this subdivision.

21 * * *

1 (II) served or furnished on the premises of a school as defined
2 herein;

3 (III) served or furnished on the premises of any institution of
4 the State, political subdivision thereof or of the United States to inmates and
5 employees of such institutions;

6 (IV) prepared by the employees thereof and served in any
7 hospital licensed under 18 V.S.A. chapter 43;

8 (V) furnished by any person while transporting passengers for
9 hire by train, bus, or airplane if furnished on any train, bus, or airplane;

10 (VI) furnished by any person while operating a summer camp
11 for children, in such camp;

12 (VII) sold by nonprofit organizations at bazaars, fairs, picnics,
13 church suppers, or similar events to the extent of four such events of a day's
14 duration, held during any calendar year; provided, however, where sales are
15 made at such events by an organization required to have a meals and rooms
16 registration license or otherwise required to have a license because its selling
17 events are in excess of the number permitted, the sale of such food or beverage
18 or alcoholic beverages shall constitute sales made in the regular course of
19 business and are not exempted from the Vermont meals and rooms gross
20 receipts tax;

1 (VIII) furnished to any employee of an operator as
2 remuneration for his employment;

3 (IX) provided to the elderly pursuant to the Older Americans
4 Act, 42 U.S.C. chapter 35, subchapter III;

5 (X) purchased under the USDA Supplemental Nutrition
6 Assistance Program (SNAP);

7 (XI) served or furnished on the premises of a continuing care
8 retirement community certified under 8 V.S.A. chapter 151; or

9 (XII) prepared and served by the employees, volunteers, or
10 contractors of any nursing home, residential care home, assisted living
11 residence, home for the terminally ill, therapeutic community residence as
12 defined pursuant to 33 V.S.A. chapter 71, or independent living facility;
13 provided, however, that “contractor” under this subdivision excludes meals or
14 alcoholic beverages provided by a restaurant as defined by subdivision (15) of
15 this section when those meals or alcoholic beverages are not otherwise
16 available generally to residents of the facility.

17 * * *

18 (11) “Alcoholic beverages” means any malt beverages, vinous
19 beverages, spirits, or fortified wines as defined in 7 V.S.A. § 2 and served for
20 immediate consumption. “Alcoholic beverages” ~~do not include any beverages~~
21 served shall be exempt from the tax imposed under section 9241 of this chapter

1 when served under the circumstances enumerated in subdivision (10)(D)(ii) of
2 this section under which food or beverages or alcoholic beverages are excepted
3 from the definition of “taxable meal.”

4 * * *

5 * * * Property Tax Credit; Claim Amendment * * *

6 Sec. 3. 32 V.S.A. § 6074 is amended to read:

7 § 6074. AMENDMENT OF CERTAIN CLAIMS

8 At any time within three years after the date for filing claims under
9 subsection 6068(a) of this chapter, a claimant who filed a claim by October 15
10 may file to amend that claim with regard to housesite value, housesite
11 education tax, housesite municipal tax, and ownership percentage, or to correct
12 the amount of household income reported on that claim.

13 * * * Methods of Payment Accepted by Commissioner of Taxes * * *

14 Sec. 4. 32 V.S.A. § 3110 is amended to read:

15 § 3110. ~~PAYMENTS BY CREDIT CARD~~ ACCEPTED BY THE

16 COMMISSIONER

17 The Notwithstanding 32 V.S.A. § 583 and any other provision of law to the
18 contrary, the Commissioner may accept payment of taxes, license fees,
19 penalties, interest, fees, or other charges by any means of that the
20 Commissioner deems necessary for the effective administration of taxes.

21 When accepting payment by bank credit cards and, the Commissioner may

1 charge the taxpayer an additional amount ~~which~~ that approximates the cost of
2 providing the service and ~~which~~ that is approved by the Secretary of
3 Administration for each payment made by credit card. Notwithstanding
4 section 502 of this title, the Commissioner may charge against ~~such~~ collections
5 paid using a bank credit card a percentage of collections and any service fee
6 imposed.

7 Sec. 5. 32 V.S.A. § 5874 is amended to read:

8 § 5874. METHOD OF PAYMENT

9 All tax liabilities imposed by this chapter may be paid pursuant to section
10 3110 of this title. A tax liability may be paid with uncertified check, ~~unless the~~
11 ~~Commissioner otherwise prescribes~~, but if a an uncertified check ~~so received~~ is
12 not honored by the bank on which it is drawn, the taxpayer shall remain liable
13 for the payment of the tax and for all lawful penalties and interest, in the same
14 manner as if the check had not been tendered.

15 Sec. 6. 32 V.S.A. § 7483 is amended to read:

16 § 7483. METHOD OF PAYMENT

17 All tax liabilities imposed by this chapter may be paid pursuant to section
18 3110 of this title. A tax liability may be paid with uncertified check, ~~unless the~~
19 ~~Commissioner otherwise prescribes~~, but if a an uncertified check ~~so received~~ is
20 not honored by the bank on which it is drawn, the taxpayer shall remain liable

1 for the payment of the tax and for all lawful penalties and interest, in the same
2 manner as if the check had not been tendered.

3 Sec. 7. 32 V.S.A. § 9243(a) is amended to read:

4 (a) Where the meals and rooms tax liability under this chapter for the
5 immediately preceding full calendar year has been (or would have been in
6 cases when the business was not operating for the entire year) \$500.00 or less,
7 the gross receipts taxes imposed by this chapter shall be due and payable in
8 quarterly installments on or before the 25th day of the calendar month
9 succeeding the quarter ending the last day of March, June, September, and
10 December of each year. In all other cases, the gross receipts tax imposed by
11 this chapter shall be due and payable monthly on or before the 25th (23rd of
12 February) day of the month following the month for which the tax is due. ~~The~~
13 Pursuant to section 3110 of this title, the Commissioner may authorize
14 payment of the tax due by electronic funds transfer. The Commissioner may
15 require payment by electronic funds transfer from any taxpayer who is
16 required by federal tax law to pay any federal tax in that manner, or from any
17 taxpayer who has submitted to the Department of Taxes two or more protested
18 or otherwise uncollectible checks with regard to any State tax payment in the
19 prior two years. Each operator shall make out and sign under the pains and
20 penalties of perjury a return for each quarter or month. The return shall be
21 filed with the Commissioner on a form prescribed by the Commissioner. The

1 Commissioner shall distribute return forms to the operators, upon request, but
2 no operator shall be excused from liability for failure to file a return or pay the
3 tax because he or she has failed to receive a form. A remittance for the
4 amount of taxes shall accompany each quarterly or monthly return. Returns
5 shall be made on forms provided by the Commissioner. Payment of taxes by
6 electronic funds transfer does not affect the requirement to file returns.

7 Sec. 8. 32 V.S.A. § 9776 is amended to read:

8 § 9776. PAYMENT OF TAX

9 Every person required to file a return under this chapter shall, at the time of
10 filing the return, pay to the Commissioner the taxes imposed by this chapter as
11 well as all other monies collected under this chapter; provided, however, that
12 every person who collects the tax from purchasers of taxable items according
13 to the tax bracket schedule of section 9772 of this title shall be allowed to
14 retain, as partial compensation for services rendered to the State of Vermont in
15 collecting the tax, any amount lawfully collected in excess of the tax imposed
16 by this chapter. ~~The Pursuant to section 3110 of this title, the~~ Commissioner
17 may authorize payment by electronic funds transfer. The Commissioner may
18 require payment by electronic funds transfer from any taxpayer who is
19 required by federal tax law to pay any federal tax in that manner, or from any
20 taxpayer who has submitted to the Department of Taxes two or more protested
21 or otherwise uncollectible checks with regard to any State tax payment in the

1 prior two years. All the taxes for the period for which a return is required to
2 be filed or for such lesser interval as shall have been designated by the
3 Commissioner, shall be due and payable to the Commissioner on the date
4 limited for the filing of the return for that period, or on the date limited for
5 such lesser interval as the Commissioner has designated, without regard to
6 whether a return is filed or whether the return which is filed correctly shows
7 the amount of receipts, amusement charges or the value of property or services
8 sold or purchased or the taxes due thereon.

9 * * * Current Use Contingent Lien; Subordination Fee * * *

10 Sec. 9. 32 V.S.A. § 3757(f) is added to read:

11 (f)(1)(A) When the application for use value appraisal of agricultural land
12 and forestland has been approved by the State, the State shall record a notice
13 of contingent lien against the enrolled land in the land records of the
14 municipality.

15 (B) The landowner shall bear the recording cost.

16 (C) The notice of contingent lien shall constitute notice to all
17 interested parties that a lien against the enrolled land will be created upon the
18 recording in the land records of a determination that development of that land,
19 as defined in section 3752 of this title, has occurred.

1 (D) The lien created by the recording of the notice of development
2 shall be for the amount of the land use change tax then due as specified in the
3 notice of development.

4 (E) A lien recorded in the land records of a municipality under this
5 section on or after April 17, 1978 shall be deemed to be a contingent lien.

6 (2) The land use change tax and any obligation to repay benefits paid in
7 error shall not constitute a personal debt of the person liable to pay the same
8 but shall constitute a lien that shall run with the land. All of the administrative
9 provisions of chapter 151 of this title, including those relating to collection and
10 enforcement, shall apply to the land use change tax. The Director shall release
11 the lien when notified that:

12 (A) the land use change tax is paid;

13 (B) the land use change tax is abated pursuant to this section;

14 (C) the land use change tax is abated pursuant to subdivision 3201(5)
15 of this title;

16 (D) the land is exempt from the levy of the land use change tax
17 pursuant to this section and the owner requests release of the lien; or

18 (E) the land is exempt from the levy of the land use change tax
19 pursuant to this section and the land is developed.

20 (3) Any fees related to the release of a lien under this subsection shall be
21 the responsibility of the owner of the land subject to the lien.

1 Sec. 10. REPEAL

2 32 V.S.A. § 3777 is repealed.

3 ~~Statutory Purpose, Statutory Purpose~~

4 ~~Sec. 11. 32 V.S.A. § 9706(nn) is added to read:~~

5 ~~(nn) The statutory purpose of the exemption for sales of recyclable paper~~
6 ~~carryout bags in subdivision 9741(54) of this title is to lessen the cost of~~
7 ~~recyclable paper carryout bags incidental to other retail purchases made by~~
8 ~~customers in Vermont.~~

** * * Sales and Use Tax * * **

Sec. 11. 32 V.S.A. § 9706(nn) and (oo) are added to read:

(nn) The statutory purpose of the exemption for sales of recyclable paper
carryout bags in subdivision 9741(54) of this title is to lessen the cost of
recyclable paper carryout bags incidental to other retail purchases made by
customers in Vermont.

(oo) The statutory purpose of the exemption for feminine hygiene products
in subdivision 9741(56) of this title is to limit the cost of goods that are
necessary for the health and welfare of Vermonters.

Sec. 11a. 32 V.S.A. § 9741 is amended to read:

§ 9741. SALES NOT COVERED

Retail sales and use of the following shall be exempt from the tax on retail sales imposed under section 9771 of this title and the use tax imposed under section 9773 of this title-:

* * *

(26) Sales of electricity, oil, gas, and other fuels used in a residence for all domestic use, including heating, but not including fuel sold at retail in free-standing containers, or sold as part of a transaction where a free-standing container is exchanged without a separate charge. Wood pellets sold to an individual on the vendor's premises or delivered to an individual's residence shall be presumed to be purchased for residential use and shall be exempt sales under this subdivision unless the vendor knew or ought reasonably to have known that the wood pellets were not purchased for residential use. A certificate of exemption shall not be required for exempt retail sales of wood pellets to an individual. The Commissioner shall by rule determine that portion of the sales attributable to domestic use where fuels are used for purposes in addition to domestic use.

* * *

(56) Feminine hygiene products. As used in this subdivision, "feminine hygiene products" means tampons, panty liners, menstrual cups, sanitary napkins, and other similar tangible personal property designed for feminine

1 the name and address of the individual responsible for the manufacturer's
2 compliance with the provisions of this section.

3 * * *

4 (b)(1) ~~Beginning January 1, 2013 and annually thereafter~~ Annually on or
5 before April 1, the Office of the Attorney General shall collect a \$500.00 fee
6 from each manufacturer of prescribed products filing annual disclosures of
7 expenditures greater than zero described in subsection (a) of this section.

8 * * *

** * * Workers' Compensation; Rate of Contribution * * **

9 *Sec. 16. WORKERS' COMPENSATION RATE OF CONTRIBUTION*

10 *For fiscal year 2022, after consideration of the formula in 21 V.S.A.*
11 *§ 711(b) and historical rate trends, the General Assembly determines that the*
12 *rate of contribution for the direct calendar year premium for workers'*
13 *compensation insurance shall remain at the rate of 1.4 percent. The*
14 *contribution rate for self-insured workers' compensation losses and workers'*
15 *compensation losses of corporations approved under 21 V.S.A. chapter 9 shall*
16 *remain at one percent.*

17 ~~* * * Effective Dates * * *~~

18 ~~Sec. ~~16~~17. EFFECTIVE DATES~~

19 ~~This act shall take effect on July 1, 2021 except.~~

20 ~~(1) Sec. 1 (taxable meal facilitators) shall take effect on August 1, 2021.~~

1 ~~(2) Notwithstanding 1 V.S.A. § 214, Sec. 2 (alcoholic beverages) shall~~
2 ~~take effect retroactively on April 1, 2021 and apply to sales made on and after~~
3 ~~April 1, 2021.~~

4 (3) Notwithstanding 1 V.S.A. § 214, Secs. 9–10 (current use contingent
5 lien and subordination fee) and 11 (tax expenditure statutory purpose) shall
6 take effect retroactively on July 1, 2020. Secs. 9–10 shall take effect
7 retroactively to correct an erroneous technical revision to 2019 Acts and
8 Resolves, No. 20, Sec. 109(a).

~~Sec. 17. PROPERTY DOLLAR EQUIVALENT YIELD, INCOME DOLLAR~~

~~EQUIVALENT YIELD, AND NONHOMESTEAD RATE FOR
FISCAL YEAR 2022~~

~~(a) Pursuant to 32 V.S.A. § 5402b(b), for fiscal year 2022 only, the
property dollar equivalent yield shall be \$11,202.00.~~

~~(b) Pursuant to 32 V.S.A. § 5402b(b), for fiscal year 2022 only, the income
dollar equivalent yield shall be \$13,770.00.~~

~~(c) Notwithstanding 32 V.S.A. § 5402(a)(1) and any other provision of law
to the contrary, the tax rate for nonhomestead property for fiscal year 2022
shall be \$1.028 per \$100.00 of equalized education property value.~~

Sec. 17. PROPERTY DOLLAR EQUIVALENT YIELD, INCOME DOLLAR

EQUIVALENT YIELD, AND NONHOMESTEAD RATE FOR
FISCAL YEAR 2022

(a) Pursuant to 32 V.S.A. § 5402b(b), for fiscal year 2022 only, the property dollar equivalent yield shall be \$11,317.00.

(b) Pursuant to 32 V.S.A. § 5402b(b), for fiscal year 2022 only, the income dollar equivalent yield shall be \$13,770.00.

(c) Notwithstanding 32 V.S.A. § 5402(a)(1) and any other provision of law to the contrary, the tax rate for nonhomestead property for fiscal year 2022 shall be \$1.612 per \$100.00 of equalized education property value.

** * * Exclusion from Excess Spending Penalty; Capital Project Costs * * **

Sec. 18. 16 V.S.A. § 4001 is amended to read:

§ 4001. DEFINITIONS

As used in this chapter:

** * **

(6) "Education spending" means the amount of the school district budget, any assessment for a joint contract school, career technical center payments made on behalf of the district under subsection 1561(b) of this title, and any amount added to pay a deficit pursuant to 24 V.S.A. § 1523(b) that is paid for by the school district, but excluding any portion of the school budget paid for from any other sources such as endowments, parental fundraising, federal funds, nongovernmental grants, or other State funds such as special education funds paid under chapter 101 of this title.

(A) [Repealed.]

(B) For purposes of calculating excess spending pursuant to 32 V.S.A. § 5401(12), “education spending” shall not include:

(i) Spending during the budget year for:

(I) approved school capital construction for a project that received preliminary approval under section 3448 of this title, including interest paid on the debt, provided the district shall not be reimbursed or otherwise receive State construction aid for the approved school capital construction; or

(II) spending on eligible school capital project costs pursuant to the State Board of Education’s Rule 6134 for a project that received preliminary approval under section 3448 of this title.

(ii) For a project that received final approval for State construction aid under chapter 123 of this title:

(I) spending for approved school capital construction during the budget year that represents the district’s share of the project, including interest paid on the debt; ~~and~~ or

(II) payment during the budget year of interest on funds borrowed under subdivision 563(21) of this title in anticipation of receiving State aid for the project.

(iii) Spending that is approved school capital construction spending or deposited into a reserve fund under 24 V.S.A. § 2804 to pay future

approved school capital construction costs, including that portion of tuition paid to an independent school designated as the public high school of the school district pursuant to section 827 of this title for capital construction costs by the independent school that has received approval from the State Board of Education, using the processes for preliminary approval of public school construction costs pursuant to subdivision 3448(a)(2) of this title.

* * *

** * * Declining Enrollment; 3.5 Percent Hold Harmless * * **

Sec. 19. 16 V.S.A. § 4010 is amended to read:

§ 4010. DETERMINATION OF WEIGHTED MEMBERSHIP

* * *

(f) For purposes of determining weighted membership under this section, a district's equalized pupils shall in no case be less than 96 and one-half percent of the actual number of equalized pupils in the district in the previous year, prior to making any adjustment under this section.

* * *

** * * Small Schools Grants * * **

Sec. 20. 16 V.S.A. § 4015 is amended to read:

§ 4015. SMALL SCHOOL SUPPORT

* * *

(f)(1) Notwithstanding anything to the contrary in this section, a school

district that received a small schools grant in fiscal year 2020 shall continue to receive an annual small schools grant.

(2) Payment of the grant under this subsection shall continue annually unless explicitly repealed by the General Assembly; provided, however, that the Secretary shall discontinue payment of the grant in the fiscal year following the cessation of operations of the school that made the district eligible for the small schools grant, and further provided that if the building that houses the school that made the district eligible for the small schools grant is consolidated with another school into a renovated or new school building, then the Secretary shall continue to pay the grant during the repayment term of any bonded indebtedness incurred in connection with the consolidation-related renovation or construction.

(3) A school district that is eligible to receive an annual small schools grant under this subsection shall not also be eligible to receive a small school grant or its equivalent under subsection (b) of this section or under any other provision of law.

** * * Department of Taxes; Property Data Reports * * **

Sec. 21. COMMERCIAL PROPERTY APPRAISAL PROPOSAL

On or before January 15, 2022, the Commissioner of Taxes, in consultation with the Vermont League of Cities and Towns, shall submit a proposal, including proposed legislation, to the House Committees on Government

Operations and on Ways and Means and the Senate Committees on Finance and on Government Operations that recommends ways to assist towns with appraising high-value or unique commercial properties, including property owned by utilities. In making the proposal required under this section, the Commissioner shall consider the recommendations contained in the Final Report of the Vermont Tax Structure Commission dated February 8, 2021 relating to appraisals, including the possibility of creating a State appraisal and litigation assistance program.

Sec. 22. REPORT; DEPARTMENT OF TAXES; SECONDARY

RESIDENCES

On or before January 15, 2022, the Commissioner of Taxes, in consultation with the Vermont League of Cities and Towns and the Vermont Municipal Clerks' and Treasurers' Association, shall submit a report to the House Committee on Ways and Means and the Senate Committee on Finance proposing options to collect and report data annually on the number and grand list value of secondary residences located within this State. The report required under this section shall include the following recommendations:

(1) a definition for "secondary residences" to determine the new grand list classification of properties that would be subject to data collection and reporting;

(2) a structure and an implementation plan for collecting and reporting

data on secondary residences as part of the grand list, including the State entity or State and municipal entities that would conduct the data collection and reporting; and

(3) initial and on-going education and guidance for municipalities and listers.

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

Sec. 23. 32 V.S.A. § 5824 is amended to read:

§ 5824. ADOPTION OF FEDERAL INCOME TAX LAWS

The statutes of the United States relating to the federal income tax, as in effect on ~~December 31, 2020~~ March 31, 2021, but without regard to federal income tax rates under 26 U.S.C. § 1, are hereby adopted for the purpose of computing the tax liability under this chapter, and shall continue in effect as adopted until amended, repealed, or replaced by act of the General Assembly.

Sec. 24. 32 V.S.A. § 7402(8) is amended to read:

(8) “Laws of the United States” means the U.S. Internal Revenue Code of 1986, as amended through December 31, 2020, ~~which shall continue in effect as adopted until amended, repealed, or replaced by act of the General Assembly.~~ As used in this chapter, “Internal Revenue Code” has the same meaning as “laws of the United States” as defined in this subdivision. The date through which amendments to the U.S. Internal Revenue Code of 1986 are adopted under this subdivision shall continue in effect until amended,

repealed, or replaced by act of the General Assembly.

Sec. 25. REPEAL; FORGIVEN PAYROLL PROTECTION PROGRAM

LOANS INCLUDED IN TAXABLE INCOME

2021 Acts and Resolves No. 9, Sec. 23c (forgiven PPP loans included in taxable income) is repealed.

** * * Tax Increment Financing Districts * * **

Sec. 26. 22 V.S.A. § 5404a(1) is amended to read:

(1) The State Auditor of Accounts shall conduct performance audits of all tax increment financing districts according to a schedule, which will be arrived at in consultation with the Vermont Economic Progress Council. The cost of conducting each audit shall be considered a "related cost" as defined in 24 V.S.A. § 1891(6) and shall be billed back to the municipality. Audits conducted pursuant to this subsection shall include a review of a municipality's adherence to relevant statutes and rules adopted by the Vermont Economic Progress Council pursuant to subsection (j) of this section, an assessment of record keeping related to revenues and expenditures, and a validation of the portion of the tax increment retained by the municipality and used for debt repayment and the portion directed to the Education Fund.

(1)(A) For municipalities with a district created prior to January 1, 2006 and a debt repayment schedule that anticipates retention of education increment beyond fiscal year 2016, an audit shall be conducted when

~~approximately three quarters of the period for retention of education increment has elapsed, and at the end of that same period, an audit shall be conducted for the final one-quarter period for retention of education increment, except that for the Milton-Catamount/Husky district and the Burlington Waterfront district only a final audit shall be conducted to cover the period from the effective date of the rules pursuant to subdivision (j)(1) of this section to the end of the retention period.~~

~~(B) Notwithstanding subdivision (1)(A) of this subsection, the audit schedule for the Burlington Waterfront Tax Increment Financing District shall be as follows:~~

~~(i) an audit shall be conducted not less than 5 years after the effective date of the rules adopted pursuant subdivision (j)(1) of this section;~~

~~(ii) an audit shall be conducted not more than three years from the date debt is incurred as allowed by 2020 Acts and Resolves No. 175, Sec. 29 (4);~~

~~(iii) a final audit shall be conducted at the end of the retention period for the District~~

Sec. 26. 32 V.S.A. § 5404a(l) is amended to read:

(l) The State Auditor of Accounts shall conduct performance audits of all tax increment financing districts according to a schedule, which will be arrived at in consultation with the Vermont Economic Progress Council. The cost of

conducting each audit shall be considered a “related cost” as defined in 24 V.S.A. § 1891(6) and shall be billed back to the municipality. Audits conducted pursuant to this subsection shall include a review of a municipality’s adherence to relevant statutes and rules adopted by the Vermont Economic Progress Council pursuant to subsection (j) of this section, an assessment of record keeping related to revenues and expenditures, and a validation of the portion of the tax increment retained by the municipality and used for debt repayment and the portion directed to the Education Fund.

(1)(A) For municipalities with a district created prior to January 1, 2006 and a debt repayment schedule that anticipates retention of education increment beyond fiscal year 2016, an audit shall be conducted when approximately three-quarters of the period for retention of education increment has elapsed, and at the end of that same period, an audit shall be conducted for the final one-quarter period for retention of education increment, ~~except that for the Milton-Catamount/Husky district and the Burlington Waterfront district only a final audit shall be conducted to cover the period from the effective date of the rules pursuant to subdivision (j)(1) of this section to the end of the retention period.~~

(B) Notwithstanding subdivision (1)(A) of this subsection, the audit schedule for the Burlington Waterfront Tax Increment Financing District shall be as follows:

(i) an audit shall be conducted on or after October 1, 2021;

(ii) an audit shall be conducted not more than three years from the date debt is incurred as allowed by 2020 Acts and Resolves No. 175, Sec. 29 (4);

(iii) a final audit shall be conducted at the end of the retention period for the District.

* * *

Sec. 26a. 2020 Acts and Resolves No. 175, Sec. 29 is amended to read:

*Sec. 29. TAX INCREMENT FINANCING DISTRICTS; DEBT
INCURRENCE PERIODS; EXTENSIONS*

(a) Notwithstanding any other provision of law, the period to incur indebtedness is extended for the following tax increment financing districts:

(1) The Barre City Downtown Tax Increment Financing District is extended to ~~March 31, 2023~~ March 31, 2024.

(2) The Bennington Downtown Tax Increment Financing District is extended to ~~March 31, 2028~~ March 31, 2029.

(3) The Burlington Downtown Tax Increment Financing District is extended to ~~March 31, 2022~~ March 31, 2023.

(4) The three properties located within the Burlington Waterfront Tax Increment Financing District at 49 Church Street and 75 Cherry Street, as designated on the City of Burlington's Tax Parcel Maps as Parcel ID# 044-4-

004-000, Parcel ID# 044-4-004-001, and Parcel ID# 044-4-033-000, is extended to ~~June 30, 2022~~ June 30, 2023; provided, however, that the extension of the period to incur indebtedness is subject to the City of Burlington's submission to the Vermont Economic Progress Council on or before ~~June 30, 2022~~ June 30, 2023 of an executed construction contract with a completion guarantee by the owner of the parcels evidencing commitment to construct not less than \$50 million of private development on the parcels.

(5) The Montpelier Tax Increment Financing District is extended to ~~March 31, 2029~~ March 31, 2030.

(6) The South Burlington Tax Increment Financing District is extended to ~~March 31, 2023~~ March 31, 2024.

(7) The St. Albans City Downtown Tax Increment Financing District is extended to ~~March 31, 2023~~ March 31, 2024.

(b) This section does not:

(1) extend any period that the municipal or education tax increment may be retained by the tax increment financing districts listed in subsection (a) of this section; or

(2) amend any other tax increment financing requirements set forth in 24 V.S.A. chapter 53, subchapter 5; 32 V.S.A. § 5404a; or the TIF District Rule adopted in May 2015, applicable to the tax increment financing districts listed in subsection (a) of this section.

* * *

** * * Effective Dates * * **

Sec. 27. EFFECTIVE DATES

This act shall take effect on July 1, 2021, except:

(1) Sec. 1 (taxable meal facilitators) shall take effect on August 1, 2021.

(2) Notwithstanding 1 V.S.A. § 214, Sec. 2 (alcoholic beverages) shall take effect retroactively on April 1, 2021 and apply to sales made on and after April 1, 2021.

(3) Notwithstanding 1 V.S.A. § 214, Secs. 9–10 (current use contingent lien and subordination fee) and 11 (tax expenditure; statutory purpose) shall take effect retroactively on July 1, 2020. Secs. 9–10 shall take effect retroactively to correct an erroneous technical revision to 2019 Acts and Resolves, No. 20, Sec. 109(a).

(4) Secs. 19–20 (3.5 percent hold harmless; small schools grant) shall take effect on passage.

(5) Notwithstanding 1 V.S.A. § 214, Sec. 23 (tax year 2021 link to federal income tax statutes) shall take effect retroactively on March 31, 2021 and shall apply to taxable years beginning on and after January 1, 2021.

(6) Notwithstanding 1 V.S.A. § 214, Sec. 24 (tax year 2020 link to federal estate tax statutes) shall take effect retroactively on January 1, 2021 and shall apply to taxable years beginning on and after January 1, 2020.

(7) Notwithstanding 1 V.S.A. § 214, Sec. 25 (repeal; forgiven PPP loans included in taxable income) shall take effect retroactively on January 1, 2021.